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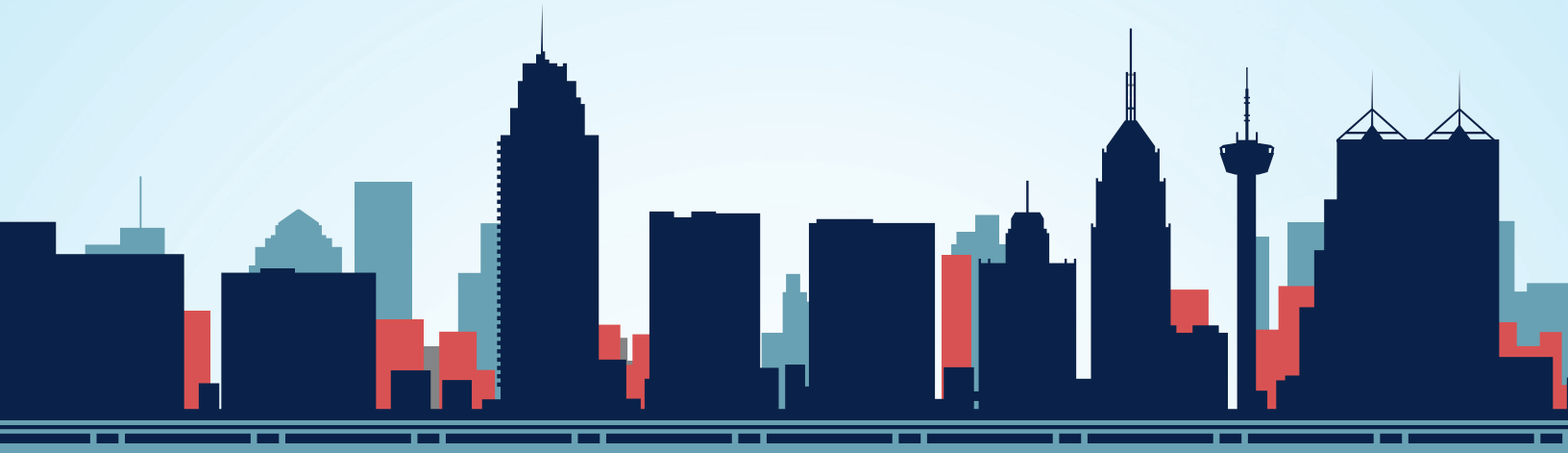
This online document has been formatted for two-sided printing.

City of San Antonio, Texas

FY2016

COMPREHENSIVE ANNUAL FINANCIAL REPORT AND OTHER REPORTS



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Year-Ended September 30, 2016

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

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Association of the United States and Canada

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Letter of Transmittal

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CITY OF SAN ANTONIO

March 9, 2017

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, 2016. 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 one, 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, education, 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 26 component units that are considered part of the City's operations and, therefore, included in its annual financial statements. Thirteen of these entities are blended component units of the City; two entities are fiduciary, while the remaining 11 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 included excerpts of these entities' footnotes within the CAFR. For additional details on each of these entities and the basis for their respective presentation in our financial report, please refer to the Financial Section, Note 1 Summary of Significant Accounting Policies. The City additionally has one joint venture, which is also disclosed in Note 1.

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 limited to 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.

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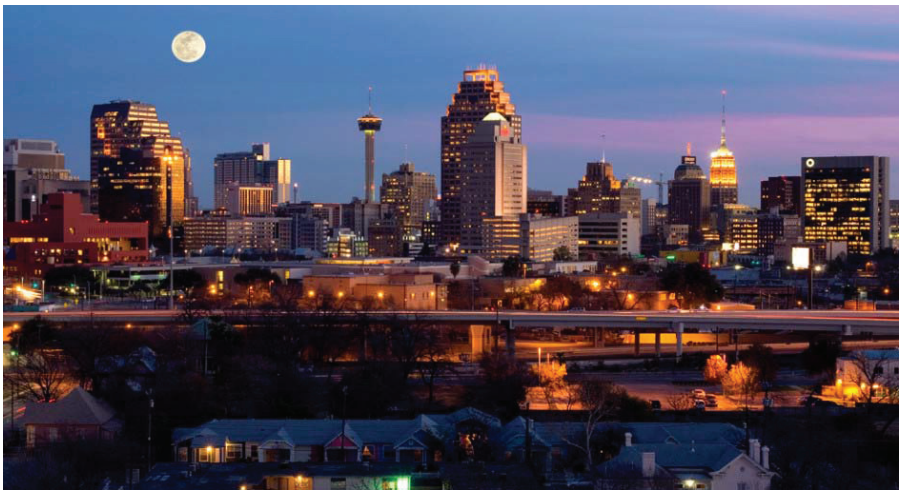
CITY PROFILE (continued)



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, 52 miles of linear greenway trails, theme parks, historical attractions, museums, professional sporting attractions, and a lively performing arts environment. As of September 30, 2016, the City's geographic area was approximately 490 square miles. The United States Census Bureau cites the City as the second most populated city in the State of Texas with 1,469,824 citizens and is additionally ranked as the seventh most populated city in the country. Since 2010, the City's metropolitan area grew by 8.6% and is projected to grow by an additional 1.1 million through the year 2040.

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, Wells Fargo, and Baptist Health Systems.

2018 will be a monumental year that will mark the 300th anniversary of the founding of San Antonio, a milestone matched by few cities in the United States. Mayor Ivy Taylor created the Tricentennial Commission to honor 300 years of history and position the City for continued cultural and economic growth. The commemorative year will be full of educational, artistic, and entertaining events that will be remembered for generations and should inspire joy and pride among the community. Through key partnerships with business and cultural collaborators, San Antonio and the Tricentennial Commission will gain local, national and international exposure on social media, digital and traditional media channels. San Antonio's legendary history and future will be commemorated and celebrated through events surrounding history and education, arts and culture, and a community service and commemorative week. Tricentennial event highlights include public art installations and cultural experiences, art & culture programs and events, historical and cultural exhibitions, community service initiatives to improve neighborhoods, and a celebration of the City.

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, and further supported and bolstered by the City's innovative growth and development plan, SA Tomorrow Comprehensive Plan, 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 SA Tomorrow and 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, and medical center), and natural resources such as the Eagle Ford Shale formation in South Texas.

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ECONOMIC CONDITIONS AND OUTLOOK (continued)

San Antonio's housing market remained very strong in 2016. According to the October 2016 Multiple Listing Service report by the San Antonio Board of REALTORS®, the average price of a single-family residential home in October 2016 rose to $240,919, an 4.9% increase from last year, and the median rose to $202,300, a 8.2% increase from October 2015.

San Antonio's average unemployment rate for fiscal year 2016 was 3.5% compared to the national rate of 4.9%. The City's resilient economy was fueled by several targeted industry projects in fiscal year 2016. The City utilized a combination of tax abatements, grant agreements, impact fee waivers, and nominations for State project designations that assisted in enticing businesses to move to or remain in San Antonio. In 2016, the City, in partnership with the San Antonio Economic Development Foundation (SAEDF), worked with 25 companies to create and/or retain 4,482 jobs in San Antonio and Bexar County. The City is constantly looking for efforts to support economic development opportunities.

In fiscal year 2016, $4.1 million was appropriated in economic development incentive funds to retain, expand, and attract job-creating businesses. Some of the funding was disbursed to attract an advanced manufacturing company and several targeted IT start-up businesses, all in the downtown area. Additional funding was budgeted for Port SA to attract cyber security businesses into the former Kelly Air Force base.

With continued interest in investment and development in our Center City, there has been an increased interest in the private sector to utilize all available incentives including State and Federal Historic Tax Credits. In an effort to expand the number of downtown properties that are eligible to receive these credits, the City launched an initiative to survey and nominate over 200 properties for listing in the National Register of Historic Places. The resulting nomination for the San Antonio Downtown and River Walk National Register District means that 197 contributing buildings can now apply for Historic Tax Credits, which are proven to be a powerful economic development tool. Prior to this effort, individual property owners were required to self-list their properties prior to beginning a project. Not only could this process prove lengthy and cumbersome, many historic-aged buildings lacked the architectural integrity to be considered eligible for an individual listing. The creation of the district allows for many contributing properties to now be listed as a group where they might not have otherwise been individually eligible.

MAJOR INITIATIVES – EDUCATION

Established in the 2013-2014 school year, Pre-K 4 SA aims to change the educational trajectory of four-year-olds, inspiring students to develop a love of learning and become engaged, 21st century citizens. Pre-K 4 SA achieves this goal through key program components that include the operation of four Education Centers, family outreach and engagement initiatives, research and innovation, comprehensive professional learning, competitive grants, and an ongoing public dialogue. The start of 2016-2017 school year marked the beginning of all four Education Centers operating at full capacity.

The Pre-K 4 SA curriculum draws from research-validated approaches supported by the National Association for the Education of Young Children to provide the highest quality instruction in all Pre-K 4 SA classrooms. The Pre-K 4 SA Program Standards serve as the framework for the curriculum, which responds to the unique learning and developmental needs of young children. Each decision about the curriculum is made in light of what is developmentally, culturally, and individually appropriate for the particular children being served. The Pre-K 4 SA curriculum supports active learning, addresses Texas Pre-K guidelines, and builds on the interests of children.

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MAJOR INITIATIVES – EDUCATION (continued)

In fiscal year 2016, Pre-K 4 SA was evaluated by San Antonio-based firm Edvance Research to assess the overall effectiveness of the education program by measuring student growth in six domains: cognitive, math, literacy, oral-language, physical, and social-emotional. The researchers found that although Pre-K 4 SA students entered the program significantly below national norms in all domain areas, by the end of the program, students exceeded the national norm in the cognitive, math and literacy domains and met national averages in the oral-language, physical, and social-emotional domains. These results indicate Pre-K 4 SA is highly successful in helping children develop kindergarten readiness.

Pre-K 4 SA extended its reach beyond the four Education Centers to serve students, families, and educators in early childhood programs throughout the city through the Competitive Grants Program (CGP). Fully funded by sales tax revenues, the purpose of the CGP is to expand access and enhance quality in San Antonio's early childhood programs. In November 2015, Pre-K 4 SA released a request for proposals for the first year of the CGP. Fifteen organizations were awarded a total of $4.2 million in grants to public/charter schools, private/parochial schools, and child development centers. Of the awarded organizations, 75.0% of sites are located within Loop 410, and three sites are located on the Eastside within the U.S. Department of Housing and Urban Development designated "Promise Zone."

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. All of the $596 million approved has been issued.

In May 2015, voters approved, for the fourth time, a 1/8-of-a-cent addition to the local sales tax to fund two environmental initiatives. One initiative acquires property and develops linear greenway trails in flood zones along City-owned creeks. Currently, there are 52 miles of linear greenway trails available for public enjoyment with another 32 miles in design or construction. The other initiative provides funds to purchase sensitive properties located over the Edwards Aquifer which is the City's largest source of drinking water. Over 137 thousand acres have been protected. In June 2016, City Council added to that protected land by authorizing the purchase of 165 acres of the Steubing Ranch, which is one of the last large, undeveloped tracts over the Edwards Aquifer recharge zone. Most of the land will be preserved for green space. Additionally, the City executed a contract for an option to purchase an additional 39 acres for open space and recreational park purposes such as baseball fields and soccer pitches.

The U.S. House Committee on Transportation and Infrastructure approved just over $144 million in funding in May 2016 for a new federal courthouse to be constructed by the United States General Services Administration (GSA). The new John H. Wood Federal Courthouse will be located on the site of the former San Antonio Police Headquarters at 214 West Nueva Street and will have eight courtrooms and 83 parking spaces. Prior to funding being approved, the City and GSA negotiated a land swap; GSA will acquire the lot from the City for the new courthouse in exchange for the land the current courthouse occupies in Hemisfair. The movement of the courthouse allows for continued development in line with the current revitalization efforts for Hemisfair.

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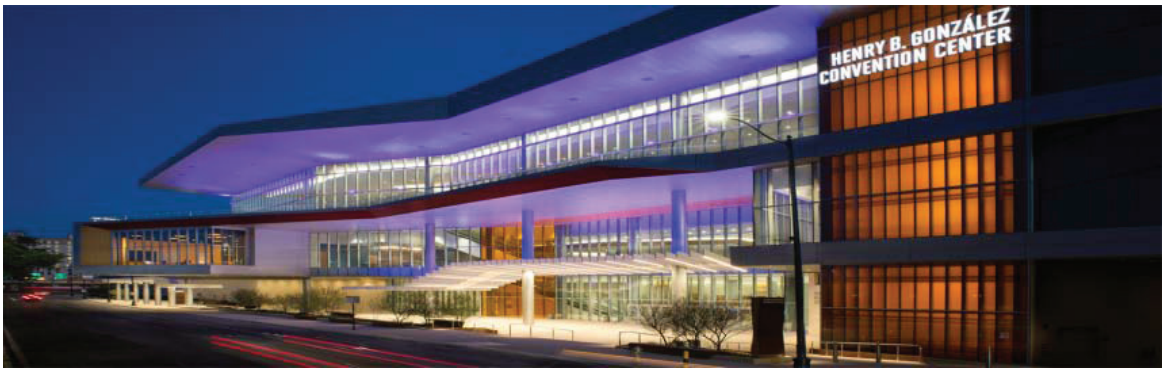
MAJOR INITIATIVES – CAPITAL PROGRAMS (continued)

Phase 1 of the $175 million San Pedro Creek Improvements Project broke ground in September 2016, beginning the transformation of a vital piece of San Antonio's history. The primary goal of the project is to contain the 100-year floodplain by deepening and widening the existing channel, all while transforming San Pedro Creek into a culture park commemorating the blending of cultures, color, and craft that makes San Antonio unique. The location within downtown is expected to have a substantial economic impact, including over 2,100 new housing units, the restoration of the Alameda Theater, and other potential development activities in the area.

The San Antonio International Airport experienced a record year in passengers in 2016 with over 8.5 million passengers, which was up 1.6% over the last year. The Airport currently serves 37 domestic and international non-stop destinations on 10 airlines. In 2016, Frontier Airlines announced service to Philadelphia, Denver, Atlanta and Las Vegas. Additionally, Southwest Airlines announced new service to Kansas City. In May 2016, City Council authorized new revisions to the air service development incentive program to provide more flexibility to attract new international service to the Airport. The Airport continues to work with the business community to attract and grow air service.

At the San Antonio International Airport, the design for the expansion of the Customs and Border Patrol space from 25,197 to 38,000 square feet is complete with construction expected to begin in early 2017. This facility is used to process international passengers arriving on commercial aircraft, and the improvement will increase the volume of arriving passengers from 300 per hour to 800 per hour. Construction of the Consolidated Rental Car Facility (CONRAC) at the San Antonio International Airport is 50.0% complete with access to the public parking levels one and two to be opened in spring 2017. This seven story, 1.8 million square foot facility will improve the rental car experience for millions of the City's visitors by centralizing the car rental facilities in one location on airport property, as well as replacing the Airport's short term public parking garage. Construction of the facility is funded by a customer facility charge included on all airport car rental transactions. The project has been accelerated for an early completion with substantial completion in summer 2017 and full public occupancy by the 2017 holiday season. Additionally, construction of a General Aviation Federal Inspection Facility for Customs and Border Patrol is more than 40.0% underway with a planned February 2017 completion and occupancy date. This nearly five thousand square foot facility will be used to clear passengers arriving from foreign countries on smaller, private, and corporate aircraft.

MAJOR INITIATIVES – CONVENTION AND TOURISM



Fiscal year 2016 was a year of transformation for both the Henry B. Gonzalez Convention Center and the Alamodome. The Convention Center completed a $325 million expansion and held its grand opening in March. Even in the midst of all the construction, the Convention Center exceeded its annual revenue budget, hosting more than 758 thousand attendees throughout nearly 300 events. The Convention Center is also gearing up for San Antonio's Tricentennial celebration in 2018. The 1968 World's Fair era portion of the Convention Center has been demolished and a new west entrance is nearly complete, making way for the creation of a civic park, which will host the 2018 NCAA Men's Final Four's fan experiences, 2018 NAACP Annual Convention, and concerts. The civic park site will also host the opening ceremonies for the Tricentennial celebration.

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MAJOR INITIATIVES – CONVENTION AND TOURISM (continued)

For 23 years in a row the City's Alamodome has hosted the Alamo Bowl. On January 3, 2016, the Valero Alamo Bowl saw a sellout crowd of 64,569 for the dramatic matchup between #11 Texas Christian University (TCU) and #15 Oregon, with TCU winning 47-41 in triple overtime. The Alamo Bowl has a significant annual impact on the local economy; for the 2016 Alamo Bowl, there was direct visitor spending of $25 million, with a total economic impact of $45.8 million.

Following the Alamo Bowl, the Alamodome began a $53.9 million improvement project – the largest in its 24-year history. The initial portion of the Alamodome improvement project, renovating the North Plaza to create space for pre-game/event activities, was completed in time for the Alamodome to host the Shamrock Series - Army vs. Notre Dame Football Game in November 2016. San Antonio is the only city to have the honor of hosting two of Notre Dame's traveling home games. The remaining Alamodome improvements will be completed in late 2017 in order to host the NCAA Men's Final Four Basketball tournament.

Convention and Sports Facilities leadership continues to work on the major initiative of restructuring the Convention & Visitors Bureau (CVB). With City Council's approval, the CVB has begun the transition from a governmental agency into an independent nonprofit organization – Visit San Antonio (VSA). The conversion to a nonprofit allows VSA to respond more quickly to changing market conditions, as well as positioning San Antonio as a go-to destination for meetings, events, and conferences in the newly renovated Convention Center and Alamodome; a bucket list location for millennials seeking culture, cuisine and a lively nightlife; and a continued choice for families attracted to the history and broad spectrum of activities San Antonio has to offer.

The City and Bexar County formed a joint venture Public Facility Corporation (PFC) to purchase Toyota Field, a professional soccer stadium built in 2013. The City, in conjunction with Bexar County and Spurs Sports and Entertainment, provided funds to the joint venture totaling $21 million for the Field's purchase in December 2015. Toyota Field is located on the northeast side of San Antonio and has a capacity of 8,296 for soccer matches and 13 thousand for concerts and festivals. The newly formed joint venture leases the facility to Spurs Sport and Entertainment in hopes of garnering a Major League Soccer team to bring to San Antonio in the near future. Toyota Field is currently the home of San Antonio Football Club, a United Soccer League team; the team is set to begin their second season in March.

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MAJOR INITIATIVES – CONVENTION AND TOURISM (continued)

The City and the San Antonio Chapter of the American Institute of Architects (San Antonio AIA) launched a design competition in November 2015 for a new fleet of river barges. The new design had several requirements, including being all electric, having accommodations for disabled riders and commuters, accommodating up to 40 passengers per barge tour, and keeping the size no larger than nine feet by 27 feet, among other requisites. The City and AIA San Antonio announced on April 1, 2016 that Houston Firm Metalab had won the competition. Four months later, the first prototype was unveiled on the Riverwalk so that stakeholders and passengers could provide feedback on the design and functionality. The 43 barge fleet is manufactured and delivered in late Fall 2017.

MAJOR INITIATIVES – PLANNING AND COMMUNITY DEVELOPMENT

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 November 2016, the Promise Zone partner agencies have collectively been awarded approximately $58.4 million in federal funding, which will be used to achieve EPZ's goals.

In March 2015, the Mayor pledged her commitment to Mayors' Challenge to End Veteran Homelessness. The goal is to reach the point where there are no veterans sleeping on the streets by ensuring that every veteran identified as homeless has access to permanent housing and helping veterans at risk of becoming homeless quickly achieve housing stability. Key strategies implemented to meet the goal included convening a working group of veteran and homeless service providers, assessing and prioritizing homeless veterans by vulnerability to create a target take down list, reprioritizing grant and general fund resources to support the initiative, implementing a Navigator Support System, and identifying permanent, supportive, and affordable housing. Since joining the challenge, the City's Department of Human Services (DHS) and collaborative partners have housed or are in the process of housing 1,300 homeless veterans.

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MAJOR INITIATIVES – PLANNING AND COMMUNITY DEVELOPMENT (continued)

On May 6, 2016, the City received notification from the United States Interagency Council on Homelessness confirming that San Antonio met the objectives to declare an end to veteran homelessness. The City and its collaborative partners have housed or are in the process of housing 1,300 homeless veterans and will continue to work to ensure that veterans at risk of homelessness or those that become homeless have rapid access to housing and supportive services. The City and its San Antonio collaborative partners will continue coordinating veteran working group efforts to intake and triage homeless veterans to identify needed resources, work with local landlords to identify available housing resources, expand system of Community Navigators, and work with the business community and landlords to increase available housing stock.

SA Tomorrow, a collaborative process involving local governments, businesses, advocacy groups, the military, and local citizens, represents an innovative, three-pronged planning effort to guide the City toward smart, sustainable growth. SA Tomorrow was started with the vision established through the SA2020 process and allows City leadership to understand and incorporate critical issues from three separate but interrelated plans (a Comprehensive Plan, Sustainability Plan, and Multimodal Transportation Plan) into a consolidated plan that gives policy direction and guidance through the year 2040 ensuring every aspect of day-to-day life is addressed: streets and connectivity, housing, green and healthy neighborhoods, public facilities and community safety, historic preservation, military affairs, natural resources, energy, water supply, jobs, economic competitiveness, education and more.

In 2017, the City will begin to transition from the goals in the SA2020 report to a focus on the updated goals and policies in the City's new Comprehensive Plan, which also recommends that the City capitalize on the unique economic geography (polycentric employment centers), further economic diversification, workforce development, and business attraction and retention. The SA Tomorrow Comprehensive Plan can be found at www.sacompplan.com.

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 Frost P3, Red Berry Estate P3, and Hemisfair Park P3s.

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MAJOR INITIATIVES – PRIVATE PUBLIC PARTNERSHIPS (continued)

On June 4, 2015, City Council approved a real estate deal between the City, Weston Urban and Frost Bank that will result in a consolidated office tower for City operations, facilitate the development of 265 housing units in the Central Business District and forever change downtown San Antonio's skyline with the construction of the first new office tower downtown since 1989. Weston Urban, the local developer planning the new office tower, will build a $142 million, 400 thousand square foot office tower on Frost's motor bank and parking lot diagonally across from its current headquarters. Frost would occupy 250 thousand square feet of the new tower, which would serve as its new headquarters, while making 150 thousand square feet available for rent by other tenants. Construction on this project is expected to begin in fiscal year 2017 with a completion planned for 2019. In December 2016 the City purchased the Frost Bank Tower and the Frost Parking Garage to serve as a consolidated office tower and garage for City operations. By 2020, over 1,300 employees will be consolidated into the upgraded building and will occupy 12 of the tower's 18 floors.

The City will also sell five downtown properties (three buildings, two parking lots) to Weston Urban to offset the purchase price for the Frost Bank Tower. Weston Urban will develop the sold properties into residential units, adding 265 apartments to the City's Downtown Business District by 2023. One of the properties to be sold is the Municipal Plaza Building, which houses the City Council Chamber. The City will maintain ownership of the City Council Chamber and the meeting rooms, and Council meetings will continue to take place in the current Chamber. The timing of this sale will be after the City moves into the Frost Tower.

The City completed a P3 selection process for the Red Berry Estate, located at 856 Gembler Road, which consisted of 84 acres and includes the Red Berry Mansion and a man-made lake. The City identified the NRP Group as the lead developer for the proposed mixed-use development on the site. The proposed $41.1 million redevelopment includes the renovation of the Red Berry Mansion; development of a new 324 unit multi-family housing development; construction of public improvements including the lake, hike and bike trails, a pedestrian connection to Salado Creek, along with roads and utilities; and the use of approximately 12 acres of future commercial development. Staff is currently under negotiations with the developer on the terms of the agreements.

Hemisfair Park Area Redevelopment Corporation (HPARC) is responsible for administering P3s within the Hemisfair site. This authority was granted to HPARC by City Council on December 11, 2014, through a master lease agreement that identified several parcels available for P3 developments. The master plan for the redevelopment of Hemisfair has three phases: Yanaguana Garden, Civic Park, and Tower Park. The vision of Hemisfair is to create beautifully landscaped parks and green space with residential, retail, office and restaurant space framing the edges. The creation of P3s facilitates the development of the businesses and homes that will make Hemisfair an oasis of urban green space, culture, and entertainment.

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MAJOR INITIATIVES – PRIVATE PUBLIC PARTNERSHIPS (continued)

The first Hemisfair P3 was for a housing development east of Yanaguana Garden. On January 28, 2016, City Council authorized a development agreement between AREA Real Estate and HPARC for the Acequia Lofts development of approximately 160 unit mixed income project, 418 space parking garage with 238 public parking spaces, and 3,200 square feet of ground floor retail. The project will commence construction in early 2017 and will be complete in early 2019.

The second Hemisfair P3 was for the redevelopment of parcels along Market and South Alamo Street adjacent to the Civic Park, referred to as the Northwest Quadrant P3. On February 2, 2017, City Council authorized a development agreement between HPARC and ZH Downtown Development Company, LLC, an affiliate of local real estate developer Zachry Hospitality. The proposed development contains plans for up to 385 housing units; an 800 space underground parking garage; up to 70 thousand square feet of retail, shop and restaurant space; up to 120 thousand square feet of office space; and a 200 room boutique hotel. The new improvements are valued at approximately $200 million and are scheduled for completion in early summer 2021.

The final Hemisfair P3 will be created for the third phase of Hemisfair redevelopment known as Tower Park. Projects and improvements will be executed as funding become available.

MAJOR INITIATIVES – WELLNESS

San Antonio vigorously promotes an active lifestyle for its citizens. Mobile Fit San Antonio is a city-wide health and wellness program offered by the Parks and Recreation Department. The program consists of a mobile vehicle, which provides free basic health screenings and free fitness opportunities to citizens in San Antonio, as it travels to parks, schools, churches, and various community events. Since 2014, the program has participated in over 400 community events, provided over 6,900 free health screenings, and seen over 15,300 fitness activity participants, including citizens of all ages.

The Fit Pass program has been nationally recognized for its effort to integrate wellness in the park system through free and low cost fitness, wellness, and nutritional opportunities. It encourages all participants, over 6,000 in fiscal year 2016, to challenge themselves to live healthier, stay fit and get to know the City by participating in a summer-long interactive wellness scavenger hunt. Prizes are awarded to the top overall point earners in the program.

Fitness in the Park provides free fitness opportunities in local parks and programs. There is no registration required and classes are open to all fitness levels. This award-winning program offers a myriad of opportunities to improve physical fitness by trying something new in a convenient location. More than 65,000 citizens participated in over 6,700 classes offered in fiscal year 2016.

In June 2016, the City unveiled a 505 acre park, Pearsall Park. It is designed to offer a dynamic open space with fitness and recreation amenities ideal for health and wellness activities and social gathering. To coordinate with the effort by the Parks and Recreation Department, the San Antonio Metropolitan Health Department completed several park improvement projects in fiscal year 2016 totaling $805 thousand. Selection of the parks was based on their location in targeted neighborhoods through the Medicaid Waiver Neighborhoods project, which aims to implement evidence based strategies to reduce obesity in children and adolescents. The improvements for the four area parks selected included resurfacing parking lots and sports courts, improving drainage in baseball fields, renovating lighting for basketball courts, as well as installing a one mile walking trail.

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MAJOR INITIATIVES – WORKFORCE DEVELOPMENT

Mayor Ivy Taylor and County Judge Nelson Wolff hosted a workforce summit to create a comprehensive, industry-lead workforce effort that is overseen by a prominent group of industry leaders. This effort was called San Antonio - Talent for Economic Competitiveness (SA-TEC) Initiative. SA-TEC was an alignment and integration model developed from best practices and proven industry-led efforts.

During Mayor Ivy Taylor's 2016 United State of the City address in March 2016, she announced that SA-TEC would combine efforts with SA Works, an industry-led collective impact model developed from national best practices, and would lead the City's workforce development efforts. To date, SA Works has successfully engaged a number of key partners such as industry leaders, independent school districts, institutions of higher education and community based organizations that have each assisted SA Works in providing internships, job shadowing opportunities and other work-based learning opportunities for high school and college students and educators. As SA Works transitions to SAEDF, their mission and activities will expand.

The new relationship with SA Works will enhance SAEDF's mission to ensure the City and Bexar County reach their full potential for economic prosperity through business growth and expansion. This will continue to fulfill the goals of Forefront SA, the community's five-year strategic plan for economic development.

MAJOR INITIATIVES – WORLD HERITAGE

Following the World Heritage Site designation in July 2015 by the United Nations Educational, Scientific and Cultural Organization (UNESCO) for San Antonio's five Spanish colonial missions, the City established the World Heritage Office on April 1, 2016. The new office is tasked to promote the San Antonio Missions by maximizing the economic impact of the World Heritage Site designation and enhance the experience for visitors and residents through the implementation of the World Heritage Work Plan and related projects within the approximately 5,755 square-acre World Heritage Buffer Zone.

The San Antonio Missions - San José, San Juan, Concepción, Espada, and the world renowned Alamo - represent the only World Heritage Site in Texas and one of just 23 in the United States. The UNESCO World Heritage Designation can be a catalyst for socio-economic change, with anticipated increased visitation and tourist spending. Currently, San Antonio hosts 32 million visitors each year. With this designation, the City anticipates increased visitation and tourism to all five missions. By 2025, the World Heritage Site economic impact on San Antonio and Bexar County is expected to generate up to $105 million in additional economic activity, growth of 500 to 1,000 extra jobs, and up to $2 million in local hotel tax revenue.

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MAJOR INITIATIVES – WORLD HERITAGE (continued)

The Texas General Land Office, the City, and the private Alamo Endowment signed a Cooperative Agreement on October 15, 2015 to fund and oversee the development of a joint master plan for the Alamo Historic District and Alamo Complex, known as Reimagine the Alamo. Formed to manage implementation of the plan, the Alamo Management Committee (AMC) consists of two representatives from each of the three entities. In March 2016, the AMC selected Preservation Design Partnership (PDP), led by Dr. George C. Skarmeas, to be the Alamo Master Planner.

In November 2016, the AMC and Dr. Skarmeas presented the first round of master plan concepts: recapture the historic footprint of the Alamo; reclaim the plaza courtyard and create a sense of reverence and respect on the historic battlefield; build a new world-class Visitor Center and Museum; and create a greater connection to the rest of downtown San Antonio. The hope is that by removing vehicular traffic and renovating the complex so that the original footprint is more evident, visitors will experience and understand the full history of the Alamo. For more details, visit reimaginethealamo.org.

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 (OMB), Finance and the City Manager's Office. Each quarter, OMB 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.

The projected expenditures are compared against the legally adopted budget for analysis and are presented to the City Manager's Office and City Council. During the mid-year budget review, an additional step is added related to formal budget adjustment recommendations that are made to City Council for adoption to modify the original budget. At fiscal year-end, as part of the annual review and close-out process, Council is 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 75.0% of total budget and will not allow the processing of non-payroll transactions in excess of the budget.

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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 provides the Council and staff the opportunity to identify financial issues in sufficient time to develop a proactive strategy in order to address emerging strategic issues.

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, OMB 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 community meetings and meet-ups, holding the City Council Goal Setting Session to establish priorities for the upcoming budget, 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.

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, and addressing priorities of the City Council and residents. The fiscal year 2016 Budget addressed financial policies and service priorities that were established by City Council during the Goal Setting Session in June. The financial policies included the following: maintaining the General Fund budgeted financial reserves at 10.0% and targeting an available General Fund balance of 15.0%; maintain Public Safety budgets at 66.0% of General Fund; and maintain the City's AAA Bond Rating. The fiscal year 2016 Budget addressed several service priorities discussed during the Goal Setting Session to include increasing funds for streets, sidewalks and drainage.

The City also continues its commitment to efficient and prioritized service delivery by leveraging operational improvements and investments in technology and will continue to utilize the Office of Innovation to perform efficiency initiatives across the City to assist in finding new areas of improvements to leverage.

After the Budget was proposed, several budget work sessions were held to provide City Council an opportunity to review the proposed service program details included in the proposed budget. Additionally, the City held five Community Budget Open House meetings and two City-Wide Public Hearings after the fiscal year 2016 Budget was proposed for community input. The City is required to hold at least one public hearing on the proposed budget during the period of its consideration.

On Thursday, September 15, 2016, City Council adopted the fiscal year 2016 Operating and Capital Budget. City Council must adopt a final budget each year no later than September 27th. 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.

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FINANCIAL INFORMATION (continued)

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.

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.

In fiscal year 2016 the City's budgeted reserve was 10.0% and the two year budgeted financial reserve was increased to 5.0%. Since 2005, the City has increased its financial reserves from 3.4% of total appropriations to 10.0% of total resources in fiscal year 2016. The total Budgeted Financial reserve for fiscal year 2016 is $109.6 million. The contingency reserve for the General Fund is $1.0 million. Additionally, the City maintained the Public Safety budgets at 66.0% of General Fund.

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.

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 2016, the City was awarded $80.0 million in Federal assistance and $18.6 million in State assistance for a total of $98.6 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 seventh 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.

OMB received the Annual Distinguished Budget Award from the Government Finance Officers Association, recognizing outstanding achievement in preparation of the 2016 Operating and Capital Budget for the 33rd consecutive year.

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AWARDS (continued)

OMB additionally received the Performance Measurement Certificate of Excellence Award for the 5th year in a row from the International City/County Management Association (ICMA). San Antonio is one of 34 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 19th 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, 2015. This was the 40th 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, Title 2 U.S. Code of Federal Regulation *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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. The Federal Single Audit Report has been prepared in accordance with the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* 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 the Uniform Guidance, 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.

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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. Much time and effort in preparation of this report lies in the Controller's Office, with support from OMB, Department Fiscal Administrators, 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

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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, 2015

Executive Director/CEO

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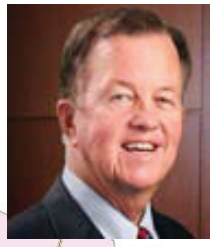
City of San Antonio Mayor and City Council

Ivy R. Taylor
Mayor

Ron Nirenberg
District 8



Joe Krier
District 9

Mike Gallagher
District 10

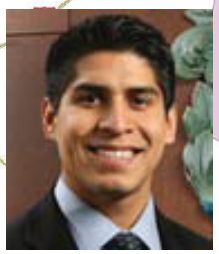
Cris Medina
District 7

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

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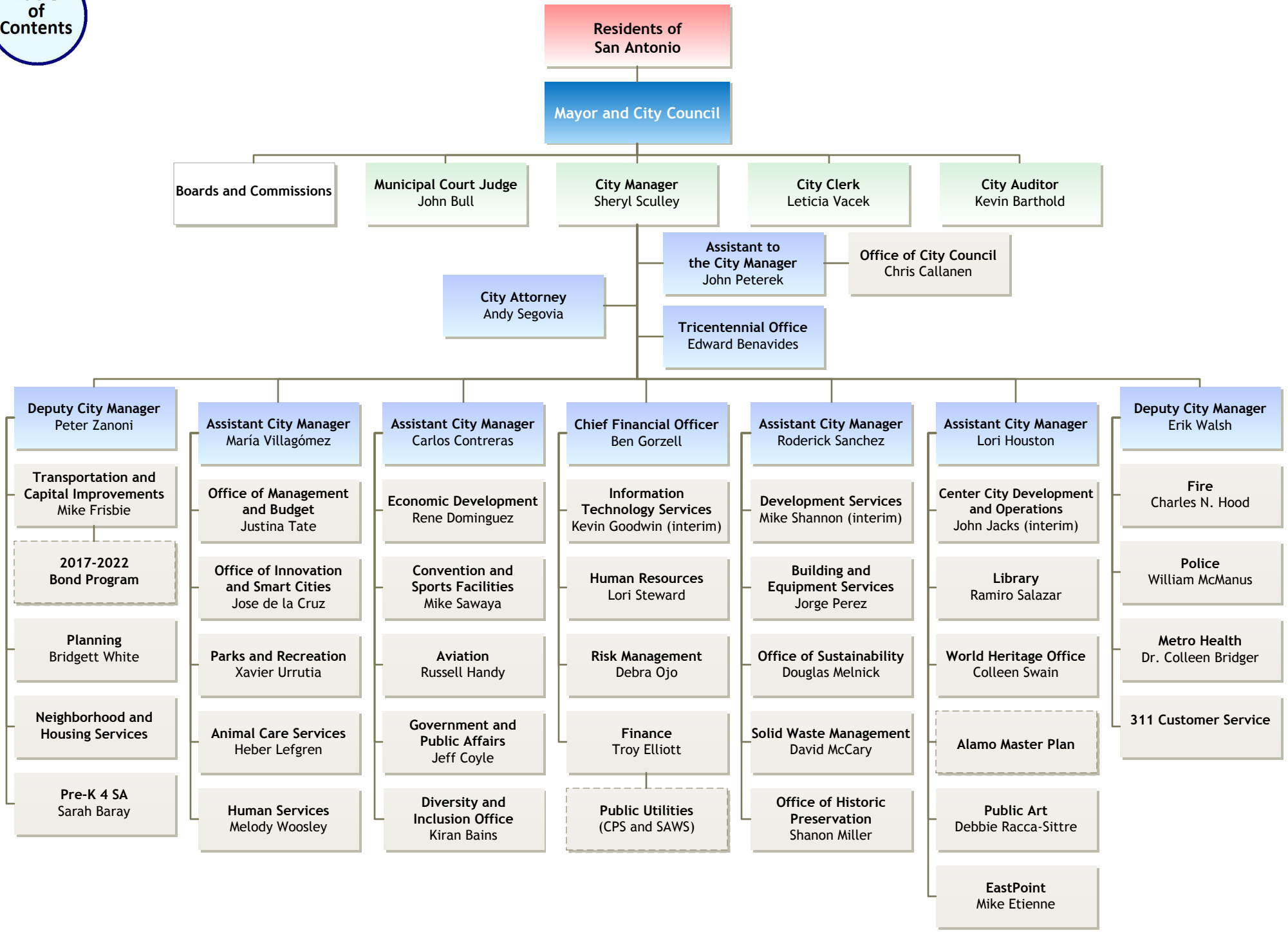

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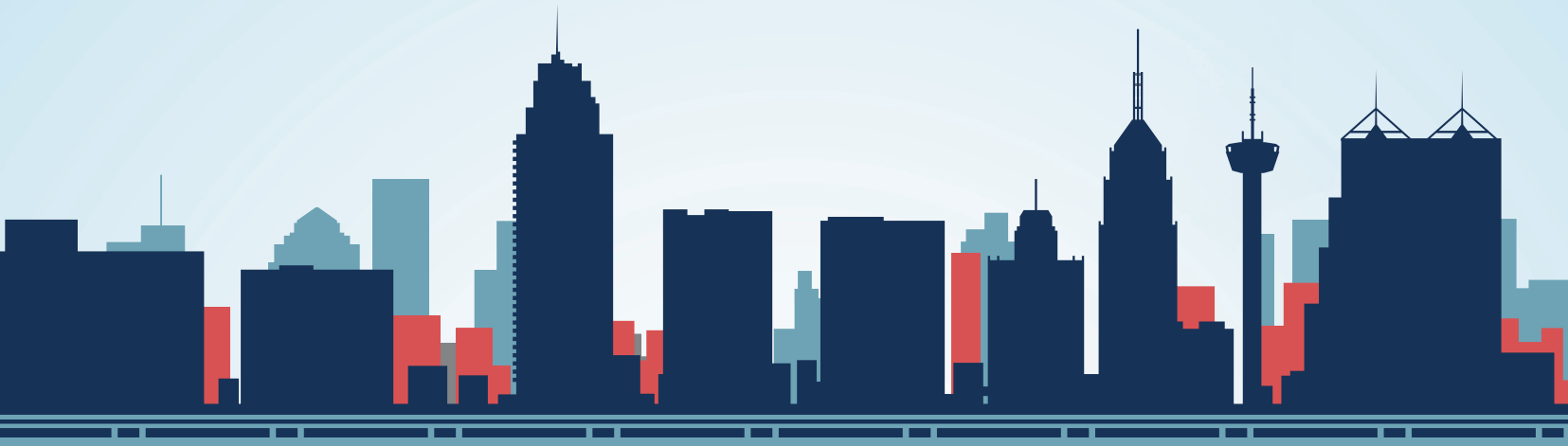
FINANCIAL SECTION



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Independent Auditor's Report

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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, 2016, 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 Economic Development Corporation; Westside Development Corporation; San Antonio Fire and Police Pension Fund; or the San Antonio Fire and Police Retiree Health Care Fund; blended and fiduciary component units, which represent 75%, 84%, and 9%, 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 Brooks Development Authority, CPS Energy; SA Energy Acquisition Public Facility Corporation; San Antonio Housing Trust Finance Corporation; San Antonio Housing Trust Foundation, Inc.; or San Antonio Housing Trust Public Facility Corporation; discretely presented component units, which represent 66%, 57%, 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 CPS Energy, SA Energy Acquisition Public Facility Corporation,

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San Antonio Economic Development Corporation, Westside Development 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, 2016, 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, 2015, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application;* GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68;* GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principle for State and Local Governments;* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinions are not modified with respect to these matters.

As described in Note 18 to the financial statements, the City restated beginning net position for the Airport Fund and business-type activities to correct the accounting for certain reimbursement for project costs from bond proceeds. Our opinions are not modified with respect to this matter.

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As described in Note 1 to the financial statements, the Fire and Police Pension Fund and Fire and Police Retiree Health Care Fund fiscal year changed from a September 30th year-end to a December 31st year end. As a result, the December 31, 2015 audit results presented in the financial statements reflect a three-month period. Additionally, this fiscal year change required the City to change their measurement date for the net pension liability related to the Fire and Police Pension Pan from a September 30th date to December 31. As a result, the City reported 15 months of pension expense related to this plan. Our opinions are not modified with respect to this matter.

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 and Related Ratios, and Schedule of Contributions, as listed in the table of contents, as well as notes to required supplementary information, 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, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and Schedule of Expenditures of State Awards, as required by 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,

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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 9, 2017 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 9, 2017

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Management's Discussion and Analysis

(Required Supplementary Information)

(Unaudited)

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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, 2016. 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 $2,548,108 which is a decrease of $33,773 from prior year's net position. A deficit ending balance of ($633,793) in unrestricted net position is primarily due to the City's net pension liability of $1,136,843 less $347,833 related to unamortized deferred inflows and outflows.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $1,005,969, a decrease of $99,035 compared to the fiscal year 2015 fund balance. Of this amount, $18,316 is nonspendable, $645,453 is restricted in use, $121,645 has been committed, $38,961 is assigned and $181,594 is unassigned.
- The establishment and maintenance of appropriate reserves within the General Fund is critical to prudent financial management. At the end of the current fiscal year, unassigned fund balance for the General Fund was $192,072 which is 18.7% of the total General Fund expenditures. The unassigned fund balance represents $109,630 in financial reserves. City Council approved financial policies which require the City to maintain a 10% budgeted financial reserve. In addition at the end of fiscal year 2016, $69,732, or 5% of revenues, was reserved for a two-year balanced budget. The General Fund available ending balance is $7,134 better than anticipated when compared to re-estimated fiscal year 2016 budget. The remaining $5,576 of the unassigned fund balance is GASB 54 balances, which are other funds reported within the General Fund.

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

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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 Fund, Debt Service, San Antonio Early Childhood Education Municipal Development Corporation (Pre-K 4 SA), Convention Center Hotel Finance Corporation (CCHFC), 2012 General Obligation Bonds, and General Obligation Projects Fund, 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

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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 and Solid Waste Management, which are considered to be major funds. 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) pension and postemployment schedules. 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, 2016.

Net Position
Year-Ended September 30, 2016
(With Comparative Totals for September 30, 2015)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015 (Restated)*	2016	2015 (Restated)*	2016	2015 (Restated)*
Current and Other Assets	$ 1,601,852	$ 1,750,944	$ 335,854	$ 381,583	$ 1,937,706	$ 2,132,527
Capital Assets	4,651,310	4,408,642	716,599	674,943	5,367,909	5,083,585
Total Assets	6,253,162	6,159,586	1,052,453	1,056,526	7,305,615	7,216,112
Total Deferred Outflows of Resources	483,610	128,773	22,836	11,145	506,446	139,918
Current and Other Liabilities	576,620	608,196	71,000	64,305	647,620	672,501
Long-term Liabilities	3,932,479	3,437,878	635,935	614,206	4,568,414	4,052,084
Total Liabilities	4,509,099	4,046,074	706,935	678,511	5,216,034	4,724,585
Total Deferred Inflows of Resources	46,369	37,326	1,550	1,412	47,919	38,738
Net Position:						
Net Investment in Capital Assets	2,684,754	2,615,833	348,896	316,995	3,033,650	2,932,828
Restricted	62,622	61,946	85,629	113,968	148,251	175,914
Unrestricted (Deficit)	(566,072)	(471,052)	(67,721)	(55,809)	(633,793)	(526,861)
Total Net Position	$ 2,181,304	$ 2,206,727	$ 366,804	$ 375,154	$ 2,548,108	$ 2,581,881

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

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For the year-ended September 30, 2016, total assets and deferred outflows exceeded liabilities and deferred inflows by $2,548,108. Investment in capital assets represents the largest portion of the City's net position, $3,033,650, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings attributable to the acquisition, construction, or improvement of those assets. 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.

The restricted portion of the total net position totaling $148,251 represents resources that are subject to external restrictions on how they may be used.

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

Changes in Net Position
Year-Ended September 30, 2016
(With Comparative Totals for September 30, 2015)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015 (Restated)*	2016	2015 (Restated)*	2016	2015 (Restated)*
Revenues:						
Program Revenues:						
Charges for Services	$ 211,401	$ 217,773	$ 228,182	$ 223,331	$ 439,583	$ 441,104
Operating Grants and Contributions	188,371	175,921			188,371	175,921
Capital Grants and Contributions	68,366	32,642	45,837	45,886	114,203	78,528
General Revenues:						
Property Taxes	495,638	446,705			495,638	446,705
Other Taxes	477,142	465,637			477,142	465,637
Revenues from Utilities	345,666	348,997			345,666	348,997
Investment Earnings	4,811	3,164	1,152	562	5,963	3,726
Miscellaneous	84,841	62,021	1,684	846	86,525	62,867
Total Revenues	1,876,236	1,752,860	276,855	270,625	2,153,091	2,023,485
Expenses:						
Primary Government:						
Governmental Activities:						
General Government	131,273	99,788			131,273	99,788
Public Safety	888,100	717,447			888,100	717,447
Public Works	240,763	247,087			240,763	247,087
Sanitation	7,090	7,535			7,090	7,535
Health Services	54,953	55,020			54,953	55,020
Culture and Recreation	181,209	169,505			181,209	169,505
Convention and Tourism	73,932	57,277			73,932	57,277
Urban Redevelopment and Housing	27,025	26,071			27,025	26,071
Welfare	126,440	121,932			126,440	121,932
Education	62,579	64,917			62,579	64,917
Economic Development and Opportunity	22,974	34,634			22,974	34,634
Bond Issuance Costs	2,192	2,544			2,192	2,544
Interest on Long-Term Debt	86,862	88,813			86,862	88,813
Business-Type Activities:						
Airport System			127,122	112,439	127,122	112,439
Development Services			27,033	26,042	27,033	26,042
Market Square			2,708	2,846	2,708	2,846
Parking System			14,157	10,038	14,157	10,038
Solid Waste Management			110,361	92,492	110,361	92,492
Total Expenses	1,905,392	1,692,570	281,381	243,857	2,186,773	1,936,427
Change in Net Position						
Before Transfers	(29,156)	60,290	(4,526)	26,768	(33,682)	87,058
Transfers	3,733	7,720	(3,824)	(7,364)	(91)	356
Net Change in Net Position	(25,423)	68,010	(8,350)	19,404	(33,773)	87,414
Beginning, Net Position (Previously Reported)		2,138,567		355,750		2,494,317
Adoption of GASB 72*		150				150
Beginning Net Position, Restated	2,206,727	2,138,717	375,154	355,750	2,581,881	2,494,467
Ending, Net Position	$ 2,181,304	$ 2,206,727	$ 366,804	$ 375,154	$ 2,548,108	$ 2,581,881

*Amounts have been restated - see Note 18 Prior Period Restatements for more information. Governmental activity expenses have been reclassified for comparability purposes.

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The City's total revenues were $2,153,091 for fiscal year-ended September 30, 2016. Revenues from Governmental Activities totaled $1,876,236 (87.1%) and revenues from Business-Type activities totaled $276,855 (12.9%). Expenses for the City totaled $2,186,773. Of total expenses, Governmental Activity expenses totaled $1,905,392 (87.1%) and Business-Type expenses totaled $281,381 (12.9%).

Governmental Activities

Program revenues for the City's Governmental Activities totaled $468,138, which is $41,802 higher than the previous fiscal year's balance of $426,336. General revenues for the City's Governmental Activities totaled $1,408,098 compared to $1,326,524 in the prior year. General revenues represented 65.5% of the City's total revenue, while program revenues provided 34.5% of revenue received in fiscal year 2016. Expenses for Governmental Activities were $1,905,392 compared to prior year's expenses of $1,692,570.

The City's net position in governmental activities decreased by $25,423. The following analysis highlights the more significant changes:

- Charges for Services revenues decreased by $6,372. Revenues from the Ambulance Supplemental Payment program decreased by $7,911, primarily as a result of the State processing payments for claim years 2013 and 2014, resulting in the recording of two years of claim supplements in fiscal year 2015. This decrease is partially offset against the increase in revenues the City received for both Riverbarge and wrecker services due to the fee increases implemented with the new contracts in fiscal year 2016.
- Capital Grant and Contribution revenues increased by $35,724. Contributions from Bexar County, CPS Energy, and SAWS were utilized to fund infrastructure for street and drainage projects such as Hausman Road, Seeling Channel Phase II Drainage, Ray Ellison, Blanco Road Phase II, Cherry Street, Theo Avenue and Malone Avenue Corridors.
- Property Tax Revenues increased by $48,933 due to an 11.0% increase in the net taxable property value, while the City's property tax rate decreased from 56.569 to 55.827 cents per $100 of valuation in fiscal year 2016.
- Other Taxes Revenues increased by $11,505 primarily in the General Sales and Use Tax, reflecting a continued consumer confidence in the San Antonio area. An increase in hotel room rate and demand increased Hotel Occupancy Taxes by $2,117 from the prior year.
- Miscellaneous Revenues increased by $22,820. The General Fund recognized increases of $1,900 for the sale of the German English School and $1,161 for the recovery of prior year expenditures from the City's Fleet Operations Department. The Medicaid Waiver fund recognized an increase of $2,000 for operational support from the Texas Department of State Health Services due to the City successfully meeting its metrics as dictated by the program. Convention and Visitor Facilities recognized $2,600 one-time contributions from the RK Group and SMG Savor for its food and beverage contracts. Additionally, revenues increased by $2,655 in the Equipment and Renewal Replacement Fund for the sale of older vehicles due to higher vehicle replacement volume. The City received donated land from Bexar County in the amount of $7,040 for the Laddie I and II Detention Ponds.
- The increase of $31,485 in General Government expenses is primarily attributed to a portion of the Henry B. Gonzalez Convention Center being impaired in connection with the opening of the newly transformed Convention Center.
- The increase of $170,653 in Public Safety expenses is attributed primarily to the increase in pension related expenses for both police and fire personnel. Other factors contributing to the increase include the flex medical assessment required to fund uniformed employees health costs increased from $16 to $19 per employee; retiree payouts increased $3,260, and overtime in the Fire Department increased $2,160 primarily due to vacancies in the department.
- Public Works reflected a decrease of $6,324 due to one-time expenses incurred in fiscal year 2015 for the Witte Museum and repairs and maintenance on street projects.

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- The $11,660 decrease in Economic Development Opportunity expenditures is mainly attributed to the termination of the Bexar County CIED program and decreased expenditures for new business incentive payments.

Business-Type Activities

Program revenues for the City's Business-Type Activities totaled $274,019, which is $4,802 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 $281,381 compared to prior year's expenses of $243,857.

Business-Type Activities decreased the City's net position by $8,350 primarily because of the following:

- Charges for Services for business-type activities increased by $4,851. The Airport recognized an increase in airline building rental and property leases from tenants such as Fed Ex, Hallmark, and VT Aerospace. In addition, passenger flow from enplanements and deplanements increased by 2.0% when compared to prior year. Solid Waste Management revenues increased by $1,620 due to the new Pay As You Throw program implemented in fiscal year 2016.
- Airport reflected an increase in expenses of $14,683 due to continued construction and expenses related to Consolidated Rental Car and Public Parking Facility (CONRAC).
- Solid Waste Management reflected a $17,869 increase in expenses due to the implementation of the Pay As You Throw program. The associated expenses include increased staffing, vehicle replacements, and the purchase of recycle and trash containers.

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 $60,423, which is primarily attributable to: (1) a $8,862 increase in general sales and use tax revenues, (2) a $48,918 increase in property tax revenues, and (3) a $2,117 increase in occupancy taxes. The increase in general sales and use taxes and occupancy taxes are a result of a continued consumer confidence in the San Antonio area and an increased activity associated with tourism and convention, while the increase in property taxes is due to higher property valuations and new improvements increasing the levy.

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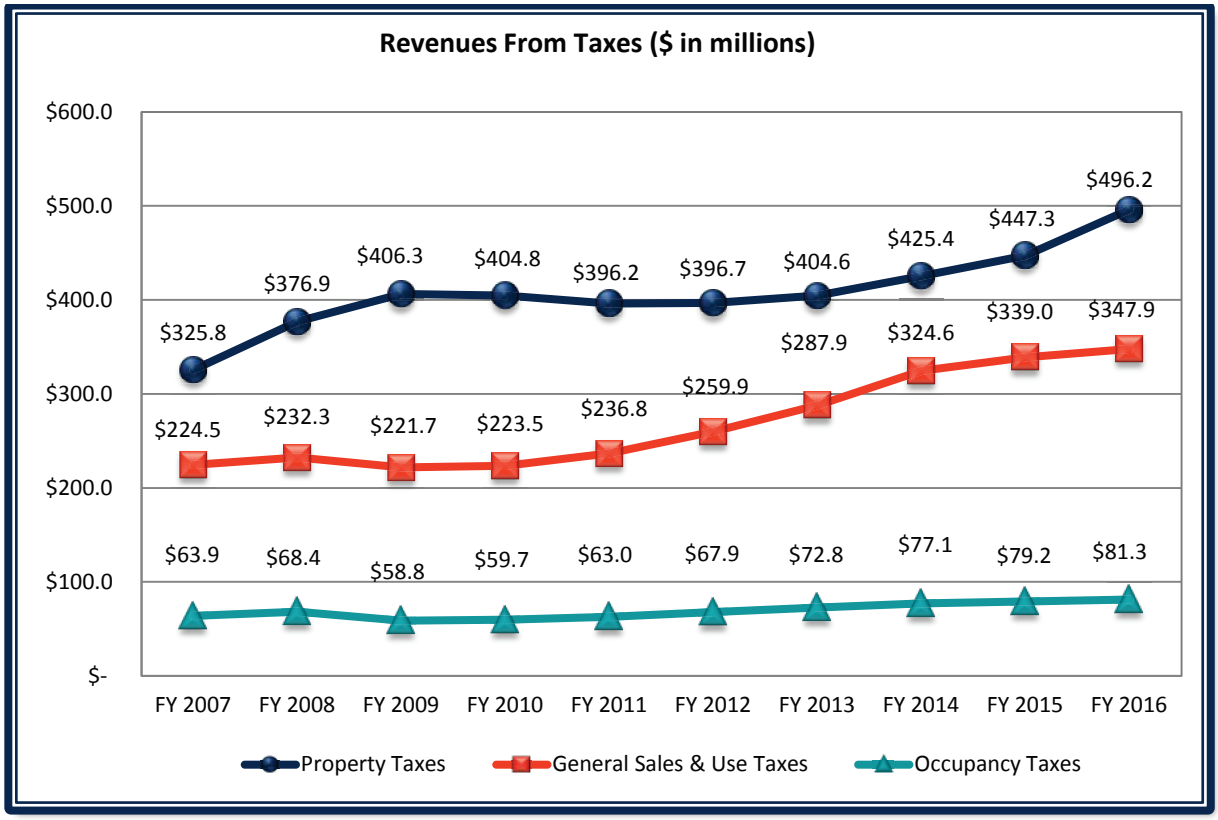

The total fund balance of the General Fund at year-end was $255,110, an increase of $11,642 from the total fund balance of $243,468 in fiscal year 2015. The fund balance is categorized as follows; $6,681 in nonspendable, $470 in restricted, $49,333 in committed, $6,554 in assigned and $192,072 in unassigned fund balances. The unassigned fund balance represents $109,630 in budgeted financial reserves held by the City as well as amounts available for additional appropriations at the end of the fiscal year inclusive of a $69,732 reserve for Two-Year Budget Plan.

The total fund balance of the Debt Service Fund at year-end was $44,292, a decrease of $1,146 from the total fund balance of $45,438 in fiscal year 2015. The entire fund balance is restricted for payment of debt service.

Pre-K 4 SA, a blended component unit, had an ending fund balance of $19,876, an increase of $290 from ending fund balance of $19,586 in fiscal year 2015. Pre-K 4 SA's fund balance is restricted for education.

Convention Center Hotel Finance Corporation had an ending fund balance of $6,113 for fiscal year 2016, which was an increase of $20 from the fiscal year 2015 ending balance of $6,093. The fund balance is restricted for debt service expenditures related to the Grand Hyatt San Antonio.

The total fund balance of the 2012 General Obligation Bonds at year-end was $213,432, a decrease of $84,877 from the total fund balance of $298,309 in fiscal year 2015. The 2012 Bond Program was a five year voter approved capital plan in which fiscal year 2016 was the fifth and final funding year. The fund balance will decrease as the program continues spending in completion of the capital plan. The fund balance is restricted for capital projects.

The total fund balance of the General Obligation Projects Fund at year-end was ($371), a decrease of $4,918 from the total fund balance of ($5,289) in fiscal year 2015. The deficit fund balance will be funded from third party contributors.

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General Fund Budgetary Highlights

Variances in Budget Appropriations (Budgetary Basis) General Fund	Original Budget	Final Budget	Actual Results	Variances Budget	Variances Final to Actual
General Government	$ 73,922	$ 75,311	$ 73,481	$ 1,389	$ 1,830
Public Safety	713,701	711,899	711,887	(1,802)	12
Public Works	57,782	60,646	60,159	2,864	487
Health Services	24,957	25,340	25,177	383	163
Welfare	33,756	35,878	35,332	2,122	546
Culture and Recreation	108,954	111,959	111,398	3,005	561
Convention and Tourism	685	685	720		(35)
Economic Development and Opportunity	9,866	17,697	16,802	7,831	895
Urban Redevelopment and Housing	14,210	14,371	13,991	161	380
Debt Service:					
Principal Retirement	3,885	3,885	2,960		925
Interest	448	448	330		118
Transfers to Other Funds	50,518	76,097	73,480	25,579	2,617
Total	$ 1,092,684	$ 1,134,216	$ 1,125,717	$ 41,533	$ 8,499

Changes in original budget appropriations to the final amended budget appropriations resulted in a net $41,533 increase in appropriations. This increase can be summarized by the following:

- Culture and Recreation increased by $3,005 to capture prior year carryforwards for the Inner City Incentives program, the Spark Park project, and other park improvements. The carryforwards represent unspent fund balance.
- Economic Development and Opportunity increased $7,831 to capture prior year carryforwards. The carryforwards will provide funding for multi-year incentive agreements for numerous entities.
- Transfers to Other Funds increased $25,579 to capture prior year carryforwards and closing ordinance adjustments primarily for the 2015 Street Maintenance projects and new fire stations.

Final budgeted appropriations for the General Fund were $1,134,216 while actual expenditures on a budgetary basis were $1,125,717, creating a favorable variance of $8,499.

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 Centro de Artes. 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.

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Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2016 amounts to $5,367,909 (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 $284,324, which is comprised of an increase of $242,668 in governmental activities and a $41,656 increase in business-type activities.

Capital Assets
Year-Ended September 30, 2016
(With Comparative Totals for September 30, 2015)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Land	$ 1,433,739	$ 1,429,536	$ 14,599	$ 14,599	$ 1,448,338	$ 1,444,135
Construction in Progress	570,854	618,794	97,970	85,124	668,824	703,918
Non-Depreciable Intangible Assets	145,518	139,508			145,518	139,508
Other Non-Depreciable Assets	2,166	2,166			2,166	2,166
Depreciable Intangible Assets	132	605			132	605
Buildings	782,432	547,322	250,320	260,812	1,032,752	808,134
Improvements	509,241	476,130	333,331	293,279	842,572	769,409
Infrastructure	995,831	1,015,774			995,831	1,015,774
Machinery and Equipment	211,397	178,807	20,379	21,129	231,776	199,936
Total	$ 4,651,310	$ 4,408,642	$ 716,599	$ 674,943	$ 5,367,909	$ 5,083,585

During fiscal year 2016, the City transferred $483,350 of construction in progress to non-depreciable and depreciable asset classes for completed capital projects, mainly comprised of city-wide streets and drainage projects, parks improvements, and terminal improvements at the San Antonio International Airport, and Henry B. Gonzalez Convention Center expansion.

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

Change in Capital Assets
Year-Ended September 30, 2016

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	$ 4,408,642	$ 674,943	$ 5,083,585
Additions	479,095	78,954	558,049
Deletions	(124,247)	(12,308)	(136,555)
Accumulated Depreciation	(112,180)	(24,990)	(137,170)
Total	$ 4,651,310	$ 716,599	$ 5,367,909

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

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Debt Administration

Long-Term Debt

At the end of the current fiscal year, the City had a total of $2,968,334 in bonds, certificates, contractual obligations, and notes outstanding. 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, 2016
(With Comparative Totals for September 30, 2015)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Bonds Payable:						
Tax-Exempt General Obligation Bonds	$ 1,073,760	$ 1,060,870	$ 2,380	$ 2,365	$ 1,076,140	$ 1,063,235
Taxable General Obligation Bonds	191,550	191,550	10,120	11,120	201,670	202,670
Tax-Exempt Certificates of Obligation	236,685	250,030	6,695	330	243,380	250,360
Taxable Certificates of Obligation	66,860	43,820			66,860	43,820
Tax Notes	36,050	26,610			36,050	26,610
Contractual Obligation		8,835				8,835
Revenue Bonds	853,609	862,869	471,480	488,880	1,325,089	1,351,749
Revenue Notes	12,765	15,725			12,765	15,725
Capital Appreciation Bonds (CAB)	6,380	4,612			6,380	4,612
Total	$ 2,477,659	$ 2,464,921	$ 490,675	$ 502,695	$ 2,968,334	$ 2,967,616

Governmental Activities

On August 31, 2016, the City issued $194,175 in General Improvement and Refunding Bonds, Series 2016, $84,855 in Combination Tax and Revenue Certificates of Obligation, Series 2016, $27,410 in Tax Notes, Series 2016, and $24,830 in Combination Tax and Revenue Certificates of Obligation, Taxable Series 2016.

$193,875 of the General Improvement and Refunding Bonds, Series 2016, were issued to refund certain outstanding General Improvement obligations of the City, to pay costs of issuing the Bonds, and to finance improvements to streets, bridges, and sidewalks; drainage and flood control; parks, recreation and open spaces; library, museum, and cultural arts facilities; and public safety facilities.

$78,270 of the Combination Tax and Revenue Certificates of Obligation, Series 2016 were issued to finance improvements to park and recreation; public safety facilities; street and street light improvements; information technology systems; and municipal facilities and infrastructure.

The Tax Notes, Series 2016 were issued to finance improvements to City municipal facilities, information technology systems, public safety improvements, and street maintenance.

The Combination Tax and Revenue Certificates of Obligation, Taxable Series 2016 were issued to finance improvements to City parks and recreation facilities, including Hemisfair Park, and for the purchase of new river barges.

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Business-Type Activities

On August 31, 2016, $300 of the $194,175 issued in General Improvement and Refunding Bonds, Series 2016, was allocated to Solid Waste Management to refund prior obligations.

In addition, $6,585 of the $84,855 issued in Combination Tax and Revenue Certificates of Obligation, Series 2016, was allocated to Solid Waste Management to finance infrastructure improvements.

Standard & Poor's, Moody's, and Fitch's underlying ratings for City obligations during fiscal year 2016 were as follows:

Bond Ratings
Year-Ended September 30, 2016

	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
Airport CFC	A-	A3	BBB+
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.

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 or via email at http://www.sanantonio.gov/Finance/about/contactandfeedback.

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Basic Financial Statements

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Statement of Net Position
As of September 30, 2016
(In Thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Assets:				
Current Assets:				
Cash and Cash Equivalents	$ 51,240	$ 6,888	$ 58,128	$ 276,728
Investments	364,398	57,926	422,324	335,547
Receivables, Net	141,239	11,751	152,990	347,802
Materials and Supplies, at Cost	8,339	900	9,239	215,857
Internal Balances	8,228	(9,835)	(1,607)	
Due From Other Governmental Agencies, Net	2,451	137	2,588	1,698
Deposits	135		135	
Prepaid Expenses	2,206	14	2,220	89,898
Other Assets				572
Restricted Assets:				
Cash and Cash Equivalents	210,739	157,250	367,989	524,968
Investments	527,859	105,602	633,461	1,621,499
Receivables, Net	64,824	2,124	66,948	90,790
Materials and Supplies, at Cost	1,816		1,816	
Deposits	5,511		5,511	
Prepaid Expenses	30	2,697	2,727	
Due From Other Governmental Agencies	20,202	400	20,602	
Total Current Assets	1,409,217	335,854	1,745,071	3,505,359
Noncurrent Assets:				
Capital Assets:				
Non Depreciable	2,152,277	112,569	2,264,846	1,569,972
Depreciable, Net	2,499,033	604,030	3,103,063	11,149,583
Assets Held for Resale				2,228
Cash and Cash Equivalents				21,978
Receivables, Net	183,130		183,130	8,433
Prepaid Expenses				248,435
Net OPEB Asset and Pension Asset				255,793
Investment in Joint Venture	9,505		9,505	
Other Noncurrent Assets				205,226
Total Noncurrent Assets	4,843,945	716,599	5,560,544	13,461,648
Total Assets	6,253,162	1,052,453	7,305,615	16,967,007
Total Deferred Outflows of Resources	483,610	22,836	506,446	262,820
Liabilities:				
Current Liabilities:				
Accounts Payable and Current Liabilities	135,094	10,627	145,721	464,037
Accrued Interest	37	79	116	
Unearned Revenue	776	1,558	2,334	4,609
Current Portion of Long-term Obligations	89,139	14,674	103,813	
Due To Other Governmental Agencies	79	58	137	3
Liabilities Payable From Restricted Assets:				
Accounts Payable and Current Liabilities	102,084	17,316	119,400	63,245
Accrued Interest on Bonds and Certificates	16,207	6,159	22,366	25,677
Unearned Revenue	53,301		53,301	
Due To Other Governmental Agencies	731		731	
Current Portion of Long-term Obligations	179,172	20,529	199,701	372,011
Total Current Liabilities	576,620	71,000	647,620	929,582
Noncurrent Liabilities:				
Noncurrent Portion of Long-term Obligations	3,932,479	635,935	4,568,414	10,300,673
Total Noncurrent Liabilities	3,932,479	635,935	4,568,414	10,300,673
Total Liabilities	4,509,099	706,935	5,216,034	11,230,255
Total Deferred Inflows of Resources	46,369	1,550	47,919	86,296
Net Position:				
Net Investment in Capital Assets	2,684,754	348,896	3,033,650	3,981,553
Restricted for:				
Debt Service	36,463	33,350	69,813	75,365
Capital Projects	8,540	52,279	60,819	1,078,723
Operating and Other Reserves	329		329	3,734
Perpetual Care:				
Expendable	13,101		13,101	
Nonexpendable	4,189		4,189	
Unrestricted (Deficit)	(566,072)	(67,721)	(633,793)	773,901
Total Net Position	$ 2,181,304	$ 366,804	$ 2,548,108	$ 5,913,276

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

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Statement of Activities

Year-Ended September 30, 2016

(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	$ 131,273	$ 23,084	$ 8,934	$ 1,088	$ (98,167)	$ -	$ (98,167)	
Public Safety	888,100	52,110	12,718	59	(823,213)		(823,213)	
Public Works	240,763	51,862	28,064	55,716	(105,121)		(105,121)	
Sanitation	7,090	6,846	437		193		193	
Health Services	54,953	19,336	17,644		(17,973)		(17,973)	
Culture and Recreation	181,209	56,416	10,318	1,687	(112,788)		(112,788)	
Convention and Tourism	73,932		4,078	9,741	(60,113)		(60,113)	
Urban Redevelopment and Housing	27,025	487	10,995		(15,543)		(15,543)	
Welfare	126,440	151	89,468		(36,821)		(36,821)	
Education	62,579	726	4,812		(57,041)		(57,041)	
Economic Development and Opportunity	22,974	383	903	75	(21,613)		(21,613)	
Bond Issuance Costs	2,192				(2,192)		(2,192)	
Interest on Long-Term Debt	86,862				(86,862)		(86,862)	
Total Governmental Activities	1,905,392	211,401	188,371	68,366	(1,437,254)		(1,437,254)	
Business-Type Activities:								
Airport System	127,122	84,792		45,837		3,507	3,507	
Development Services	27,033	28,874				1,841	1,841	
Market Square	2,708	2,891				183	183	
Parking System	14,157	9,671				(4,486)	(4,486)	
Solid Waste Management	110,361	101,954				(8,407)	(8,407)	
Total Business-Type Activities	281,381	228,182		45,837		(7,362)	(7,362)	
Total Primary Government	$ 2,186,773	$ 439,583	$ 188,371	$ 114,203	(1,437,254)	(7,362)	(1,444,616)	
Discretely Presented Component Units:								
CPS Energy	$ 2,428,987	$ 2,495,305	$ 44	$ 46,497				$ 112,859
SAWS	476,329	491,780		119,889				135,340
Brooks Development Authority	25,434	9,993	485	6,474				(8,482)
Port Authority of San Antonio	34,493	35,876		5,451				6,834
SA Energy Acquisition Public Facility Corporation	50,357	46,579						(3,778)
San Antonio Housing Trust Finance Corp.	77	232						155
SAWS District Special Project	64,905	65,253		16,134				16,482
San Antonio Housing Trust Foundation, Inc.	632	511						(121)
San Antonio Housing Trust Public Facility Corp.	205	815						610
SA Tricentennial Celebration Commission	797	1,318						521
Total Component Units	$ 3,082,216	$ 3,147,662	$ 529	$ 194,445				260,420
General Revenues:								
Taxes:								
Property					495,638		495,638	
General Sales and Use					347,874		347,874	
Selective Sales and Use					8,516		8,516	
Gross Receipts Business					35,992		35,992	
Occupancy					81,280		81,280	
Penalties and Interest on Delinquent Taxes					3,480		3,480	
Revenues from Utilities					345,666		345,666	
Investment Earnings					4,811	1,152	5,963	30,031
Miscellaneous					84,841	1,684	86,525	13,227
Extraordinary Items								(391,417)
Adjustment for STP Pension Cost								2,267
Transfers, net					3,733	(3,824)	(91)	
Total General Revenues, Extraordinary Items, and Transfers					1,411,831	(988)	1,410,843	(345,892)
Change in Net Position					(25,423)	(8,350)	(33,773)	(85,472)
Net Position - Beginning of Fiscal Year (restated)					2,206,727	375,154	2,581,881	5,998,748
Net Position - End of Fiscal Year					$ 2,181,304	$ 366,804	$ 2,548,108	$ 5,913,276

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

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Balance Sheet
Governmental Funds
As of September 30, 2016
(In Thousands)

	MAJOR FUNDS							
	GENERAL	DEBT SERVICE	PRE-K 4 SA	CONVENTION CENTER HOTEL FINANCE CORP.	2012 GENERAL OBLIGATION BONDS	GENERAL OBLIGATION PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets:								
Cash and Cash Equivalents	$ 15,718	$ -	$ -	$ -	$ -	$ -	$ 17,926	$ 33,644
Investments	140,874						97,028	237,902
Receivables, Net	134,172						6,217	140,389
Materials and Supplies, at Cost	5,787						80	5,867
Prepaid Expenditures	894						9	903
Due From Other Funds	35,534						6,468	42,002
Due From Other Governmental Agencies, Net	1,466						453	1,919
Restricted Assets:								
Cash and Cash Equivalents	98	12,638	17,831	19,798	19,765	19,500	121,109	210,739
Investments	372	30,761			192,824		303,902	527,859
Receivables, Net		5,435	522	182,985	224	478	58,310	247,954
Materials and Supplies, at Cost							1,816	1,816
Deposits							5,511	5,511
Prepaid Expenditures							30	30
Due From Other Funds		326	3,262		619	8,221	30,609	43,037
Due From Other Governmental Agencies, Net						3,836	16,366	20,202
Total Assets	$ 334,915	$ 49,160	$ 21,615	$ 202,783	$ 213,432	$ 32,035	$ 665,834	$ 1,519,774
Liabilities, Deferred Inflows, and Fund Balances:								
Liabilities:								
Vouchers Payable	$ 12,634	$ -	$ -	$ -	$ -	$ -	$ 4,210	$ 16,844
Accounts Payable - Other	7,619						8,107	15,726
Accrued Payroll	15,984						862	16,846
Accrued Leave Payable	8,616						12	8,628
Unearned Revenue	721							721
Due To Other Funds	346						16,431	16,777
Due To Other Governmental Agencies, Net	79							79
Liabilities Payable From Restricted Assets:								
Vouchers Payable			437			21,680	36,401	58,518
Accounts Payable - Other			1,302			8,145	17,732	27,179
Accrued Payroll							2,702	2,702
Accrued Leave Payable							48	48
Unearned Revenue						1,378	52,068	53,446
Amounts Held in Trust				13,685				13,685
Due To Other Funds						1,203	59,013	60,216
Due To Other Governmental Agencies							731	731
Total Liabilities	45,999		1,739	13,685		32,406	198,317	292,146
Deferred Inflows of Resources	33,806	4,868		182,985				221,659
Fund Balances:								
Nonspendable	6,681						11,635	18,316
Restricted	470	44,292	19,876	6,113	213,432		361,270	645,453
Committed	49,333						72,312	121,645
Assigned	6,554						32,407	38,961
Unassigned	192,072					(371)	(10,107)	181,594
Total Fund Balances	255,110	44,292	19,876	6,113	213,432	(371)	467,517	1,005,969
Total Liabilities, Deferred Inflows and Fund Balances	$ 334,915	$ 49,160	$ 21,615	$ 202,783	$ 213,432	$ 32,035	$ 665,834	$ 1,519,774

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

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Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
As of September 30, 2016
(In Thousands)

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

Fund Balances - Total Governmental Funds		$ 1,005,969
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental Capital Assets:		
Land	1,433,739	
Other Non-Depreciable Assets	2,166	
Construction In Progress	570,854	
Non-Depreciable Intangible Assets	145,518	
Depreciable Intangible Assets	3,855	
Buildings	1,172,085	
Improvements	787,838	
Infrastructure	2,940,337	
Machinery and Equipment	316,670	
Less: Accumulated Depreciation	(2,838,652)	
Total Governmental Capital Assets		4,534,410
Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore, are not reported in the governmental funds as revenues, but as deferred inflows - unavailable revenue		
Revenues previously recorded as unavailable revenue in the fund financial statements		221,804
Investment in joint ventures are not financial resources and therefore are not reported in the governmental funds		9,505
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.		90,426
Deferred outflows of resources related to pension and loss on bond refunding		467,632
Deferred inflows of resources related to pension		(45,064)
Long-term liabilities are not due and payable in the current year, therefore are not reported in the governmental funds.		
Governmental Bonds Payable	(2,477,659)	
Unamortized Discount/(Premium) on Bonds, Net	(144,682)	
Capital Lease Liability	(14,822)	
Notes Payable	(42,784)	
Net OPEB and Pension Liability	(1,204,166)	
Accrued Interest Payable	(16,244)	
Pollution Remediation Payable	(450)	
Accrued Leave Payable	(202,211)	
Other Payable	(360)	
		(4,103,378)
Net Position of Governmental Activities		$ 2,181,304

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

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Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year-Ended September 30, 2016

(In Thousands)

	MAJOR FUNDS							
	GENERAL	DEBT SERVICE	PRE-K 4 SA	CONVENTION CENTER HOTEL FINANCE CORP.	2012 GENERAL OBLIGATION BONDS	GENERAL OBLIGATION PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:								
Taxes:								
Property	$ 294,721	$ 179,997	$ -	$ -	$ -	$ -	$ 21,497	$ 496,215
General Sales and Use	265,722						82,152	347,874
Selective Sales and Use	8,516							8,516
Gross Receipts Business	32,816						3,176	35,992
Occupancy							81,280	81,280
Penalties and Interest on Delinquent Taxes	2,051	1,251					178	3,480
Licenses and Permits	8,961							8,961
Intergovernmental	8,051		5,478			52,145	169,868	235,542
Revenues from Utilities	345,666							345,666
Charges for Services	66,985						102,911	169,896
Fines and Forfeits	10,842						373	11,215
Miscellaneous	18,246	3,565	83		619	149	46,778	69,440
Investment Earnings	919	233	56	1	1,052		1,897	4,158
Contributions	186			13,068		298	30,589	44,141
Total Revenues	1,063,682	185,046	5,617	13,069	1,671	52,592	540,699	1,862,376
Expenditures:								
Current:								
General Government	70,385	392			4		14,226	85,007
Public Safety	710,240						21,576	731,816
Public Works	55,629						62,661	118,290
Health Services	24,909						33,624	58,533
Sanitation							7,174	7,174
Welfare	35,182						93,054	128,236
Culture and Recreation	106,639						55,118	161,757
Convention and Tourism	720						44,526	45,246
Urban Redevelopment and Housing	13,833						14,591	28,424
Education			38,189				24,843	63,032
Economic Development and Opportunity	8,215						15,067	23,282
Capital Outlay						216,832	238,914	455,746
Debt Service:								
Principal Retirement	2,960	137,640		3,350			5,539	149,489
Interest	330	75,405		9,699			25,468	110,902
Issuance Costs		999			280		913	2,192
Total Expenditures	1,029,042	214,436	38,189	13,049	284	216,832	657,294	2,169,126
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,640	(29,390)	(32,572)	20	1,387	(164,240)	(116,595)	(306,750)
Other Financing Sources (Uses):								
Issuance of Long-Term Debt					46,745		133,369	180,114
Refunding Debt Issued		147,130						147,130
Payments to Refunded Bond Escrow Agent		(176,308)						(176,308)
Issuance of Notes and Loans							835	835
Premium on Long-Term Debt		30,142			7,365		13,775	51,282
Transfers In	24,344	27,280	32,862			169,943	296,082	550,511
Transfers Out	(47,342)				(140,374)	(785)	(357,348)	(545,849)
Total Other Financing Sources (Uses)	(22,998)	28,244	32,862		(86,264)	169,158	86,713	207,715
Net Change in Fund Balances	11,642	(1,146)	290	20	(84,877)	4,918	(29,882)	(99,035)
Fund Balances October 1 (restated)	243,468	45,438	19,586	6,093	298,309	(5,289)	497,399	1,105,004
Fund Balances September 30	$ 255,110	$ 44,292	$ 19,876	$ 6,113	$ 213,432	$ (371)	$ 467,517	$ 1,005,969

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

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

Year-Ended September 30, 2016

(In Thousands)

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

Net change in Fund Balances - Total Governmental Funds		$	(99,035)
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	407,688		
Pollution Remediation Capitalization	105		
Donated Capital Assets	8,390		
Less: Current Year Depreciation	(148,052)		
Less: Current Year Deletions	(61,569)		
			206,562
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements.			(4,062)
Investment in joint ventures are not financial resources and therefore are not shown on the fund - based statements			9,505
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	(328,079)		
(Premium)/Discount on Long-term Debt	(51,282)		
Payments to Escrow Agent	176,308		
Amortization of Bond Premiums/Discounts and Deferred Charges, Net	25,222		
Principal Payments	149,489		
			(28,342)
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	(1,264)		
Accrued Leave Payable	3,000		
Net OPEB and Pension Liability	(127,236)		
Pollution Remediation	(43)		
Principal Amounts on Leases and Notes	1,352		
Other Expenses	(9)		
			(124,200)
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.			14,149
Change in Net Position of Governmental Activities		$	(25,423)

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

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Statement of Net Position
Proprietary Funds
As of September 30, 2016
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Assets:					
Current Assets:					
Unrestricted Assets:					
Cash and Cash Equivalents	$ 2,083	$ 1,847	$ 2,958	$ 6,888	$ 17,596
Investments	19,722	14,258	23,946	57,926	126,496
Receivables, Net	2,893	8,592	266	11,751	850
Materials and Supplies, at Cost	779	56	65	900	2,472
Deposits					135
Prepaid Expenses	14			14	1,303
Due From Other Funds		3	1	4	20
Due From Other Governmental Agencies, Net	128		9	137	532
Total Unrestricted Assets	25,619	24,756	27,245	77,620	149,404
Restricted Assets:					
Debt Service Accounts:					
Cash and Cash Equivalents	21,734		38	21,772	
Investments	17,466		318	17,784	
Receivables, Net	2		5	7	
Construction Accounts:					
Cash and Cash Equivalents	103,097	12,373	100	115,570	
Investments	33,584	6,689		40,273	
Prepaid Expenses	2,697			2,697	
Receivables, Net	40			40	
Due From Other Funds	28			28	
Improvement and Contingency Accounts:					
Cash and Cash Equivalents	19,638	20	211	19,869	
Investments	45,432	415	1,698	47,545	
Receivables, Net	1,212	1	2	1,215	
Due From Other Funds		20	6	26	
Other Restricted Assets:					
Cash and Cash Equivalents	39			39	
Receivables, Net	862			862	
Due From Other Funds	14			14	
Due From Other Governmental Agencies, Net	400			400	
Total Restricted Assets	246,245	19,518	2,378	268,141	
Total Current Assets	271,864	44,274	29,623	345,761	149,404
Noncurrent Assets:					
Capital Assets:					
Land	5,322	1,107	8,170	14,599	
Buildings	352,967	10,467	26,187	389,621	179
Improvements	509,768	9,210	13,325	532,303	244
Machinery and Equipment	15,661	35,019	1,964	52,644	223,347
Depreciable Intangible					250
Construction in Progress	95,633	238	2,099	97,970	
Total Capital Assets	979,351	56,041	51,745	1,087,137	224,020
Less: Accumulated Depreciation	325,495	24,484	20,559	370,538	107,120
Net Capital Assets	653,856	31,557	31,186	716,599	116,900
Total Noncurrent Assets	653,856	31,557	31,186	716,599	116,900
Total Assets	925,720	75,831	60,809	1,062,360	266,304
Total Deferred Outflows of Resources	8,843	8,136	5,857	22,836	15,978

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

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Statement of Net Position
Proprietary Funds
As of September 30, 2016
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Liabilities:					
Current Liabilities:					
Payable from Current Unrestricted Assets:					
Vouchers Payable	$ 2,357	$ 1,529	$ 302	$ 4,188	$ 11,225
Accounts Payable-Other	1,379	788	1,373	3,540	4,066
Claims Payable					29,074
Accrued Payroll	1,011	1,155	733	2,899	2,250
Accrued Interest	14	65		79	
Current Portion of Accrued Leave Payable	2,062	1,461	896	4,419	3,329
Unearned Revenue	1,558			1,558	55
Current Portion of Capital Lease Liability	196	9,692		9,888	
Current Portion of Landfill Postclosure Costs		148		148	
Current Portion of Pollution Remediation	219			219	
Due To Other Funds					9,745
Due To Other Governmental Agencies, Net			58	58	
Total Payable from Current Unrestricted Assets	8,796	14,838	3,362	26,996	59,744
Payable from Restricted Assets:					
Vouchers Payable	8,791	2	4	8,797	
Accrued Interest	5,997	58	104	6,159	
Current Portion of Bonds and Certificates (net of premium/discount)	18,965	543	1,021	20,529	
Other Payables	8,188	235	96	8,519	
Total Payable from Restricted Assets	41,941	838	1,225	44,004	
Total Current Liabilities	50,737	15,676	4,587	71,000	59,744
Noncurrent Liabilities:					
Bonds and Certificates (net of current portion & premium/discount)	460,995	9,640	9,081	479,716	
Claims Payable (net of current portion)					39,063
Accrued Leave Payable (net of current portion)	764	380	16	1,160	472
Capital Lease Liability (net of current portion)	2,175	21,535		23,710	
Net OPEB Obligation and Pension Liability	40,973	54,399	33,851	129,223	101,179
Pollution Remediation (net of current portion)	1,055			1,055	
Landfill Postclosure Costs (net of current portion)		1,071		1,071	
Total Noncurrent Liabilities	505,962	87,025	42,948	635,935	140,714
Total Liabilities	556,699	102,701	47,535	706,935	200,458
Total Deferred Inflows of Resources	492	646	412	1,550	1,305
Net Position:					
Net Investment in Capital Assets	310,836	16,150	21,910	348,896	116,900
Restricted:					
Debt Service	33,093		257	33,350	
Capital Projects	52,068		211	52,279	
Unrestricted (Deficit)	(18,625)	(35,530)	(3,659)	(57,814)	(36,381)
Total Net Position	$ 377,372	$ (19,380)	$ 18,719	$ 376,711	$ 80,519
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(9,907)	
			Net position of business-type activities	$ 366,804	

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

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Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year-Ended September 30, 2016
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Operating Revenues:					
Charges for Services	$ 84,792	$ 101,954	$ 41,436	$ 228,182	$ 338,851
Total Operating Revenues	84,792	101,954	41,436	228,182	338,851
Operating Expenses:					
Personal Services	34,632	39,559	24,919	99,110	79,038
Contractual Services	16,220	30,634	4,522	51,376	37,106
Commodities	1,981	5,929	821	8,731	2,205
Materials					20,475
Claims					140,423
Other	8,201	23,267	6,603	38,071	25,051
Depreciation	29,760	4,945	1,322	36,027	25,235
Total Operating Expenses	90,794	104,334	38,187	233,315	329,533
Operating Income (Loss)	(6,002)	(2,380)	3,249	(5,133)	9,318
Nonoperating Revenues (Expenses):					
Investment Earnings	909	107	136	1,152	652
Other Nonoperating Revenue	1,562	693	366	2,621	3,558
Gain (Loss) on Sale of Capital Assets	(627)	(310)		(937)	5,246
Interest and Debt Expense	(25,557)	(405)	(828)	(26,790)	
Other Nonoperating Expense	(10,928)	(9,044)	(5,000)	(24,972)	
Total Nonoperating Revenues (Expenses)	(34,641)	(8,959)	(5,326)	(48,926)	9,456
Change in Net Position Before Capital Contributions and Transfers	(40,643)	(11,339)	(2,077)	(54,059)	18,774
Capital Contributions	45,837			45,837	
Transfers In (Out):					
Transfers In		498	3,846	4,344	390
Transfers Out	(238)	(1,647)	(6,283)	(8,168)	(1,319)
Total Transfers In (Out)	(238)	(1,149)	(2,437)	(3,824)	(929)
Change In Net Position	4,956	(12,488)	(4,514)	(12,046)	17,845
Net Position - October 1 (restated)	372,416	(6,892)	23,233		62,674
Net Position - September 30	$ 377,372	$ (19,380)	$ 18,719		$ 80,519
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				3,696	
Change in Net Position of Business-Type Activities				$ (8,350)	

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

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Statement of Cash Flows
Proprietary Funds
Year-Ended September 30, 2016
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:					
Cash Received from Customers	$ 82,066	$ 101,553	$ 41,482	$ 225,101	$ 339,128
Cash Payments to Suppliers for Goods and Services	(26,947)	(60,139)	(12,321)	(99,407)	(226,474)
Cash Payments to Employees for Service	(31,092)	(34,842)	(21,851)	(87,785)	(71,106)
Cash Received from Other Cash Receipts	1,562	693	366	2,621	3,558
Net Cash Provided by Operating Activities	25,589	7,265	7,676	40,530	45,106
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds		498	3,846	4,344	390
Transfers Out to Other Funds	(238)	(1,647)	(6,283)	(8,168)	(1,319)
Due to Other Funds		(11)	(102)	(113)	766
Due from Other Funds	(42)	(23)	(1)	(66)	175
Net Cash Provided by (Used for) Noncapital Financing Activities	(280)	(1,183)	(2,540)	(4,003)	12
Cash Flows from Capital and Related Financing Activities:					
Acquisitions and Construction of Capital Assets	(82,679)	(7,295)	(5,766)	(95,740)	(62,794)
Contributed Capital	45,837			45,837	
Interest and Fees Paid on Long-Term Debt	(23,565)	(343)	(835)	(24,743)	
Principal Payments on Long-Term Debt	(18,517)	(165)	(996)	(19,678)	
Principal Payments on Notes and Leases	(188)	(5,825)		(6,013)	
Proceeds from Issuance of Long-Term Debt		6,585		6,585	
Proceeds from Issuance of Notes and Leases		18,946		18,946	
Proceeds from Sale of Assets	80	127		207	6,699
Net Cash Provided by (Used for) Capital and Related Financing Activities	(79,032)	12,030	(7,597)	(74,599)	(56,095)
Cash Flows from Investing Activities:					
Purchases of Investment Securities	(152,276)	(21,856)	(26,561)	(200,693)	(129,419)
Maturity of Investment Securities	181,901	15,621	28,593	226,115	140,375
Investments Earnings	943	116	132	1,191	664
Net Cash Provided by (Used for) Investing Activities	30,568	(6,119)	2,164	26,613	11,620
Net Increase (Decrease) in Cash and Cash Equivalents	(23,155)	11,993	(297)	(11,459)	643
Cash and Cash Equivalents, October 1	169,746	2,247	3,604	175,597	16,953
Cash and Cash Equivalents, September 30	$ 146,591	$ 14,240	$ 3,307	$ 164,138	$ 17,596
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	$ (6,002)	$ (2,380)	$ 3,249	$ (5,133)	$ 9,318
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation	29,760	4,945	1,322	36,027	25,235
Other Nonoperating Revenue	1,562	693	366	2,621	3,558
Changes in Assets, Liabilities, Deferred Outflows and Deferred Inflows:					
(Increase) Decrease in Accounts Receivable	1,633	(310)	105	1,428	41
(Increase) Decrease in Due from Other Governmental Agencies	(123)		(7)	(130)	254
(Increase) Decrease in Materials and Supplies	(12)	(13)	1	(24)	(1,053)
(Increase) in Prepaid Expenses	(4)			(4)	(628)
(Decrease) in Deposits					(1)
Increase (Decrease) in Vouchers Payable	(401)	(442)	(76)	(919)	2,689
Increase in Claims Payable					(2,903)
Increase (Decrease) in Accounts Payable - Other	(83)	(15)	(358)	(456)	681
Increase in Accrued Payroll	299	327	169	795	528
Increase in Accrued Leave Payable	131	108	79	318	248
Increase in Landfill Postclosure Liability		161		161	
Increase in Net OPEB Obligation and Pension Liability	7,098	9,366	5,958	22,422	17,153
(Decrease) in Pollution Remediation Liability	(45)			(45)	
(Increase) in Deferred Outflows	(4,036)	(5,142)	(3,170)	(12,348)	(10,104)
Increase In Deferred Inflows	48	58	32	138	107
(Decrease) in Unearned Revenue	(4,236)	(91)	(52)	(4,379)	(17)
Increase in Due to Other Governmental Agencies			58	58	
Net Cash Provided by Operating Activities	$ 25,589	$ 7,265	$ 7,676	$ 40,530	$ 45,106
Noncash Investing, Capital and Financing Activities					
Acquisitions and Construction of Capital Assets from Leases	$ -	$ 5,085	$ -	$ -	$ -

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

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Statement of Fiduciary Net Position/Balance Sheet
Fiduciary Funds
As of September 30, 2016
(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	$ 57,137	$ 24	$ 7,695
Security Lending Collateral	96,370		
Investments:			
Common Stock	987,106		
U.S. Government Securities	68,945		4,598
Corporate Bonds	347,361		
Foreign Bonds	215,472		
Mutual Funds	98,867		
Hedge Funds	328,422		
Real Estate	261,006		
Alternative	562,514		
Receivables:			
Accounts	56,689		15
Accrued Interest	4,586		5
Prepaid Expenses	12		
Total Current Assets	3,084,487	24	12,313
Capital Assets:			
Machinery and Equipment	508		
Buildings	1,065		
Total Capital Assets	1,573		
Less: Accumulated Depreciation	471		
Net Capital Assets	1,102		
Total Assets	$ 3,085,589	$ 24	$ 12,313
Liabilities:			
Vouchers Payable	$ 4,833	$ -	$ 4
Accounts Payable - Other	28,319		12,309
Claims Payable	2,401		
Accrued Payroll	261		
Securities Lending Obligation	96,370		
Total Liabilities	132,184		$ 12,313
Net Position:			
Restricted for Pension	2,633,696		
Restricted for Other Postemployment Benefits	319,709		
Restricted for Literacy Programs		24	
Total Net Position	$ 2,953,405	$ 24	

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

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Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year-Ended September 30, 2016
(In Thousands)

	FIRE AND POLICE PENSION AND HEALTH CARE FUNDS	PRIVATE PURPOSE TRUST FUND - SAN ANTONIO LITERACY PROGRAM
Additions:		
Contributions:		
Employer	$ 26,031	$ -
Employee	13,018	
Other Contributions	366	
Total Contributions	39,415	
Investment Earnings:		
Net Increase in Fair Value of Investments	33,978	
Real Estate Income, Net	3,148	
Interest and Dividends	12,241	
Securities Lending	120	
Other Income	214	
Total Investment Earnings	49,701	
Less: Investment Expenses		
Investment Management Fees and Custodian Fees	(3,409)	
Less: Securities Lending Expenses		
Borrower Rebates and Lending Fees	(33)	
Net Investment Earnings	46,259	
Total Additions	85,674	
Deductions:		
Benefits	41,776	
Refunds of Contributions	512	
Administrative Expense	1,440	
Total Deductions	43,728	
Change in Net Position	41,946	
Net Position - October 1	2,911,459	24
Net Position - September 30	$ 2,953,405	$ 24

The Fire and Police Pension and Health Care Funds changed their fiscal year from September 30 to December 31, therefore these statements reflect three months of activity through December 31, 2015.

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

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Statement of Net Position
Discretely Presented Component Units
As of September 30, 2016
(In Thousands)

	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNITS	TOTAL
Assets:				
Current Assets:				
Unrestricted Assets:				
Cash and Cash Equivalents	$ 157,501	$ 60,706	$ 58,521	$ 276,728
Investments	179,910	135,797	19,840	335,547
Receivables, Net	255,017	66,221	26,564	347,802
Materials and Supplies, at Cost	210,488	5,356	13	215,857
Due from Other Governmental Agencies			1,698	1,698
Prepaid Expenses	53,723	5,940	30,235	89,898
Other Assets			572	572
Total Unrestricted Assets	856,639	274,020	137,443	1,268,102
Restricted Assets:				
Debt Service Accounts:				
Cash and Cash Equivalents	14,140		52,437	66,577
Investments		66,521	10,067	76,588
Receivables, Net			86	86
Capital Projects Accounts:				
Cash and Cash Equivalents	141,302	156,520		297,822
Investments	260,317	54,616		314,933
Ordinance Accounts:				
Cash and Cash Equivalents	121,650			121,650
Investments	421,915			421,915
Other Restricted Accounts:				
Cash and Cash Equivalents	29,469	85	9,365	38,919
Investments	492,381	315,682		808,063
Receivables, Net	20,696		70,008	90,704
Total Restricted Assets	1,501,870	593,424	141,963	2,237,257
Total Current Assets	2,358,509	867,444	279,406	3,505,359
Noncurrent Assets:				
Capital Assets:				
Land	71,164	91,325	55,917	218,406
Depreciable Intangible Assets	203,122	1,354		204,476
Infrastructure			74,923	74,923
Buildings			270,749	270,749
Utility Plant in Service	12,124,490	5,021,734	410,423	17,556,647
Machinery and Equipment		240,406	17,843	258,249
Construction in Progress	484,239	456,414	77,747	1,018,400
Water Rights and Other Non-Depreciable Intangible Assets	88,699	244,467		333,166
Nuclear Fuel	865,458			865,458
Total Capital Assets	13,837,172	6,055,700	907,602	20,800,474
Less: Accumulated Depreciation	6,059,667	1,715,335	305,917	8,080,919
Assets Held for Resale			2,228	2,228
Net Capital Assets	7,777,505	4,340,365	603,913	12,721,783
Other Noncurrent Assets:				
Cash and Cash Equivalents			21,978	21,978
Receivables, Net		3,867	4,566	8,433
Prepaid Expenses			248,435	248,435
Net OPEB and Pension Asset	255,793			255,793
Other Noncurrent Assets	205,226			205,226
Total Other Noncurrent Assets	461,019	3,867	274,979	739,865
Total Noncurrent Assets	8,238,524	4,344,232	878,892	13,461,648
Total Assets	10,597,033	5,211,676	1,158,298	16,967,007
Deferred Outflows of Resources	196,734	59,039	7,047	262,820

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

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Statement of Net Position
Discretely Presented Component Units
As of September 30, 2016
(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	$ 384,040	$ 48,524	$ 31,473	$ 464,037
Unearned Revenues	247		4,362	4,609
Due to Other Governmental Agencies			3	3
Current Portion of Long-term Lease/Notes Payable			16,660	16,660
Current Portion of Other Payables	52,378	4,787	164	57,329
Total Payable from Current Unrestricted Assets	436,665	53,311	52,662	542,638
Payable from Restricted Assets:				
Accounts Payable and Other Current Liabilities		61,167	2,078	63,245
Accrued Bond and Certificate Interest		14,520	11,157	25,677
Current Portion of Bonds and Certificates	185,200	71,415	36,755	293,370
Current Portion of Commercial Paper		3,395		3,395
Other Payables			1,257	1,257
Total Payable from Restricted Assets	185,200	150,497	51,247	386,944
Total Current Liabilities	621,865	203,808	103,909	929,582
Noncurrent Liabilities:				
Bonds and Certificates (net of current portion & premium/discount)	5,510,328	2,503,307	610,195	8,623,830
Commercial Paper (net of current portion)	360,000	131,910		491,910
Long-Term Lease/Notes Payable (net of current portion)			107,238	107,238
Net Pension and OPEB Obligation	266,355	121,717	1,261	389,333
Other Payables (net of current portion)	653,363	24,081	10,918	688,362
Total Noncurrent Liabilities	6,790,046	2,781,015	729,612	10,300,673
Total Liabilities	7,411,911	2,984,823	833,521	11,230,255
Deferred Inflows of Resources	79,513	6,726	57	86,296
Net Position:				
Net Investment in Capital Assets	1,722,692	2,016,701	242,160	3,981,553
Restricted for:				
Debt Service	13,692	52,001	9,672	75,365
Capital Projects	960,710	102,115	15,898	1,078,723
Operating and Other Reserves			3,734	3,734
Unrestricted	605,249	108,349	60,303	773,901
Total Net Position	$ 3,302,343	$ 2,279,166	$ 331,767	$ 5,913,276

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

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Statement of Activities
Discretely Presented Component Units
Year-Ended September 30, 2016
(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	$ 2,428,987	$ 2,495,305	$ 44	$ 46,497	$ 112,859	$ -	$ -	$ 112,859
San Antonio Water System	476,329	491,780		119,889		135,340		135,340
Nonmajor Component Units	176,900	160,577	485	28,059			12,221	12,221
Total	$ 3,082,216	$ 3,147,662	$ 529	$ 194,445	112,859	135,340	12,221	260,420
General Revenues:								
Investment Earnings					21,870	6,097	2,064	30,031
Miscellaneous							9,707	9,707
Gain on Disposal of Capital Assets						3,520		3,520
Extraordinary Items					(391,417)			(391,417)
Adjustment for STP Pension Cost					2,267			2,267
Total General Revenues and Special Items					(367,280)	9,617	11,771	(345,892)
Change in Net Position					(254,421)	144,957	23,992	(85,472)
Net Position - Beginning of Fiscal Year (restated)					3,556,764	2,134,209	307,775	5,998,748
Net Position - End of Fiscal Year					$ 3,302,343	$ 2,279,166	$ 331,767	$ 5,913,276

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

Comprehensive Annual Financial Report
Notes to Financial Statements
Year-Ended September 30, 2016

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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 Statement 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), (c) component units, which are fiduciary in nature such as certain public employee retirement systems or pension trust funds with the City (fiduciary), and (d) 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.

The criteria outlined above were excerpted from GASB Statement No. 61. For a more detailed explanation of the criteria established by the Statements, refer to the *Codification of Governmental Accounting and Financial Reporting Standards*, as of June 30, 2016, published by GASB, Section-2600. GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, further clarifies that a "not for profit" may not be financially accountable to the City, but may be considered a component unit based on the nature and significance of its relationship with the City. Predicated upon the application of the criteria outlined above, the following is a brief overview of component units included in the reporting entity.

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units

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

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 (City Council). CCHFC's governing board is substantially the same as the City's governing board, and CCHFC 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 11 members appointed by the City Council and it provides services entirely to the City. The City has the ability to impose its will.

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 15 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. MGA-SA provides services entirely to 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: Sarah Baray
Telephone No. (210) 206-2740

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, developing and running authorized programs for early childhood education services. Pre-K 4 SA is governed by a board of trustees appointed by the City Council. Pre-K 4 SA's debt, including leases, is expected to be repaid almost entirely with the resources of the City, a 1/8 cent sales tax increase approved by San Antonio residents. The City has the ability to impose its will.

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

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

The San Antonio Economic Development Corporation (EDC) was established in fiscal year 2010 as a nonprofit corporation to promote, assist, and enhance economic development activities for the City. EDC was organized for the purposes of undertaking any statute-authorized projects to benefit and accomplish the public purpose of promoting economic development in the City. The affairs of EDC are managed by a board of directors appointed by the City Council. 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.

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. The City has the ability to impose its will, and EFC also meets the financial benefit/burden and operational responsibility criteria.

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.

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

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

The 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.

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, in effectuating 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, and TPFC meets the operational responsibility criteria.

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

Urban Renewal Agency of the City of San Antonio dba Office of Urban Redevelopment of San Antonio
c/o City of San Antonio
100 W. Houston St.
San Antonio, TX 78205
Contact: John Jack
Telephone No. (210) 207-2129

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
630 S.W. 41st Street
San Antonio, TX 78237
Contact: Jocelyn Van Coney
Telephone No. (210) 501-0192

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. 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.

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Note 1 Summary of Significant Accounting Policies (Continued)

Fiduciary 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 presented as fiduciary funds 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.

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, 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 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.

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.

In fiscal year 2016, the Pension Fund and Health Fund changed their reporting year-ends from September 30th to December 31st; financial information disclosed in the City's CAFR for both entities is as of December 31, 2015. The Statements of Changes in Fiduciary Net Position reports 3 months of activities based on the fiscal year change.

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 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 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 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.

Port Authority of San Antonio dba Port San Antonio
907 Billy Mitchell Blvd,
San Antonio, TX 78226
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. The Port is authorized to issue bonds, for which the City is not obligated in any manner, to finance projects as permitted by state laws.

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

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

On May 19, 1992, the consolidation of water systems, agencies and activities into one institution through a refunding of the then outstanding water and sewer bonds of the former City Water Board, Alamo Water Conservation and Re-Use District, and the City's Sewer and Stormwater System, resulted in the creation of the San Antonio Water System (SAWS). The City Council 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, the San Antonio Water System District Special Project (DSP) operates 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. On January 14, 2016, City Council approved the dissolution of SAWS DSP. Please see Note 19 Subsequent Events for more information.

San Antonio Housing Trust Finance Corporation
2515 Blanco Rd
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 and consists of five City Council members.

San Antonio Housing Trust Reinvestment Corporation
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 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 30th, an audit is not deemed necessary in fiscal year 2016.

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

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 providing 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.

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.

San Antonio Tricentennial Celebration Commission
P.O. Box 839966
San Antonio, TX 78283-3966
Contact: Edward Benavides
Telephone No. (210) 207-7080

The San Antonio Tricentennial Celebration Commission (Commission) is a public nonprofit local government entity incorporated in 2015. The Commission was organized for the purpose of aiding and acting on behalf of the City to provide a means of assisting with the planning, developing, identifying potential partners, fundraising, managing, and financing of projects involved with the City's 300th anniversary celebration scheduled for 2018. All powers of the Commission shall be vested in the Board of Directors. The Board shall consist of not less than 3 nor more than 19 persons, provided that 5 shall come at the recommendation of the Bexar County Commissioners Court. As the Commission had minimal activity through September 30th, the financial information included was not audited in fiscal year 2016.

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.

SAWS' and SAWS DSP's fiscal year-end is December 31, 2015, while CPS Energy's and SA Energy Acquisition Public Facility Corporation's fiscal year-end is January 31, 2016.

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

Note 1 Summary of Significant Accounting Policies (Continued)

Related Organizations

The City Council 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.

Joint Ventures

San Antonio Bexar County Soccer Public Facility Corporation (SABC PFC) was created in fiscal year 2016 as a joint venture between the City and Bexar County to operate Toyota Field, a professional soccer stadium. The SABC PFC is governed by a four member board comprised of two appointees from the City and two from the County. The City and the County contributed $9,500 to SABC PFC and have an ongoing financial interest in SABC PFC of 50.0%. SABC PFC has entered into a lease with San Antonio Football Club Management (SA FC) for the use of Toyota Field for a term of 20 years at an annual lease rental of $100. As part of this agreement, there is a provision requiring reimbursement to City and County of a combined $5,000 should no MLS franchise be awarded to SA FC. In coming years the financial statements can be obtained at the joint entity's office at: 100 Military Plaza, San Antonio, TX 78205.

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 non fiduciary 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 inflows and outflows 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 and proprietary 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.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting

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.

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 City has designated Pre-K 4 SA, a blended component unit, 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 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.
- The General Obligation Projects Fund, a capital projects fund, accounts for the acquisition or construction of major capital facilities such as streets, drainage, and library and park improvements, where funding is primarily derived from the sale of General Obligation Bonds.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

The following is a brief description of the major enterprise funds that are 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.
- Solid Waste Management accounts for all revenues and expenses associated with the operations 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.

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 comprise 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.

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, 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.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Proprietary Funds

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

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

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. The 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, pension, 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 inflows and outflows associated with its activity, are included in their Statement of Net Position. 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. 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. Miscellaneous revenue includes late payment fees and rental income.

CPS Energy's 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 prior fiscal years as partial basis to estimate and record earned revenue not yet billed. This process has involved an extrapolation of customer usage over the days since the last meter read through the last day of the monthly period. Also included in unbilled revenue are the over/under-recoveries of electric and gas fuel costs and regulatory assessments.

CPS Energy's electric fuel cost adjustment clause also permits recovery of regulatory assessments. Specifically, beginning in March 2000, CPS Energy began recovering assessments from the Public Utility Commission of Texas (PUCT) for transmission access charges and from the Texas Independent System Operator, also known as the Electric Reliability Council of Texas, 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 2016 were $66,965.

Operating expenses are recorded as incurred and include those costs that result from the ongoing operations of the electric and gas systems.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

CPS Energy (Continued)

Nonoperating revenue consists primarily of investment income, including fair market value adjustments, grant programs and rental income from the sale of communication towers. 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.

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 finalized 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 Statement No. 62, the cumulative effect of activity in the Decommissioning Trusts has been recorded as a regulatory liability reported on the Statement of Net Position as Other Payables (net of current portion), 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 non-operating 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 goods or 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, 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 totaled $506,446 consisting of unrealized contributions and losses relating to pension in the amount of $476,057 (governmental activities $456,787 and business-type activities $19,270); and loss on bond refunding of $30,389 (governmental activities $26,823 and business-type activities $3,566).

Deferred inflows of resources in the Statement of Net Position consists of unrealized gains related to all pensions totaled $47,919 ($46,369 in governmental activities and $1,550 in business-type activities).

Additional information concerning deferred outflows of resources and deferred inflows of resources related to pensions can be found in Note 8 Pension and Retirement Plans.

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 $38,674. Additionally the CCHFC has a deferred inflow reported in the governmental fund financial statements for unavailable receipts for a loan from the Grand Hyatt Hotel totaling $182,985.

Discretely Presented Component Units

CPS Energy – Deferred outflows of resources totaled $196,734, consisting of unrealized pension contributions of $46,000 and losses relating to pension in the amount of $47,202; unrealized losses on fuel hedges of $37,920; and loss on refunding of $65,612. Deferred inflows of resources of $79,513 consists of unrealized gains related to pension totaling $75,006, and the sale of future revenues associated with the sale of the communication towers totaling $4,507.

Note 1 Summary of Significant Accounting Policies (Continued)

Deferred Inflows and Outflows (Continued)

Discretely Presented Component Units (continued)

SAWS - Deferred outflows of resources totaled $59,039, consisting of an unamortized amount of $27,008; accumulated decrease of fair value of hedging derivatives totaling $16,394; and unrealized pension contributions of $11,843 and losses relating to pension in the amount of $3,794. Deferred inflows of resources of $6,726 consist of unrealized gains related to pension.

Current Year GASB Statement Implementations

In fiscal year 2016, the City implemented the following GASB Statements:

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 implemented this Statement in fiscal year 2016. SAWS, a discretely presented component unit, did not implement GASB 72 in their financial statements included in the City's fiscal year 2016 financials. SAWS will implement with their audit ending December 31, 2016.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, addresses accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement No. 68. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016 for those entities not within the scope of Statement No. 68; the City is within the scope. The requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions, as well as those whose pension plans are within the scope of Statement No. 67 or Statement No. 68, are effective for fiscal years beginning after June 15, 2015. The City implemented this Statement in fiscal year 2016.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, identifies—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. The City implemented this Statement in fiscal year 2016.

Note 1 Summary of Significant Accounting Policies (Continued)

Current Year GASB Statement Implementations (Continued)

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The requirements of this Statement No. 79 are effective for reporting periods beginning after June 15, 2015, except for the provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. In the period this Statement is first applied, changes made to comply with this Statement should be applied on a prospective basis. The implementation of Statement No. 79 will have no impact on the City as the City already records its participating investment pool, TexPool, at amortized cost and does not have any restrictions or limitations that require notation in the financial statements.

Future GASB Statement Implementations

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, addresses the need to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended* and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, *as amended*, Statement No. 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. The City will implement this Statement in fiscal year 2017.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, has as its primary objective to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB 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 all postemployment benefits (pensions and OPEB) 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. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, *as amended*, Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, *for OPEB*, and Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. The City will implement this Statement in fiscal year 2018.

Note 1 Summary of Significant Accounting Policies (Continued)

Future GASB Statement Implementations (Continued)

GASB Statement No. 77, *Tax Abatement Disclosures*, requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. Various disclosures are required, and they should be organized by major tax abatement program and may disclose information for individual tax abatement agreements within those programs. Requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. The City will implement this Statement in fiscal year 2017.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer. Requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The implementation of Statement No. 78 will have no impact on the City.

GASB Statement No. 80, *Blending Requirements for Certain Component Units*, *an amendment of GASB Statement No. 14*, will improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member, as identified in the component unit's articles of incorporation or bylaws. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The City will implement this Statement in fiscal year 2017.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, will improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. It can be created through trusts—or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements—in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. The government must also recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests and recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016 and should be applied retroactively. The City will implement this Statement in fiscal year 2018.

Note 1 Summary of Significant Accounting Policies (Continued)

Future GASB Statement Implementations (Continued)

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*, will address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The City will implement the required components in this Statement in fiscal year 2017 and 2018.

GASB Statement No. 83, *Certain Asset Retirement Obligations,* addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The City will implement this Statement in fiscal year 2019.

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The City will implement this Statement in fiscal year 2020.

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

Note 1 Summary of Significant Accounting Policies (Continued)

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 and valuations using interest rate curves and credit spreads applied to the terms of the debt instrument, while also considering the counterparty rating. 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. As of September 30, 2016, 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.

For purposes of the Statement of Cash Flows, the City considers 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.

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. With implementation of GASB Statement No. 72 *Fair Value Measurement and Application* in fiscal year 2016, donated capital assets, works of art, historical treasures, or capital assets received in a service concession agreement will need to be valued at acquisition value. 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.

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

Primary Government (City) (Continued)

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 a 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.

Proceeds from customers to partially fund construction expenses are reported as capital grants and contributions in the Statement of Activities as increases in net position in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The amount reported for capital grants and contributions was $46,497 for fiscal year 2016, including donated assets of $3,778. The remaining portion of these balances, $42,719 for fiscal year 2016, represents contributions received from customers as payments for utility extensions and services, as well as funding for the Light Emitting Diode streetlight project and the Dry Cask Storage Project.

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 2016.

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

CPS Energy (Continued)

The estimated useful lives of capital assets are as follows:

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

Thresholds contained in CPS Energy's capitalization policy for fiscal year 2016 are 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

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. Capital assets include 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 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 mains and intangible assets.

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

San Antonio Water System (SAWS) (Continued)

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 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
Machinery and Equipment	5-20
Furniture and Fixtures	3-10
Computer Equipment	5
Software	3-10
Intangible Assets (Definite Useful Life)	20

Accrued Leave

Primary Government (City)

In the governmental fund financial statements, the City accrues annual leave and associated employee related costs when matured 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 30th.

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 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. Sick leave is not accrued as a terminating employee is not paid for accumulated sick leave.

Note 1 Summary of Significant Accounting Policies (Continued)

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.

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the City. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1 Summary of Significant Accounting Policies (Continued)

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.
- 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 for more detail.

Restricted assets associated with cash and receivables received from restricted sources (grants, bond issuances, legislative items, or other third party restrictions) are categorized as restricted.

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 2016, general government expenditures were reduced by $16,100, resulting in increased expenditures/expenses in other governmental functions and in business-type activities in the amounts of $4,584 and $11,516, respectively.

Note 1 Summary of Significant Accounting Policies (Continued)

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 charges 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.

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 charges, a component of the Other Internal Services Fund, are based on the space occupied by departments. Information Services also charges a monthly amount based on the usage by each department. Through the tracking of these charges to the applicable departments, the net income or loss will be allocated back to the user department, based on actual charges incurred.

The Self-Insurance Funds 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. 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.

The CIMS Fund 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.

Note 1 Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management of the City, Pension and Health Fund, 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.

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Note 2 Property Taxes

Property taxes are levied and due upon receipt on October 1, based on the assessed value of the previous January 1, attached as an enforceable lien on property as of January 1 of the subsequent year, 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, 2016, was $0.55827 per $100 taxable valuation, which means that the City has a tax margin of $1.94173 per $100 taxable valuation (note that tax rate amounts are not reflected in thousands). This could raise an additional $1,734,771 per year based on the net taxable valuation of $89,341,511 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 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, 2016, there were 19 existing TIRZ with a total taxable captured value of $2,534,495 for use by the City to fund capital costs of certain public infrastructure improvements in the TIRZ. For fiscal year 2016, this total taxable captured value produced $13,119 in tax increment revenues, which included an adjustment for the closure of a TIRZ of $145. The existing TIRZ have initial terms ranging from 19 years to 38 years which are anticipated to expire starting in fiscal year 2017 through fiscal year 2045. It is estimated that the City will contribute approximately $401,733 in tax increment revenues in aggregate over the life of these TIRZ projects.

TIRZ	Start Date	End Date	Taxable Captured Value
Rosedale	12/17/1998	9/30/2019	$ 6,913
Highland Heights	12/17/1998	9/30/2017	40,717
Mission Del Lago	8/19/1999	9/30/2027	113,880
Houston Street	12/9/1999	9/30/2034	325,113
Stablewood Farm	12/14/2000	9/30/2025	41,876
Inner City	12/14/2000	9/30/2025	740,906
Plaza Fortuna	12/13/2001	9/30/2025	4,342
Lackland Hills	12/13/2001	9/30/2026	14,873
Northeast Crossing	6/13/2002	9/30/2028	100,006
Brooks City Base	12/9/2004	9/30/2029	349,440
Mission Creek	12/9/2004	9/30/2029	38,896
Hallie Heights	12/9/2004	9/30/2024	15,882
Heather Cove	12/16/2004	9/30/2024	16,532
Hunters Pond	6/1/2006	9/30/2031	19,066
Verano	12/6/2007	9/30/2045	5,187
Westside	12/11/2008	9/30/2032	106,425
Midtown	12/11/2008	9/30/2031	507,695
Mission Drive In	12/11/2008	9/30/2027	44,158
North East Corridor	12/4/2014	9/30/2034	42,588
			$ 2,534,495

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 4]	Fire and Police Retiree Health Care Fund [2 4]	CPS Energy [3]	SAWS [4]
Unrestricted:					
Cash and Cash Equivalents	$ 58,128	$ 51,692	$ 5,445	$ 157,501	$ 60,706
Security Lending Collateral		96,370			
Investments	422,324	2,553,489	316,204	179,910	135,797
Total Unrestricted	480,452	2,701,551	321,649	337,411	196,503
Restricted:					
Cash and Cash Equivalents	375,708			306,561	156,605
Investments	638,059			1,174,613	436,819
Total Restricted	1,013,767	-	-	1,481,174	593,424
Total Cash and Cash Equivalents, Securities Lending Collateral and Investments	$ 1,494,219	$ 2,701,551	$ 321,649	$ 1,818,585	$ 789,927

[1] Private Purpose Trust and Agency Funds investments are included in the City's pooled cash 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 $7,719 and Investments of $4,598.

[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, 2016.

[4] For the fiscal year ended December 31, 2015.

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	$ 105,436	$ 256	$ -	$ 60,106	$ 50,663
Investments with Original Maturities of Less than Ninety Days	180,463	51,436	5,445	403,886	166,618
Cash with Other Financial Agents	147,779				
Petty Cash Funds	82			70	
Cash on Hand	76				30
Total Cash and Cash Equivalents	$ 433,836	$ 51,692	$ 5,445	$ 464,062	$ 217,311

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	$ 1,238,997	$ 64,128	$ 5,445	$ 1,442,576	$ 739,234
Repurchase Agreements	1,249				
Corporate Bonds		347,361		123,435	
Foreign Bonds		215,472		20,162	
Government & Agency Notes		4,817			
Common Stock		626,445	7,999	126,122	
Mutual Funds			98,867		
Real Estate		214,469	46,537	45,400	
Preferred Stock	600			714	
Hedge Funds		322,033	6,389		
International Equities - Common Stock		404,098			
Alternative Investment		406,102	156,412		
Total Investments	1,240,846	2,604,925	321,649	1,758,409	739,234
Less: Investments with Original Maturities of Less than Ninety Days included in Cash and Cash Equivalents	(180,463)	(51,436)	(5,445)	(403,886)	(166,618)
Total	$ 1,060,383	$ 2,553,489	$ 316,204	$ 1,354,523	$ 572,616

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, 2016.

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 $333 for the year-ended September 30, 2016.

The City participates 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. In 2016, the City began participating in TexPool Prime, a government investment pool. The TexPool Prime investments consist exclusively of United States government securities, its agencies or instrumentalities; repurchase agreements collateralized by United States government securities, its agencies or instrumentalities; AAA-rated no-load money market mutual funds; certificates of deposit guaranteed or insured by the Federal Deposit Insurance Company or the National Credit Union Share Insurance Fund; commercial paper rated at least A-1 or P-1 by (i) two Nationally Recognized Statistical Rating Organizations (NRSROs) or (ii) one NRSRO and fully secured by an irrevocable letter of credit by a national or state bank, and securities lending programs that comply with various limitations. 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. The City's investments managed through TexPool is recorded at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants.*

GASB Statement No. 79 applies to all state and local governments, including the City, who participates in two external investment pools: TexPool and TexPool Prime government investment pools. The pools do not have any limitations or restrictions on participants' withdrawals that would have to be noted in the notes to the financial statements.

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

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

Primary Government (City) (Continued)

City Investments					
	Carrying Amount [1]	Fair Value [1]	Allocation [2]	Rating [3]	WAM
U.S. Government Agency Securities	$ 906,607	$ 906,702	73.1%	AA+/A-1+	.50 years
U.S. Treasuries	152,843	153,081	12.3%	N/A	.40 years
Money Market Mutual Fund	109,151	109,151	8.8%	AAAm	1 day
Government Investment Pool	70,063	70,063	5.6%	AAAm	1 day
Preferred Stock[4]	600	600	0.1%	N/A	N/A
Repurchase Agreement	1,249	1,249	0.1%	N/A	1 day
Total City Investments	$ 1,240,513	$ 1,240,846	100.0%		

[1] The Carrying Amount and Fair Value include blended component unit investments for SIDC, TMFC, CCHFC, EDC, and TPFC, which total $64,171.

[2] The allocation is based on fair value.

[3] Standard & Poors Rating

[4] As of September 30, 2016 the EDC, which can invest in economic development projects and take out an equity position in projects, had a $300 investment in preferred stock of Innovative TramaCare, Inc., $200 in Stembiosys, Inc., and $100 on ParLevel, Inc.

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 pools with 100.0% overnight liquidity. Additionally, the City has entered into a repurchase agreement with 100.0% overnight liquidity.

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

Primary Government (City) (Continued)

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, 2016, the City's investment portfolio, with the exception of the repurchase agreement, the money market mutual fund investments, and the government investment pools, 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 pools were rated 'AAAm' by Standard & Poor's, and the repurchase agreement were greater than 100.0% collateralized with U.S. government agency securities.

Concentration of Credit Risk – Although the City's Investment Policy does not limit the amount of the portfolio invested in any one U.S. government agency, the City manages exposure to concentration of credit risk through diversification. As of September 30, 2016, the U.S. government agency's 73.1% securities allocation was as follows: Federal National Mortgage Association 10.0%, Federal Home Loan Mortgage Corporation 20.8%, Federal Home Loan Bank 19.8%, Federal Agricultural Mortgage Corporation 20.9%, and Farm Federal Credit Bank 1.6%.

Fair Value Measurement – The City records assets and liabilities in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which determines fair value, and establishes a framework for measuring fair value and expands disclosures about fair value measurement.

Fair value is defined by Statement No. 72 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique.

As a basis for considering market participant assumptions in fair value measurements, Statement No. 72 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Equity securities and U.S. Government Treasury securities are examples of Level 1 inputs.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Government agency and mortgage-backed securities are examples of Level 2 inputs.

Level 3 inputs are unobservable inputs that reflect the entity's own assumptions about factors that market participants would use in pricing the asset or liability (including assumptions about risk).

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

Primary Government (City) (Continued)

		Fair Value Measurements Using		
	9/30/2016	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
Government Agency Securities	$ 906,702	$ -	$ 906,702	$ -
Treasuries	153,081		153,081	
Total Debt Securities	$ 1,059,783	$ -	$ 1,059,783	$ -
Private Equity				
Preferred Stock	$ 600	$ -	$ 600	$ -
Total Private Equity	$ 600	$ -	$ 600	$ -
Total Investments by Fair Value Level	$ 1,060,383	$ -	$ 1,060,383	$ -

The City's investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty rating.

Fire and Police Pension Fund

Investments of the Pension Fund 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 $2,701,551. 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 Pension 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 Pension 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 an 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 December 31, 2015.

Investment Type	Target Allocation	2015 Actual Allocation
Large Cap U.S. Equities	15.0%	14.9%
Small Cap U.S. Equities	3.0%	3.6%
Developed International Equities	15.0%	15.5%
Emerging International Equities	6.0%	5.6%
Hedge Funds	10.0%	9.2%
Private Equity	7.0%	5.0%
Sub Total Equity	56.0%	53.8%
Risk Parity	5.0%	3.1%
High Yield	5.0%	5.6%
Bank Loans	5.0%	5.3%
Global Fixed Income	0.0%	2.8%
Unconstrained Fixed Income	3.0%	3.6%
Emerging Market Debt	7.0%	5.2%
Private Debt	7.0%	6.0%
Real Estate	9.0%	8.2%
Real Assets	3.0%	4.6%
Cash*	0.0%	1.8%
Sub Total Fixed Income	44.0%	46.2%
Total Investments	100.0%	100.0%

*This percentage does not include cash and short term securities help by asset managers. This amount is about 1.2% of 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 three months ended December 31, 2015 was 1.7%. The return is net of investment expenses and adjusted for the changing amounts actually invested.

Investment Risk – The Pension Fund's investments have been categorized to address deposit and investment risks related to custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

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 December 31, 2015, 3.0% of the Pension Fund's bonds were rated 'AAA', 5.0% were rated 'AA', 7.0% were rated 'A', 17.0% were rated 'BBB', 22.0% were rated 'BB', 28.0% were rated 'B', 6.0% were rated 'CCC', and 8.0% were unrated or not rated. 4.0% of the securities were invested in US Government and Agencies, which are 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 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 December 31, 2015, the Pension Fund did not have any single investment in any one organization which represented greater than 5.0% of plan net position.

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 December 31, 2015, the Pension Fund had cash deposits held by investment managers in the amount of $637 that were uninsured and uncollateralized.

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 December 31, 2015 amount to $580,340 and have a weighted-average maturity (WAM) of 7.4 years. Securities that are subject to interest rate risk are shown in the following table.

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Investment Type	Fair Value	Weighted-Average Maturity WAM (Years)
Corporate Bonds	$ 83,604	5.5
Government Agencies	5,234	2.9
Government Bonds	48,094	18.2
Municipal/Provincial bonds	4,886	14.4
Non-Government Backed C.M.O.s	3,523	30.6
Bank Loans	141,953	5.1
Goldman Sachs Strategic Income[1]	92,642	6.1
Ashmore[2]	53,878	
GoldenTree[3]	65,222	
Wellington Emerging Market Debt[4]	81,304	
Total Interest Rate Sensitive Securities	$ 580,340	

[1] Goldman Sachs Strategic Income, a commingled fund, invests opportunistically in any type of bond.

[2] Ashmore is a commingled fund invested in emerging market debt. They report effective duration in lieu of WAM. The effective duration was 5.23 as of December 31, 2015.

[3] GoldenTree is a commingled fund invested in high-yield corporate bonds. They report their portfolio effective duration in lieu of WAM as 3.30 as of December 31, 2015.

[4] 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 5.91 as of December 31, 2015.

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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 – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The Pension Fund's exposure to foreign currency risk in U.S. dollars as of December 31, 2015 is shown in the table below.

Country	Equities	Bonds	Cash	Total
Australian Dollar	$ 19,093	$ 4,028	$ 79	$ 23,200
Bermuda Dollar	811			811
Brazilian Real	13,292	5,020		18,312
Canadian Dollar	13,956	1,572	1	15,529
Swiss Franc	20,454	(92)	13	20,375
Chinese Yuan	28,842	(2,311)		26,531
Chilean Peso	1,568	401		1,969
Colombian Peso		2,491		2,491
Czech Republic Krona		431		431
Danish Krone	3,827		2	3,829
Euro	106,151	7,450	139	113,740
British Pound	52,930	462	117	53,509
Hong Kong Dollar	20,427			20,427
Hungarian Forint		4,600		4,600
Indonesian Rupiah	2,942	3,651		6,593
Israeli New Shekel	4,101	(185)	56	3,972
Indian Rupee	17,257	1,078		18,335
Japanese Yen	77,291	(1,572)	78	75,797
Kenyan Shilling	309			309
South Korean Won	33,369	238		33,607
Mexican Peso	10,617	16,667		27,284
Malaysian Ringgit	4,605	4,206		8,811
Nigerian Naira	309			309
Norwegian Krone	4,857	740	87	5,684
New Zealand Dollar	643	1,358	32	2,033
Pakistani Rupee	1,429			1,429
Peruvian Nuevo Sol	1,407	1,145		2,552
Philippine Peso	325	216		541
Polish Zloty	2,982	4,825		7,807
Qatar Riyal	433			433
Romanian Leu		593		593
Russian Ruble	4,736	3,196		7,932
Swedish Krona	9,314	4,161	7	13,482
Singapore Dollar	5,634	61	28	5,723
Thai Baht	8,911	1,832		10,743
Turkish New Lira	5,233	1,462		6,695
Taiwan Dollar	26,024	(1,280)		24,744
UAE Dirham	649	(2,589)		(1,940)
South African Rand	7,206	3,150		10,356
	$ 511,934	$ 67,005	$ 639	$ 579,578

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 39 days at December 31, 2015.

As of December 31, 2015, the Pension Fund had lending arrangements outstanding with a total market value of $100,427 which were fully collateralized with cash and securities. Cash collateral of $96,370 is recorded in the accompanying Statement of Fiduciary Net Position. Net income for the three months ended December 31, 2015, under the securities lending arrangement, was $87.

Cash Collateral Pool	
U.S. ABS Commercial Paper	$ 7,049
U.S. Agencies Bonds/Notes	9,028
U.S. Certificates of Deposit	780
U.S. Commercial Paper	1,356
U.S. Medium Term Notes	221
U.S. Sweep Vehicle	442
U.S. Time Deposit	6,282
U.S. Treasury Notes/Bonds	1,089
U.S. Variable Rate Certificates of Deposit	7,898
U.S. Variable Rate Notes/Bonds	942
International Certificate of Deposit	13,327
International Commercial Paper	18,772
International Corporate Bond	434
International Medium Term Notes	77
International Time Deposits	17,850
International Variable Rate Certificates of Deposit	8,692
International Variable Rate Notes/Bonds	2,131
Total	$ 96,370

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 December 31, 2015, was approximately $3,524 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 $322,033 as of December 31, 2015.

As of December 31, 2015, the Pension Fund held foreign currency forward contracts as follows:

Currency	Market Value	Nominal Amount USD
Australian Dollar	$ -	$ (17)
British Pound		110
British Pound		(26)
Chilean Peso	(111)	4,945
Euro	(108)	(7,470)
Hong Kong Dollar		45
Hong Kong Dollar		(4)
India Rupee	40	3,617
Japanese Yen	71	3,764
Japanese Yen		(7)
New Zealand Dollar		(43)
Norwegian Krone	(189)	2,090
Swedish Krona	(94)	3,899
Total	$ (391)	$ 10,903

The market value of the currency forwards is included with the investments on the Statement of Fiduciary Net Position. The gain realized during the three months ended December 31, 2015 was $81. This gain is included with net appreciation in fair value of investments on the Statement of Changes in Fiduciary Net Position.

Fair Value Measurement – The Pension Fund categorizes its fair value measurements of its investments within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on valuation inputs used to measure the fair value of the investment.

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

		Fair Value Measurement Using		
	12/31/2015	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
Government Bonds	$ 48,094	$ -	$ 48,094	$ -
Government Agencies	5,234		5,234	
Municipal/Provincial Bonds	4,886		4,886	
Corporate Bonds	83,604		83,604	
Bank Loans	141,953		141,953	
Commercial Mortgage Obligations	3,524		3,524	
Total Debt Securities	$ 287,295	$ -	$ 287,295	$ -
Equity Securities				
Domestic	$ 263,654	$ 263,599	$ 35	$ 20
International	145,400	145,400		
Total Equity Securities	$ 409,054	$ 408,999	$ 35	$ 20
Private Equity				
Venture	$ 21,639	$ -	$ -	$ 21,639
Buyout	29,890			29,890
Fund-of-funds - Diversified	61,283			61,283
Real Assets	119,968			119,968
Total Private Equity	$ 232,780	$ -	$ -	$ 232,780
Private Debt				
Fund-of-funds - Distressed	$ 16,068	$ -	$ -	$ 16,068
Mezzanine	22,047			22,047
Distressed	68,691			68,691
Senior Debt	66,517			66,517
Total Private Debt	$ 173,323	$ -	$ -	$ 173,323
Total Investments by Fair Value Level	$ 1,102,452	$ 408,999	$ 287,330	$ 406,123
Investments Measured at the Net Asset Value (NAV)				
Relative Value Hedge Funds	$ 58,078			
Event Driven Hedge Funds	25,901			
Macr/Directional Hedge Funds	97,641			
Re-Insurance Hedge Funds	10,377			
Hedge Fund-of-funds	49,220			
Risk Parity	80,817			
Commingled Funds:				
Domestic Debt	65,222			
Global Debt	227,824			
Domestic Equity	217,390			
Global Equity	404,098			
Real Estate	214,469			
Total Investments Measured at the NAV	1,451,037			
Total Investments Measured at Fair Value	$ 2,553,489			

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Debt and Equity Securities – Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Equity securities classified in Level 3 of the fair value hierarchy were valued based on theoretical relationships to other assets similar to the ones in the portfolio.

Private Equity – The Pension Fund is invested in 34 private equity funds (fund count not reported in thousands) that are diversified across four main types of strategies. There are six venture capital funds, eight buyout funds, 11 real assets funds, and nine diversified fund-of-funds. These investee funds are considered Level 3 in the fair value hierarchy. These investee funds are limited partnerships, and the managing general partner is responsible for determining the fair market value of the underlying investments. The methods used to determine fair value include discounted cash flow, small public company comparison and appraisal. The partnerships have a 10 year life with options to extend beyond the original term by as much as two years in most cases. Original capital commitments to these funds range from $10,000 to $20,000. It is expected that the investee funds will call between 70.0% and 80.0% of the committed capital. In most cases the final commitment is never called because the investee funds start to receive returned capital either from sales of or operations from the underlying investments. As of December 31, 2015, it is estimated that the unfunded commitments were approximately $96,000 of which $37,000 is expected to be called. These investments in the investee funds are diversified across vintage years so the investee funds are in different stages of their life cycles. The Pension Fund's allocation to this asset class requires that capital that is received from these investments will be reinvested in other investee funds as they become available. Even though these investments could be sold to other investors or secondary funds, the Pension Fund has no intention of doing so, so these investments are considered illiquid.

Private Debt – The Pension Fund is invested in 16 private debt funds (fund count not reported in thousands), which include four fund-of-funds focused on distressed debt opportunities, three funds focused on mezzanine lending to companies that have operations that have good growth potential, but limited access to bank loans or public debt or equity markets, five funds focused on loans that are senior in the borrowers' capital structure, and four funds that concentrate on distressed debt where debt is purchased at a cost that is less than the value of the collateral. These investee funds are considered Level 3 in the fair value hierarchy. These investee funds are limited partnerships, and the managing general partner is responsible for determining the fair market value of the underlying investments. The methods used to determine fair value include discounted cash flows plus the value of any equity that investee funds receive as part of the lending arrangements. The partnerships have a 10 year life with options to extend beyond the original term by as much as two years in most cases. Original capital commitments to these funds range from $10,000 to $20,000. It is expected that the investee funds will call between 70.0% and 80.0% of the committed capital. In most cases the final commitment is never called because the investee funds start to receive repayment from the debt service of the underlying investments and in some cases extra capital from the sale of the equity received when underlying companies are sold or refinanced through public offerings.

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

As of December 31, 2015, it is estimated that unfunded commitments were approximately $66,000 of which $17,000 is expected to be called. These investments in the investee funds are diversified across vintage years so the investee funds are in different stages of their life cycles. The Pension Fund's allocation to this asset class requires that capital that is received from these investments will be reinvested in other investee funds as they become available. Even though these investments could be sold to other investors or secondary funds, the Pension Fund has no intention of doing so, so these investments are considered illiquid.

Investment Measured at the Net Asset Value – The Pension Fund is also substantially invested in investee funds where fair value is measured at the net asset value (NAV). These funds invest in stocks, bonds, derivatives in some cases and real estate. The stocks, bonds or derivatives, if they were held directly by the Pension Fund, would have readily determinable values that would fit into the fair value levels. Most of these would be in Level 1 or 2. Real estate would fall into Level 3 since there is not usually a ready market for the underlying assets. The investee funds have both active and inactive managers. Inactive managers invest in stocks that are in an index such that the return on the investment equals the return on the index. Active managers will invest in stocks or bonds with intent of either achieving a higher rate of return than the market or one of the indexes, or lowering the amount of the risk involved. The investee funds in this category include hedge funds, a risk parity fund, commingled funds, and real estate funds.

Hedge Funds – The Pension Fund's investments in hedge funds include relative value, event driven, macro/diversified hedge fund-of-funds. These hedge funds all require notice between 30-90 days of the intent to redeem cash from them. They will only redeem cash at the end of calendar quarters. The Pension Fund is invested in four relative value hedge funds (hedge fund count not in thousands). Relative value investing seeks to exploit relationships that are out of normal equilibrium. These investee funds are not concerned with the price of an asset such as a stock or bond by itself, but how that asset's price relates to other assets that historically display some correlation to the asset. The Pension Fund is invested in seven hedge funds that invest using a macro/directional strategy. These strategies base their investments, such as long and short positions in various equity, fixed income, currency, commodities and futures markets, primarily on the overall economic and political views of various countries, or their macroeconomic principles. The Pension Fund is invested in two event driven hedge funds. Event driven hedge funds invest based on the expectation of a particular event such as a merger or acquisition and how that event is expected to affect the price of the underlying investment. One of the hedge funds that the Pension Fund invests in actually invests alongside a reinsurance company. The Pension Fund has an investment in a hedge fund-of-funds, which invests in a diversified group of underlying hedge funds. In this category there are six hedge fund remnants that are subject to a gate. These gates have been in place since 2008 when the Pension Fund gave notice of redemption. Most of the investments have been returned, but there is no certainty when the remaining investment of $9,620 will be returned. The gates were put in place to prevent having to sell the assets under duress.

Risk Parity Fund – The Pension Fund has one investee that is called risk parity which is similar to a hedge fund in that it attempts to mitigate large systemic risks such as hyperinflation, or market corrections by increasing exposure to low risk strategies while decreasing or hedging exposures to investments that are sensitive to those systemic risks.

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Commingled Funds – The Pension Fund's investments in commingled funds consist of bond investors and stock investors. The bond funds invest in domestic high yield bonds, opportunistic global bonds and emerging market bonds. The stock funds are invested in domestic large and small cap stocks and global and emerging market stocks. Commingled funds are chosen for these investments either because of the size of the investment, or because of the transfer of the complexity of investing internationally.

Real Estate Funds – Real estate investments are diversified by type of real estate such as residential, commercial office, industrial, and retail. They are also diversified by stage of development such as opportunistic, value added and core properties. Finally they are diversified geographically. Two of the investee managers representing approximately $81,000 were open-ended funds that allow redemptions. The balance of the investee managers were limited partnerships with durations of 10 to 15 years. These limited partnerships do not allow redemptions. They do distribute cash after the investment period, usually two to four years, from operations or sales of underlying properties. These investments are similar to the private equity partnerships and private debt partnerships in that funds are committed at the beginning of the investment and called by the partnerships as purchase opportunities present themselves. Commitments in this category are more likely to be called up. It is likely that 80.0% to 90.0% of the committed capital will ultimately be called. Unfunded commitments in this category were approximately $30,000. Fair value for this asset class is determined by appraisals of the underlying properties. The Pension Fund's asset allocation requires that when capital is returned it is reinvested in new partnerships so that the percentage allotted to the asset class can be maintained. Like private equity and private debt limited partnerships, it is possible to sell partnership interests to other investors or secondary partnerships at a substantial cost to the Pension Fund. The Pension Fund has no intention of redeeming these investments prior to maturity. Consequently, these investments are considered illiquid.

Fire and Police Retiree Health Care Fund

The Health Care 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.

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 position values as set by the partnerships' fund managers or general partners. These net position values may differ from the value that would have been used had a ready market for the investments existed; accordingly 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.

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

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

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 custodian 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 December 31, 2015 is $321,649. A summary of the Health Fund's cash, cash equivalents, and investments can be found at the beginning of Note 3.

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 December 31, 2015, the money market fund weighted average to maturity is 31 days. The Health Fund places no limit on maturities of Mutual Funds – Fixed Income.

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 December 31, 2015, 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.

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 December 31, 2015, 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.

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. At December 31, 2015, the Health Fund's investments in Catalyst Fund Limited Partnership II and Catalyst Fund Limited Partnership III respectively amount to $17,156 and $21,950 and respectively represent 5.3% and 6.8% of the Health Fund's total investments.

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

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As of December 31, 2015, one of the Health Fund's investments (an amount of $5,667 or 1.8% of total investments) is exposed to foreign currency risk. The primary currency for this risk is the Euro.

Fair Value Measurement – The Health Fund categorizes its fair value measurements of its investments within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on valuation inputs used to measure the fair value of the investment.

The Health Fund uses the net asset value (NAV) per share as the fair value measurement for its alternative investments since they cannot be traded and, therefore, market-based information regarding their value does not exist. As such, these alternative investments are not categorized according to the fair value hierarchy. At December 31, 2015, the Health Fund's fair value measurements for its investments were as follows:

		Fair Value Measurement Using		
	12/31/2015	Level 1	Level 2	Level 3
Investments by Fair Value Level				
Equity Securities				
U.S. Equity - Common Stock	$ 7,999	$ 7,999	$ -	$ -
Mutual Fund - Fixed Income	66,057	66,057		
Mutual Fund - International Equity	23,151	23,151		
Mutual Fund - Common Stock	9,659	9,659		
Total Investments by Fair Value Level	$ 106,866	$ 106,866	$ -	$ -
Investments Measured at the Net Asset Value (NAV)				
Real Estate Funds	$ 46,537			
Natural Resource Funds	32,272			
Hedge Funds - Open-Ended Funds	6,389			
Private Equity Funds	105,198			
Global & Domestic Equity Funds	18,942			
Total Investments Measured at the NAV	$ 209,338			
Total Investments Measured at Fair Value	$ 316,204			

Investments Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Real Estate Funds	$ 46,537	$ 10,893	Annually	120 Days
Natural Resource Funds	32,272	2,258		
Hedge Funds - Open-Ended Funds	6,389		Annually	90-120 Days
Private Equity Funds	105,198	61,083		
Global & Domestic Equity Funds	18,942		Monthly	15-30 Days
	$ 209,338	$ 74,234		

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

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Real Estate Funds – The Health Fund is invested in nine real estate funds, which are generally diversified through fund-to-fund strategies. Portfolios include investments in assets and distressed debt for residential and commercial real estate (domestic & international). Fair values have been determined using NAV per share of investments. Real estate investment funds represent 14.7% of the Health Fund's portfolio. One investment fund (representing $15,243 or 32.8% of real estate funds) is redeemable on an annual basis with a 120 day formal notice. The Health Fund receives distributions as the underlying assets of investments are sold/liquidated for the other eight funds. Management estimates that one fund (representing $897 or 1.9% of real estate funds) will be liquidated within one year; two funds (representing $2,189 or 4.7% of real estate funds) will liquidate within three years; two funds (representing $11,242 or 24.2% of real estate funds) will liquidate within five years; and, three funds (representing $16,966 or 36.4% of real estate funds) will liquidate within nine years.

Natural Resources Funds – The Health Fund is invested in seven natural resources funds. These funds are limited partnerships that use harvesting and fund-to-fund strategies. Portfolios for these funds include investments in domestic and international commodities; such as, oil, gas, iron, copper, minerals, metals, and energy sources. Fair values have been determined using NAV per share of investments. These natural resources investment funds represent 10.2% of the Health Fund's portfolio, and are not redeemable. The Health Fund receives distributions as the underlying assets of investments are sold/liquidated. Management estimates that two funds (representing $7,416 or 23.0% of the natural resources funds) will liquidate within three years; two funds (representing $10,178 or 31.5% of natural resources funds) will liquidate within five years; and, three funds (representing $14,678 or 45.5% of natural resources funds) will liquidate within nine years.

Hedge Funds - Open-Ended Funds – The Health Fund is invested in three hedge funds. Portfolios for these funds include investments in common stock, preferred stock, United States government obligations, convertible securities, debt instruments, real estate assets, options, futures, swaps, and collateralized debt/securities. Fair values have been determined using NAV per share of investments. These hedge funds represent 2.0% of the Health Fund's portfolio. One of the three hedge funds (representing $3,355 or 52.5% of hedge funds) is eligible for redemption on an annual basis with a 90-120 day formal notice. The remaining two hedge funds are not redeemable. The Health Fund receives distributions as the underlying assets of investments are sold/liquidated. Management estimates the remaining two hedge fund investments ($3,034 or 47.5% of hedge funds) will liquidate within three years.

Private Equity Funds – The Health Fund is invested in sixteen private equity investment funds. Strategies for these funds include two buyout funds, seven diverse fund-to-fund funds, two private debt funds, two secondary funds, two venture capital funds, and one special situations fund. Portfolios for these funds include assets in multiple domestic and international industries. These private equity funds represent 33.3% of the Health Fund's portfolio, and are invested in publicly and privately held Canadian-related assets. Fair values have been determined using NAV per share of investments, and are not redeemable. The Health Fund receives distributions as the underlying assets of investments are sold/liquidated. Management estimates that two funds (representing $8,541 or 8.1% of private equity funds) will liquidate within three years; seven funds (representing $42,859 or 40.8% of private equity funds) will liquidate within five years; and, seven funds (representing $53,798 or 51.1% of private equity funds) will liquidate within nine years.

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

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Global & Domestic Equity Funds – The Health Fund is invested in three commingled global and domestic equity funds which consist of investments in bonds, equity and debt instruments. Portfolios for these funds include investments in international emerging markets in various industries. Fair values have been determined using NAV per share of investments. These investment funds represent 6.0% of the Health Fund's portfolio, and are eligible for redemption on a monthly basis with a 15-30 day formal redemption notice.

Subscribed Capital Commitments – As of December 31, 2015, the Health Fund had non-binding commitments to invest capital in 28 (not in thousands) 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 $74,234. As of December 31, 2015, $9,542 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, 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. Also included in the restricted funds classification is the Repair and Replacement Account, restricted in accordance with CPS Energy's bond ordinances.

CPS Energy's cash deposits at January 31, 2016 were either insured by federal depository insurance or collateralized by banks. 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 or other allowable banks in CPS Energy's name.

Separation – 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.

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

CPS Energy (Continued)

Public Funds Investment Act (PFIA) – CPS Energy's investments and the investments held in the Decommissioning Trusts are subject to the rules and regulations of the 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 broker/dealers and investment managers.

Investments of CPS Energy – 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.

Investments of the Decommissioning Trusts – 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 (except for investment pools), 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. In the summer of 2014, CPS Energy refined its target allocations for both Trusts in an effort to further reduce the overall risk of the portfolios. The new target allocations for both Trusts are 63.5% fixed-income investments, 28.0% equities and 8.5% U.S. real estate investment trusts.

Permissible Investments		
Investment Description	CPS Energy Direct Investments	Decommissioning Trusts
U.S. Government, U.S. 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)

Risk Exposure – 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, market 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.

Investment Policies – 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.

GASB Statement No. 40 – 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. CPS Energy's investments and those in 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. The Investment Policy limits the WAM to three years or less, which allows 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.

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

CPS Energy (Continued)

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, negotiable certificates of deposit are limited to 35.0% per issuer.

Investment Type	Carrying Value	Market Value	Allocation	Weighted-Average Maturity (Years)
U.S. Treasuries	$ 150,924	$ 150,974	12.1%	0.6
U.S. Agencies:				
Federal Home Loan Mortgage Corp.	155,295	155,295	12.5%	4.5
Federal National Mortgage Assn.	130,665	130,671	10.5%	4.3
Federal Home Loan Bank	129,878	129,906	10.4%	1.2
Federal Farm Credit Bank	133,555	133,555	10.7%	3.2
Small Business Administration	9,034	9,034	0.7%	4.6
Municipal Bonds	110,445	110,441	8.9%	1.8
Commercial Paper	49,863	49,863	4.0%	0.3
Investment Pools	124,292	124,292	10.1%	N/A
Money Market Mutual Funds	250,359	250,359	20.1%	N/A
Total Fixed-Income Investments	$ 1,244,310	$ 1,244,390	100.0%	1.8

Credit Risk – In accordance with its Investment Policy, CPS Energy manages exposure to credit risk by limiting its long-term debt security investments to a credit rating of "A-" or better. As of January 31, 2016, 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
U.S. Treasuries (AA+)	$ 150,924	$ 150,974	12.1%
AAA	361,688	361,688	29.0%
AA+	551,567	551,587	44.3%
AA	26,788	26,788	2.2%
AA-	19,294	19,294	1.6%
A+	2,541	2,541	0.2%
A	48,282	48,296	3.9%
A-	2,830	2,830	0.2%
Short-term:			
S-P1+ / MIG 1	5,007	5,003	0.4%
A-1 / P-1 / F-1	49,863	49,863	4.0%
Not rated[1]	25,526	25,526	2.1%
Total Fixed-Income Investments	$ 1,244,310	$ 1,244,390	100.0%

[1] Money market mutual funds and deposit accounts which still meet PFIA/CPS Energy Investment Policy requirements.

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

CPS Energy (Continued)

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, 2015. 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 is limited by the Investment Policy to a deviation of no more than +/- 1.5 years from the weighted-average duration of the Investment Committee's specified fixed-income index. The specified fixed-income index for the 28% Trust is a blended index that is based on 83.3% Barclays Capital Aggregate, 11.7% Barclays Credit A, and 5.0% Barclays Credit BAA; and the weighted-average duration of that blended index was 5.8 for calendar year 2015. The specified fixed-income index for the 12% Trust is Barclays Capital Aggregate, which was 5.7 for calendar year 2015.

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 federal agency to 30.0% and investments in any other single issuer of debt securities to 5.0% of the total fixed-income portfolio (excluding cash collateral from securities lending). Likewise, equity investments are limited to 5.0% of the total portfolio for any one issuer. At December 31, 2015, total other debt securities (corporate and foreign issuers) amounted to 49.4% of the fixed-income portfolio for the 28% Decommissioning Trust and 21.0% for the 12% Decommissioning Trust.

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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 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	$ 26,195	10.4%	4.8	$ 36,946	41.3%	5.4
U.S. Agencies:						
Federal National Mortgage Assn.	39,349	15.6%	4.5	11,314	12.6%	6.3
Federal Home Loan Mortgage Corp.	23,765	9.4%	6.3	7,376	8.2%	6.3
Small Business Admin	6,769	2.7%	6.8			
Governmental National Mortgage Assn				596	0.7%	3.9
Municipal Bonds - Texas	1,094	0.4%	9.5	1,582	1.8%	11.2
Municipal Bonds - Other States	10,985	4.3%	8.7	3,074	3.4%	9.0
Corporate Bonds	104,714	41.5%	7.0	18,721	21.1%	6.1
Foreign Bonds	20,162	8.0%	6.0			
Money Market Mutual Funds	19,496	7.7%	N/A	9,725	10.9%	N/A
Total Fixed-income Portfolio	$ 252,529	100.0%	6.2	$ 89,334	100.0%	6.0
Combined Decommissioning Trust Funds Total	$ 341,863					

[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 0.9% of the fixed-income portfolio for the 28% Trust at December 31, 2015. There were no securities with a credit rating below BBB- held in the 12% Trust at December 31, 2015.

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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+)	$ 26,195	10.4%	$ 36,946	41.4%
AAA	45,586	18.0%	13,318	14.9%
AA+	71,229	28.2%	19,979	22.4%
AA	3,635	1.4%	1,417	1.6%
AA-	7,203	2.9%	2,207	2.5%
A+	4,579	1.8%		
A	14,104	5.6%	3,399	3.8%
A-	20,383	8.0%	2,857	3.2%
BBB+	26,238	10.4%	5,555	6.2%
BBB	21,739	8.6%	1,773	1.9%
BBB-	9,629	3.8%	1,883	2.1%
BB+	640	0.3%		
BB	256	0.1%		
BB-	887	0.4%		
B+	226	0.1%		
Total Fixed-income Portfolio	$ 252,529	100.0%	$ 89,334	100.0%

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

Foreign Currency Risk – With the exception of dedicated foreign-equity portfolios, all investments authorized for purchase by the Decommissioning Trusts are in U.S. dollars. This reduces the potential foreign currency risk exposure of the portfolio. All foreign bonds outstanding were issued in the U.S. and amounted to $20,162 as of December 31, 2015. In accordance with the Investment Policy, investments in international equity securities 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, 2015, total foreign equity securities amounted to 11.1% of the 28% Trust's total portfolio. At December 31, 2015, total foreign equity securities held by the 12% Trust amounted to 3.2% of the Trust's portfolio.

Securities Lending – Until early fiscal year 2016, CPS Energy and the Decommissioning Trusts engaged in securities lending transactions under a contract with their lending agent, Frost Bank. Authority to engage in these transactions was granted under each entity's Investment Policy. CPS Energy and the Decommissioning Trusts were authorized to loan up to 70.0% and 100.0%, respectively, of their investments in securities lending transactions. The securities lending program with Frost Bank was discontinued effective April 1, 2015.

Direct Investments – Because the program was terminated, none of CPS Energy's securities were out on loan to broker-dealers at January 31, 2016. Income generated from securities lending transactions amounted to $151 in fiscal year 2016, 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 – Because the program was terminated, for the 28% and 12% Decommissioning Trusts at December 31, 2015, none of the Decommissioning Trusts' securities were out on loan to broker-dealers. Income generated from securities lending transactions for the Decommissioning Trusts' amounted to $22 and $24, respectively, in calendar year 2015, of which 30.0% was paid as fees to the lending agent.

Fair Value Measurement – CPS Energy records assets and liabilities in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which determines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement.

Valuation methods of the primary fair value measurements disclosed below are as follows:

The majority of investments in equity securities are valued using Level 1 measurements. Investments in equity securities are typically valued at the closing price in the principal active market. For equity securities, these markets include published exchanges such as the National Association of Securities Dealers Automated Quotations and the New York Stock Exchange. Foreign equity prices are translated from their trading currency using the currency exchange rate in effect at the close of the principal active market.

Most investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating.

Commodity derivatives, such as futures, swaps and options, which are ultimately settled using prices at locations quoted through clearinghouses are valued using Level 1 inputs. Options included in this category are those with identical strike price quoted through a clearinghouse.

Other commodity derivatives, such as swaps settled using prices at locations other than those quoted through clearinghouses and options with strike prices not identically quoted through a clearinghouse, are valued using Level 2 inputs. For these instruments, fair value is based on internally developed pricing algorithms using observable market quotes for similar derivatives. Pricing inputs are derived from published exchange transactions and other observable data sources.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. CPS Energy's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their place within the fair value hierarchy levels.

CPS Energy's fair value measurements are performed on a recurring basis. The table on the following page presents fair value balances and their levels within the fair value hierarchy as of January 31, 2016. The CPS Energy and Decommissioning Trusts investment balances presented exclude amounts related to money market mutual fund investments, and short-term investments which are recorded at amortized cost. Financial instrument fair value balances are presented in Note 13 Risk Financing.

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

CPS Energy (Continued)

		Fair Value Measurement Using		
	1/31/2016	Level 1	Level 2	Level 3
Assets				
Fair Value Investments				
CPS Energy				
Debt Securities				
US Treasuries	$ 45,243	$ 45,243	$ -	$ -
US Agencies				
Federal Home Loan Mortgage Corp	155,295		155,295	
Federal National Mortgage Assn	105,703		105,703	
Federal Home Loan Bank	69,437		69,437	
Federal Farm Credit Bank	133,555		133,555	
Small Business Administration	9,034		9,034	
Municipal Bonds	106,234		106,234	
Total CPS Energy Fair Value of Investments	$ 624,501	$ 45,243	$ 579,258	$ -
Decomissioning Trust Investments				
28% Trust	12/31/2015	Level 1	Level 2	Level 3
Debt Securities				
US Treasuries	$ 26,195	$ 26,195	$ -	$ -
US Agencies				
Federal National Mortgage Assn	39,349		39,349	
Federal Home Loan Mortgage Corp	23,765		23,765	
Small Business Administration	6,769		6,769	
Municipal Bonds - Texas	1,094		1,094	
Municipal Bonds - Other States	10,985		10,985	
Corporate Bonds	104,714		104,714	
Foreign Bonds	20,162		20,162	
Total 28% Trust Fair Value Fixed-Income Income Portfolio	$ 233,033	$ 26,195	$ 206,838	$ -
Equity Securities				
Common Stock	$ 89,968	$ 89,968	$ -	$ -
Real Estate Investment Trusts	33,800	33,800		
Preferred Stock	714		714	
Total 28% Trust Fair Value Investments	$ 357,515	$ 149,963	$ 207,552	$ -
12% Trust	12/31/2015	Level 1	Level 2	Level 3
Debt Securities				
US Treasuries	$ 36,946	$ 36,946	$ -	$ -
US Agencies				
Federal National Mortgage Assn	11,314		11,314	
Federal Home Loan Mortgage Corp	7,376		7,376	
Government National Mortgage Assn	596		596	
Municipal Bonds - Texas	1,582		1,582	
Municipal Bonds - Other States	3,074		3,074	
Corporate Bonds	18,721		18,721	
Total 12% Trust Fair Value Fixed-Income Income Portfolio	$ 79,609	$ 36,946	$ 42,663	$ -
Equity Securities				
Common Stock	$ 36,154	$ 36,154	$ -	$ -
Real Estate Investment Trusts	11,600	$ 11,600		
Total 12% Trust Fair Value Investments	$ 127,363	$ 84,700	$ 42,663	$ -
Total Trust Fair Value Investments	$ 484,878	$ 234,663	$ 250,215	$ -
Total Fair Value Investments	$ 1,109,379	$ 279,906	$ 829,473	$ -

Note: The difference of $245,144 between Total Fair Value Investments of $1,109,379 from investments of $1,354,523 on Summary of Investments table are due to investments that are not separately disclosed in financials.

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

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; municipal bonds; 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. 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, which approximates fair value. Investments other than money market investments are reported at fair value which is based on quoted market prices or quotes from bond broker dealers. A summary of SAWS cash, cash equivalents, and investments can be found at the beginning of Note 3. SAWS has not adopted the new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. SAWS will adopt Statement No. 72 in their fiscal year 2016.

Custodial Credit Risk (Deposit) – All funds are deposited in demand and savings accounts at Frost Bank, SAWS' general depository bank. As required by state law, all deposits are fully collateralized and/or are covered by federal depository insurance. At December 31, 2015, 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, 2015, the bank balance of demand and savings account was $52,393 and the reported amount was $50,693 which included $30 of cash on hand.

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 and Bank of New York Mellon and are invested in securities issued by the U.S. government or by U.S. Agencies.

Securities Lending – During a portion of 2015, SAWS engaged 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 (PFIA) and SAWS Investment Policy. SAWS authorized Frost Bank to loan up to 100.0% of the par value of its eligible investments in securities lending transactions. On March 31, 2015, Frost Bank terminated its security lending program.

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 securities lending collateral on the Statement of Net Position 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)

San Antonio Water System (SAWS) (Continued)

In securities lending transactions, SAWS, through its lending agent, transfers securities to approved borrowers in exchange for collateral and simultaneously agreed to return the collateral for the same securities in the future. Cash received as collateral from borrowers may be invested in 'AAA' rated money market mutual funds or investments that adhere to the PFIA and SAWS investment policy. The liquidity provided by the money market mutual funds allowed for the easy return of collateral upon termination of a security loan. Securities Lending income was earned if the return on the cash collateral invested exceeded the rebate paid to borrowers of the securities. The income was then split with the lending agent to cover its fees based on a contractually negotiated rate split. Loans that are collateralized with securities, rather than cash, generated income when the borrower paid a loan premium for the securities borrowed. This income was split at the same rate as the earnings for cash collateral. All collateral received was required to have a fair value of 102.0% of the loaned securities. Securities were marked to market daily and additional cash or securities were required from the borrower if the collateral fell below 102.0%.

At December 31, 2015, there were no securities out on loan to borrowers. There were no violations of legal or contractual provisions nor were there any borrower or lending agent default losses related to securities during 2015.

Income generated from securities lending transactions amounted to $262 for the year ended December 31, 2015, of which 30.0% was paid as fees to the lending agent.

As of December 31, 2015, 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	$ 18,003	$ 13,855	$ 85,849	$ 9,235	$ 126,942	$ 126,972
U.S. Agency Discount Notes	36,106	85,860	14,957		136,923	136,985
U.S. Agency Coupon Notes	119,195	107,962	79,461	1,900	308,518	308,659
Money Market Funds:						
Bank of New York Mellon	141,507				141,507	141,507
Frost Bank	25,111				25,111	25,111
	$ 339,922	$ 207,677	$ 180,267	$ 11,135	$ 739,001	$ 739,234
Percentage of Portfolio	46.0%	28.1%	24.4%	1.5%	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, 98.5% 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, 2015, SAWS held no direct investments with a credit rating below 'AA+'.

See table on following page for credit risk details. The ratings reflected on the table are from the rating agency Standard & Poor's.

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

San Antonio Water System (SAWS) (Continued)

Credit Rating	Carrying Value	Fair Value	Allocation	Investment Policy Limit
A-1+/AAA	$ 303,603	$ 303,542	41.1%	Max. = 100.0%
AA+	435,631	435,459	58.9%	Max. = 100.0%
Total Portfolio	$ 739,234	$ 739,001	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 30.0% of the total investment portfolio on any non-government issuer unless it is fully collateralized. As of December 31, 2015, the following investments in any one organization that represent more than 5.0% of total SAWS investments are: 33.0% in Federal Home Loan Bank, 12.0% in Federal National Mortgage Association, and 15.0% in Federal Home Loan Mortgage Corporation.

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Note 4 Capital Assets

Primary Government (City)

The City identified and reduced $31,305 of impairment losses in fiscal year 2016 for governmental activities. $30,391 of impairments was related to the demolition of portions of the Henry B. Gonzalez Convention Center. Capital asset activity for governmental activities, to include internal service funds, for the year-ended September 30, 2016 is as follows:

Capital Assets - Governmental Activities

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Non-Depreciable Assets:					
Land	$ 1,429,536	$ 5,002	$ (799)	$ -	$ 1,433,739
Other Non-Depreciable Assets	2,166				2,166
Construction in Progress	618,794	380,617	(5,922)	(422,635)	570,854
Non-Depreciable Intangible Assets	139,508	6,010			145,518
Total Non-Depreciable Assets	$ 2,190,004	$ 391,629	$ (6,721)	$ (422,635)	$ 2,152,277
Depreciable Assets:					
Intangible Assets	4,105				4,105
Buildings	933,706	109	(71,086)	309,535	1,172,264
Improvements	723,216	7,877	(8,907)	65,896	788,082
Infrastructure	2,893,227			47,110	2,940,337
Machinery and Equipment	497,976	79,480	(37,533)	94	540,017
Total Depreciable Assets	$ 5,052,230	$ 87,466	$ (117,526)	$ 422,635	$ 5,444,805
Accumulated Depreciation:					
Intangible Assets	(3,500)	(473)			(3,973)
Buildings	(386,384)	(29,343)	25,895		(389,832)
Improvements	(247,086)	(32,671)	916		(278,841)
Infrastructure	(1,877,453)	(67,053)			(1,944,506)
Machinery and Equipment	(319,169)	(43,747)	34,296		(328,620)
Total Accumulated Depreciation	$ (2,833,592)	$ (173,287)	$ 61,107		$ (2,945,772)
Total Depreciable Assets, net	$ 2,218,638	$ (85,821)	$ (56,419)	$ 422,635	$ 2,499,033
Total Capital Assets, net	$ 4,408,642	$ 305,808	$ (63,140)	$ -	$ 4,651,310

Depreciation expense was charged to governmental functions as follows:	
General Government	$ 15,551
Public Safety	12,060
Public Works	91,537
Health Services	624
Sanitation	28
Welfare	1,198
Culture and Recreation	19,221
Convention and Tourism	6,527
Urban Redevelopment and Housing	145
Economic Development and Opportunity	151
Education	1,010
Depreciation on Capital Assets Held by City's Internal Service Funds are Charged to Various Functions Based on Asset Usage	25,235
Total Depreciation Expense for Governmental Activities	$ 173,287

The capital assets of internal service funds are included in governmental activities. In fiscal year 2016, internal service funds capital assets increased by $62,912, and decreased by $30,018, of which $1,156 was for impairments, resulting in an ending balance of $224,020. Depreciation expense of $25,235, less the $28,447 in previously depreciated assets disposed of during the current year, resulted in an ending accumulated depreciation balance of $107,120. Net book value is $116,900.

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 2016, the City capitalized construction interest for the Airport System in the amount of $1,176. Interest expense for Solid Waste Management and nonmajor enterprise funds were $499 and $641, respectively. Solid Waste Management and nonmajor enterprise funds did not capitalize interest. No impairments were identified for business-type activities.

Capital asset activity for business-type activities for the year-ended September 30, 2016, 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
Solid Waste Management	1,107				1,107
Nonmajor Enterprise Funds	8,170				8,170
Total Land	$ 14,599	$ -	$ -	$ -	$ 14,599
Construction in Progress:					
Airport System	83,787	72,480		(60,634)	95,633
Solid Waste Management		238			238
Nonmajor Enterprise Funds	1,337	843		(81)	2,099
Total Construction in Progress	$ 85,124	$ 73,561	$ -	$ (60,715)	$ 97,970
Total Non-Depreciable Assets	$ 99,723	$ 73,561	$ -	$ (60,715)	$ 112,569
Depreciable Assets:					
Buildings:					
Airport System	354,573	65	(2,972)	1,301	352,967
Solid Waste Management	10,467				10,467
Nonmajor Enterprise Funds	26,187				26,187
Total Buildings	$ 391,227	$ 65	$ (2,972)	$ 1,301	$ 389,621
Improvements:					
Airport System	452,094	2	(1,661)	59,333	509,768
Solid Waste Management	9,210				9,210
Nonmajor Enterprise Funds	13,244			81	13,325
Total Improvements	$ 474,548	$ 2	$ (1,661)	$ 59,414	$ 532,303
Machinery and Equipment:					
Airport System	14,989	1,151	(479)		15,661
Solid Waste Management	38,041	4,112	(7,134)		35,019
Nonmajor Enterprise Funds	1,963	63	(62)		1,964
Total Machinery and Equipment	$ 54,993	$ 5,326	$ (7,675)	$ -	$ 52,644
Total Depreciable Assets	$ 920,768	$ 5,393	$ (12,308)	$ 60,715	$ 974,568
Accumulated Depreciation:					
Buildings:					
Airport System	(116,241)	(10,267)	2,408		(124,100)
Solid Waste Management	(777)	(370)			(1,147)
Nonmajor Enterprise Funds	(13,397)	(657)			(14,054)
Total Buildings	$ (130,415)	$ (11,294)	$ 2,408	$ -	$ (139,301)
Improvements:					
Airport System	(173,774)	(18,175)	1,437		(190,512)
Solid Waste Management	(3,269)	(370)			(3,639)
Nonmajor Enterprise Funds	(4,226)	(595)			(4,821)
Total Improvements	$ (181,269)	$ (19,140)	$ 1,437	$ -	$ (198,972)
Machinery and Equipment:					
Airport System	(9,998)	(1,318)	433		(10,883)
Solid Waste Management	(22,190)	(4,205)	6,697		(19,698)
Nonmajor Enterprise Funds	(1,676)	(70)	62		(1,684)
Total Machinery and Equipment	$ (33,864)	$ (5,593)	$ 7,192	$ -	$ (32,265)
Total Accumulated Depreciation	$ (345,548)	$ (36,027)	$ 11,037	$ -	$ (370,538)
Total Depreciable Assets, net	$ 575,220	$ (30,634)	$ (1,271)	$ 60,715	$ 604,030
Total Capital Assets, net	$ 674,943	$ 42,927	$ (1,271)	$ -	$ 716,599

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. The following is a list of power stations and relative generating units in service at January 31, 2016:

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 2019 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 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.

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

Communication Towers Sale – 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. The costs of the assets sold were retired from the capital asset accounts in which they had originally been recorded.

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. Additionally, the CPS Energy recorded as a current liability $2,000 of the total purchase price received out of escrow in fiscal year 2015. This balance was available for the mitigation of easement issues related to the final seven towers. The combined current liability balance remaining at January 31, 2016 for both of these items was $3,754. Final resolution of easement issues related to the seven towers not initially transferred to the purchaser was completed in early fiscal year 2017, resulting in the conveyance of five of those towers. Upon completion of the fiscal year 2017 transactions, the balance of the non-refunded purchase price and unused escrow proceeds will be reclassified from a current liability to accumulated depreciation.

Note 4 Capital Assets (Continued)

CPS Energy (Continued)

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 was being utilized to provide a portion of its power to a third party that had executed a multiyear agreement, which expired September 2015, for an option to call on power from the plant. Any remaining power is available for CPS Energy to sell into the ERCOT market or to utilize to meet its commitments. As of February 1, 2016, CPS Energy integrated 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 CPS Energy assume any material liabilities with the purchase of the plant.

Impairments – On October 29, 2007, 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. 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. Including AFUDC of $20,975, project costs incurred by CPS Energy to date of $391,417 were previously recorded as construction in progress.

In fiscal year 2016, CPS Energy reached the conclusion that STP Units 3 and 4 project had experienced a permanent impairment, and the full investment was written off. The impairment loss was recorded as an extraordinary item on CPS Energy's Statements of Revenues, Expenses, and Changes in Net Position. For more detailed information on STP Units 3 and 4, see Note 10 CPS Energy South Texas Project, and Note 17 Other Disclosures.

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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.

STP Capital Investment, Net	
	January 31, 2016
STP Capital Assets, net	
Land	$ 5,701
Construction in progress, STP Units 1&2	52,054
Electrical and general plant	901,607
Software	12
Nuclear Fuel	106,411
Total STP Capital Assets, net	$ 1,065,785
Total CPS Energy Capital Assets, net	$ 7,777,505
STP Capital Investments as a percentage of total CPS Energy Capital Assets, net	13.7%

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Note 4 Capital Assets (Continued)

CPS Energy (Continued)

The following table provides 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 2016:

Capital Assets - CPS Energy	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Non-Depreciable Assets:					
Land	$ 71,154	$ -	$ 10	$ -	$ 71,164
Land Easements	88,699				88,699
Construction in Progress	785,333	490,169	(399,846)	(391,417)	484,239
Total Non-Depreciable Assets	$ 945,186	$ 490,169	$ (399,836)	$ (391,417)	$ 644,102
Depreciable Assets:					
Utility Plant in Service:					
Electric Plant	10,290,750	69,353	267,972	(42,189)	10,585,886
Gas Plant	815,499	19,177	25,496	(289)	859,883
General Plant	626,190	29,779	83,031	(60,279)	678,721
Intangibles:					
Software	153,145	6,986	23,337	(8,721)	174,747
Other	28,704			(329)	28,375
Nuclear Fuel	827,875	37,583			865,458
Total Depreciable Assets	$ 12,742,163	$ 162,878	$ 399,836	$ (111,807)	$ 13,193,070
Accumulated Depreciation and Amortization:					
Utility Plant in Service:					
Electric Plant[1]	(4,386,247)	(334,826)		55,908	(4,665,165)
Gas Plant[1]	(321,330)	(18,579)		1,208	(338,701)
General Plant[1]	(238,737)	(43,094)		59,260	(222,571)
Intangibles:					
Software[1]	(66,140)	(12,775)		8,721	(70,194)
Other[1]	(3,290)	(954)		255	(3,989)
Nuclear Fuel	(718,681)	(40,366)			(759,047)
Total Accumulated Depreciation Depletion and Amortization	$ (5,734,425)	$ (450,594)	$ -	$ 125,352	$ (6,059,667)
Total Capital Assets, net	$ 7,952,924	$ 202,453	$ -	$ (377,872)	$ 7,777,505

[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 $615,433. This included $615,464 in additions to construction in progress, software, and electric, gas and general plant, plus salvage and removal costs of $13,479, partly offset by $9,928 in AFUDC and $3,778 in donated assets.

Other – Depreciation and amortization expense for the period totaled $410,228, while amortization of nuclear fuel of $40,366 was reported as an expense on the Statement of Activities.

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, 2015, interest capitalized was $6,297. 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	$ 83,800	$ -	$ 10,471	$ (2,946)	$ 91,325
Intangible Assets:					
Water Rights	243,739		358		244,097
Other	377		(7)		370
Construction in Progress	368,688	377,163	(289,437)		456,414
Total Non-Depreciable Assets	$ 696,604	$ 377,163	$ (278,615)	$ (2,946)	$ 792,206
Depreciable Assets:					
Utility Plant in Service:					
Structures and Improvements	671,127		32,844		703,971
Pumping and Purification	168,723	937	22,332		191,992
Distribution and Transmission System	1,943,315		100,735		2,044,050
Treatment Facilities	1,967,212		114,509		2,081,721
Total Utility Plant in Service	$ 4,750,377	$ 937	$ 270,420	$ -	$ 5,021,734
Machinery and Equipment:					
Machinery and Equipment	154,526	4,346	8,058	(2,222)	164,708
Furniture and Fixtures	5,108			(97)	5,011
Computer Equipment	17,713	1,686		(817)	18,582
Software	51,518	457	130		52,105
Total Machinery and Equipment	$ 228,865	$ 6,489	$ 8,188	$ (3,136)	$ 240,406
Intangible Assets	1,347		7		1,354
Total Depreciable Assets	$ 4,980,589	$ 7,426	$ 278,615	$ (3,136)	$ 5,263,494
Accumulated Depreciation:					
Utility Plant in Service:					
Structures and Improvements	(157,570)	(18,242)			(175,812)
Pumping and Purification	(45,333)	(6,240)			(51,573)
Distribution and Transmission System	(596,883)	(44,818)			(641,701)
Treatment Facilities	(661,818)	(39,469)			(701,287)
Machinery and Equipment:					
Machinery and Equipment	(84,841)	(15,096)		2,071	(97,866)
Furniture and Fixtures	(4,897)	(128)		97	(4,928)
Computer Equipment	(12,354)	(1,923)		814	(13,463)
Software	(23,714)	(4,618)			(28,332)
Intangible Assets	(305)	(68)			(373)
Total Accumulated Depreciation	$ (1,587,715)	$ (130,602)	$ -	$ 2,982	$ (1,715,335)
Total Depreciable Assets, net	$ 3,392,874	$ (123,176)	$ 278,615	$ (154)	$ 3,548,159
Total Capital Assets, net	$ 4,089,478	$ 253,987	$ -	$ (3,100)	$ 4,340,365

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. No design and other project costs were charged off in fiscal year 2015.

Note 4 Capital Assets (Continued)

San Antonio Water System (SAWS) (Continued)

SAWS owns a water treatment plant in southwest Bexar County. The treatment plant is operated by SAWS DSP to treat water supplied from the Medina Lake and River. During the height of the recent drought, Medina Lake capacity was greatly diminished leading to poor water quality. As a result, the treatment plant was temporarily idled from April 2013 through August 2015. As a result of heavy rainfall during the summer of 2015, lake levels increased to a peak of nearly 80.0% of capacity. SAWS DSP restarted the treatment plant on September 1, 2015 and treated approximately 500 acre feet (not in thousands) of Medina River water. Water quality concerns persisted and SAWS elected to temporarily idle the treatment plant in October 2015. Additional investments in the treatment process may be required in order to eliminate these water quality concerns in the future. Current available water supplies are expected to be sufficient to meet customers' demands in the foreseeable future without utilizing the Medina supplies. The book value of the treatment plants at December 31, 2015 was $14,996. SAWS is continuing to depreciate the plant and does not currently believe the plant has been permanently impaired.

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Note 5 Receivables and Payables

Primary Government (City)

Disaggregation of Receivables

Net receivables at September 30, 2016 are as follows:

	Accounts	Taxes	Note and Loans	Accrued Interest	Other	Total Net Receivables
Governmental Activities	$ 133,741	$ 14,347	$ 218,711	$ 1,520	$ 20,874	$ 389,193
Business-Type Activities	13,695			180		13,875
Total	$ 147,436	$ 14,347	$ 218,711	$ 1,700	$ 20,874	$ 403,068

The receivable balances for Governmental Activities have been reduced by estimated allowances for doubtful accounts of $53,359 against customer accounts, $7,266 against property and occupancy taxes, and $62,256 against other receivables. The receivable balances for Business-Type Activities have been reduced by estimated allowances for doubtful accounts of $1,929 against customer accounts.

Of the $218,711 recorded in note and loans, $218,543 is not expected to be collected within one year. Included in the $218,543 is a loan receivable for $182,985 associated with CCHFC that is expected to be paid off in 2039. The remaining $35,558 note and loans receivables not expected to be collected within one year are related to MGA-SA, Urban Redevelopment and Housing, and Economic Development and Opportunity, net of allowance for doubtful accounts of $30,737. The $30,737 allowance is comprised of forgivable non-interest bearing notes and loans and aged loans greater than 90 days that are collectible. The $35,558 notes and loans have a corresponding unearned revenue balance recorded within the respective funds.

Disaggregation of Payables

Payables at September 30, 2016 are as follows:

	Accounts	Accrued Payroll	Claims Payable	Total Payables
Governmental Activities	$ 147,243	$ 21,798	$ 68,137	$ 237,178
Business-Type Activities	25,044	2,899		27,943
Total	$ 172,287	$ 24,697	$ 68,137	$ 265,121

Note 5 Receivables and Payables (Continued)

Primary Government (City) (Continued)

Interfund Receivable and Payable Balances

As of September 30, 2016, 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 $35,534 due from other funds in the General Fund, $35,506 is a result of overdraws of pooled cash. Except for the internal loan from the Other Internal Service Fund of $20 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 30th and June 30th, respectively) therefore interfund receivables and payables do not eliminate by $1,607. 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, 2016. 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, 2016:

	Due from Other Funds	Due To Other Funds
General Fund:		
Debt Service Fund	$ -	$ 326
Nonmajor Governmental Funds	27,104	
Internal Service Funds	8,430	20
Total General Fund	$ 35,534	$ 346
Debt Service Fund:		
General Fund	326	
Total Debt Service Fund	$ 326	$ -
Pre-K 4 SA:		
Nonmajor Governmental Funds	3,262	
Total Pre-K 4 SA	$ 3,262	$ -
2012 General Obligation Bonds:		
Internal Service Funds	619	
Total 2012 General Obligation Bonds	$ 619	$ -
General Obligation Projects Fund:		
Nonmajor Governmental Funds	8,221	1,203
Total General Obligation Projects Fund	$ 8,221	$ 1,203
Nonmajor Governmental Funds:		
General Fund		27,104
Pre-K 4 SA		4,869
General Obligation Projects Fund	1,203	8,221
Nonmajor Governmental Funds	35,250	35,250
Internal Service Funds	624	
Total Nonmajor Governmental Funds	$ 37,077	$ 75,444

(Continued)

Note 5 Receivables and Payables (Continued)

Primary Government (City) (Continued)

Interfund Receivable and Payable Balances (Continued)

	Due from Other Funds	Due To Other Funds
Airport System Fund:		
Internal Service Funds	$ 42	$ -
Total Airport System Fund	$ 42	$ -
Solid Waste Management:		
Internal Service Funds	23	
Total Solid Waste Management	$ 23	$ -
Nonmajor Enterprise Funds:		
Nonmajor Enterprise Funds	7	
Total Nonmajor Enterprise Funds	$ 7	$ -
Internal Service Funds:		
General Fund	20	8,430
2012 General Obligation		619
Airport System Fund		42
Nonmajor Governmental Funds		624
Solid Waste Management		23
Nonmajor Enterprise Funds		7
Total Internal Service Funds	$ 20	$ 9,745
Total	$ 85,131	$ 86,738

CPS Energy

Disaggregation of Receivables – Net customer accounts receivable as of January 31, 2016, included $36,603 for unbilled revenue receivables and $187,721 for billed utility services. Interest and other receivables included $7,582 for regulatory-related receivables; $8,170 for interest receivable; and $35,637 for other miscellaneous receivables.

Disaggregation of Payables – At January 31, 2016, accounts payable and accrued liabilities included $212,921 related to standard operating supplier and vendor accounts payables, including fuels payable; $37,078 for employee-related payables; $39,633 for customer related payables; $30,027 for STP-related payables; and $64,381 for other miscellaneous payables and accrued liabilities. There is also $247 for unearned lease revenue.

San Antonio Water System (SAWS)

Disaggregation of Receivables – Gross customer accounts receivables as of December 31, 2015, included $41,268 from customers, $18,753 in unbilled revenue, $6,802 receivable from SAWS DSP, $1,353 in interest receivable, and $6,656 receivable from other governmental agencies, less an allowance of $4,744.

Disaggregation of Payables – At December 31, 2015, accounts payable and other current liabilities included $39,882 in accounts payable, $5,385 in vacation payable, $3,257 in accrued payroll and benefits, $50,087 in construction contracts, and $11,080 in customer deposits.

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 2016.

On August 31, 2016, the City issued $194,175 in General Improvement and Refunding Bonds, Series 2016; $84,855 in Combination Tax and Revenue Certificates of Obligation, Series 2016; $27,410 in Tax Notes, Series 2016; and $24,830 in Combination Tax and Revenue Certificates of Obligation, Taxable Series 2016.

The General Improvement and Refunding Bonds, Series 2016 allocated $300 from the refunding obligations to Solid Waste Management and the remaining $193,875 was allocated to governmental activities. The refunding portion of the governmental activities of $147,130 included a premium of $30,142, which 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 $29,929 in debt service payments and total deferred charges of $7,864. 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 $34,518.

The remaining governmental proceeds of $46,745 included a premium of $7,365, which were issued to finance improvements to streets, bridges, and sidewalks; drainage and flood control; parks, recreation and open spaces; library, museum, and cultural arts facilities; and public safety facilities. The Bonds have maturities ranging from 2017 to 2036, with interest rates ranging from 3.0% to 5.0%.

The Combination Tax and Revenue Certificates of Obligation, Series 2016 allocated $6,585 from proceeds to Solid Waste Management and the remaining $78,270 were issued to finance improvements to parks and recreation; public safety facilities; street improvements; street light improvements; information technology systems; and municipal facilities and infrastructure. The proceeds from the Certificates included a premium of $12,125 and have maturities ranging from 2017 to 2036, with interest rates ranging from 2.0% to 5.0%.

The Tax Notes, Series 2016 proceeds included a premium of $1,650, which were issued to finance improvements to municipal facilities, information technology systems, public safety improvements, and street maintenance. The Tax Notes have maturities ranging from 2017 to 2019, with interest rates ranging from 3.0% to 5.0%.

The Combination Tax and Revenue Certificates of Obligation, Taxable Series 2016 proceeds were issued to finance improvements to City parks and recreation facilities, including Hemisfair Park, and for the purchase of new river barges. The Taxable Certificates have maturities ranging from 2018 to 2036, with interest rates ranging from 0.9% to 3.3%.

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

Convention Center Hotel Finance Coporation 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 Starbright Industrial Development Corporation Contract Revenue Bonds are secured with a pledge of utility revenue received by the City from CPS Energy.

Texas Public Facilities Corporation 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. The finance plan is to utilize hotel occupancy taxes and no other sources are intended to be used.

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.

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, 2016, $221,465 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, 2016 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, 2015	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2016
Tax-Exempt General Obligation Bonds:							
Series 2006 Forward Refunding	$ 33,090	2016	5.250-5.500	$ 1,800	$ -	$ (1,800)	$ -
Series 2006 Refunding	170,785	2026	3.500-5.000	55,990		(55,990)	
Series 2007 Refunding	121,220	2017	5.000	10,170		(4,960)	5,210
Series 2008	75,060	2028	4.000-5.500	60,325		(53,040)	7,285
Series 2010 Refunding	156,255	2023	2.000-5.000	108,580		(2,670)	105,910
Series 2010A	8,800	2020	5.000	8,800			8,800
Series 2011	59,485	2031	2.000-5.000	50,675		(2,335)	48,340
Series 2012 Refunding	33,410	2024	2.000-5.000	23,350		(1,770)	21,580
Series 2012	148,600	2032	2.000-5.000	133,600		(10,000)	123,600
Series 2013	114,435	2033	2.000-5.000	102,495		(3,600)	98,895
Series 2014	227,275	2034	2.000-5.000	220,910		(11,970)	208,940
Series 2014 Refunding	51,955	2025	0.500-5.000	50,955		(12,630)	38,325
Series 2015 Refunding	233,220	2035	4.000-5.000	233,220		(20,220)	213,000
Series 2016 Refunding	193,875	2036	3.000-5.000		193,875		193,875
Total Tax-Exempt General Obligation Bonds	$ 1,627,465			$ 1,060,870	$ 193,875	$ (180,985)	$ 1,073,760
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 2006	$ 73,155	2026	3.500-4.370	$ 21,025	$ -	$ (21,025)	$ -
Series 2007	106,755	2017	4.000-5.000	4,275		(2,085)	2,190
Series 2008	85,005	2028	3.500-5.500	63,175		(55,495)	7,680
Series 2010	38,375	2019	4.000-5.000	24,880		(7,205)	17,675
Series 2011	79,780	2031	2.000-5.000	68,925		(2,950)	65,975
Series 2012	19,340	2032	1.000-5.000	17,830		(780)	17,050
Series 2013	15,145	2028	2.000-5.000	13,560		(830)	12,730
Series 2015	36,360	2035	1.500-5.000	36,360		(1,245)	35,115
Series 2016	78,270	2036	2.000-5.000		78,270		78,270
Total Tax-Exempt Certificates of Obligation	$ 532,185			$ 250,030	$ 78,270	$ (91,615)	$ 236,685
Taxable Certificates of Obligation:							
Series 2015	$ 43,820	2035	0.880-4.162	$ 43,820	$ -	$ (1,790)	$ 42,030
Series 2016	24,830	2036	0.921-3.278		24,830		24,830
Total Taxable Certificates of Obligation	$ 68,650			$ 43,820	$ 24,830	$ (1,790)	$ 66,860
Tax Notes:							
Series 2011	$ 9,445	2016	2.000-4.000	$ 2,030	$ -	$ (2,030)	$ -
Series 2012	17,635	2016	1.500-2.000	4,530		(4,530)	
Series 2014	1,400	2021	1.800	1,220		(190)	1,030
Series 2014A	17,740	2016	0.220-0.330	8,885		(8,885)	
Series 2014B	5,970	2021	2.000-3.000	5,165		(810)	4,355
Series 2015	4,780	2018	5.000	4,780		(1,525)	3,255
Series 2016	27,410	2019	3.000-5.000		27,410		27,410
Total Tax Notes	$ 84,380			$ 26,610	$ 27,410	$ (17,970)	$ 36,050
Public Property Finance Contractual Obligations							
Series 2013	$ 17,500	2016	0.540	$ 8,835	$ -	$ (8,835)	$ -
Total Contractual Obligations	$ 17,500			$ 8,835	$ -	$ (8,835)	$ -
Revenue Bonds:							
Series 2013 Municipal Drainage	$ 70,685	2030	3.000-5.000	$ 67,820	$ -	$ (3,515)	$ 64,305
Series 2010 Municipal Facility Corp Ref	9,090	2020	1.000-3.250	5,120		(970)	4,150
Series 2011 Municipal Facility Corp	27,925	2041	2.000-5.000	26,195		(600)	25,595
Convention Series 2005A	129,930	2039	4.750-5.000	129,930			129,930
Convention Series 2005B	78,215	2028	4.500-5.310	62,540		(3,350)	59,190
Starbright Industrial Dev Corp Series 2013	20,890	2033	1.078-4.750	20,890		(825)	20,065
Series 2012 Public Facilities Corp[1]	550,374	2042	3.000-5.100	550,374			550,374
Total Revenue Bonds	$ 887,109			$ 862,869	$ -	$ (9,260)	$ 853,609
Revenue Notes:							
Series 2013A	$ 20,900	2020	2.320	$ 15,725	$ -	$ (2,960)	$ 12,765
Total Revenue Notes	$ 20,900			$ 15,725	$ -	$ (2,960)	$ 12,765
Total	$ 3,429,739			$ 2,460,309	$ 324,385	$ (313,415)	$ 2,471,279

[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 accretes from date of delivery and will be payable only at maturity or redemption. The interest accreted has resulted in an increase of $1,768 in revenue bonds payable, resulting in an ending balance of $6,380. 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 requirements to amortize all General Obligation Bonds, Certificates of Obligation, Tax Notes, Contractual Obligations, Revenue Bonds, and Revenue Notes outstanding as of September 30, 2016 are as follows:

Principal and Interest Requirements							
	General Obligation Bonds[2]			Certificates of Obligation[3]		Tax Notes	
Year-Ending September 30,	Principal	Interest	Direct Subsidy[1]	Principal	Interest	Principal	Interest
2017	$ 104,035	$ 59,046	$ (3,561)	$ 23,835	$ 12,198	$ 11,415	$ 1,212
2018	88,750	55,246	(3,561)	22,965	11,519	11,785	847
2019	84,295	51,112	(3,561)	13,715	10,515	10,605	315
2020	84,675	46,944	(3,561)	12,880	9,963	1,105	47
2021	85,040	42,769	(3,503)	13,400	9,440	1,140	16
2022-2026	340,825	159,765	(15,859)	76,160	38,084		
2027-2031	261,910	86,973	(12,449)	85,680	20,454		
2032-2036	166,600	32,652	(7,970)	54,910	4,943		
2037-2040	49,180	7,567	(2,466)				
Total	$ 1,265,310	$ 542,074	$ (56,491)	$ 303,545	$ 117,116	$ 36,050	$ 2,437

[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 2016, the City collected $3,565 in Direct Subsidies.

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

[3] Includes both Tax-Exempt and Taxable Certificates of Obligation.

Principal and Interest Requirements				
	Revenue Bonds		Revenue Notes	
Year-Ending September 30,	Principal	Interest	Principal	Interest
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	14,450	34,006	3,335	39
2021	14,090	33,329		
2022-2026	108,020	153,749		
2027-2031	160,490	123,249		
2032-2036	186,333	123,818		
2037-2041	270,686	74,986		
2042	60,095	2,404		
Total	$ 853,609	$ 650,984	$ 12,765	$ 604

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (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	Bonds Authorized but Unissued
5/12/2012	Streets, Bridges, and Sidewalks[1]	$ 337,441	$ 333,441	$ -
5/12/2012	Drainage and Flood Control	128,031	128,031	
5/12/2012	Parks, Recreation, and Open Space	87,150	87,150	
5/12/2012	Library, Museum, and Cultural Art Facilities	29,032	29,032	
5/12/2012	Public Safety Facilities	14,346	14,346	
Total		$ 596,000	$ 592,000	$ -

[1] The City realized savings with respect to certain projects included within this proposition. Savings totaled $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 2016 was $104,321,558 which provides a debt ceiling of $10,432,156. The total outstanding debt that is secured by an ad valorem tax pledge is $1,624,100 including $19,195 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 (figures in this paragraph are not in thousands). The Debt Service component is determined by the City's debt service requirements. The fiscal year 2016 Debt Service rate is 21.150 cents per $100 of taxable valuation.

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 loan amount outstanding as of September 30, 2016 was $36,190.

In June 2015, a three year, 2.1% interest loan was authorized in the amount of $6,100 to finance the costs related to the acquisition of the Frost Tower and Frost Parking Garage that will be used to consolidate City administration into a single facility. Proceeds of the loan have been utilized to fund the acquisition of the acquired property, as well as the payment for professional services related to the acquisition and ultimate utilization by the City. The loan amount outstanding as of September 30, 2016 was $6,100. The notes are secured with a pledge of utility revenue received by the City from CPS Energy.

In 2016, Hemisfair Park Area Redevlopment Center, a component unit of the City, entered into two five year, 4.5% interest, loan agreements totaling $511 to finance the construction of two parking lots. The loans allow for accelerated payments which they intend to make from the proceeds of parking lot revenues. As of September 30, 2016 the loan has an outstanding balance of $494.

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 and Renewal 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. Savings attributed to the implementation of the water efficiency project, along with the one-time rebate and interest earnings, will be transferred to the Other Internal Service Fund for reimbursement of the loan for the capital project. In fiscal year 2016 the Hemisfair Fountain realized no savings from water usage. This lack of savings is attributed to leaking valves, which caused a substantial amount of water consumption. There were no reductions in the loan, and the outstanding balance remains at $20.

The following is a summary of changes in the loan for the fiscal year-ended September 30, 2016:

Balance October 1, 2015	Additions	Reductions	Balance September 30, 2016
$ 20	$ -	$ -	$ 20

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, 2016 is $785.

During 2015, a ten year, 4.8% interest loan was authorized in the amount of $4,000 from the City to MGA-SA to finance further improvements to City owned golf courses. MGA-SA will repay the interfund borrowing with interest from revenues generated by its golf operations. Upon authorization of the loan $1,803 of proceeds was issued to MGA-SA with further installments planned for upcoming years. As of September 30, 2016 an additional $2,132 of proceeds have been issued to MGA-SA and the loan amount outstanding is $3,580.

During 2016, a 15 year, 4.8% interest loan was authorized in the amount of $4,000 from the City to MGA-SA to finance further 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, 2016 is $4,000.

The following is a summary of changes in the loans for the fiscal year-ended September 30, 2016:

Balance October 1, 2015	Additions	Reductions	Balance September 30, 2016
$ 2,663	$ 6,132	$ 430	$ 8,365

Leases

The City leases property and equipment from others. Leased property having elements of ownership is 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, is 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, 2016 were approximately $11,272.

The City has entered into various lease purchase agreements for the acquisition of laptops and related components, energy/water saving conservation improvements, thermal-imaging cameras, various emergency services equipment, and a helicopter. 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	$ 34,694
Less: Accumulated Depreciation	(21,497)
Total	$ 13,197

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

As of September 30, 2016, 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,			
2017	$ 2,745	$ 10,757	$ 13,502
2018	2,693	9,688	12,381
2019	2,490	8,809	11,299
2020	2,445	7,254	9,699
2021	1,411	6,234	7,645
2022-2026	4,523	6,339	10,862
2027-2031	188	2,181	2,369
2032-2036		2,015	2,015
2037-2041		856	856
2042-After		3,298	3,298
Future Minimum Lease Payments	16,495	$ 57,431	$ 73,926
Less: Interest	(1,673)		
Present Value of Future Minimum Lease Payments	14,822		
Less: Current Portion	(2,369)		
Capital Lease, Net of Current Portion	$ 12,453		

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 31, 2016, $300 of the $194,175 in General Improvement and Refunding Bonds, Series 2016 was allocated to Solid Waste Management. The net proceeds for the allocated portion of the bonds included a premium of $61, which 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 $40 in debt service payments and total deferred charges of $18. Through this defeasance, the City obtained an economic gain of $37. The Bonds have maturities ranging from 2017 to 2026, with interest rates ranging from 3.0% to 5.0%.

On August 31, 2016, $6,585 of the $84,855 in Combination Tax and Revenue Certificates of Obligation, Series 2016 was allocated to Solid Waste Management, which were issued to finance infrastructure improvements. The proceeds from the allocated portion of the Certificates included a premium of $1,020 and have maturities ranging from 2017 to 2036, with interest rates ranging from 2.0% to 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), Passenger Facility Charge and Subordinate Lien Bonds (PFC), and Customer Facility Charge Revenue Bonds (CFC). 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. CFCs are payable from and secured by an irrevocable first lien on and pledge of the CFC 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 $26,093 for the Airport System. For fiscal year 2016, the amount of $1,176 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 2016.

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, 2016, $1,955 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 for the year-ended September 30, 2016 for business-type activity debt:

Business-Type Long-Term Debt							
	Time of Original Issuance						
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding October 1, 2015	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2016
Airport System:							
Revenue Bonds:							
Series 2005 PFC	$ 38,085	2030	3.375-5.250	$ 28,110	$ -	$ (1,285)	$ 26,825
Series 2007	82,400	2032	4.950-5.250	69,030		(2,635)	66,395
Series 2007 PFC	74,860	2032	5.000-5.250	59,595		(2,270)	57,325
Series 2010A Refunding	42,220	2040	2.000-5.250	40,595		(835)	39,760
Series 2010B Refunding	20,885	2018	3.197-4.861	13,665		(4,370)	9,295
Series 2010 PFC Refunding	37,335	2040	2.000-5.375	33,425		(775)	32,650
Series 2012 Refunding	70,135	2027	2.000-5.000	59,675		(3,855)	55,820
Series 2012 PFC Refunding	25,790	2027	2.000-5.000	22,080		(1,375)	20,705
Series 2015	38,805	2045	5.000	38,805			38,805
Series 2015 CFC	123,900	2045	2.910-5.871	123,900			123,900
Subtotal	$ 554,415			$ 488,880	$ -	$ (17,400)	$ 471,480
Parking System:							
Taxable General Obligation Bonds:							
Series 2004 Refunding	$ 13,245	2016	1.400-4.650	$ 1,000	$ -	$ (1,000)	$ -
Series 2008 Refunding	10,120	2024	5.820-6.570	10,120			10,120
Subtotal	$ 23,365			$ 11,120	$ -	$ (1,000)	$ 10,120
Solid Waste Management:							
Tax-Exempt General Obligation Bonds:							
Series 2006 Refunding	$ 1,000	2016	5.000	$ 285	$ -	$ (285)	$ -
Series 2010 Refunding	545	2021	2.000-5.000	545			545
Series 2014 Refunding	245	2023	5.000	245			245
Series 2015 Refunding	1,290	2028	4.000-5.000	1,290			1,290
Series 2016 Refunding	300	2026	3.000-5.000		300		300
Tax-Exempt Certificates of Obligation:							
Series 2006	400	2016	5.000	120		(120)	
Series 2007	2,500	2017	4.000-5.000	210		(100)	110
Series 2016	6,585	2036	2.000-5.000		6,585		6,585
Subtotal	$ 12,865			$ 2,695	$ 6,885	$ (505)	$ 9,075
Total	$ 590,645			$ 502,695	$ 6,885	$ (18,905)	$ 490,675

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, 2016 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
2017	$ 18,195	$ 23,988	$ 42,183	$ 1,025	$ 625	$ 1,650	$ 395	$ 371	$ 766
2018	19,060	23,137	42,197	1,080	565	1,645	375	377	752
2019	15,665	22,267	37,932	1,145	502	1,647	395	358	753
2020	17,355	21,574	38,929	1,215	433	1,648	425	337	762
2021	18,340	20,770	39,110	1,290	358	1,648	445	316	761
2022-2026	110,005	89,541	199,546	4,365	576	4,941	2,565	1,217	3,782
2027-2031	103,990	61,751	165,741				2,075	644	2,719
2032-2036	64,520	38,673	103,193				2,400	255	2,655
2037-2041	60,845	22,284	83,129						
2042-2045	43,505	6,349	49,854						
Total	$ 471,480	$ 330,334	$ 801,814	$ 10,120	$ 3,059	$ 13,179	$ 9,075	$ 3,875	$ 12,950

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 collections trucks, brush grappler trucks, brush tractor/trailer combinations, wheel loaders, roll off trucks, toter carts, 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	$ 26,637
Less: Accumulated Depreciation	(13,736)
Total	$ 12,901

As of September 30, 2016, 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,			
2017	$ 10,315	$ 553	$ 10,868
2018	10,220	214	10,434
2019	8,336	86	8,422
2020	2,592		2,592
2021	1,890		1,890
2022-2026	1,382		1,382
2027-2031	69		69
Future Minimum Lease Payments	34,804	$ 853	$ 35,657
Less: Interest	(1,206)		
Present Value of Future Minimum Lease Payments	33,598		
Less: Current Portion	(9,888)		
Capital Leases, Net of Current Portion	$ 23,710		

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	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Tax-Exempt General Obligation Bonds	$ 1,060,870	$ 193,875	$ (180,985)	$ 1,073,760	$ 104,035
Taxable General Obligation Bonds	191,550			191,550	
Tax-Exempt Certificates of Obligation	250,030	78,270	(91,615)	236,685	22,120
Taxable Certificates of Obligation	43,820	24,830	(1,790)	66,860	1,715
Tax Notes	26,610	27,410	(17,970)	36,050	11,415
Contractual Obligations	8,835		(8,835)		
Revenue Bonds	862,869		(9,260)	853,609	12,555
Revenue Notes	15,725		(2,960)	12,765	3,050
Gross Bonds Payable	$ 2,460,309	$ 324,385	$ (313,415)	$ 2,471,279	$ 154,890
Unamortized (Discount) / Premium	$ 122,618	$ 51,282	$ (29,218)	$ 144,682	$ 23,933
Net Bonds Payable	$ 2,582,927	$ 375,667	$ (342,633)	$ 2,615,961	$ 178,823
Other Payables:					
Capital Lease Liability	$ 13,498	$ 3,183	$ (1,859)	$ 14,822	$ 2,369
Accrued Leave Payable	217,986	33,555	(36,853)	214,688	83,621
Notes Payable	44,910	511	(2,637)	42,784	2,792
Pollution Remediation Liability [4]	407	173	(130)	450	349
Net Pension Liability [1]	604,862	1,052,424	(604,862)	1,052,424	
Net OPEB Obligation [2]	225,541	27,380		252,921	
Other Payable	351	360	(351)	360	357
Total Other Payables	$ 1,107,555	$ 1,117,586	$ (646,692)	$ 1,578,449	$ 89,488
Total Governmental Activities	$ 3,690,482	$ 1,493,253	$ (989,325)	$ 4,194,410	$ 268,311
Business-Type Activities:					
Bonds Payable:					
Tax-Exempt General Obligation Bonds	$ 2,365	$ 300	$ (285)	$ 2,380	$ 70
Taxable General Obligation Bonds	11,120		(1,000)	10,120	1,025
Tax-Exempt Certificates of Obligation	330	6,585	(220)	6,695	325
Revenue Bonds	488,880		(17,400)	471,480	18,195
Gross Bonds Payable	$ 502,695	$ 6,885	$ (18,905)	$ 490,675	$ 19,615
Unamortized (Discount) / Premium	$ 9,753	$ 1,081	$ (1,264)	$ 9,570	$ 914
Net Bonds Payable	$ 512,448	$ 7,966	$ (20,169)	$ 500,245	$ 20,529
Other Payables:					
Capital Lease Liability	$ 15,580	$ 24,031	$ (6,013)	$ 33,598	$ 9,888
Accrued Leave Payable	5,261	8,109	(7,791)	5,579	4,419
Accrued Landfill Postclosure Costs [3]	1,058	352	(191)	1,219	148
Pollution Remediation Liability [4]	1,319		(45)	1,274	219
Net Pension Liability [1]	65,856	84,419	(65,856)	84,419	
Net OPEB Obligation [2]	40,945	3,859		44,804	
Total Other Payables	$ 130,019	$ 120,770	$ (79,896)	$ 170,893	$ 14,674
Total Business-Type Activities	$ 642,467	$ 128,736	$ (100,065)	$ 671,138	$ 35,203

NOTE: Interest accreted increased by $1,768 due to the bond payment's maturity schedule, resulting in an ending balance of $6,380, 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, 2016:

Governmental Activities					
Fund Type	Short-Term Available	Short-Term Remaining	Total Short-Term	Long-Term	Total
Governmental Funds	$ 8,676	$ 71,616	$ 80,292	$ 130,595	$ 210,887
Internal Service Funds		3,329	3,329	472	3,801
Total Governmental Activities	$ 8,676	$ 74,945	$ 83,621	$ 131,067	$ 214,688

The General Fund accounts for approximately 68.3% 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	$ 2,062	$ 764	$ 2,826
Solid Waste Management	1,461	380	1,841
Nonmajor Enterprise Funds	896	16	912
Total Business-Type Activities	$ 4,419	$ 1,160	$ 5,579

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, 2016, the aggregate principal amounts payable are as follows: five series of EFC Revenue Bonds in the amount of $119,285; two series of IDA Revenue Bonds in the amount of $8,000; 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, 2016 was $1,800.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

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

The City has authorized the San Antonio Housing Trust Finance Corporation 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, 2016, the amount of conduit debt was $32,338.

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, 2016, SAEAPFC has one series of tax-exempt revenue bonds with an aggregate principal amount outstanding of $326,000.

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

CPS Energy

To support its long-term capital financing needs, CPS Energy uses several types of debt instruments. As of January 31, 2016 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 Statement of Net Position, 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, 2016, the bond ordinances for New Series Bonds 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;
- Payment 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 Obligations and Variable-Rate Note 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 on the next page.

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 (as defined in the ordinance authorizing the commercial paper), the interest on and principal of all notes (as defined in said ordinance), and the credit agreement (as defined in said ordinance); and
- Any legal debt or obligation of CPS Energy as and when the same shall become due.

Revenue Bonds

On August 13, 2015, CPS Energy issued $320,530 of New Series 2015 Senior Lien Revenue Refunding Bonds. Proceeds, including the $43,345 premium associated with the bonds, were used to refund $339,490 par value of the Series 2007 Revenue Bonds. The refunding transaction resulted in a net present value debt service savings of $36,894, or 10.9% of the par amount of the bonds being refunded. The true interest cost for this issue, which has maturities in 2018 through 2032, is 3.0%.

On December 1, 2015, CPS Energy remarketed $47,650 of Series 2012B Variable-Rate Junior Lien Revenue Refunding Bonds. The issuance of a $474 premium in conjunction with the remarketing resulted in a principal paydown for the remarketed bonds of approximately $165. The bonds have maturities in 2024 through 2027. The coupon rate for these bonds is 1.8%, with a current yield of 1.4% and true interest cost of 5.8%, which reflects stepped interest rate provisions applicable to the bonds.

On December 3, 2015, CPS Energy issued $235,000 of New Series 2015 Fixed-Rate Revenue Bonds, including a premium of $12,873. The true interest cost for this issue, which has maturities in 2026 through 2039, is 3.5%. The bonds were issued with interest rates varying from 3.0% to 5.0%. Bond proceeds are primarily being used to fund construction projects.

Also on December 3, 2015, CPS Energy issued $200,000 of Variable-Rate Junior Lien Revenue Bonds, $100,000 each of Series 2015C and Series 2015D, including a total premium of $12,900. Reflecting stepped interest rate provisions applicable to the bonds, the true interest cost for these bonds, which have maturities in 2038 through 2045, is 6.3% for the Series 2015C bonds and 6.0% for the Series D bonds. Bond proceeds are primarily being used to fund construction projects.

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

The Series 2012A and 2012C Junior Lien Bonds were issued as variable-rate bonds that utilize interest rates of 2.0% through their term rate period's expiration in 2018 and 2016, respectively. A stepped rate of 7.0% is assumed in the table below for each series thereafter through applicable final maturity. The Series 2012B bonds were issued as variable-rate bonds that utilize an interest rate of 1.8% through their term rate period's expiration in 2018. A stepped rate of 8.0% is assumed in the table below for this series thereafter through applicable final maturity. The stepped rate is applicable only if the bonds are not remarketed by their respective expiration date.

The Series 2015A and Series 2015B Junior Lien Bonds were issued as multi-modal variable-rate bonds issued initially in a SIFMA Index Mode with an applicable spread of 0.3% and 0.4%, respectively, through their term rate periods of 2017 and 2018 and at a stepped rate of 8.0% for each series thereafter through applicable final maturity. In the table below, interest on these variable-rate bonds is calculated at an assumed rate of 3.0% for the applicable initial interest period and at an assumed stepped rate of 8.0% thereafter through stated maturity. The stepped rate is applicable only if the bonds are not remarketed by their respective expiration date.

The Series 2015C and Series 2015D Junior Lien Bonds were issued as multi-modal variable-rate bonds initially issued in a term rate mode as variable-rate bonds that utilize an interest rate of 3.0% through their term rate period's expiration in 2019 and 2020, respectively. A stepped rate of 8.0% is assumed thereafter through applicable final maturity. The stepped rate is applicable only if the bonds are not remarketed by their respective expiration date.

Pursuant to guidance provided in GASB Statement No. 65, debt reacquisition costs meet neither the definition of an asset nor a liability and are therefore required to be classified as deferred outflows or inflows of resources on the Statements of Net Position. Debt reacquisition costs reported as deferred outflows of resources totaled $65,612 at January 31, 2016. These amounts are amortized as components of interest expense over the shorter of the remaining life of the refunding or the refunded debt.

CPS Energy, as a rate-regulated entity and in accordance with guidance found in GASB Statement No. 62, has establishes regulatory assets for debt issuance costs that would otherwise be required to be expensed in accordance with GASB Statement No. 65. This regulatory accounting treatment results in the amortization of 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 $33,610 at January 31, 2016.

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

Long-Term Debt Activity							
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding February 1, 2015	Additions During Year	Decreases During Year	Balance Outstanding January 31, 2016
Revenue and Refunding Bonds:							
2006B Tax Exempt New Series	$ 128,845	2021	3.974	$ 55,655	-	$ (11,145)	$ 44,510
2007 Tax Exempt New Series	46,195	2018	4.159	46,195		(13,460)	32,735
2007 Tax Exempt New Series	403,215	2032	4.575	388,380		(364,335)	24,045
2008 Tax Exempt New Series	287,935	2032	4.582	287,935			287,935
2008A Tax Exempt New Series	158,030	2016	3.736	22,185		(22,185)	
2009A Tax Exempt New Series	442,005	2034	4.863	425,920		(14,110)	411,810
2009C Taxable New Series [1]	375,000	2039	3.944	375,000			375,000
2009D Tax Exempt New Series	207,940	2021	3.720	203,065			203,065
2010A Taxable New Series [1]	380,000	2041	3.834	380,000			380,000
2010A Taxable Junior Lien [1]	300,000	2041	3.806	300,000			300,000
2010B Taxable Junior Lien [1]	200,000	2037	4.101	200,000			200,000
2011 Tax Exempt New Series	50,915	2017	1.599	50,915		(35,495)	15,420
2012 Taxable New Series	521,000	2042	4.382	521,000			521,000
2012 Tax Exempt New Series	655,370	2025	2.552	655,370			655,370
2012A Tax Exempt Junior Lien	48,170	2027	Variable	47,135			47,135
2012B Tax Exempt Junior Lien	47,815	2027	Variable	47,815	47,650	(47,815)	47,650
2012C Tax Exempt Junior Lien	47,660	2027	Variable	47,660			47,660
2013 Tax Exempt Junior Lien	375,000	2048	4.753	375,000			375,000
2014 Tax Exempt Junior Lien	200,000	2044	4.142	200,000			200,000
2014 Tax Exempt Junior Lien	262,530	2020	1.220	262,530		(28,030)	234,500
2015A Tax Exempt Junior Lien	125,000	2033	Variable	125,000			125,000
2015B Tax Exempt Junior Lien	125,000	2033	Variable	125,000			125,000
2015 Tax Exempt Senior Lien	320,530	2032	2.992		320,530		320,530
2015 Tax Exempt Senior Lien	235,000	2039	3.476		235,000		235,000
2015C Tax Exempt Junior Lien	100,000	2045	Variable		100,000		100,000
2015D Tax Exempt Junior Lien	100,000	2045	Variable		100,000		100,000
Bonds Outstanding				$ 5,141,760	$ 803,180	$ (536,575)	$ 5,408,365
Bond Current Maturities				(149,270)	(10,730)		(160,000)
Bond (Discount)/Premium				238,891	69,593	(46,521)	261,963
Revenue Bonds, Net				$ 5,231,381	$ 862,043	$ (583,096)	$ 5,510,328
Tax Exempt Commercial Paper (TECP)			Variable	360,000			360,000
Total Long-Term Debt, Net				$ 5,591,381	$ 862,043	$ (583,096)	$ 5,870,328

[1] Direct Subsidy Build America Bonds

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

As of January 31, 2016, 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
2017	$ 160,000	$ 261,659	$ (24,355)	$ 397,304
2018	156,810	262,129	(24,355)	394,584
2019	172,460	261,629	(24,355)	409,734
2020	180,900	257,725	(24,355)	414,270
2021	181,150	253,866	(24,355)	410,661
2022-2026	1,027,060	1,142,214	(122,662)	2,046,612
2027-2031	784,945	907,307	(130,659)	1,561,593
2032-2036	1,025,055	665,020	(119,399)	1,570,676
2037-2041	1,275,325	351,482	(47,891)	1,578,916
2042-2046	390,975	74,859		465,834
2047-2048	53,685	4,059		57,744
Totals	$ 5,408,365	$ 4,441,949	$ (542,386)	$ 9,307,928

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 2015 totaled $542,386. 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.

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 the currently effective limit of $26,000 reduced in fiscal year 2016 from $100,000. This ordinance provides for funding to assist in the interim financing of eligible projects that include the acquisition or construction of improvements, additions, or extensions to CPS Energy, including capital assets and facilities incident and related to the operation, maintenance, and administration of fuel acquisition and development and facilities for the transportation thereof; capital improvements to CPS Energy; and refinancing or refunding of any outstanding obligations secured by the net revenues of CPS Energy; or with respect to the payment of any obligation of CPS Energy pursuant to any credit. Under the program, maturity dates cannot extend beyond November 1, 2028.

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Flexible Rate Revolving Note (Continued)

On May 10, 2010, CPS Energy issued a $25,200 taxable Flexible Rate Revolving Note, Series A, under its taxable Note Purchase Agreement with JPMorgan Chase Bank, N.A., which currently serves as the note purchaser under the program. On May 11, 2010, the proceeds from the note, along with cash, were used to defease $25,700 in principal amounts of the allocable portion of the debt associated with the common facilities of STP Units 1 and 2 that were assigned to NINA in March 2010 when CPS Energy reduced its ownership share of STP Units 3 and 4 to 7.6%. The outstanding FRRN balance at January 31, 2016 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, 2016, 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, 2016, 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, 2016 the accruals for employee vested benefits were $17,426. 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.

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.

Note 6 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds

On January 21, 2015 SAWS issued $75,920 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2015A 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.

On February 18, 2015, SAWS issued $303,235 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2015B (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 and Refunding Bonds, Series 2004; the City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2004-A; and the City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2005 (together the "Refunded Bonds"), (ii) finance capital improvements, and (iii) pay the cost of issuance. The refunding of the Refunded Bonds reduced total future debt service payments by approximately $81,772 and resulted in an economic gain of $46,941. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

Senior lien water system revenue bonds, comprised of Series 2007, Series 2009, Series 2009B, Series 2010B, Series 2011, Series 2011A, Series 2012, and Series 2012A, outstanding in the amount of $1,157,305 at December 31, 2015, 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 2.8% 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 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 2013C, Series 2013D, Series 2013E (No Reserve Fund), Series 2014A (No Reserve Fund), Series 2014C, Series 2014D, Series 2015A, and Series 2015B (No Reserve Fund) is outstanding in the amount of $1,087,430 at December 31, 2015, 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) and the Series 2014B (No Reserve Fund), are outstanding in the amount of $200,000. The Series 2013F 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 and ending interest rate at December 31, 2015 was 0.7%. The Series 2014B Bonds are tax-exempt variable-interest-rate notes initially issued in a SIFMA Index Mode, with the interest rate reset weekly, through the initial interest period expiring October 31, 2017, at a spread of 0.4% over the SIFMA Swap Index. The average and ending interest rate at December 31, 2015 was 0.4%. Upon conclusion of the initial interest period of the Bonds, 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

Note 6 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

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%.

The following summarizes transactions of the Revenue Bonds for the year-ended December 31, 2015:

	Beginning Balance January 1, 2015	Additions	Reductions	Ending Balance December 31, 2015	Due Within One Year
Bonds Payable	$ 2,398,555	$ 379,155	$ 332,975	$ 2,444,735	$ 71,415
(Discounts)/Premiums	108,864	39,585	18,462	129,987	
Total Bonds payable, Net	$ 2,507,419	$ 418,740	$ 351,437	$ 2,574,722	$ 71,415

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
2016	$ 71,415	$ 94,198	$ (3,786)	$ 90,412	$ -	$ 1,100
2017	74,795	91,674	(3,863)	87,811		1,100
2018	77,320	88,934	(3,798)	85,136		1,100
2019	78,640	86,139	(3,727)	82,412		1,100
2020	82,330	83,122	(3,652)	79,470		1,100
2021-2025	455,145	360,381	(16,934)	343,447		5,500
2026-2030	473,275	255,466	(14,006)	241,460	7,950	5,475
2031-2035	428,300	163,107	(9,375)	153,732	67,160	4,317
2036-2040	427,895	58,795	(2,274)	56,521	71,925	2,369
2041-2045	75,620	4,367		4,367	52,965	440
Total	$ 2,244,735	$ 1,286,183	$ (61,415)	$ 1,224,768	$ 200,000	$ 23,601

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

In fiscal year 2015, SAWS received a total of $3,689 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.

Note 6 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

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, 2015, there were no bonds outstanding that were considered legally defeased.

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. These accruals are reported under Accounts Payable and Other Current Liabilities.

Year-Ended	Liability Beginning Balance	Current-Year Accruals	Payments	Liability Ending Balance	Estimated Due Within One Year
December 31, 2015	$ 8,572	$ 5,619	$ (5,385)	$ 8,806	$ 5,385

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Note 7 Commercial Paper Programs

Primary Government (City)

The City had no commercial paper debt during fiscal year 2016.

CPS Energy

As of January 31, 2016, the commercial paper ordinances contain, among others, the following provisions:

- Authorized capacity of $600,000;
- Allow flexibility to issue tax-exempt or taxable commercial paper;
- Allow the issuance of multiple series notes; 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.

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 did not issue tax-exempt commercial paper during the period February 1, 2015 through January 31, 2016. As of January 31, 2016, the outstanding commercial paper balance was $360,000, all of which was tax-exempt.

Commercial Paper Summary	
	January 31, 2016
Commercial Paper Outstanding	$ 360,000
Weighted Average Interest Rate of Outstanding	0.1%
Average Life Outstanding (Number of Days)	70

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 therefore in the amount specified. The Series A agreement, which provides $150,000 in liquidity support for the Series A Notes, is effective through February 6, 2017. The Series B agreement, which provides $225,000 in liquidity support for the Series B Notes, is effective through June 24, 2016. The Series C agreement, which provides $225,000 in liquidity support for the Series C Notes, is effective 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, 2016, there was no amount outstanding under the revolving credit agreements. Further, there have been no borrowings under the agreements since inception of the program.

Note 7 Commercial Paper Programs (Continued)

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 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., Ramirez & Co., Inc., and Mitsubishi UFJ Securities (USA), 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 $350,000
- Revolving Credit Agreement with Wells Fargo Bank, N.A., supporting the Series B Notes in the amount of $100,000
- 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 $450,000 with the Revolving Credit Agreement with Bank of Tokyo-Mitsubishi UFJ, Ltd, supporting the Series A Notes expiring October 4, 2018; and the Revolving Credit Agreement with Wells Fargo Bank, N.A., supporting the Series B Notes expiring January 15, 2018.

Commercial paper notes of $135,305 are outstanding as of December 31, 2015. Of this balance, $91,650 relates to the refunding of the Series 2003 Bonds; $18,655 relates to the redemption of the Bexar Metropolitan Development Corporation Water Facility Contract Revenue Bonds, Series 1998; the remaining $25,000 proceeds were used solely for financing of capital improvements. Interest rates on the notes outstanding at December 31, 2015 range from 0.0% to 0.1% and maturities range from 28 to 122 days. The outstanding notes had an average rate of 0.1% and averaged 51 days to maturity.

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 $450,000 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 $3,395 of commercial paper in 2016. 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, 2015.

	Beginning Balance January 1, 2015	Additions	Reductions	Ending Balance December 31, 2015	Due Within One Year
Tax Exempt Commercial Paper Notes	$ 138,550	$ -	$ 3,245	$ 135,305	$ 3,395

Note 8 Pension and Retirement Plans

Primary Government (City)

Fire and Police Pension Plan

The Pension Fund is a single-employer defined benefit retirement plan established in accordance with the laws of the State of Texas, administered by the San Antonio Fire and Police Pension Fund. 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.

Membership of the Pension Fund as of December 31, 2015 consisted of:

Membership as of the Valuation Date[1]	December 31, 2015
Active members	3,834
Retirees and beneficiaries	2,392
Inactive members[2]	18
Total	6,244

[1] The Pension Fund changed its plan year from September 30 to December 31 in 2015. Demographic information remained substantially the same during that 3 month period.

[2] 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, 87.50% 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.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

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 fiscal 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 not meet the criteria for the 13th check since the year ended September 30, 2014 and has not met the criteria for the 14th check since the year ended September 30, 2007.

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 75.00% to the spouse and 25.00% 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, is $15 if there are no other beneficiaries.

The Pension Fund provides a disability annuity equal to 87.50% 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.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

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-U) as published by the Bureau of Labor Statistics. Members whose retirement, disability, or death occurred before August 30, 1971, receive an increase equal to 100.00% of the increase in the CPI-U. Members whose retirement, disability, or death occurred after August 30, 1971, but before October 1, 1999, receive an increase equal to 100.00% of the increase in the CPI-U up to 8.00% and 75.00% of the increase in the CPI-U in excess of 8.00%. Members whose retirement, disability, or death occurred after October 1, 1999 receive an increase equal to 75.00% of the increase in the CPI-U.

The Fund changed its Plan Year from a September 30 year-end to a December 31 year-end, and therefore the disclosures cover the 15-month period ending December 31, 2015. The measurement date of the City therefore had to be changed from a September 30 measurement date to a December 31 measurement date.

The Pension Fund is funded in accordance with Texas state statues and is not actuarially determined. The City was required to contribute 24.64% of salary, or $94,816, excluding overtime pay, for 15 months ending December 31, 2015. The employee contribution rate was 12.32%, or $47,408, for the 15 months ending December 31, 2015. New firefighters 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 City, as of September 30, 2016, are as follows:

Total Pension Liability	$ 3,302,956
Plan Fiduciary Net Position	2,633,696
City's Net Pension Liability	$ 669,260
Plan Fiduciary Net Position as a percentage of the Total Pension	79.74%

The total pension liability was determined by an actuarial valuation as of October 1, 2015, using the entry age normal cost, level percent of payroll, and the following actuarial assumptions based on the results of an experience study for the period October 1, 2009 to September 30, 2014, applied to all periods included in the measurement, with updated procedures used to roll forward to December 31, 2015:

Inflation	3.00%
Salary increases	3.00% plus merit scale of 0.75% - 11.25%
Investment rate of return	7.25% including inflation, net of pension plan investment expense
Cost-of-living adjustments	3.00% for retirements before October 1, 1999
	2.25% for retirements on or after October 1, 1999

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

Healthy mortality rates were based on the sex-distinct RP-2014 Employee and Healthy Annuitant Tables, with rates loaded by 7.00% for females. Disabled mortality rates were based on sex-distinct RP-2014 Annuitant Tables, set forward by six years, again loading the female rates by 7.00%. The tables are projected generationally using 50.00% of the MP-2014 improvement scale to anticipate future mortality improvements.

The actuarial assumptions used are based on the results of an experience study for the period October 1, 2009 to September 30, 2014.

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 Pension Fund's target asset allocation as of December 31, 2015 are summarized in the following table:

	Target Allocation	Long-Term Expected Real Rate of Return
Asset Class:		
Domestic equity	18.00%	6.70%
International Equity	21.00%	8.10%
Fixed Income	20.00%	2.30%
Alternative investments	29.00%	5.60%
Real estate	12.00%	4.50%
Total	100.00%	

The blended discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumed contributions will continue to be made at 12.32% of the compensation from plan members and 24.64% of the compensation from the City. Based on these assumptions, the Pension 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 Pension 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 City, calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 6.25%, or one percentage point higher, 8.25%, than the current rate:

	1.00% Decrease 6.25%	Current Discount Rate 7.25%	1.00% Increase 8.25%
Net Pension Liability	$ 1,145,162	$ 669,260	$ 280,113

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.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The Pension Fund issues a publicly available financial report that includes financial statements and required supplemental information, and detailed information about the Pension Fund's net pension liability. 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.

Schedule of Changes in Net Pension Liability and Related Ratios - The Plan changed their fiscal year from a September 30 year-end to a December 31 year-end, and therefore the City had to change its measurement date from September 30 to December 31. As a result, the following changes in Net Pension Liability and related ratios are for a 15 month period.

Changes in the Net Pension Liability	
Total Pension Liability (TPL)	
Service Cost	$ 96,631
Interest	277,002
Difference between expected and actual experience	(20,698)
Changes of Assumptions	148,315
Benefit payments, including refunds of employee contributions	(179,787)
Net change in TPL	$ 321,463
Total Pension Liability - Beginning	2,981,493
Total Pension Liability - Ending	$3,302,956
Plan Fiduciary Net Position	
Contributions - employer	$ 94,816
Contributions - employee	47,408
Net investment income	(1,919)
Benefit payments, including refunds of employee contributions	(179,787)
Administrative Expense	(3,677)
Net change in Plan Fiduciary Net Position	$ (43,159)
Plan Fiduciary Net Position - Beginning (September 30, 2014)	2,676,855
Plan Fiduciary Net Position - Ending (December 31, 2015)	$2,633,696
Net Pension Liability	$ 669,260

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The Pension Fund changed its Plan Year from a September 30 year-end to a December 31 year-end, and therefore the City had to change its measurement date from September 30 to December 31. As a result, the pension expense is for a 15 month period, as reported below.

Service Cost	$ 96,631
Interest	277,002
Employee contributions	(47,408)
Administrative expenses	3,677
Expected return on assets	(246,493)
Expensed portion of current year period differences between expected and actual experience	(2,070)
Expensed portion of current year period assumption changes	14,832
Expensed portion of current year period differences between projected and actual earnings	49,682
Current year recognition of deferred inflows and outflows established in prior years	5,893
Total Expense	$ 151,746

At September 30, 2016, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in expected and actual experience	$ -	$ (39,347)
Changes of assumptions	129,776	
Net difference in projected and actual earnings on pension plan investments	186,374	
Total	$ 316,150	$ (39,347)

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Net Deferred Outflows (Inflows) of Resources
2017	$ 54,722
2018	54,722
2019	56,652
2020	50,089
2021	12,762
Thereafter	47,856
Total	$ 276,803

Subsequent to the measurement date of December 31, 2015, and through fiscal year end 2016, the City contributed $54,389 to the Pension Fund. As of September 30, 2016, the City reported a payable in the amount of $5,753 due to the Pension Fund.

Texas Municipal Retirement System (TMRS)

Plan Description - The City participates as one of the 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code.

Benefits Provided – TMRS provides retirement, disability, and death benefits to all eligible employees, excluding firefighters and police officers. Members are eligible to retire upon attaining the retirement age of 60 and above with 5 or more years of service, or with 20 years of service regardless of age. A member is vested after 5 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.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Benefits depend upon the sum of the employee's contributions to the TMRS plan, with interest, and the City-financed monetary credits with interest. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. Prior service credit, granted by the City, is a monetary credit equal to the accumulated value of the percentage of prior service credit adopted times an employee's deposits that would have been made, based on the average salary prior to participation, for the number of months the employee has been employed, accruing 3.00% annual interest, and including the matching ratio adopted by the City (2 to 1). 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 or annually on a repeating basis, another type of monetary credit referred to as an updated service credit.

This monetary credit is determined by hypothetically re-computing the employee's account balance by assuming that the current City deposit rate (6.00%) has always been in effect. The computation also assumes that the employee's salary has always been the employee's average salary, using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical amount is increased by 3.00% each year and increased by the City's match currently in effect (200.00% match). The resulting sum is then compared to the employee's actual account balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or updated service credit) equal to the difference between the hypothetical calculation and the actual calculation times the percentage adopted.

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. Employees may choose to receive their retirement benefit in one of seven payment options: retiree life only; one of three survivor lifetime options; or one of the three guaranteed term options. Employees may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments under the retiree life only option, which cannot exceed 75.00% of the total employee's deposits and interest. The City may elect to increase the annuities of its retirees, either annually or on an annually repeating basis, effective January 1 of the calendar year. The City may also adopt annuity increases at a rate equal to 30.00%, 50.00%, or 70.00% of the increase in the Consumer Price Index – all Urban Consumers between the December preceding the employee's retirement date and the December one year before the effective date of the increase, minus any previously granted increases.

The City, based on available financial resources, may approve an annual ad hoc cost of living adjustment for its retirees. City Council approves this recommendation as part of the annual adopted budget. TMRS provisions and contribution requirements are adopted by the City Council within the options available in the state statutes governing TMRS and within the actuarial constraints contained in the statutes. The ad hoc cost of living adjustments were deemed to be substantively automatic in TMRS' actuarial report. The default method for determining whether ad hoc benefit enhancements are substantively automatic is if the City had granted them in one of the last two years and two of the last five years. The City has met these requirements.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Membership as of the Valuation Date	December 31, 2015
Number of:	
Active members	6,557
Retirees and beneficiaries	4,291
Inactive members	2,374
Total	13,222

Contributions - Under the state law governing TMRS, the employer's contribution rates are annually determined by the actuary using the Entry Age Normal (EAN) 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 percent of payroll from year to year. The normal cost contribution rate is the contribution rate which, if applied to an employee's compensation throughout their period of anticipated covered service with the City, would be sufficient to meet all benefits payable on the City's behalf. The salary-weighted average of the individual rates is the total normal cost rate. 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 City's contribution rate cannot exceed a statutory maximum rate, which is based on a combination of the employee contribution rate and the City matching percentage.

In the fiscal year 2016 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 70.00% 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. The provision for the one-time annuity contribution rate decreased from 10.76% to 10.36%, effective January 1, 2016.

The contribution rate for the City's employees is 6.00% of their annual gross earnings during the fiscal year and the matching percent was 10.36% for calendar year 2016, both as adopted by the governing body of the City. The City's contribution to TMRS for fiscal year 2016 was $56,378, with $20,436 contributed by City employees, and $35,942 contributed by the City. These amounts were equal to required contributions.

For further information, TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmrs.com.

Net Pension Liability - The City's Net Pension Liability (NPL) was measured as of December 31, 2015 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

The components of the Net Pension Liability are as follows:

Total Pension Liability	$ 1,729,240
Plan Fiduciary Net Position	1,261,657
Net Pension Liability	$ 467,583
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	72.96%

Actuarial Assumptions - The TPL in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

Asset Valuation Method	10 Year smoothed market; 15.00% soft corridor
Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Investment rate of return	6.75%
Retirement Age	Experience-based table of rates specific to the City
Cost-of-living adjustments	Granted 70.00% ad hoc COLA
Mortality	RP-2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109.00% and female rates multiplied by 103.00% and projected on a fully generational basis

Salary increases were based on a service-related table. The Investment rate of return is net of pension plan investment expense, and includes inflation. The Retirement Age is developed on experience-based table of rates that are specific to the City's plan of benefits. The Retirement Age was last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP-2000 Combined Mortality Table, with male rates multiplied by 109.00% and female rates multiplied by 103.00%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP-2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the five-year period from January 1, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

The long-term expected rate of return on pension plan investments is 6.75% (the municipal bond rate is incorporated in TMRS' actuarial study). This single discount rate of 6.75% was used to measure the TPL as of December 31, 2015. This single discount rate was based on the expected rate of return on pension plan investments of 6.75%. Based on the stated assumptions and projections of cash flows, the City's fiduciary net position and future contributions were sufficient to finance the future benefit payments of the current plan members for all projection years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the TPL for the City. The projection of cash flows used to determine the single discount rate for the City assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years. Under this funding policy, the City will finance the unfunded actuarial accrued liability over the 30 years remaining for the closed period existing for each base in addition to the employer portion of all future benefit accruals.

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 of 2.50%. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.65%
Real Return	10.00%	4.03%
Real Estate	10.00%	5.00%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	8.00%
Total	100.00%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Net Pension Liability, calculated using the discount rate of 6.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower, 5.75%, or 1.00% higher, 7.75%, than the current rate:

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
Net Pension Liability	$ 708,000	$ 467,583	$ 269,835

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Schedule of Changes in Net Pension Liability and Related Ratios – The following table presents the changes in the Net Pension Liability for the current reporting period.

Changes in the Net Pension Liability	
Total Pension Liability	
Service Cost	$ 47,521
Interest	114,257
Difference between expected and actual experience	(8,192)
Changes of assumptions	4,540
Benefit payments, including refunds of employee contributions	(74,742)
Net change in TPL	$ 83,384
Total Pension Liability - Beginning	1,645,856
Total Pension Liability - Ending	$ 1,729,240
Plan Fiduciary Net Position	
Contributions - employer	$ 35,915
Contributions - employee	20,027
Net investment income	1,888
Benefit payments, including refunds of employee contributions	(74,742)
Administrative Expense	(1,150)
Other	(57)
Net change in Plan Fiduciary Net Position	$ (18,119)
Plan Fiduciary Net Position - Beginning	1,279,776
Plan Fiduciary Net Position - Ending	$ 1,261,657
Net Pension Liability	$ 467,583

The measurement date of the NPL, as well as the date of the actuarial valuation on which the TPL is based, is December 31, 2015.

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Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Pension Expense - For the year ended September 30, 2016, based on the actuarial valuation of December 31, 2015, the City recognized pension expense of $71,130.

Schedule of Pension Expense	
Total Service Cost	$ 47,521
Interest	114,257
Employee Contributions (Reduction of Expense)	(20,027)
Projected Earnings on Plan Investments (Reduction of Expense)	(89,584)
Administrative Expense	1,150
Other Changes in Fiduciary Net Position	57
Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	(803)
Recognition of Current Year Outflow (Inflow) of Resources-Assets	17,539
Amortization of Prior Year Outflows (Inflows) of Resources-Liabilities	(2,128)
Amortization of Prior Year Outflows (Inflows) of Resources-Assets	3,148
Total Pension Expense	$ 71,130

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2016, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in expected and actual experience	$ -	$ (8,572)
Changes of assumptions		
Net difference in projected and actual earnings on pension plan investments	79,602	
Total	$ 79,602	$ (8,572)

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Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Deferred outflows and deferred inflows of resources, by year, to be recognized in future pension expense as follows:

	Net Deferred Outflows (Inflows) of Resources
2016	$ 17,757
2017	17,757
2018	18,418
2019	17,098
2020	
Thereafter	
Total	$ 71,030

Subsequent to the measurement date of December 31, 2015, and through fiscal year end 2016, the City contributed $25,916 to TMRS which is recorded as a deferred outflow of resources on the Statement of Net Position. As of September 30, 2016, the City reported a payable to TMRS in the amount of $2,817 for the outstanding amounts of contributions required.

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 1.00% of base salary to eligible executives who participated in the plan. In fiscal year 2015, the City increased its' matching contribution up to 2.00% of base salary. 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)

Texas Municipal Retirement System (TMRS)

Plan Description - SAWS pension program includes benefits provided by TMRS, the San Antonio Water System Retirement Plan, the San Antonio Water System Deferred Compensation Plan, and Social Security.

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 Provided – TMRS provides retirement benefits. 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. A member is vested after 5 years.

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

At retirement, the benefit is calculated as if the sum of the employee's contribution, with interest, and the SAWS financed monetary credits with interest were used to purchase an annuity. Members choose to receive their benefit on one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in the amount equal to 12, 24 or 36 monthly payments which cannot exceed 75.00% of the member's deposits and interest.

The plan provisions that have been adopted by SAWS are within the options available in the governing state statutes of TMRS. Plan provisions for SAWS for the 2015 plan year is as follows:

Plan Provisions	
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, any/20
Updated Service Credit	100.00% Repeating
	70.00% of CPI
Annuity Increases (to retirees)	Repeating

All eligible employees of the SAWS are required to participate in TMRS. Membership in TMRS as of the actuarial valuation date is as follows:

Membership as of the Valuation Date	December 31, 2014
Number of:	
Active members	1,648
Retirees and beneficiaries	1,060
Inactive members	423
Total	3,131

Contributions - Under the state law governing TMRS, SAWS' contribution rate is annually determined by the actuary using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Eligible SAWS employees are required to contribute 3.00% of their annual gross earnings. The employer required contribution rate for SAWS was 3.81% in 2015. SAWS' contribution to TMRS totaled $3,953 for the year ended December 31, 2015. The contribution equaled the required contributions.

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

The components of the Net Pension Liability are as follows:

Total Pension Liability	$ 179,549
Plan Fiduciary Net Position	161,858
Net Pension Liability	$ 17,691
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	90.15%

Actuarial Assumptions - The Total Pension Liability calculated in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.00%
Overall payroll growth	3.00%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP-2000 Combined Healthy Mortality Table, with male rates multiplied by 109.00% and female rates multiplied by 103.00%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP-2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.00%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (TMRS) (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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.80%
International Equity	17.50%	6.05%
Core Fixed Income	30.00%	1.50%
Non-Core Fixed Income	10.00%	3.50%
Real Return	5.00%	1.75%
Real Estate	10.00%	5.25%
Absolute Return	5.00%	4.25%
Private Equity	5.00%	8.50%
Total	100.00%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Net Pension Liability, calculated using the discount rate of 7.00%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower, 6.00%, or 1.00% higher, 8.00%, than the current rate:

	1.00% Decrease 6.00%	Current Discount Rate 7.00%	1.00% Increase 8.00%
Net Pension Liability - TMRS	$ 41,856	$ 17,691	$ (2,323)

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Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Schedule of Changes in Net Pension Liability and Related Ratios – The table presents the components used to calculate the NPL for the current reporting period.

Changes in the Net Pension Liability	
Total Pension Liability	
Service Cost	$ 4,379
Interest	11,960
Difference between expected and actual experience	(1,717)
Benefit payments	(7,461)
Net change in TPL	$ 7,161
Total Pension Liability - Beginning	172,388
Total Pension Liability - Ending	$ 179,549
Plan Fiduciary Net Position	
Contributions - employer	$ 3,721
Contributions - employee	2,722
Net investment income	8,818
Benefit payments	(7,461)
Administrative Expense	(92)
Other	(8)
Net change in Plan Fiduciary Net Position	$ 7,700
Plan Fiduciary Net Position - Beginning	154,158
Plan Fiduciary Net Position - Ending	$ 161,858
Net Pension Liability	$ 17,691

The measurement date of the NPL, as well as of the date of the actuarial valuation on which the TPL is based, is December 31, 2014.

Detailed information about the TMRS Fiduciary Net Position is available in a separately issued TMRS financial report. That report is available on the Internet at www.tmrs.com.

San Antonio Water System Retirement Plan (SAWSRP)

Plan Description - The San Antonio Water System Retirement Plan (SAWSRP) is a single-employer pension plan controlled by the provisions of Ordinance No. 75686, which serves as a supplement to TMRS and Social Security. The plan has both a defined benefit and a defined contribution component. SAWS delegated to Principal Financial Group the authority to manage plan assets and administer the payment of benefits under the plan. Eligible employees hired prior to June 1, 2014 participate in the defined benefit component of the plan. Eligible employees vest in this plan after completion of five years of service.

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Retirement Plan (SAWSRP)

SAWSRP membership consisted of:

Membership as of the Valuation Date	January 1, 2015
Number of:	
Active Members	1,530
Retirees and beneficiaries	790
Inactive members	476
Total	2,796

Benefits Provided – 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 100.00% 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 SAWSRP is equal to the following:

- 1.20% of the average compensation, times years of credited service not in excess of 25 years, plus
- 0.75% of the average compensation, times years of credited service in excess of 25 years but not in excess of 35 years, plus
- 0.375% of the average compensation, times years of credited service in excess of 35 years.

Upon retirement, an employee must select from one of seven alternative payment plans. Each payment plan provides for monthly payments as long as the retired employee lives. The options available address how plan benefits are to be distributed to the designated beneficiary of the retired employee. The program also provides death and disability benefits.

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

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

Contributions – Eligible employees hired on or after June 1, 2014 participated in the defined contribution component of the plan. SAWS contributes 4.00% of participant's compensation into an individual retirement account. Participants are required to contribute 3.00% of their compensation into their individual retirement account. Contributions under the defined contribution feature of the plan are made to participants' individual retirement accounts on a bi-weekly basis based on the participants' compensation during the period. An eligible employee totally vests in SAWS contributions to the individual retirement account after one year of service and immediately vests in the employee's contributions to the plan. The employee directs the investments in their individual retirement account. SAWS has no liability for losses under the defined contribution component of the SAWSRP but does have the usual fiduciary responsibilities of a plan sponsor.

At December 31, 2015 there were 339 employees participating in the defined contribution component of the SAWSRP. During the year ended December 31, 2015, SAWS made contributions to participants' individual retirement accounts totaling $297. Employees contributed $247 which included roll-over contributions of $51.

Net Pension Liability - The Net Pension Liability (NPL) for the defined benefit component of the SAWSRP as of December 31, 2015 was measured as of January 1, 2015 and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The components of the Net Pension Liability, measured at December 31, 2015 are as follows:

Total Pension Liability	$ 184,435
Plan Fiduciary Net Position	160,759
Net Pension Liability	$ 23,676
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	87.16%

The Total Pension Liability presented above was calculated with the actuarial valuation performed at January 1, 2015, and was rolled forward to December 31, 2015.

Actuarial Assumptions - The TPL in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.25%
Salary increases	Composed of salary inflation (2.25%) and real wage growth
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

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

Real wage growth is based on a service-related table based on SAWS' experience from 2011 to 2013. Mortality rates for active members, retirees, and beneficiaries were as of 2007 from SOA RP-2014 study. Mortality improvement beyond 2007 is based on the RPEC_2014 model and assumes a convergence period of 10 years. Long-term mortality improvement is the sex-distinct and the age based assumption calibrated to the annual improvement averages, for the period 2010-2088 published by the Social Security Administration Trustees report for 2014.

The long-term expected rate of return on pension plan investments is 6.75%. The long-term expected rate of return on pension plan investments was developed as a weighted average based on the target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2014. The capital market assumptions were developed with a primary focus on forward-looking valuation models and market indicators. The key fundamental economic inputs for these models are future inflation, economic growth, and interest rate environment. Due to the long-term nature of pension obligations, the investment horizon for the CMA 2014 is 20-30 years.

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions will be made based on actuarial determined amounts. Based on that assumption, the SAWSRP defined benefit component's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, in the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine Total Pension Liability.

The target allocation and best estimates of arithmetic real rates of return for each major asset class including inflation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
US Equity - Large Cap	60.00%	8.80%
Core Bond	40.00%	4.25%
Total	100.0%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Net Pension Liability, calculated using the discount rate of 6.75%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.00% lower, 5.75%, or 1.00% higher, 7.75%, than the current rate:

	1.00% Decrease 5.75%	Current Discount 6.75%	1.00% Increase 7.75%
Net Pension Liability - SAWSRP	$ 48,470	$ 23,676	$ 2,999

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

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

Schedule of Changes in Net Pension Liability and Related Ratios – The table presents the components used to calculate the NPL for the current reporting period.

Changes in the Net Pension Liability	
Total Pension Liability	
Service Cost	$ 5,204
Interest	11,709
Difference between expected and actual experience	(622)
Changes in assumptions	2,771
Benefit payments	(5,796)
Net change in TPL	$ 13,266
Total Pension Liability - Beginning	171,169
Total Pension Liability - Ending	$ 184,435
Plan Fiduciary Net Position	
Contributions - employer	$ 10,339
Contributions - employee	
Net investment income	15,695
Benefit payments	(5,796)
Net change in Plan Fiduciary Net Position	$ 20,238
Plan Fiduciary Net Position - Beginning	140,521
Plan Fiduciary Net Position - Ending	$ 160,759
Net Pension Liability	$ 23,676

The Net Pension Liability for the defined benefit component of the SAWSRP as of December 31, 2015 was measured as of January 1, 2015 and the Total Pension Liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

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.

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Summary

Pension Expense - For the year ended December 31, 2015, SAWS recognized pension expense under the TMRS and SAWSRP as follows:

Schedule of Pension Expense	
TMRS	$ 2,986
SAWSRP - Defined Benefit	6,493
SAWSRP - Defined Contribution	297
Total Pension Expense	$ 9,776

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At December 31, 2015, SAWS reported deferred outflows of resources and deferred inflows of resources related to TMRS and SAWSRP pension plans from the following sources:

	SAWSRP		TMRS		Combined	
	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in expected and actual experience	$ -	$ (497)	$ -	$ (1,384)	$ -	$ (1,881)
Changes of assumptions	2,216				2,216	
Net difference in projected and actual earnings on pension plan investments		(4,845)	1,578		1,578	(4,845)
Total	$ 2,216	$ (5,342)	$ 1,578	$ (1,384)	$ 3,794	$ (6,726)

	Net Deferred Outflows (Inflows) of Resources		
	SAWSRP	TMRS	Combined
2016	$ (781)	$ 62	$ (719)
2017	(781)	62	(719)
2018	(781)	62	(719)
2019	(783)	62	(721)
2020		(54)	(54)
Thereafter			
Total	$ (3,126)	$ 194	$ (2,932)

Contributions made after the measurement date of $11,843 will be recognized as a reduction of the Net Pension Liability for the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows or resources related to pensions will be recognized in pension expense.

Note 8 Pension and Retirement Plans (Continued)

CPS Energy

All Employee Plan

Plan Description - The City Public Service Energy Pension Plan (the Plan) is a self-administered, single-employer, defined-benefit contributory pension plan covering substantially all employees who have attained age 21 and completed one year 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 at www.cpsenergy.com or by contacting Benefit Trust Administration at CPS Energy. The Plan's financial statements include certain disclosures related to CPS Energy's net pension liability. However, because the financial reporting and pension measurement dates for the Plan and CPS Energy are not aligned, the Plan's disclosures will vary from information provided by CPS Energy in this footnote and in the accompanying RSI.

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 $20 for fiscal year 2016. These costs were recorded when paid.

Benefits Provided – Participants become fully vested in the benefits of the Plan upon attainment of age 40 or after completion of seven years of vesting service before age 40. Normal retirement is age 65; however, early retirement is available with 25 years of benefit service, as well as to those employees who are age 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. If early retirement occurs due to disability, the reductions in benefits normally associated with early retirement are modified.

Payments to retirees are adjusted each year by an amount equal to 50.00% of the change in the Consumer Price Index-U, limited to a maximum adjustment of 5.00% each year, with no reduction allowed below the retirees' initial benefit levels.

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Note 8 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

The following table presents information about Plan participants covered by the benefit terms. Participants providing the basis of the actuarial valuations used to calculate, as of the measurement date, the net pension liability for the fiscal year ended January 31, 2016:

Membership	January 31, 2016
Number of:	
Active members	3,273
Retirees and beneficiaries	2,076
Inactive members	121
Total	5,470

Contributions – The current policy of CPS Energy is to use an actuarial valuation as the basis for determining employer contributions to the Plan during the fiscal year beginning thirteen months after the valuation date. The January 1, 2014, valuation is the basis for contributions in fiscal year 2016. With recommendations from the Administrative Committee, CPS Energy establishes funding levels, considering annual actuarial valuations. Generally, participating employees contribute 5.00% of their total compensation, commencing with the effective date of participation and continuing until normal or early retirement, completion of 44 years of benefit service, or termination of employment. Participants who leave CPS Energy service before becoming eligible for retirement benefits receive a return of the total amount they contributed to the Plan, plus the vested portion of accumulated interest. Beginning January 1, 2012, the employee contribution interest crediting rate was 5.75%.

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 2016, 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 using the entry-age normal cost method.

Net Pension Liability – CPS Energy's net pension liability at January 31, 2016 was measured as of January 31, 2015. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of January 1, 2014, and rolled forward using generally accepted actuarial procedures to the January 31, 2015 measurement date.

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Note 8 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

Changes in Net Pension Liability		
		January 31, 2016
Total Pension Liability		
Service Cost	$	32,591
Interest		117,802
Change in Assumptions		38,296
Differences Between Expected and Actual Experience		(35,634)
Benefit Payments		(84,319)
Net Change in Total Pension Liability	$	68,736
Total Pension Liability - Beginning		1,584,060
Total Pension Liability - Ending	$	1,652,796
Plan Fiduciary Net Position		
Contributions - Employer	$	55,800
Contributions - Employee		12,140
Earnings on Plan Assets		85,520
Benefit Payments		(84,319)
Net Change in Plan Fiduciary Net Position	$	69,141
Plan Fiduciary Net Position - Beginning		1,317,300
Plan Fiduciary Net Position - Ending	$	1,386,441
Net Pension Liability - Ending	$	266,355

CPS Energy recorded $37,388 in pension expense for the year ended January 31, 2016.

Actuarial Assumptions – Significant actuarial assumptions used in the January 31, 2014, valuation include a rate of return on the investment of present and future assets of 7.50%, a discount rate on Plan liabilities of 7.50%, annual projected salary increases averaging 5.01% per year, and annual post-retirement cost-of-living increases of 1.50%. The projected salary increases include an inflation rate of 3.00%. Mortality rates were based on the RP-2000 Combined Healthy Annuitant Mortality Tables for Males or Females, as appropriate, projected using Scale BB. Significant changes to the January 1, 2014, valuation, compared to the January 1, 2013, valuation include a decrease in the rate of return on the investment of present and future assets from 7.75% and a decrease in the discount rate on Plan liabilities from 7.75%. Changes also include a decrease in projected salary increases from an average of 5.03% per year; a change in the mortality projection scale; and other demographic assumptions for projecting salary increases, participant marital status and retiree spouse age difference.

The actuarial assumptions used in the January 1, 2014, valuation for amounts reported in fiscal year 2016 were based on the results of an actuarial experience study completed in 2014 covering experience for the period January 1, 2009, through December 31, 2013. The January 1, 2013, valuation included actuarial assumptions that were based on an actuarial experience study completed in 2010 covering experience for the period June 1, 2004, through December 31, 2009.

Note 8 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

The long-term expected rate of return on Plan investments was determined based on a blend of historical performance data and future expectations for each major asset class, while also reflecting current capital market conditions, developed on a geometric basis. An economic simulation method was used in which best-estimate ranges of expected future rates of return (expected returns net of Plan investment expense) for each major asset class were combined using simulations that ensure the economic consistency of each individual trial, and then reduced by a factor representing inflation to produce long-term expected real rates of return for each major asset class. The assumed allocation and expected real rates of return for each major asset class are summarized in the following table:

	Assumed Asset Allocation	Expected Real Rate of Return
Asset Class:		
Domestic equity	55.20%	5.50%
International equity	10.70%	5.40%
U.S. government and corporate bonds	19.60%	1.00%
Real estate	10.50%	3.80%
Cash equivalents	4.00%	
Total Investments	100.00%	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that future employee contributions will be made at the current contribution rate and that future CPS Energy contributions will be made in a manner consistent with the current contribution practices. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of net pension liability calculation to a 1.00% increase and a 1.00% decrease in the discount rate used to measure the total pension liability.

	1.00% Decrease 6.50%	Current Discount 7.50%	1.00% Increase 8.50%
Net Pension Liability	$ 467,628	$ 266,355	$ 94,728

Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net position is available in separately issued Plan financial statements. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position for the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. Investments are stated at fair market value. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the Plan.

Note 8 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension – The following table presents information about the pension-related deferred outflows of resources and deferred inflows of resources for CPS Energy at January 31, 2016:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in expected and actual experience in the measurement of total pension liability	$ 14,376	$ (53,800)
Changes of assumptions	32,826	
Net difference in projected and actual earnings on pension plan investments		(21,206)
Total	$ 47,202	$ (75,006)

The following table presents the future amortization of pension-related deferred outflows of resources and deferred inflows of resources, excluding the balance attributable to the employer's contribution to the Plan in the current fiscal year and subsequent to the net pension liability measurement date. The deferred outflows of resources balance for such contribution amounts at the end of a fiscal period are recognized fully as adjustments to the net pension liability in the subsequent fiscal year.

Year Ended January 31,	Net Deferred Outflows (Inflows) of Resources
2017	$ (2,946)
2018	(15,194)
2019	(9,906)
2020	2,967
2021	(3,106)
Thereafter	381
Total	$ (27,804)

Subsequent to the measurement date and through fiscal year end 2016, the employer contributed $46,000 to the Plan.

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 Medicare eligible civilian and uniformed retirees 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.

Civilian and pre-October 1, 1989 uniformed retirees are covered under the City's post-employment benefit programs, which includes pre-Medicare eligible and post-Medicare eligible options. Retirees not covered by Medicare are covered under a program is comprised of two 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: 67.00% by the City and 33.00% 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 50.00% of the pay-as-you-go contributions to the program and the City will contribute the remaining 50.00%. The ability to participate in the program remains based on meeting retirement criteria for the TMRS Pension Plan.

Another post-employment retirement benefit program offered to 1,107 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 one of two Medicare Advantage PPO Plans or the Medicare Part D Drug Plan. Of the current 1,107 participating Medicare retirees and surviving spouses, 133 participate in a fully insured Medicare Advantage PPO Plus plan, 972 participate in a Medicare Advantage PPO plan, and two participate in the Medicare Part D Drug Plan.

As of September 30, 2016, there are 6,242 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, 2016, there were 402 retirees and surviving spouses participating in this program.

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 2016 to prefund benefits. For the fiscal year-ended September 30, 2016, total contributions were as follows:

Total Contributions	
City	$ 6,355
Retiree Premiums	1,605
Total Contributions	$ 7,960

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, 2016, 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 and will continue to monitor and review these programs to manage associated costs and liabilities.

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, 2016:

Assumptions	
Actuarial Valuation Date	10/1/2015
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	N/A
General Inflation Rate	2.00%
Actuarial Assumptions:	
Investment Rate of Return	3.00%
Projected Salary Increase	N/A
Healthcare Inflation Rate - Pre-Medicare	8.00% initial (2016)
Medical and Prescription	4.50% ultimate (2023)

Note 9 Post-employment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Below is the health care cost trend assumptions used for the City's October 1, 2015 actuarial study reviewed and updated for the fiscal year-ended September 30, 2016.

City's Health Care Cost Trend Assumptions	
Year	Medical & Prescription Drugs
2017	7.50%
2018	7.00%
2019	6.50%
2020	6.00%
2021	5.50%
2022	5.00%
2023+	4.50%

The City's retiree participation rate is estimated to be at 60.00%. 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.

For additional information, contact City of San Antonio Human Resource Department, Employee Benefit Division, at 111 Soledad, Suite 200, San Antonio, Texas, 78205.

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 regulations enacted by the Texas Legislature 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 Envision Pharmaceutical Services 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 and then stay constant through fiscal year 2016. 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 determined by the Health Fund's actuary. Since fiscal year 2012 the contribution rate has remained at 4.70%, and the related City's contribution rate has remained constant at 9.40% of the specified wage base.

As required by the state-mandated changes effective October 1, 2007, additional changes to the total contribution rate are required beginning October 1, 2017 if the amortization period is above 30 years in the actuarial valuation as of October 1, 2016. Upon determination that the amortization period is in excess of 30 years, both the City and the fire/police contribution rates would be increased by up to 10.00% each year until the Fund has an amortization period of 30 years. At the same time, there would be benefit reductions that would begin January 1, 2018, resulting from imposed increases of up to 10.00% each year in the maximum deductible and in the maximum out-of-pocket payments. To comply with the mandate, the Health Fund's actuary estimates a contribution rate change for fiscal year 2018, to increase to 5.17% for the participants and to 10.34% for the City, and end with an ultimate contribution rate of 5.53% by the participants and 11.07% by the City for fiscal year 2019 and thereafter.

The table below summarizes the actuary's determinations of the contribution amount for the three months ended December 31, 2015 (not expressed in thousands); based on an actuarial valuation date of October 1, 2015:

Biweekly Contributions:		
Active Fire and Police Member	$	131.01
City for Each Active Fire and Police Member	$	262.02
Monthly Contributions:		
Retirees with less than 30 years of service	$	283.86
Dependent Children	$	430.83

Total contributions by active firefighters and police officers were $3,511 for the three months ended December 31, 2015.

Membership in the Plan consisted of the following at December 31, 2015 (not expressed in thousands):

Retirees and Beneficiaries Receiving Benefits	3,351
Active Plan Members	3,814
Total Membership	7,165

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. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. A NPO in the amount of $73,804 is outstanding as of September 30, 2016. 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	10/1/2015
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Projected Payroll, Open
Amortization Period	30 Years
Asset Valuation Method	Market Value Smoothed by a 5 year Deferred Recognition Method with a 80.00%/120.00% Corridor on Market
Actuarial Assumptions:	
Investment Rate of Return, Net of Expense	7.25%
Annual Inflation Rate	3.00%
Projected Annual Salary Increases	3.00% to 13.50%
Annual Claims Cost Rate Trend	6.00% effective October 1, 2016 declining to 4.50% effective October 1, 2019
Annual Payroll Growth Rate	3.00%

For additional information, contact Fire and Police Retiree Health Care Fund, at 11603 W. Coker Loop, Suite 130, San Antonio, Texas, 78216.

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 Group Health Plan (Health Plan) – a defined-benefit contributory group health plan that provides health, dental and vision benefits.
- City Public Service Group Life Insurance Plan (Life Plan) – a defined-benefit contributory plan that provides life insurance benefits.
- City Public Service Group Disability Plan (Disability Plan) – a defined-benefit 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 the 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 the 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 $245,304 at December 31, 2015. The Life Plan's net position was $47,021 at December 31, 2015. The Disability Plan's net position was $3,929 at December 31, 2015.

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 thirteen months after the valuation date. The January 1, 2014 valuation was the basis for contributions in fiscal year 2016.

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 2.25% 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 $6,804 in fiscal year 2016 for their health insurance benefits. CPS Energy's contributions in relation to the ARC were 11.50% of covered payroll in fiscal year 2016.

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 $927 for fiscal year 2016. 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 2.25% 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 $294 in fiscal year 2016 for their life insurance benefits. CPS Energy made no contribution in relation to the ARC in fiscal year 2016.

Beginning February 1, 2014, the Disability Plan is funded by a combination of employee and employer contributions. Active employee contribution rates are determined by CPS Energy and may be adjusted on an annual basis. CPS Energy's contributions are determined on a discretionary basis and are generally based on the actuarial valuation calculations. Retired employees are not eligible to participate and therefore do not contribute to the Disability Plan. Prior to fiscal year 2015, the Disability Plan was funded completely by CPS Energy. CPS Energy's contributions in relation to the ARC were 0.10% of covered payroll in fiscal year 2016.

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 $13,655 for fiscal year 2016. 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 plan members to that point. The actuarial methods and assumptions used include techniques that are 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 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, 2014 actuarial valuation included (a) a rate of return on the investment of present and future assets of 7.50% for the Health, Life and Disability Plans, (b) a Consumer Price Index increase of 3.00% per year for the Life and Disability Plan, (c) projected annual base salary increases for the Health Plan ranging from 4.00% to 9.50% depending on age and projected annual salary increases of 5.01% for the Life and Disability Plans, and (d) overall medical and prescription cost increases projected at 7.50% for 2014, decreasing annually to 5.50% in 2019 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.

During 2013 and 2014, the SAWS Board of Trustees approved two changes to the OPEB plan that are expected to significantly reduce the costs of these retiree benefits. Employees hired after December 31, 2013 will not be eligible for any subsidized medical benefits upon retirement from SAWS. They may participate in the plan if they meet other eligibility requirements but will be required to pay the full cost of those benefits. Additionally, beginning in 2015 all Medicare eligible retirees and their dependents will be required to enroll in a fully-insured Medicare Advantage plan sponsored by SAWS. An updated actuarial valuation of the plan was performed as of January 1, 2014 and reflects the impact of these changes to the plan.

The following is the participant summary as of January 1, 2014 (the most recent actuarial valuation date, not expressed in thousands):

Active employees	1,502
Retired employees	774
Total	2,276

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.

For the year-ended December 31, 2015, plan members receiving benefits contributed $672. In addition to the $7,500 contributed to the OPEB Trust in 2015, SAWS contributed the remainder of the pay-as-you-go cost of $6,261 for a total OPEB contribution of $14,433.

Note 9 Post-employment Retirement Benefits (Continued)

San Antonio Water System (SAWS) (Continued)

Annual OPEB Cost and Net OPEB Obligation – For the year ended December 31, 2015, SAWS' annual OPEB cost is calculated based on the ARC.

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

SAWS does not issue a separate financial report for its OPEB plan.

In the January 1, 2014 actuarial valuation, the projected unit credit funding method was used. The investment return assumption used in the calculation of the Actuarial Accrued Liability (AAL) was 4.75%, 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 Annual Required Contribution (ARC) over the years. There is not an inflation rate projected for this actuarial valuation. As of December 31, 2015, the Unfunded Actuarial Accrued Liability (UAAL) is being amortized as a level dollar amount over a 20 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	Medical Trend
2014	7.50%
2015	7.25%
2016	7.00%
2017	6.75%
2018	6.50%
2019	6.25%
2020	6.17%
2025	5.84%
2030	5.97%
2035	5.86%
2040	5.33%
2050	5.03%
2060	4.87%
2070	4.75%
Ultimate - 2084	4.24%

Note 9 Post-employment Retirement Benefits (Continued)

Funded Status and Funding Progress

Three-Year Trend Information

The City's, CPS Energy's and SAWS's 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	2014	$ 34,217	$ 4,634	$ (7,880)	$ 30,971	$ (5,797)	$ 25,174	$ 154,455	$ 179,629	18.72%
	2015	36,215	5,389	(9,165)	32,439	(7,190)	25,249	179,629	204,878	22.16%
	2016	29,400	6,146	(10,148)	25,398	(6,355)	19,043	204,878	223,921	25.02%
Fire and Police Retiree Health Care Fund[2, 3]	2014	$ 31,325	$ 3,723	$ (2,543)	$ 32,505	$ (26,343)	$ 6,162	$ 46,538	$ 52,700	81.04%
	2015	34,024	3,953	(2,886)	35,091	(26,183)	8,908	52,700	61,608	74.61%
	2016	36,867	4,621	(3,374)	38,114	(25,918)	12,196	61,608	73,804	68.00%
CPS - Health Plan[1]	2014	$ 6,382	$ (1,233)	$ 1,476	$ 6,625	$ (1,106)	$ 5,519	$ (15,906)	$ (10,387)	16.69%
	2015	8,216	(805)	963	8,374	(3,200)	5,174	(10,387)	(5,213)	38.21%
	2016	12,816	(391)	476	12,901	(27,800)	(14,899)	(5,213)	(20,112)	215.49%
CPS - Life Plan[1]	2014	$ 99	$ (70)	$ 86	$ 115	$ (99)	$ 16	$ (927)	$ (911)	86.09%
	2015	227	(71)	85	241	-	241	(911)	(670)	0.00%
	2016	561	(50)	61	572	-	572	(670)	(98)	0.00%
CPS - Disability Plan[1]	2014	$ 205	$ (79)	$ 95	$ 221	$ (257)	$ (36)	$ (1,026)	$ (1,062)	116.29%
	2015	176	(82)	99	193	(175)	18	(1,062)	(1,044)	90.67%
	2016	164	(78)	96	182	(175)	7	(1,044)	(1,037)	96.15%
SAWS - OPEB[2]	2013	$ 21,869	$ 3,776	$ (5,025)	$ 20,620	$ (12,465)	8,155	$ 79,493	$ 87,648	60.45%
	2014	12,978	4,163	(6,885)	10,256	(14,170)	(3,914)	87,648	83,734	138.16%
	2015	12,978	3,977	(6,578)	10,377	(13,761)	(3,384)	83,734	80,350	132.61%

[1] Fiscal year-ended January 31, 2016

[2] Fiscal year-ended December 31, 2015

[3] Actuarial reports have not been completed by City's release date of the audit. The balance of the net OPEB from fiscal year 2015 and 2016 is based on the 2015 actuarial report.

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)	$ -	$ 337,191	$ 19,259	$ 242,994	$ 45,928	$ 4,516
Actuarial accrued liability (b)	270,465	799,275	139,574	280,655	43,544	4,960
Unfunded actuarial accrued liability (funding excess) (b) - (a)	$ 270,465	$ 462,084	$ 120,315	$ 37,661	$ (2,384)	$ 444
Funded ratio (a) / (b)	0.00%	42.19%	13.80%	86.58%	105.47%	91.15%
Covered payroll (c)	$ 334,689	$ 285,773	$ 88,895	$ 242,652	$ 218,939	$ 218,939
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(b) - (a)] / (c))	80.81%	161.70%	135.35%	15.52%	(1.09%)	0.20%

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, on June 8, 2012, the U.S. Court of Appeals for the District of Columbia Circuit (Court) found that some aspects of the Waste Confidence Decision and Rule did not satisfy the NRC's National Environmental Protection Act obligations and vacated the Decision and Rule. The Waste Confidence Decision and Rule represent the determination by the NRC that spent nuclear fuel can be stored safely and without significant environmental impact for a period of time after the end of the licensed life of a nuclear power plant. In response to the Court's decision, in August 2012 the NRC suspended all licensing activities that rely on the Waste Confidence Decision and Rule and created a Waste Confidence Directorate within the Office of Nuclear Material Safety and Safeguards to oversee the drafting of a new Waste Confidence Rule and a supporting Generic Environmental Impact Statement (GEIS) within 24 months.

On August 26, 2014, the NRC approved the GEIS and final rule (renamed the Continued Storage rule). In a separate order, the NRC approved lifting the licensing suspension once the Continued Storage rule became effective, which was effective on October 20, 2014. On September 29, 2014, interveners filed a petition to suspend the new rule with the Atomic Safety and Licensing Board (ASLB) and a proposed contention opposing the NRC's action. This petition, proposed contention, and motion to reopen were rejected by the NRC on February 26, 2015. The interveners subsequently submitted two more petitions concerning environmental issues and the Continued Storage Rule. In April 2015 and May 2015, respectively, the NRC denied and deemed inadmissible the petitions filed by the interveners. In late October 2014, the states of New York, Vermont and Connecticut filed a timely petition for review of the Continued Storage rule by the U.S. Court of Appeals for the District of Columbia Circuit. These petitions were subsequently consolidated into a single proceeding for the court to consider. The NRC issued further guidance in February 2015 determining the Atomic Energy Act does not require a waste confidence safety filing and declined to suspend final licensing decisions. Barring further action by the Court, CPS Energy expects that STPNOC's license renewal applications for STP Units 1 and 2 will be approved in the latter part of 2016 or early 2017. Upon approval of these applications, it is expected that STP Units 1 and 2 will each be licensed for a total of 60 years of operation.

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

Joint Operations (Continued)

Under the Nuclear Waste Policy Act (NWPA), the DOE (Department of Energy) has an obligation to provide for the permanent disposal of high-level radioactive waste, which includes used nuclear fuel at U.S. commercial nuclear power plants such as STP. To fund that obligation, all owners or operators of commercial nuclear power plants entered into a standard contract under which the owners paid a fee to the DOE based on the amount of electricity generated and sold from the power plant, along with additional assessments. In exchange for collecting this fee and the assessments, the DOE undertook the obligation to develop a high-level waste repository for safe, long-term storage of the fuel and, no later than January 31, 1998, to transport and dispose of the used fuel. To date, no high-level waste repository has been licensed to accept used fuel. NARUC challenged further collection of this fee; and on November 19, 2013, the Court ruled in favor of NARUC and ordered the DOE to submit to the U.S. Congress a proposal to reduce the fee to zero until certain conditions are met. While the reporting to the DOE of used nuclear fuel volumes will continue, effective May 16, 2014, the rate was reduced to zero.

Multiple cases have been filed in the U.S. Court of Federal Claims by the existing owners or operators of nuclear facilities against the DOE related to its failure to meet its obligations under the NWPA. The owners/operators were seeking damages related to ongoing used nuclear fuel storage costs incurred because the DOE did not meet its obligation. On August 31, 2000, in Maine Yankee Atomic Power Company, et. al. v. United States, the United States Court of Appeals for the Federal Circuit affirmed that the 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 terms of the agreement called for the DOE to reimburse for certain costs incurred through December 2013. In 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 through December 2016. The settlement extension was executed on January 24, 2014, and extends the term of the Spent Fuel Settlement Agreement with the DOE through December 31, 2016.

Until the DOE is able to fulfill its responsibilities under the NWPA, the NWPA has provisions directing the NRC to create procedures to provide for interim storage of used nuclear fuel at the site of a commercial nuclear reactor. Pursuant to STPNOC's analysis of NRC guidance, STPNOC has started the process of planning, licensing, and building an on-site independent spent fuel storage installation ("ISFSI"; also known as "Dry Cask Storage") with an expectation that the ISFSI will be operational in 2017.

Ongoing costs for the spent fuel management project are being funded by the STP owners as expenditures are incurred. CPS Energy requests reimbursement periodically from its Decommissioning Trusts for CPS Energy's portion of allowable costs. Annually, STPNOC submits claims to the DOE for the reimbursement of allowable costs for spent fuel management. Allowable costs are returned by STP to the owners upon receipt of funds from the DOE. Upon receipt, CPS Energy reimburses the Trusts for the settlement amount received from the DOE. Qualifying spent fuel management costs not reimbursable by the DOE are funded by the Trusts. Any costs not reimbursable by the DOE or the Trusts are recorded as an STP O&M expense or capital costs.

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

Joint Operations (Continued)

Beginning in 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 ("UTF") as the reason for the reduction. This issue does not represent a safety or other long-term operational concern for STP.

During the spring 2015 Unit 2 refueling and maintenance outage, a new feedwater flow measurement system and venturi system were installed. Following the outage, Unit 2's electrical generation remained at a reduced level. STPNOC worked with an independent consultant and the vendor to analyze the generation issue in Unit 2. The UTF system and venturi flow system were replaced in Unit 1 as part of the fall 2015 refueling and maintenance outage. Like Unit 2, the electric output in Unit 1 remained at a reduced level following the outage. While STP continues to make minor adjustments, these changes have not completely restored the reduced generation.

Unit 1 Project – On November 18, 2015, STP Unit 1 Shutdown Bank Control Rod D6 was determined to be inoperable following a scheduled refueling and maintenance outage. Following extensive analyses to ensure safe operation of the unit, on December 3, 2015, STPNOC submitted an Emergency License Amendment Request to the NRC seeking authorization to operate STP Unit 1 during the next 18-month operating cycle with 56 full-length control rods instead of 57. The NRC approved the license amendment on December 11, 2015. The approved license amendment supports the safe operation of STP Unit 1 with Control Rod D6 and the associated control rod drive shaft removed. On April 7, 2016, STPNOC submitted to the NRC a license amendment request to allow for the continued operation of STP Unit 1 in this configuration.

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 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 50.0% to 7.6%, while NINA retained 92.4% ownership. CPS Energy is not liable for any project development costs incurred after January 31, 2010. 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. CPS Energy has received the entire $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 Fukushima Daiichi nuclear units damaged in the March 11, 2011 earthquake and resulting tsunami. 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.

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 delayed by five months, resulting in a revised target date of September 30, 2015, for the release of the final Safety Evaluation Report.

In May 2014, Toshiba Corporation (Toshiba) announced that it had taken a partial write down of the value of its ownership in NINA of about $300,000 for its fiscal year ended March 31, 2014. TANE continued to provide funding to NINA for licensing efforts for STP Units 3 and 4.

On September 29, 2015, the NRC issued its Final Safety Evaluation Report for the Combined Licenses for the proposed STP Units 3 and 4. The report concludes there are no safety aspects that would preclude issuing licenses for construction and operation of the proposed reactors at the site. The Mandatory Hearings took place on November 19, 2015, when the NRC staff provided the Final Safety Evaluation Report and Final Environmental Impact Statement on the application to the Commission. On February 9, 2016, the NRC commissioners authorized issuance of the combined licenses (COL) for STP Units 3 and 4.

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

Joint Operations (Continued)

Annually, CPS Energy performs 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. Despite the project having secured the NRC's authorization for the issuance of the COL, in January 2016 CPS Energy reached the conclusion that as a result of sustained changes in a number of environmental and economic factors directly affecting the projected economic feasibility of completing construction of STP Units 3 and 4, the project had experienced a permanent impairment. CPS Energy determined it was appropriate to write off the entire $391,417 investment in STP Units 3 and 4. The impairment loss was recorded as an extraordinary item on CPS Energy's Statements of Revenues, Expenses, and Changes in Net Position for the period ended January 31, 2016. This noncash transaction did not impact CPS Energy's debt service coverage ratio; however, there was a resulting increase from 61.1% to 63.7% in the debt to debt and net position ratio at January 31, 2016. Going forward, CPS Energy continues to retain a legal interest in the project. 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 $121,255, subject to adjustment for inflation, for the number of operating nuclear units and for each licensed reactor, payable at $18,963 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 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 Nuclear Liability 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.

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

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.

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 management accounts so that they were not commingled with funds allocable to preshutdown or postshutdown 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 2016. CPS Energy made contributions of $1,800 in fiscal year 2016 to fund preshutdown decommissioning costs for its 28% ownership in STP. 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, 2015.

As of December 31, 2015, CPS Energy had accumulated approximately $389,414 in the 28% Trust. Total funds are allocated to decommissioning costs, preshutdown decommissioning costs, spent fuel management and site restoration. Based on the most recent annual calculation of financial assurance required by the NRC as of December 31, 2014, the 28% Trust funds allocated to decommissioning costs totaled $241,640, which exceeded the calculated financial assurance amount of $185,288.

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

Nuclear Decommissioning (Continued)

The May 2013 cost study estimated decommissioning costs for the 12% ownership in STP Units 1 and 2 at $268,927 in 2012 dollars. As of December 31, 2015, approximately $142,056 had been accumulated in the 12% Trust. Total funds are allocated to decommissioning costs, spent fuel management and site restoration. Based on the most recent annual calculation of financial assurance required by the NRC as of December 31, 2014, the 12% Trust funds allocated to decommissioning costs totaled $93,335, which exceeded the calculated financial assurance amount of $79,409.

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, a zero net position approach is applied 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.

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 $19,800 were made in STP's fiscal year 2015 of which $4,700 related to the 2015 plan year, while $15,100 related to the 2014 plan year. No other contributions are required for plan years 2014 and 2015.

STPNOC also maintains a defined-benefit postretirement plan that provides medical, dental and life insurance benefits for substantially all non-bargaining 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. As of May 1, 2014, STPNOC members of the International Brotherhood of Electrical Workers ("IBEW") Local 66 voted to transition from STPNOC's medical plan to the National Electrical Contractors Association ("NECA") Family Medical Care Plan, a Taft-Hartley multi-employer health and welfare plan. STPNOC pays monthly premiums for the benefits, to be partially funded by IBEW employees.

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

STP Pension Plan and Other Postretirement Benefits (Continued)

Employees whose eligible compensation exceeds the limitations established under the 1974 Employee Retirement Income Security Act, $265 for 2015, 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.

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 $2,267 for CPS Energy's fiscal year 2016 and is reflected as an increase on the Statement of Activities.

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

STP Pension Plan and Other Postretirement Benefits (Continued)

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.

	Pension Benefits	Other Benefits
Change in Benefit Obligation:		
Benefit Obligation - Beginning	$ 518,817	$ 68,118
Service Cost	11,769	3,804
Interest Cost	21,948	2,526
Plan Changes	(10,777)	(13,399)
Actuarial Loss	(23,560)	4,912
Benefits Paid	(12,174)	(3,767)
Curtailments		(2,037)
Benefit Obligation - Ending	$ 506,023	$ 60,157
Change in Plan Assets:		
Fair Value of Plan Assets - Beginning	$ 358,589	$ -
Actual Return on Plan Assets	(4,259)	
Employer Contributions	19,800	3,767
Reclassification of assets		
Benefits Paid	(12,174)	(3,767)
Fair Value of Plan Assets - Ending	$ 361,956	$ -
Funded Status - Ending	$ (144,067)	$ (60,157)
Unrecognized Net Actuarial Loss	175,993	60,235
Unrecognized Prior Service Cost	(10,513)	(99,234)
Cumulative difference between recognized and unrecognized net expense and funding	$ 21,413	$ (99,156)
Weighted-Average Assumptions used to determine benefit obligation		
Discount Rate	4.4%	4.3%
Expected Return on Plan Assets	7.5%	N/A
Rate of Compensation Increase - Bargained	3.0%	3.0%
Rate of Compensation Increase - Non-bargained	2.0%	2.0%
Weighted-Average Assumptions used to determine pension and other benefits expense		
Discount Rate	4.3%	4.1%-4.5%
Expected Return on Plan Assets	7.8%	N/A
Rate of Compensation Increase	3.0%	3.0%

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, 2016. Grant funding received from federal, state, and other governmental agencies but not yet earned as of September 30, 2016 was $46,864.

Capital Improvement Program

The City will be undertaking various capital improvements during fiscal year 2017. The estimated cost of these improvements is $585,305, which consist of the following:

Function/Program	2017
General Government	
Information Technology	$ 39,739
Municipal Facilities	79,148
Total General Government	$ 118,887
Public Health & Safety	
Drainage	$ 59,671
Fire Protection	13,116
Law Enforcement	1,409
Total Public Health & Safety	$ 74,196
Recreation & Culture	
Libraries	$ 1,124
Parks	72,512
Total Recreation & Culture	$ 73,636
Transportation	
Air Transportation	$ 133,906
Street	184,680
Total Transportation	$ 318,586
Total Capital Plan	$ 585,305

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 $18,556. 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.

Shavonda Bailey, et al v. City of San Antonio, et al Plaintiffs allege that San Antonio Police Department (SAPD) 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 USC §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. The City was dismissed from this case on May 5, 2015; the case is proceeding with respect to Defendant Officers.

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 has not been 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 has not been set for trial.

Scott Mathews 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. Plaintiff is seeking damages in an amount of at least $1,000. The City has been dismissed from this lawsuit; the case is proceeding against the Defendant Officers. The case has not been set for trial.

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. 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. The City's Plea to Jurisdiction was denied. The City has filed an interlocutory appeal to the fourth Court of Appeals.

Estate of Jesse Aguirre, Deceased, et al v. City of San Antonio, et al Plaintiffs filed suit alleging that after handcuffing Plaintiffs' decedent, SAPD officers flipped him over a barricade, knocking him unconscious. Attempts to revive decedent were unsuccessful, resulting in his death while in custody. Plaintiffs filed suit alleging violations of the TTCA and 42 USC §1983. This case was recently filed and has not been set for trial. Damages could be in excess of $250.

David Brian Ricks v. City of San Antonio, et al Plaintiff was arrested for public intoxication. He alleges that SAPD Officers used excessive force during his arrest, causing severe bodily injuries. Plaintiff sued pursuant to 42 USC §1983. This case was recently filed and discovery is ongoing. Damages could be in excess of $250.

Estate of Norman Cooper, et al v. City of San Antonio, et al SAPD officers were called to a residence on a report of domestic violence. At the scene, decedent was tased on two separate occasions. Decedent later collapsed and died. Decedent's estate and family members have filed suit against the City and named officers alleging use of excessive force in violation of 42 USC §1983. Plaintiffs seek damages in excess of $250. This case has recently been filed and no trial date has been set.

Estate of Hector Alfredo Aragon, et al v. City of San Antonio et al Aragon's ex-girlfriend requested and was driven home by an undercover police officer. On arrival, Aragon was seen waiting in the parking lot and opened fire on the police officer and his ex-girlfriend, striking her. The SAPD officer left the scene with the girlfriend, with Aragon in pursuit. The ex-girlfriend, concerned that her child with Aragon was at his house, asked the SAPD officer to continue to that location to assure the child's safety. On arrival at his residence, Aragon moved aggressively towards the officer, who shot and killed him. Plaintiffs initially sued both the City and the SAPD officer, but only served the City. The City has been dismissed from the suit. The Plaintiffs have now obtained service on the SAPD officer. Plaintiffs seek damages in excess of $250. This case is not currently set for trial.

Diane Jackson v. City of San Antonio Plaintiff alleges that she was rear-ended by an SAPD patrol vehicle. She claims personal injuries to her neck, mid-back and lower back, as well as property damage. While Plaintiff's past medical expenses are low, she now claims future medical damages approaching $200. This case is set for trial April 3, 2017.

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation (Continued)

Elena Scott, Individually and as Representative of the Estate of Antronie Scott v City of San Antonio, et al An SAPD officer was attempting to execute an arrest warrant when Plaintiff's decedent exited his vehicle with an object the officer believed was a weapon. The office discharged his service weapon, fatally wounding decedent. Plaintiff has filed suit under 42 USC § 1983 alleging use of excessive force. These two matters have been consolidated. Discovery is on-going and the matter has not been set for trial.

Rogelio Carlos III, et. al. v Carlos Chavez, et. al SWAT officers were assisting High Intensity Drug Trafficking Area (HIDTA) in searching for a fleeing suspect. Plaintiff was misidentified by the HIDTA officer as being the suspect. HIDTA officer engaged and attempted to physically apprehend Plaintiff and was assisted by SAPD SWAT officers. Plaintiff suffered minor injuries as a result of the arrest, although he later complained of neck and shoulder/arm pain. Several months after the incident, Plaintiff underwent surgery, during which procedure, Plaintiff was paralyzed. Plaintiff has filed suit against the City and various officers under 42 USC §1983. Discovery is on-going. This case has not been set for trial.

Neka Scarborough Jenkins v. City of San Antonio. Plaintiff's decedent was driving northbound on Blanco Road and attempted to turn left onto Lockhill Selma at a controlled traffic signal. Plaintiff contends that the traffic signal for her lane of traffic was facing the wrong direction. While making the turn, decedent was struck by an oncoming vehicle and was killed. Plaintiff claims the City of San Antonio had prior notice but failed to correct the issue within a reasonable period of time. Plaintiff also claims the investigation revealed the light was placed too low and was not at the correct height for a traffic signal. This is fairly new litigation and is brought under the Texas Tort Claims Act. Facts and damage have not been vetted through the discovery process at the time of the Audit Letter. Under Texas Tort Claims Act, damages are capped at $250.

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Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

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, 2016 was $11,343 for Governmental Activities and $47,962 for Business-Type Activities, which consisted of $40,188 for the Airport System, $111 for Solid Waste Management and $7,663 for Nonmajor Enterprise. As of September 30, 2016, the leases provide for the following future minimum rentals:

Leases Revenues					
	Governmental Activities	Airport System	Solid Waste Management	Nonmajor Enterprise	Total
Fiscal year-ending September 30					
2017	$ 13,056	$ 40,363	$ 100	$ 7,298	$ 60,817
2018	13,556	16,060	100	3,709	33,425
2019	12,978	14,734	100	3,201	31,013
2020	11,846	12,634	100	2,913	27,493
2021	12,131	11,202	100	2,073	25,506
2022-2026	55,776	54,009	500	4,477	114,762
2027-2031	23,103	18,217	400	1,592	43,312
2032-2036	3,364	4,733		232	8,329
2037-2041	1,908	1,233		179	3,320
2042-After	22,053			117	22,170
Future Minimum Lease Rental	$ 169,771	$ 173,185	$ 1,400	$ 25,791	$ 370,147

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, 2016 resulted in an estimated postclosure care liability for the Nelson Gardens Landfill of $1,219. This represents an increase of $161 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 postclosure maintenance costs assumed by the third party.

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

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. In relation to new and modification permits for closed landfills from TCEQ, the City has an obligation to provide financial assurance of the postclosure cost estimates for landfills. 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.

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, 2016, the City has no arbitrage liability for its governmental or proprietary funds.

Collective Bargaining Agreements

On September 1, 2016 the City Council adopted a new collective bargaining agreement with the San Antonio Police Officers' Association (SAPOA) that provided all officers pay increases while having officers contribute to the cost of providing healthcare for their families. All officers would receive a 17.0% wage increase over five years, including a 3.0% lump sum in year one, 3.0% increases in years two through four and a 5.0% increase in year five. There would be no retroactive pay for the two years officers have gone without a wage increase since the original contract term expired in 2014. Additionally the Evergreen Clause of the contract was reduced from 10 years to eight, with a condition that employee monthly contributions to healthcare premiums will continue to increase 10.0% over the prior year's contribution for every year during the life of the agreement, including during the evergreen period. The parties also have agreed to eliminate the City's $1,500 annual contribution to a legal fund, but only if a similar agreement is reached between the City and the Fire Local 624 (IAFF).

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.

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Leases

Capital Leases – CPS Energy was not a contracted party to any capital leases for fiscal year 2016.

Operating Leases – In fiscal year 2014, CPS Energy entered into an agreement to sell 69 of its communication towers to an independent third party. Title to 62 of the towers was conveyed to the purchaser in January 2014. (Towers count is not expressed in thousands). Resolution of easement issues related to the remaining sites was concluded in February 2016, resulting in the transfer of title to the purchaser for five additional towers. Additionally, new licensing agreements were entered into between CPS Energy and the purchaser for CPS Energy's ongoing use of the towers and the purchaser's use of CPS Energy's communication buildings for a period of 40 years, with three five-year options by the purchaser to extend the agreement.

In accordance with lease guidance provided in GASB Statement No. 62, leases related to the communication towers sale, both with CPS Energy as lessor and as lessee, have been classified as operating leases. Future minimum lease payment information provided on the following page includes lease revenue and lease expense to be recognized as a result of the following lease components of the communication towers sale.

- **Lease of Tower Space for CPS Energy Communication Equipment –** The parties to the sale transaction agreed that no cash would be paid by CPS Energy for the space it leased on the communication towers for the 40-year term of the lease agreement. As a result, the total sale transaction proceeds received from the purchaser were reduced by an amount representing an advance payment to the purchaser of the net present value of the estimated total lease obligation. This value represents a prepaid lease expense to CPS Energy benefitting a period of time equal to the 40-year term of the leases. In accordance with GASB Statement No. 62, the value of this prepaid lease obligation for space on the 62 towers (not in thousands) was recorded at fair value and totaled $18,705, which will be amortized to lease expense over a 40-year term. The prepaid lease obligation related to each of the remaining seven towers will be recorded at closing and title conveyance for each respective tower sale.

- **Lease of Communication Building Space –**The parties agreed that no cash would be paid by the purchaser for the space it leased in CPS Energy's communication buildings for the term of the lease agreement. As a result, the total sale transaction proceeds received from the purchaser included an additional amount representing an advance payment by the purchaser of the net present value of the estimated total lease obligation. This value represents unearned lease revenue to CPS Energy generated over a period of time equal to the 40-year term of the leases. In accordance with GASB Statement No. 62, the value of this unearned lease revenue for space in the 62 communication buildings (not in thousands) was recorded at fair value and totaled $6,336, which will be amortized to nonoperating income over the 40-year term. The unearned lease revenue related to each of the remaining seven communication buildings will be recorded at closing and title conveyance for each respective tower sale.

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Leases (Continued)

Additionally, the communication towers sale transaction included an assignment of existing operating lease agreements with tenants who had equipment located on the towers. At the time of sale, there were approximately 127 lease agreements outstanding (not in thousands), with CPS Energy as lessor for space on the towers and in CPS Energy's communication buildings, having remaining terms varying from fewer than two years to ten years. With the sale of the towers, these leases were assigned to the purchaser, and the right to collect future cash flows from the leases was conveyed. The estimated net present value of these cash flows, including annual escalations based on estimate future Consumer Price Indices, total approximately $6,500 for the 62 towers conveyed in the initial closing plus an additional $463 for the seven towers to be subsequently conveyed. Proceeds to CPS Energy from the tower sale transaction included a purchase price for these leases, which was recorded as a deferred inflow of resources totaling $6,500 in accordance with guidance provided in GASB Statement 65. As of January 31, 2016, the balance of unearned revenue reported as deferred inflow of resources was $4,507. Revenue from the sale of future revenues related to these leases will be recognized over the term of the original leases in accordance with guidance provided in GASB Statement No. 48, *Sales and Pledges of Receivable and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues.* Additional deferred inflows of resources for the assignment to the purchaser of any leases related to each of the remaining seven towers will be recorded at closing and title conveyance for each respective tower sale.

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, as well as the communication towers space, include an escalation in the monthly payment amount after the first year of each lease.

The future minimum lease payments to be made by CPS Energy for noncancelable operating leases with terms in excess of one year are as follows:

Year Ended January 31,	Operating Lease Payments
2017	$ 9,918
2018	7,219
2019	3,222
2020	1,421
2021	1,430
Later years	75,798
Total future minimum lease payments	$ 99,008

CPS Energy's minimum lease payments for all operating leases for which CPS Energy was the lessee amounted to $10,342 in fiscal year 2016. There was $132 in contingent lease payments in fiscal year 2016.

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Leases (Continued)

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 and transmission towers. 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 transmission towers contain provisions 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 provisions 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 are as follows:

Year Ended January 31,	Operating Lease Receipts
2017	$ 1,067
2018	888
2019	673
2020	556
2021	545
Later years	25,995
Total future minimum lease receipts	$ 29,724

CPS Energy's minimum lease receipts for all operating leases for which CPS Energy was the lessor amounted to $7,278 in fiscal year 2016. Contingent lease receipts amounted to $33 for fiscal year 2016. There were no sublease receipts in fiscal year 2016.

Other

Purchase and construction commitments approximated $7,261,956 at January 31, 2016. This amount includes construction commitments, provisions for coal purchases through December 2021, coal transportation through December 2018 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 2038, solar power through 2042, landfill power through 2029, and raw uranium associated with STP fabrication and conversion services needed for refueling through May 2026.

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

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, including low and non-carbon emitting sources. To be sustainable, CPS Energy has to balance its financial viability, environmental commitments and social responsibility as a community-owned provider.

In fiscal year 2008, CPS Energy entered into a Natural Gas Supply Agreement with SAEAPFC to purchase, to the extent of its gas utility requirements, all natural gas to be delivered under a Prepaid Natural Gas Sales Agreement. Under the Prepaid Natural Gas Sales Agreement between SAEAPFC and a third-party gas supplier, SAEAPFC has prepaid the cost of a specified supply of natural gas to be delivered over 20 years. On February 25, 2013, SAEAPFC 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, SAEAPFC 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 SAEAPFC 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 benefitted from the accelerated savings beginning March 1, 2013 through June 30, 2015. Although this accelerated savings period has ended, the remainder of the transaction remains intact through 2027.

CPS Energy's 20-year commitment under the Natural Gas Supply Agreement is included in the aforementioned purchase and construction commitments amount.

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 $6,323 ($4,284 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 $12,646 by September 2022, BDA's and CPS Energy's committed investments each will be reduced equally. To date, $11,164 has been invested in capital renewals and upgrades and BDA has met its $4,284 obligation, net of annual interest.

In September 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, 2016 was $6,500 from funds currently allocated to research and development. Future funding will be developed by the scope of the projects defined by the partnership and subject to annual approval by the Board. Projects will be designed to produce clear value to CPS Energy and its customers.

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

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. In addition to long-standing wholesale power relationships with the cities of Castroville, Floresville and Hondo, CPS Energy currently has agreements to provide either full or partial requirements to seven additional public power entities. These agreements have varying terms expiring between 2016 and 2023. The volumes committed under these agreements represent approximately 5.0% to 7.0% of current capacity. CPS Energy regularly monitors the market values of these transactions to manage contract provisions with the counterparties.

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 $7,261,956):

- 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 140,000 homes and businesses (not reported in thousands) 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 premises. 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. Through January 31, 2016, approximately 22,000 Home Manager systems (not reported in thousands) were actively installed.

- CPS Energy is in the process of replacing 25 San Antonio street lights with light-emitting diode (LED) street lights. The lights were 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, thereby reducing maintenance costs. Approximately $2,200 of the deployment costs will be funded through STEP, with the remainder funded by the City. Through January 31, 2016, approximately 24,000 LED streetlights (not reported in thousands) have been installed. On June 2, 2016, City Council approved an ordinance authorizing retrofit of approximately 30,000 LED residential streetlights (not reported in thousands). The remaining lights required for replacement within the downtown area are expected to be replaced throughout fiscal year 2017.

- In November 2011, CPS Energy entered into a $77,025 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. Subsequent to the execution of this agreement, SunEdison transferred 100.0% of its interests in these facilities to San Antonio Solar Holdings LLC. The unamortized balance of the prepayment was $66,056 at January 31, 2016. The agreement expires in 2037, and the purchase of the balance of the output is on a pay-as-you-go basis. As part of the agreement, CPS Energy has the right to purchase the facilities six years after commencement of commercial operations, which occurred in May 2012.

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

- In January 2014, CPS Energy announced a renewal of an earlier agreement with Summit Power Group 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 megawatts 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. The contract is for all expected net generation electrical output from the facility, with payments beginning once the project has commenced electrical production. Although this project will continue to be evaluated, CPS Energy has no further legal or financial obligations associated with the project.

- In July 2012, CPS Energy and OCI Solar Power (OCI) entered into an agreement for CPS Energy to purchase solar power produced by OCI. OCI created a consortium of partners to deliver 400 megawatt 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, Mission Solar Energy, LLC, the anchor manufacturer in the consortium, has built a high-tech manufacturing facility to produce components for solar power generation and has relocated its headquarters to San Antonio, creating over 400 jobs (jobs not expressed in thousands).

  In October 2015, CPS Energy and OCI entered into an agreement for CPS Energy to purchase an additional 50 MW of solar power produced by OCI. The solar energy will be delivered to CPS Energy by the same consortium of partners throughout the life of the 25-year power purchase agreement.

- In December 2013, CPS Energy, along with partners Silver Spring Networks and Landis+Gyr, began CPS Energy's Grid Optimization project, or more commonly known as Smart Grid. The project will provide a standards-based networking platform, advanced metering infrastructure and distribution automation solutions across CPS Energy's service territory. The completed system will also facilitate wireless two-way communication between CPS Energy and its customers and allow for increased energy efficiency and offer greater customer control and savings. The estimated cost of this project is approximately $290,000 and is expected to bring a minimum of 50 jobs (not expressed in thousands) to San Antonio.

- Simply Solar is the trademarked name for CPS Energy's new solar initiatives – Roofless Solar and SolarHostSA. Roofless Solar is being offered by CPS Energy in partnership with Clean Energy Collective (CEC). CEC will build and maintain a 1 MW community solar farm in the CPS Energy service territory and sell 100-watt panels in the array to customers who want to enjoy the benefits of solar power without having to install their own system. On June 18, 2015, CPS Energy entered into an agreement to purchase the output from the solar farm for 25 years. For the SolarHostSA program, CPS Energy partnered with PowerFin Partners to install up to 10 MW of rooftop systems on customer homes and businesses. The program will provide participating customers a monthly credit for hosting the systems on their rooftops. The program is intended to make solar accessible to more customers by doing away with the significant upfront cost of traditional rooftop systems. On August 12, 2015, CPS Energy entered into an agreement to purchase the output from the rooftop systems for an initial term of 20 years.

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

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, demand response, rooftop and community solar programs, and other such initiatives.

Annually, approximately $9,000 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.

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.

Postclosure Care Costs

In connection with a desalination injection well permits obtained by SAWS from the Texas Commission on Environmental Quality (TCEQ), SAWS has an obligation to plug the injection wells once the wells are no longer in service. At December 31, 2015, SAWS has recorded a liability of $457 related to this post-closure obligation.

Other

In March 2007, SAWS was notified by Region 6 of the United States Environmental Protection Agency (EPA) of alleged failures to comply with the Clean Water Act due to the occurrence of sanitary sewer overflows (SSO). The EPA subsequently referred the matter to the United States Department of Justice (DOJ) for an enforcement action. On June 4, 2013, the Board approved a Consent Decree between SAWS, the United States of America, and the State of Texas. On September 13, 2013, after consideration of the comments received, 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. Since entry into the Consent Decree, SAWS has performed its obligations under terms of the Consent Decree and is in material compliance with such terms, conditions, and requirements. Since 2010, SAWS has seen a significant reduction in SSOs, from 538 in 2010 to 262 in 2015 (figures in this sentence are not in thousands).

Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

In an effort to achieve significant diversification of the City's water supply, in 2011 the Board solicited requests for competitive sealed proposals for the provision and delivery of alternative water supplies for the purpose of meeting SAWS' water supply needs. In response to the solicitation, the Board received nine responses, from which three finalists were selected and reviewed prior to determining that the proposal of the Abengoa Vista Ridge, LLC (AVR) presented the most advantageous possibility for the City obtaining an alternative water source.

On October 30, 2014 the City Council adopted an ordinance, approving the execution of a Water Transmission and Purchase Agreement (the Agreement) between the City, acting by and through SAWS and AVR, pursuant to which AVR has committed to make available to SAWS, and SAWS has agreed to pay for, up to 50 acre-feet of potable water (Project Water) per year for an initial period of 30 years plus a limited 10 year extension period under certain circumstances, hereinafter referred to as the operational phase. To produce and deliver the Project Water, AVR 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 (or cause to be constructed) a 142-mile 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.

The Agreement is separated into three distinct phases. The development phase commenced on November 4, 2014, which was the date of complete execution and delivery of the Agreement, and is scheduled to last between 18 and 30 months. The development phase concludes upon satisfaction of certain contractual requirements, the most significant of which is when AVR obtains permanent construction financing for the Project. These events are referred to as financial closure and its occurrence results in the conclusion of the development phase and commencement of the construction phase by AVR. During the construction phase of the Project, SAWS will also begin construction of improvements necessary to accept and integrate the Project Water, at an anticipated capital cost to SAWS of approximately $145,000. This construction phase is scheduled to last 42 months and its conclusion will result in the commencement of the aforementioned 30 year operational phase, during which period SAWS is obligated to pay for water (up to 50 acre-feet annually) made available to it by AVR at the connection point.

During the development phase, SAWS has retained the right to terminate the Agreement for its convenience, subject to its payment of a termination fee to AVR (determined based on the costs incurred by AVR pursuant to the Agreement from commencement of the development phase to the date of termination, such termination fee being capped at $40,100). After financial closure, SAWS has also retained the right to terminate the Agreement by purchasing the Project for the aggregate amount of the outstanding AVR debt, contract breakage costs and return of and on equity contributions by AVR's principals (no cap is imposed upon such amount as exists if the Agreement is terminated during the development phase). At the end of the operational phase, ownership of the Project will be transferred to SAWS at no cost. SAWS has also entered into a separate agreement with Blue Water Vista Ridge, LLC, the lessee of the Project Water, to continue to acquire the 50 acre-feet of untreated groundwater upon the termination of the agreement and transfer of the Project to SAWS, and the cost of such water at the end of the Agreement will be tied to prevailing Edwards Aquifer leases.

Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

Pursuant to the terms of the Agreement, SAWS will pay costs arising under the Agreement, as maintenance and operating expense of SAWS for rate setting purposes, only for Project Water made available at the connection point (which payment will include the costs of operating and maintaining the Project). SAWS will have no obligation to pay for any debt issued by AVR, and any such debt will be non-recourse to SAWS. SAWS anticipates that Project Water (the cost of which is paid directly to AVR), together with Vista Ridge Project operations and maintenance (as a direct pass through under the Agreement) and electricity (paid directly by SAWS to the utility providers), will initially cost approximately $2 per acre-foot, resulting in an annual charge to SAWS of approximately $110,000 (which amount does not take into account potential revenue increases resultant from Project Water being available to SAWS for sale). On November 19, 2015, the City Council approved a series of increases to the water supply fee to support the acquisition of new water supplies, including the Project. SAWS currently projects that, absent any increase in SAWS system revenues attributable to the availability of Project Water for sale, its payment obligation under the Agreement will result in a rate increase of approximately 14.0% to the average monthly SAWS residential bill by 2020 (which increase does not include other projected rate increases anticipated to occur by such time). Any such fee will only be imposed by SAWS so that revenues are not generated and received until needed. Accordingly, SAWS will not impose this approved fee to pay costs of the Project until payment for Project Water is imminent.

The 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 (which is the expectation of both SAWS and AVR), will account for approximately 20.0% of SAWS' current annual usage.

On November 25, 2015, national and international media reported Abengoa Parent's commencement of pre-insolvency proceedings in Spain, indicating the beginning of an approximately four-month period during which Abengoa Parent negotiated with its creditors in an effort to reach an accord to guarantee Abengoa Parent's continued financial viability. On February 3, 2016, Abengoa Parent presented its viability plan to its main creditors, who were to agree to a restructuring plan prior to March 28, 2016 for Abengoa Parent to avoid filing for insolvency. See Note 19 Subsequent Events for additional discussion regarding Abengoa's Bankruptcy.

On December 18, 2015, Metropolitan Water Company, L.P. (Met Water) filed a lawsuit in Travis County District Court, 201st Judicial District, styled Metropolitan Water Company, L.P. v. Blue Water Systems, LP; Blue Water Regional Supply Project, LP; Blue Water Vista Ridge LLC; Abengoa Vista Ridge LLC; and Wilmington Trust National Association. In this lawsuit, Met Water alleged various Blue Water entities breached certain agreements with Met Water and failed to pay Met Water money owed under said agreements. Met Water also alleges that an assignment of leases to Blue Water Vista Ridge, LLC was entered into based upon a fraudulent inducement. Met Water sought rescission of the agreements with the Blue Water Vista Ridge, LLC-affiliated entities, including the assignment of leases, and/or money damages. The leases that are the subject of the assignment in dispute give Abengoa VR the right to produce the Project Water to be sold to SAWS under the Agreement. On May 11, 2016, the litigating parties filed a Notice of Non-Suit with Prejudice, effectively dismissing all claims that could adversely affect performance of the Agreement. On November 1, 2016, the Board of Trustees approved a second amendment to the Agreement to accommodate the declaration of financial closure under the Agreement. Please see Note 19 Subsequent Events for further information.

Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

As of December 31, 2015, 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 2016 and others continuing until 2023. Some of the leases include price escalations and the annual cost per acre-foot ranges from $115 to $140. (Figures in this paragraph are not in thousands.) The future commitments under these leases are as follows:

	2016	2017	2018	2019	2020	Thereafter
Lease obligations	$ 3,430	$ 3,509	$ 3,764	$ 2,920	$ 2,793	$ 5,267
Lease obligations (acre feet)	28,029	27,904	27,673	20,858	19,948	37,620

SAWS has various commitments relating to water purchases. A summary of these commitments is provided in the following table. As with any estimates, the actual amounts paid could differ materially.

	2016	2017	2018	2019	2020	Thereafter
Purchased water payments - fixed	$ 15,930	$ 16,367	$ 16,447	$ 16,532	$ 16,626	$ 397,347
Acre feet purchased - fixed	22,570	22,472	22,295	22,122	21,953	452,187
Purchased water payments - variable	$ 9,438	$ 14,734	$ 15,055	$ 15,381	$ 15,490	$ 227,474
Acre feet purchased - variable	10,562	14,849	14,849	14,849	14,621	157,050

Under a contract with Guadalupe Blanco River Authority (GBRA), SAWS will receive 6 acre-feet of water annually through the end of the contract in 2037. Additionally, SAWS must purchase water not sold by GBRA to other third parties. The additional amount of water available in 2016 is estimated to be 3 acre-feet and will decline over the remaining term of the contract as the demand of GBRA's other customer's increases. The cost of the water escalates over time with projected prices ranging from $952 per acre-foot in 2016 to approximately $1,538 per acre-foot by 2037. SAWS has an option to extend this contract until 2077 under new payment terms. (Dollars referenced in this paragraph are not stated in thousands.)

Under a contract with the Massah Development Corporation, SAWS has a minimum take or pay commitment to purchase .1 acre-feet per month or 1 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 $624 to $815 per acre-foot. This agreement expires in 2025 and SAWS has an option to extend the contract for 10 years. Dollars referenced in this paragraph are not stated 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. SAWS has made payments totaling $270 for new customer connections under the terms of this contract. While it is impossible to estimate the exact amount of any potential future payments associated with this provision of the agreement, management's estimate of this potential contingent liability is less than $5,000.

Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

In 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 five-year extensions. SAWS is obligated to purchase up to 17 acre-feet per year in monthly increments not to exceed 1 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 .6 feet Mean Sea Level at test wells on the tracts. The projected price to be paid per acre-foot of raw water ranges from $916 in 2016 to $1,138 by 2027. (Dollars referenced in this paragraph are not stated in thousands.)

In 2010, SAWS was granted a permit by the Gonzales County Underground Water Conservation District to produce 11,688 acre-feet of water from the Carrizo Aquifer in Gonzales County. SAWS has entered into 23 separate agreements with land owners to produce water under that permit. (Agreement count and acreage not in thousands.) These agreements remain in force indefinitely as long as SAWS continues to make payments in accordance with the terms of the agreements. SAWS makes payments to the landowners based on actual water produced. SAWS expects to produce the maximum water available under its permit in 2016 and projects payments to landowners will be $1,101. These payments escalate annually 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 under its permit with the District at its treatment plant in Guadalupe County and transport that water through SSLGC's existing transportation pipeline to a SAWS facility in Schertz, Texas, and to purchase up to 5,000 acre-feet of wholesale water annually from SSLGC. 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 make monthly payment to SSLGC beginning 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. In addition to the payment made to SSLGC for the expansion of the treatment plant, SAWS makes payments to SSLGC for treating and transporting the SAWS produced water. (Figures in this paragraph are not in thousands.)

The initial term of the agreement with SSLGC expires in 2050 and can be renewed for successive terms of 5 years. The projected price paid to SSLGC for water treated and transported by SAWS is projected to be $476 per acre-foot in 2016 and includes the debt service associated with the expansion of SSLGC's treatment plan. Payments for any wholesale water purchased from SSLGC is based on SSLGC's wholesale water rates. (Figures in this paragraph are not in thousands.)

SAWS is also committed under various contracts for completion of construction or acquisition of utility plant totaling approximately $384,366 as of December 31, 2015. Funding of this amount will come from excess revenues, contributions from developers, restricted assets and available commercial paper capacity.

Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

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, 2015, SAWS has no arbitrage rebate liability associated with any outstanding bonds.

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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, price increases or reductions, improvements to technology, or changes in applicable laws or regulations.

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Liabilities	$ 407	$ 173	$ (130)	$ 450
Construction in Progress	264	133	(28)	369
Business-Type Activities:				
Liabilities	$ 1,319		$ (45)	$ 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 Department 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 $154 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 no additional pollution remediation costs in Business-Type Activities in fiscal year 2016.

CPS Energy

GASB Statement No. 49 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.

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 Statement of Net Position within other liabilities. When a triggering event occurs, those reserves will be reclassified as a pollution remediation liability also reported within other liabilities.

Note 12 Pollution Remediation Obligation (Continued)

CPS Energy (Continued)

The pollution remediation liability was $1,462 as of January 31, 2016. 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, 2015.

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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 $2,000,000.

As of October 1, 2013, the City is completely self-insured for liability claims. Effective January 1, 2015, all auto and general liability claims were brought in-house to be administered internally.

Obligations for claims under these programs are accrued in the City's Self-Insurance Program's Insurance Reserve Fund based on the City's estimates of the aggregate liability for claims made and claims incurred but not reported. The departments are assessed contributions to cover expenditures.

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 Program's 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. 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. Short term and long-term disability is funded by the employee's department. Continued long-term disability is funded 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. 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 2016 the City contributed $655 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, 2016:

Fund	October 1,	Change in Estimate	Claims Incurred	Claims Payments	September 30,
Insurance Reserve:					
Fiscal Year 2015	$ 23,874	$ 412	$ 992	$ (3,626)	$ 21,652
Fiscal Year 2016	21,652	1,077	1,004	(5,177)	18,556
Employee Health Benefits[1]:					
Fiscal Year 2015	$ 11,299	$ 659	$ 117,505	$ (118,241)	$ 11,222
Fiscal Year 2016	11,222	40,200	93,430	(130,587)	14,265
Workers' Compensation:					
Fiscal Year 2015	$ 34,529	$ 4,826	$ 7,320	$ (8,509)	$ 38,166
Fiscal Year 2016	38,166	(1,615)	6,204	(7,439)	35,316

[1] Fiscal Year 2016 fund financial claims expense reflects an additional $123 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 $6,700,000 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 in the third quarter of fiscal year 2015.

Note 13 Risk Financing (Continued)

CPS Energy (Continued)

In the following table, the remaining balance under the property reserves column at January 31, 2016, 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 landfills, surface impoundment and ash ponds 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.

Fund	Liability February 1,	Claims Adjustments	Claims Payments	Liability January 31,
Property Reserves:				
Fiscal Year 2015	$ 5,201	$ 480	$ -	5,681
Fiscal Year 2016	5,681	469		6,150
Employee and Public Liability Claims:				
Fiscal Year 2015	$ 18,678	$ 1,400	$ (4,371)	$ 15,707
Fiscal Year 2016	15,707	6,018	(3,248)	18,477

Counterparty Risk – CPS Energy is exposed to counterparty risk associated with various transactions primarily related to debt, investments, fuel hedging, 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.

CPS Energy reports its derivative instruments in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which addresses recognition, measurement and disclosures related to derivative instruments. CPS Energy does not use derivative instruments for speculative purposes. The only derivative instruments entered into are for the purposes of risk mitigation; therefore, these instruments are considered potential hedging derivative instruments under GASB Statement No. 53.

On August 24, 2015, the Board reaffirmed the Energy Price Risk Management Policy, which sets forth the guidelines for the purchase and sale of certain financial instruments and certain physical products, collectively defined as hedge instruments. The essential goal of the Energy Price Risk Management Policy is to provide a framework for the operation of a fuel and energy price hedging program to better manage CPS Energy's risk exposure in order to stabilize pricing and costs for the benefit of CPS Energy and its customers.

Note 13 Risk Financing (Continued)

CPS Energy (Continued)

In accordance with the requirements of GASB Statement No. 53, all fuel hedges are reported on the Statements of Net Position 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 fixed-price 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.

All potential hedging derivative instruments were evaluated for effectiveness at January 31, 2016, and were determined to be effective in substantially offsetting the changes in cash flows of the hedgeable items. The instruments were categorized into two broad groups for the purposes of this testing. In one category, hedges 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 by GASB Statement No. 53 as 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, 0.98 and 0.99, respectively, indicating that the changes in cash flows of the derivative instruments 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.

In fiscal year 2016, as a result of revisions to the expected volumes of some underlying wholesale physical transactions, it was determined that a group of existing financial hedge positions in this category were no longer effective. Offsetting financial positions were executed and the fair value of the ineffective hedges resulted in a loss totaling $851, which was recognized as a reduction in investment income. All other hedging derivative instruments in both effectiveness testing categories were determined to be effective in substantially offsetting the changes in cash flows of the hedgeable items at January 31, 2016.

As of January 31, 2016, the total fair value of outstanding hedge instruments was a net liability of ($36,292). Fuel hedging instruments with a fair value of ($20,461) are classified on the Statements of Net Position as a component of current accounts payable and accrued liabilities. Long-term fuel hedges with a fair value of ($15,831) are classified as a component of other noncurrent liabilities.

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 $37,920 at January 31, 2016.

Note 13 Risk Financing (Continued)

CPS Energy (Continued)

Following is information related to CPS Energy's outstanding fuel hedging derivative instruments, using the referenced index of Henry Hub, except for the EIA Diesel Swap, which uses the Flat Tax On-Highway Diesel referenced index, and its volume is reported in gallons.

Fuel Derivative Transactions as of January 31, 2016					
Type of Transaction		Duration	Volumes in MMBtu	Fair Value	Changes in Fair Value
Long	Fixed Price Natural Gas	Feb 2016 - Jan 2019	40,155,340	$ (34,888)	$ (8,586)
Short	Fixed Price Natural Gas	Feb 2016 - Jun 2018	5,015,419	2,254	1,369
Long	Call	Feb 2016 - Jan 2019	12,936,987	1,252	(1,436)
Long	Put	Jul 2016 - Mar 2017	770,000	37	(75)
Short	Put	Feb 2017 - Jan 2019	6,626,103	(2,460)	(985)
Long	Basis Swap	Feb 2016 - Jan 2019	20,647,398	(2,037)	(405)
Short	Basis Swap	Jun 2016 - Jun 2018	2,875,419	219	219
Long	Daily Swap	Feb 2016 - Feb 2016	493,000	(5)	(5)
Long	Daily Swap	Feb 2016 - Feb 2016	493,000	(20)	(20)
Long	Diesel Swap	Feb 2016 - Mar 2016	672,000	(644)	(644)
				$ (36,292)	$ (10,568)

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 occur.

Credit Risk – CPS Energy executes over-the-counter hedge transactions directly with approved counterparties. 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, 2016, the exposure to all hedge-related counterparties was such that no material counterparty credit risk existed.

Note 13 Risk Financing (Continued)

CPS Energy (Continued)

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 2016, the HSC price was $2.23 per MMBtu, the WAHA price was $1.99 per MMBtu and the Henry Hub price was $2.37 per MMBtu.

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 2016, gains on the sale of PCRRs totaled $2,170.

Fair Value Measurement - CPS Energy records assets and liabilities in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which determines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement. More information regarding Statement No. 72 is disclosed in Note 3, Cash and Cash Equivalents, Security Lending and Investments. CPS Energy must disclose its fair value balances and their levels within the fair value hierarchy as of January 31, 2016. The assets are disclosed in Note 3. Below is the liability portion disclosure of Statement No. 72:

	January 31, 2016			
	Level 1	Level 2	Level 3	Total
Liabilities				
Financial Instruments				
Current fuel hedges	$ 20,520	$ (59)	$ -	$ 20,461
Noncurrent fuel hedges	14,987	844		15,831
Total financial instruments	$ 35,507	$ 785	$ -	$ 36,292

Note 13 Risk Financing (Continued)

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 $300 of medical claims per person during 2015.

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 $2,000 of each workers compensation and general liability claim, and is fully self-insured for automobile liability. Claims that exceed the self-insured retention limit for workers' compensation and general liability are covered through SAWS' comprehensive commercial insurance program (CCIP). Additionally, under the CCIP, SAWS maintains deductible programs for public officials and employment practices liability, fiduciary liability, pollution legal liability, and crime with varying deductibles. Property coverage is on a replacement cost basis with a deductible of $250 per occurrence. Settled claims during the last three years have not exceeded the insurance coverage in any year.

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, 2015	$ 7,054	$ 20,367	$ (22,634)	$ 4,787	$ 4,787
December 31, 2014	7,310	21,291	(21,547)	7,054	7,054

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 (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.

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Note 13 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

The swap was used to hedge interest rates on the Series 2003 Bonds to a synthetic fixed rate that produced a lower 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, 2015 $91,650 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 Municipal Swap Index.

In 2008, JPMorgan Chase & Co. announced its acquisition of The Bear Stearns Companies, Inc., the parent of Bear Stearns FPI. JPMorgan Chase & Co. has guaranteed the trading obligations of Bear Stearns and its subsidiaries. Effective June 16, 2009, the swap agreement was amended between SAWS, JPMorgan Chase & Co., and MBIA to provide for JPMorgan 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 $20,700 at December 31, 2015. 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 of resources and included on the Statement of Net Position. 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. The unamortized deferred charge on bond refunding related to the swap was $4,266 at December 31, 2015.

Note 13 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

Credit Risk – As of December 31, 2015, 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, JPMorgan Chase Bank, N.A. was rated 'Aa3' by Moody's Investors Service, 'A+' by Standard & Poor's, and 'AA-' by Fitch Ratings as of December 31, 2015. 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. JPMorgan 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 JPMorgan Chase cannot terminate as long as the insurer does not fail to perform. Also, if at the time of the termination the swap has a negative fair value, SAWS would be liable to the counterparty for a payment equal to the swap's fair value.

Market-access Risk – SAWS is subject to market-access risk as $91,650 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, 2015, 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
2016	$ 3,395	$ 27	$ 3,727	$ 7,149
2017	3,550	26	3,581	7,157
2018	3,710	25	3,429	7,164
2019	3,880	24	3,269	7,173
2020	4,055	22	3,103	7,180
2021-2025	23,235	92	12,735	36,062
2026-2030	29,035	52	7,268	36,355
2031-2033	20,790	9	1,181	21,980
Total	$ 91,650	$ 277	$ 38,293	$ 130,220

Note 14 Interfund Transfers

The following is a summary of interfund transfers for the City for the fiscal year-ended September 30, 2016:

Summary Table of Interfund Transfers

	From Other Funds	Transfers To Other Funds
General Fund:		
Debt Service Fund	$ -	$ 216
GO Project Fund		677
Nonmajor Governmental Funds	20,071	43,768
Airport System	238	
Solid Waste Management	1,200	116
Nonmajor Enterprise Funds	2,835	2,260
Internal Service Funds		305
Total General Fund	$ 24,344	$ 47,342
Debt Service Fund:		
General Fund	216	
Nonmajor Governmental Funds	27,064	
Total Debt Service Fund	$ 27,280	$ -
Pre-K 4 SA:		
Nonmajor Governmental Funds	32,862	
Total Pre-K 4 SA	$ 32,862	$ -
2012 General Obligation Bonds:		
Nonmajor Governmental Funds		140,374
Total 2012 General Obligation Bonds	$ -	$ 140,374
GO Project Fund:		
General Fund	677	
2012 General Obligation Funds	140,374	
Nonmajor Governmental Funds	28,892	785
Total GO Project Funds	$ 169,943	$ 785
Nonmajor Governmental Funds:		
General Fund	43,768	20,071
Debt Service Fund		27,064
Pre-K 4 SA		32,953
GO Project Fund	785	28,892
Nonmajor Governmental Funds	246,816	246,816
Solid Waste Management	447	119
Nonmajor Enterprise Funds	3,295	1,433
Internal Service Funds	971	
Total Nonmajor Governmental Funds	$ 296,082	$ 357,348
Airport System:		
General Fund		238
Total Airport System	$ -	$ 238
Solid Waste Management:		
General Fund	116	1,200
Nonmajor Governmental Funds	119	447
Internal Service Funds	263	
Total Solid Waste Management	$ 498	$ 1,647
Nonmajor Enterprise Funds:		
General Fund	2,260	2,835
Nonmajor Governmental Funds	1,433	3,295
Nonmajor Enterprise Funds	153	153
Total Nonmajor Enterprise Funds	$ 3,846	$ 6,283
Internal Service Funds:		
General Fund	305	
Nonmajor Governmental Funds		971
Solid Waste Management		263
Internal Service Funds	85	85
Total Internal Service Funds	$ 390	$ 1,319
Total	$ 555,245	$ 555,336

Note 14 Interfund Transfers (Continued)

Transfers are made to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds. These transfers are in the form of operating subsidies, grant matches, and funding for capital projects. In addition, transfers are routinely made from other funds to fund debt service payments and for other restricted purposes. Some examples include the 1/8 cent sales and use tax are collected by the City and provided to Pre-K 4 SA for operations, 15% Hotel Occupancy Tax (HOT) collections are used to fund Historic Preservation which operates in the General Fund, and Bond proceeds are used to fund capital projects. All transfers are in accordance with budgetary authorizations.

Different fiscal year-ends exist between the City and Pre-K 4 SA (September 30th and June 30th, respectively) therefore, interfund transfers do not eliminate by $91. 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, 2016; 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, 2016. These transfers are in accordance with legislative and contractual requirements.

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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	Pre-K 4 SA	Convention Center Hotel Finance	2012 General Obligation Bonds	GO Project Funds	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:								
Nonspendable:								
In nonspendable form:								
Materials and Supplies	$ 5,787	$ -	$ -	$ -	$ -	$ -	$ 1,896	$ 7,683
Prepaid, Deposits and Other	894						5,550	6,444
Legally or contractually intact:								
Permanent Fund Corpus							4,189	4,189
Total Nonspendable	$ 6,681	$ -	$ -	$ -	$ -	$ -	$ 11,635	$ 18,316
Restricted for:								
Education			19,876				8,724	28,600
Social Services							364	364
Parks & Recreation	361						55,204	55,565
Library							1,339	1,339
Health Services							11,530	11,530
Welfare							419	419
Convention and Tourism							276	276
Urban Redevelopment and Housing	31						1,579	1,610
Economic Development & Opportunity	78						18,858	18,936
Law Enforcement							3,318	3,318
Fire Protection							3	3
Debt Service				6,113			7,880	13,993
Other Purposes		44,292					5,321	49,613
Drainage - Capital Projects					55,621		45,938	101,559
Municipal Facilities - Capital Projects					14,255		69,761	84,016
Parks - Capital Projects					11,682		14,275	25,957
Streets - Capital Projects					131,874		73,654	205,528
Other Capital Projects							42,827	42,827
Total Restricted	$ 470	$ 44,292	$ 19,876	$ 6,113	$ 213,432	$ -	$ 361,270	$ 645,453
Committed:								
Parks & Recreation	4,547						526	5,073
Library	213							213
Health Services	269							269
Welfare	150							150
Convention and Tourism							45,584	45,584
Urban Redevelopment and Housing	157						12,734	12,891
Economic Development & Opportunity	8,586						1,900	10,486
Law Enforcement	1,505						71	1,576
Fire Protection	142							142
General Government	2,809							2,809
Public Works	4,530							4,530
Municipal Facilities - Capital Projects							10,933	10,933
Parks - Captial Projects	875							875
Streets - Capital Projects	18,510						564	19,074
Other - Capital Projects	7,040							7,040
Total Committed	$ 49,333	$ -	$ -	$ -	$ -	$ -	$ 72,312	$ 121,645
Assigned:								
Education							170	170
Parks & Recreation							205	205
Health Services							7	7
Convention and Tourism							27,712	27,712
Economic Development & Opportunity							1,861	1,861
Law Enforcement	3							3
Other Purposes	6,551							6,551
Streets - Capital Projects							2,452	2,452
Total Assigned	$ 6,554	$ -	$ -	$ -	$ -	$ -	$ 32,407	$ 38,961
Unassigned	192,072					(371)	(10,107)	181,594
Total Fund Balance	$ 255,110	$ 44,292	$ 19,876	$ 6,113	$ 213,432	$ (371)	$ 467,517	$ 1,005,969

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:

General Fund	2012 General Obligation Bonds	Nonmajor Governmental Funds	Total Governmental Funds
$ 49,333	$ 210,264	$ 553,535	$ 813,132

The City further maintains a 10.0% 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 or 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 occurrences 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, 2016 was $109,630. 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. In addition at the end of fiscal year 2016, $69,732, or 5% of revenues, was reserved to for a two-year balanced budget. The establishment and maintenance of appropriate reserves within the General Fund is critical to prudent financial management.

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Note 16 Deficits in Fund Balances / Net Position

Grants

As of September 30, 2016, deficit fund balances are reported in the American Recovery and Reinvestment Act, Community Development Program, HOME Program, and HUD 108 Loan Program in the amounts of $125, $4,078, $15, and $506 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.

Capital Projects Funds

As of September 30, 2016, deficit fund balances are reported in the General Obligation Projects Fund, Certificates of Obligation Projects Fund, and Convention Center Expansion in the amounts of $371, $3,283, and $658 respectively. The major contribution of the projects deficits are the timing of invoices billed to third party contributors and sale of debt issuances to fund projects. The deficits will be addressed by transferring funds from future debt issuances with reimbursement resolutions, operating funds, grants, and/or by billing and collecting contributions from third party contributors. As of September 30, 2016, a deficit fund balance is reported in the Equipment Acquisition Fund in the amount of $84 this is attributed to a lease purchase of non-capitalized assets, this funding will be recouped in future years with operating dollars.

Enterprise Funds

As of September 30, 2016, deficit net positions are reported in Solid Waste Management and Development Services in the amounts of $19,380 and $9,136 respectively. The City does not currently prefund OPEB obligations nor the pension liability; as a result these funds will continue to exhibit an increasing deficit net position. The City will analyze the growing deficits and its funding policy at a future period. The Solid Waste deficit is also attributed to a lease purchase of non-capitalized assets, this funding will be recouped in future years with operating dollars.

Internal Service Funds

As of September 30, 2016, a deficit net position is reported in the Employee Health Benefits Fund in the amount of $22,944. The City plans to reduce the deficit over five years through a one time infusion of funding, changes to benefit options, sharing of premiums and additional plan design changes to avoid unsustainable increases in health costs. Since the City does not prefund OPEB obligations or the net pension liability, this fund will continue to exhibit an increasing deficit net position even with the plan modifications and funding noted above which will be analyzed at a future period. The City considers the Self-Insurance Program to include Employee Health Benefits Fund, Liability Insurance Reserve Fund, and Worker's Compensation Fund. The Self-Insurance Program reports a positive $7,447 combined net position.

As of September 30, 2016, a deficit net position is reported for Information Services in the amount of $31,692. The deficit is due to the fund not including long-term liabilities in its rate assessments. The City does not prefund OPEB obligations or the GASB Statement No. 68 pension liability; as a result this fund will continue to exhibit an increasing deficit net position which will be analyzed at a future period.

Note 16 Deficits in Fund Balances / Net Position (Continued)

Internal Service Funds (Continued)

As of September 30, 2016, a deficit net position is reported in CIMS in the amount of $17,804. The deficit in CIMS is due to the fund not including long-term liabilities (OPEB, net pension liability, and Accrued Leave) in its rate assessments. Due to the fund's GASB Statement No. 54 reclassification, accrued leave not previously recorded in the fund will now be incorporated in future assessments and fees. However, since the City does not prefund OPEB obligations or the GASB Statement No. 68 pension liability, this fund will continue to exhibit an increasing deficit net position which will be analyzed at a future period.

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Note 17 Other Disclosures

Primary Government (City)

Donor Restricted Endowment

The City has four Permanent Funds: Carver Cultural Center Endowment, City Cemeteries, William C. Morris Endowment, and Boza Becica Endowment. 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 $1 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 $13 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 educational programming and services for children provided at the City libraries. 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 acquired at a value of $1,820. The City received an upfront payment of $130 in fiscal year 2011. In fiscal year 2016, the City received $270 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 2016. 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 eight golf courses valued at $35,791.

Note 18 Prior Period Restatement

Primary Government (City)

Airport System

In fiscal year 2015 the City issued $123,900 in revenue bonds for the construction of a consolidated airport rental car facility (CONRAC). The bond proceeds are held in the City's name with a trustee who approves reimbursements for project costs related to the CONRAC facility. In fiscal year 2015 the City accrued $12,594 in revenue for outstanding trustee reimbursements at fiscal year-end. Since the City also reported these assets under restricted cash and cash equivalents in the Airport System's fund financials, these revenues were overstated. The net position at the beginning of the year for both the Airport System and Business – Type Activities was restated by $12,594.

San Antonio Economic Development Corporation

Net position at the beginning of the year was adjusted due to the impact of GASB Statement No. 72, *Fair Value Measurements and Applications.* The restated net position of $706 includes the prior year adjustment of $150.

Urban Renewal Agency (OUR SA)

Net position at the beginning of the year was restated by $1,768 to account for assets held by the trustee. The restatement primarily includes changes to cash and inventory improvements.

Discretely Presented Component Units

San Antonio Water System (SAWS)

Effective January 1, 2015, SAWS adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment to GASB Statement No. 68.* In accordance with these pronouncements, SAWS recorded a charge to unrestricted net position as of January 1, 2015 of $31,373 to reflect the Net Pension Liability for SAWS defined benefit plans. Sufficient data was not available for the pension plans to restate the financial statements for the year ended December 31, 2014, therefore, as permitted by GASB Statement No. 68, only the financial statement information for the year ended December 31, 2015 reflects the requirements of these new accounting rules for pensions.

SAWS DSP

In accordance with pronouncements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, SAWS DSP recorded a charge to unrestricted net position as of January 1, 2015 of $775 to reflect the Net Pension Liability for the SAWS DSP defined benefit plan.

San Antonio Housing Trust Foundation Inc (SAHTF)

A prior period adjustment was made in the amount of $7 to adjust for an assets not owned by SAHFT. The adjustment resulted in the decrease of $7 to net assets.

Note 19 Subsequent Events

Primary Government (City)

Long-Term Debt

On December 19, 2016, the City issued $47,000 in Combination Tax and Revenue Certificates of Obligation, Taxable Series 2016 with an expected maturity date of February 1, 2046. The Certificates were issued to finance the costs related to the acquisition of the Frost Tower and Frost Parking Garage. The City purchased the Frost Bank Tower and the Frost Parking Garage to serve as a consolidated office tower and garage for City operations for a total purchase price of $51,020. The difference between the amount issued and the purchase price was funded with a prepaid purchase portion held in escrow. The City has assumed the leases at Frost Tower with the current tenants. The Frost Tower will consolidate over 1,300 (not in thousands) City employees into the upgraded facility by 2020.

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 6.9% for payments to be made during the period beginning October 1, 2016, through the end of their fiscal year (September 30, 2017). There is still uncertainty regarding whether or not the reduction will continue after that date. The subsidy reduction for fiscal year 2017 will result in an approximate $264 increase in the City's debt-related interest expense.

2017 Bond Program

In May 2017, San Antonio residents will consider an $850,000 municipal bond program. Prior to the approval, City Council appointed committee members to each of the five citizen bond committees that met from October through December 2016, and reviewed potential projects and made recommendations to the Mayor and City Council. Categories include streets bridges and sidewalks, drainage and flood control, parks and recreation, facilities, and neighborhood improvements. The Mayor and City Council were presented and approved the final list of recommended projects in January 2017. The proposed program will be considered by San Antonio voters on May 6, 2017.

Annexation

As part of the of a growing residential area along Interstate 10 West (I-10 West), the City will develop a service plan in fiscal year 2017 for the provision of City services to the I-10 West area. This includes approximately 15 square miles of the I-10 West area (both commercial and residential) with the annexation anticipated to be effective by October 2019. City Council will vote to add the I-10 West area to the City during this time. Until then, residents in these areas will not pay city taxes.

On December 1, 2016, City Council approved the annexation of the U.S. 281 Commercial Corridor consisting of approximately 1.9 square miles. The annexation area's primary existing land use is commercial and agricultural. The City will provide full municipal services including, but not limited to, police, fire, and emergency medical services. The annexation was effective December 31, 2016.

Visit San Antonio

On October 1, 2016, City Council legally adopted to spin off Convention and Visitors Bureau (CVB) into Visit San Antonio (VSA) (a component unit). VSA personnel began transitioning into the new organization in January 2017, and the process will be completed by October 2017. The restructuring allows VSA to supplement the City's Hotel Occupancy Tax funds with funds from the private sector. The funds could include corporate sponsors, memberships, partnerships, and advertising dollars to increase the marketing activity in San Antonio.

Note 19 Subsequent Events (Continued)

Primary Government (City) (Continued)

Collective Bargaining Agreements

The collective bargaining agreement between the City and the International Association of Fire Local 624 (IAFF) expired September 30, 2014, with refusal for negotiations by the IAFF pursuant to the bargaining process. The parties continue to operate under the terms of agreement with a challenge by the City to the evergreen clause which purports to extend the agreement through September 30, 2024. The City filed a lawsuit questioning the constitutionality of the evergreen clause and on October 13, 2016, the Fourth Court of Appeals ordered the IAFF and the City to mediate. The parties continue to mediate as a result of the Court's order.

CPS Energy

Long-Term Debt

On July 28, 2016, CPS Energy issued $544,260 of New Series 2016 Senior Lien Revenue Refunding Bonds. Proceeds were used to refund $243,485 and $365,550 par value of the New Series 2008 Revenue Bonds with New Series 2009A Revenue Refunding Bonds, respectively. The true interest cost for this issue, which has maturities in 2020 through 2034, is 2.1%.

On December 1, 2016, CPS Energy remarketed $47,500 of Series 2012C Variable-Rate Junior Lien Revenue Refunding Bonds. The issuance of a $466 premium in conjunction with the remarketing resulted in principle paydown for the remarketed bonds of approximately $160. The bonds have maturities in 2024 through 2027. The true interest cost for the remarketed bonds is 6.4%.

On December 14, 2016, CPS Energy remarketed $124,555 of Series 2015A Variable-Rate Junior Lien Revenue Refunding Bonds. The issuance of a $1,070 premium in conjunction with the remarketing resulted in principle paydown for the remarketed bonds of approximately $367. The true interest cost for the remarketed bonds, which has maturities in 2029 through 2033, is 6.29%.

Flexible Rate Revolving Note

On December 26, 2016, the $25,200 taxable Flexible Rate Revolving Note was renewed through December 26, 2017, but through an annual renewal process may be extended through November 1, 2028, the final maturity date of the Program.

Commercial Paper and Related Revolving Credit Agreements

Effective June 15, 2016, CPS Energy executed the First Amendment to the City's Electric and Gas Systems Commercial Paper Notes, Series B and the Second Amendment to the Commercial Paper Notes, Series C agreements extending $225,000 and $225,000, respectively, in liquidity support for the Series B and Series C Notes to June, 21, 2019.

Effective January 25, 2017, CPS Energy executed the Second Amendment to the City's Electric and Gas Systems Commercial Paper Notes, Series A agreement extending $150,000 in liquidity support for the Series A Notes to February 6, 2019.

Note 19 Subsequent Events (Continued)

CPS Energy (Continued)

SunEdison Inc. Bankruptcy

On April 21, 2016, SunEdison Inc. (SunEdison) filed for Chapter 11 bankruptcy protection. SunEdison served until 2012 as CPS Energy's counterparty in a prepaid renewable purchased power transaction from 30 MW of solar power generation facilities constructed by SunEdison. This power is supplied by three separate 10 MW facilities, each built on different sites. In 2012, the facilities were sold by SunEdison to San Antonio Solar Holdings LLC. SunEdison, however, retained ownership of the land for one of these sites and has continued as operator of each of the facilities under an agreement with San Antonio Solar Holdings LLC. CPS Energy does not have any remaining agreements directly with SunEdison and has determined that this event is not expected to have a material impact on its prepaid transaction. Please refer to Note 11 Commitments and Contingencies, for additional discussion of CPS Energy's prepaid renewable power transaction.

San Antonio Water System (SAWS)

SAWS DSP

On January 14, 2016, City Council approved the dissolution of SAWS DSP upon the refunding of all SAWS DSP outstanding debt with SAWS debt. With the two debt transactions described below, all SAWS DSP debt was effectively retired and SAWS DSP was dissolved. In accordance with GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, the dissolution of SAWS DSP and transfer of SAWS DSP assets and liabilities to SAWS will be accounted for as a government merger. Accordingly, SAWS recorded the transferred assets and liabilities at the DSP's carrying value as of January 1, 2016.

Long-Term Debt

On February 25, 2016, SAWS issued $173,565 City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Series 2016A and $42,775 City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Taxable Series 2016B. The proceeds from the sale of bonds were used to refund the outstanding SAWS DSP bonds as a necessary step toward final and complete integration of the former BexarMet into SAWS, which also resulted in debt service savings, advance refund a portion of the City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2007 for debt service savings, and pay the cost of issuance.

At the same time, SAWS issued $88,700 under its Tax-Exempt Commercial Paper Program to retire the SAWS DSP Flexible Rate Revolving Note Program. There was no economic gain or loss on this transaction.

On November 1, 2016, SAWS issued $305,065 City of San Antonio, Texas Water System Revenue and Refunding Bonds, Series 2016C (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) advance refund a portion of the City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2007 (Series 2007), (ii) advance refund a portion of the City of San Antonio, Texas Water System Revenue and Refunding Bonds, Series 2009 (Series 2009), (iii) finance capital improvements and (iv) pay the cost of issuance. The refunding of the Series 2007 and Series 2009 bonds reduced total future debt service payments by approximately $45,300 and resulted in an economic gain of $33,200. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

Note 19 Subsequent Events (Continued)

San Antonio Water System (SAWS) (Continued)

Long Term Debt (Continued)

On November 1, 2016, SAWS remarketed $98,795 City of San Antonio, Texas Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2013F Bonds (No Reserve Fund) into a Fixed Rate Mode for a period of five years, ending October 31, 2021. The proceeds from the sale of the bonds were used to (i) pay the principal of the maturity bonds, and (ii) pay the cost of issuance. The bonds are secured together with other 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 December 15, 2016, SAWS issued $12,500 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2016D 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 outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On December 15, 2016, SAWS issued $14,360 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2016E 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 outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On February 28, 2017, SAWS issued $90,915 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2017A (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) refund the remaining City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2007 (Series 2007), (ii) refund a portion of the City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2007A (Series 2007A), and (iii) pay the cost of issuance. The refunding of the Series 2007 and Series 2007A bonds reduced total future debt service payments by approximately $9,900 and resulted in an economic gain of $7,500. The bonds are secured together with other outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

Rate Increase

On November 19, 2015, the City Council approved a maximum increase in SAWS water and sewer rates of 7.9% for 2017. On December 14, 2017, SAWS Board approved water and sewer rate adjustments averaging 6.8% beginning January 1, 2017. Because the adjustments were below the maximum adjustments approved by City Council in November 2015, no further City Council action was required.

Vista Ridge Bankruptcy

On March 28, 2016, Abengoa reported that it had obtained backing from 75.0% of its creditors for a seven-month standstill agreement, which it filed with the court in Seville, Spain as it seeks more time to restructure its debt, and avoiding filing for insolvency. In addition, it was reported on March 29th, that Abengoa filed for Chapter 15 bankruptcy protection in the United States Bankruptcy Court in Wilmington, Delaware while it continues discussions with banks and bondholders on its restructuring plan. The Chapter 15 filing is a natural extension of the existing pre-insolvency proceeding in Spain. If approved, it is recognition of the Spanish proceeding by the United States Bankruptcy Court, and will afford certain protections to Abengoa under United States Bankruptcy laws. The Chapter 15 filing has no direct impact on SAWS' rights and obligations.

Note 19 Subsequent Events (Continued)

San Antonio Water System (SAWS) (Continued)

Vista Ridge Bankruptcy (Continued)

On May 17, 2016, SAWS exercised its contractual right to fix the Capital and Raw Groundwater Unit Price under the Agreement based on the methodology provided for therein. This action reduced the price of the Project Water component of SAWS annual payment requirement from the possible maximum amount of $1,959 per acre foot to $1,606 per acre foot, which will remain fixed for the entire 30 year term (and any extension of that term) of the Agreement. This action results in savings to SAWS of more than $17,000 per year and more than $529,000 over the maximum that could have been charged under the 30 year term of the Agreement.

On May 18, 2016, the Board approved a 2016 Amendment to the Agreement which includes approval of the transfer to Garney of the Transferred Project Company Interest and other miscellaneous and conforming amendments to the Agreement, approved other related agreements, including a Project Real Property Conveyance Agreement between SAWS and the Central Texas Regional Water Supply Corporation, and authorized the President and Chief Executive Officer, upon determining that all necessary prerequisites have occurred, to undertake all necessary actions and execute the 2016 Amendment (which occurred contemporaneously with the closing under the Equity Purchase Agreement). Nothing in the 2016 Amendment changes the Agreement structure described above.

On November 1, 2016, the SAWS Board of Trustees approved a second amendment to the Agreement (the "Second 2016 Amendment") to accommodate the declaration of financial closure under the Agreement. Once again, the SAWS Board of Trustees authorized the SAWS President and Chief Executive Officer to approve the effectiveness of the Second 2016 Amendment upon prior confirmation of satisfaction of necessary prerequisites. The Second 2016 Amendment was made effective on November 2, 2016, concurrent with a declaration of financial closure under the Agreement, as amended by the First 2016 Amendment and the Second 2016 Amendment. The Second 2016 Amendment also contemplated finalization of infrastructure related to the Connection Point and selection of an operating service provider to operate the Project during the "operational phase" of the Project. Neither the First 2016 Amendment nor the Second 2016 Amendment altered the Agreement's structure or provisions in a manner that differs from its description provided above.

Accordingly, Garney now owns an 80.0% equity stake in and all control rights of Abengoa VR. Abengoa Parent affiliate, Abengoa Water retains its silent 20.0% equity interest in Abengoa VR. Garney has indicated an interest in finding a long term operating service provider, potentially in conjunction with a future equity sale. SAWS will continue to have approval rights of any equity sale that results in Garney not controlling a majority interest in the Abengoa VR, and selection of any operating service provider under the Agreement.

Mitchell Lake

SAWS operates the Mitchell Lake Site Wastewater Treatment Facility pursuant to a Texas Pollutant Discharge Elimination Permit issued by the TCEQ under a delegation of authority from the EPA (the Permit). In October 2015, during the presentation of SAWS' annual report, the EPA orally notified SAWS that SAWS violated the effluent discharge limitations of that Permit as a result of discharges occurring during significant rainfall events. The EPA stated that it would likely issue a Notice of Violation to SAWS for these alleged violations. On August 18, 2016, SAWS received an Administrative Order from EPA that alleges that SAWS violated the Permit by failing to meet effluent limits as required by the Permit. SAWS responded to the Administrative Order within the time required by the Order on September 15, 2016. SAWS does not know what actions may ultimately be required or the costs associated with those actions.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule
General Fund
Year-Ended September 30, 2016
(In Thousands)

	2016			
	BUDGETED AMOUNTS		BUDGETARY BASIS	VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
Resources (Inflows):				
Taxes	$ 611,596	$ 605,684	$ 603,826	$ (1,858)
Licenses and Permits	7,872	8,500	8,961	461
Intergovernmental	7,916	8,094	8,051	(43)
Revenues from Utilities	349,830	340,258	345,666	5,408
Charges for Services	61,221	60,675	66,985	6,310
Fines and Forfeits	12,303	12,547	10,842	(1,705)
Miscellaneous	8,835	12,195	18,246	6,051
Investment Earnings	657	962	919	(43)
Contributions	100	100	186	86
Transfers from Other Funds	28,354	24,123	24,344	221
Amounts Available for Appropriation	$ 1,088,684	$ 1,073,138	$ 1,088,026	$ 14,888
Charges to Appropriations (Outflows):				
General Government	73,922	75,311	73,481	1,830
Public Safety	713,701	711,899	711,887	12
Public Works	57,782	60,646	60,159	487
Health Services	24,957	25,340	25,177	163
Welfare	33,756	35,878	35,332	546
Culture and Recreation	108,954	111,959	111,398	561
Convention and Tourism	685	685	720	(35)
Economic Development and Opportunity	9,866	17,697	16,802	895
Urban Redevelopment and Housing	14,210	14,371	13,991	380
Debt Service:				
Principal Retirement	3,885	3,885	2,960	925
Interest	448	448	330	118
Transfers to Other Funds	50,518	76,097	73,480	2,617
Total Charges to Appropriations:	$ 1,092,684	$ 1,134,216	$ 1,125,717	$ 8,499
Surplus (Deficiency) of Resources Over (Under) Charges to Appropriations	(4,000)	(61,078)	(37,691)	23,387
Fund Balance Allocation	4,000	61,078	37,691	(23,387)
Excess (Deficiency) of Revenues Over Expenditures	$ -	$ -	$ -	$ -

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	$ 1,088,026
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(24,344)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 1,063,682
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 1,125,717
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	(49,333)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(47,342)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 1,029,042

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 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 a budget violation within the Convention and Tourism function. The City had sufficient fund balance to cover this department excess.

(unaudited - see accompanying auditor's report)

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Budgetary Comparison Schedule
Pre-K 4 SA
Year-Ended September 30, 2016
(In Thousands)

	2016			
	BUDGETED AMOUNTS		BUDGETARY BASIS	VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
Resources (Inflows):				
Sales & Use Tax [1]	$ 34,034	$ 33,629	$ 32,862	$ (767)
State/Local Match [1]	4,047	3,693	3,623	(70)
USDA (Food) [1]	1,308	1,236	1,190	(46)
Charges for Services [1]	374	666	665	(1)
Interest/Miscellaneous	28	107	139	32
Amounts Available for Appropriation	$ 39,791	$ 39,331	$ 38,479	$ (852)
Charges to Appropriations (Outflows):				
Education:				
Administration	1,998	2,106	2,077	29
Public Relations/Marketing	379	665	633	32
Sales Tax Collection Fee	681	667	651	16
Pre-K Education Centers	23,633	23,844	23,570	274
Pre-K Facility Leases	8,951	8,432	8,386	46
Transportation	1,026	986	897	89
Professional Development	2,046	1,908	1,738	170
Program Assessment	132	237	237	
Transfers to Other Funds [2]	3,571	3,757	3,757	
Total Charges to Appropriations:	$ 42,417	$ 42,602	$ 41,946	$ 656
Surplus (Deficiency) of Resources Over (Under) Charges to Appropriations	(2,626)	(3,271)	(3,467)	(196)
Fund Balance Allocation	2,626	3,271	3,467	196
Excess (Deficiency) of Revenues Over Expenditures	$ -	$ -	$ -	$ -

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	$ 38,479
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(32,862)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 5,617
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 41,946
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	(3,757)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 38,189

[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 2016 Adopted Budget.

[2] Transfers to other funds within Pre-K 4 SA are shown as Education program expenditures for financial reporting purposes.

Pre-K 4 SA prepares an annual budget for their fund on a modified accrual basis which is consistent with generally accepted accounting principles. The annual budgetary data reported for the Pre-K 4 SA Fund represents the original appropriation ordinance as adopted by the Pre-K 4 SA board, and any amendments thereto as adopted by the City Council, adjusted for encumbrances outstanding at the beginning of the fiscal year. All annual appropriations lapse at fiscal year-end.

(unaudited - see accompanying auditor's report)

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Pension and Post-employment Schedules

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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
01-01-16	$ -	$ 270,465	$ 270,465	0.00%	$ 334,689	80.81%
01-01-15		340,626	340,626	0.00%	317,518	107.28%
01-01-14		318,910	318,910	0.00%	303,141	105.20%

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
10-01-15	$ 337,191	$ 799,275	$ 462,084	42.19%	$ 285,773	161.70%
10-01-14	307,232	751,127	443,895	40.90%	283,360	156.70%
10-01-13	273,929	692,336	418,407	39.57%	281,414	148.70%

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
01-01-14	$ 19,259	$ 139,574	$ 120,315	13.80%	$ 88,895	135.35%
01-01-13	12,665	267,567	254,902	4.73%	87,857	290.13%
01-01-11		242,388	242,388	0.00%	83,505	290.27%

[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. An off schedule actuarial study was performed as of January 1, 2014.

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(In Thousands)

CPS ENERGY - HEALTH PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL) [1]	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-14 [2]	$ 242,994	$ 280,655	$ 37,661	86.58%	$ 242,652	15.52%
01-01-13	233,187	243,022	9,835	95.95%	247,324	4.00%
01-01-12	224,792	222,878	(1,914)	100.86%	246,908	(0.80)%

CPS ENERGY - LIFE PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) [3]	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-14	$ 45,928	$ 43,544	$ (2,384)	105.47%	$ 218,939	(1.09)%
01-01-13	46,995	41,923	(5,072)	112.10%	216,358	(2.30)%
01-01-12	47,074	40,670	(6,404)	115.70%	214,898	(3.00)%

CPS ENERGY - DISABILITY PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) [3]	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-14	$ 4,516	$ 4,960	$ 444	91.15%	$ 218,939	0.20%
01-01-13	4,609	5,113	504	90.14%	216,358	0.20%
01-01-12	4,598	5,390	792	85.31%	214,898	0.40%

[1] The AAL consisted of the liability for both retired employees and active employees. The AAL for health benefits paid to retired employees was $116.4 million for January 1, 2014; $106.0 million for January 1, 2013; and $97.4 million for January 1, 2012 (reflected as actual amounts).

[2] Previously used assumptions regarding projected health care costs were modified in the January 1, 2014 actuarial valuations, resulting in an increase in the AAL and UAAL.

[3] 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.

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Required Supplementary Information - (Unaudited)

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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
12-31-14	$ 154,982	$ 179,549	24,567	86.3%	$ 90,721	27.1%
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%

(unaudited - see accompanying auditor's report)

Required Supplementary Schedule – (Unaudited)
City of San Antonio (TMRS)
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	9/30/2016	9/30/2015[1]
Total Pension Liability		
Service Cost	$ 47,521	$ 40,902
Interest	114,257	109,316
Differences Between Expected and Actual Experience	(8,192)	(9,979)
Changes of Assumptions	4,540	
Benefit Payments, including refunds of employee contributions	(74,742)	(71,197)
Net Change in Total Pension Liability	$ 83,384	$ 69,042
Total Pension Liability - Beginning	1,645,856	1,576,814
Total Pension Liability - Ending (a)	$ 1,729,240	$ 1,645,856
Plan Fiduciary Net Position		
Contributions - Employer	$ 35,915	$ 33,125
Contributions - Employee	20,027	18,438
Net Investment Income	1,888	70,349
Benefit Payments, including Refunds of Employee Contributions	(74,742)	(71,197)
Administrative Expense	(1,150)	(735)
Other	(57)	(60)
Net Change in Plan Fiduciary Net Position	$ (18,119)	$ 49,920
Plan Fiduciary Net Position - Beginning	1,279,776	1,229,856
Plan Fiduciary Net Position - Ending (b)	$ 1,261,657	$ 1,279,776
City's Net Pension Liability - Ending (a) - (b)	$ 467,583	$ 366,080
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.96%	77.76%
Covered Employee Payroll	$ 333,714	$ 307,138
City's Net Pension Liability as a Percentage of Covered Employee Payroll	140.10%	119.19%

[1]Per GASB No. 68 the required supplementary information should include a 10 year fiscal history built prospectively; historical information prior to implementation of GASB No. 68 is not required. Fiscal year 2015 information is the first year available under implementation for the City's Civilian TMRS Plan.

Notes to Schedule:
Changes of assumptions: In 2015 TMRS adopted a reduction in the investment return assumption from 7.00% to 6.75%, and a reduction in the inflation assumption from 3.00% to 2.50%, which is reflected in the fiscal year-ended 2016.

Required Supplementary Schedule – (Unaudited)
Fire and Police Pension Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	12/31/2015[2]	9/30/2014[1]
Total Pension Liability		
Service Cost	$ 96,631	$ 75,600
Interest	277,002	207,003
Change of Benefit Terms		
Differences Between Expected and Actual Experience	(20,698)	
Changes of Assumptions	148,315	
Benefit Payments, including Refunds of Employee Contributions	(179,787)	(122,306)
Net Change in Total Pension Liability	$ 321,463	$ 160,297
Total Pension Liability - Beginning	2,981,493	2,821,196
Total Pension Liability - Ending (a)	$ 3,302,956	$ 2,981,493
Plan Fiduciary Net Position		
Contributions - Employer	$ 94,816	$ 76,146
Contributions - Employee	47,408	38,073
Net Investment Income	(1,919)	223,054
Benefit Payments, including Refunds of Employee Contributions	(179,787)	(122,306)
Administrative Expense	(3,677)	(2,790)
Net Change in Plan Fiduciary Net Position	$ (43,159)	$ 212,177
Plan Fiduciary Net Position - Beginning	2,676,855	2,464,678
Plan Fiduciary Net Position - Ending (b)	$ 2,633,696	$ 2,676,855
City's Net Pension Liability - Ending (a) - (b)	$ 669,260	$ 304,638
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.74%	89.78%
Covered Employee Payroll	$ 384,807	$ 309,031
City's Net Pension Liability as a Percentage of Covered Employee Payroll	173.92%	98.58%

[1] Per GASB No. 68 the required supplementary information should include a 10 year fiscal history built prospectively; historical information prior to implementation of GASB No. 68 is not required. Fiscal year 2015 information is the first year available under implementation for the Fire and Police Pension Plan.

[2] The Fire and Police Pension Fund changed their fiscal year-end to December 31 effective fiscal year 2015, and therefore the City was required to change its measurement date from September 30 to December 31. These amounts reflect 15 months of pension information.

Notes to Schedule:
Benefit Changes: There have been no changes in benefit provisions since GASB No. 67 implementation.
Change of Assumptions: The net investment return was lowered from 7.50% to 7.25%. The inflation assumption was lowered from 3.50% to 3.00%.

Required Supplementary Schedule – (Unaudited)
CPS Energy
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	January 31,			
	2016 [1]	**2015**	**2014**	**2013**
Total Pension Liability				
Service Cost	$ 32,591	$ 33,417	$ 33,470	$ 31,420
Interest	117,802	116,155	112,356	105,013
Changes in Assumptions	38,296			
Differences Between Expected and Actual Experience	(35,634)	(24,410)	25,158	(13,581)
Benefit Payments	(84,319)	(74,352)	(70,677)	(66,147)
Net Change in Total Pension Liability	$ 68,736	$ 50,810	$ 100,307	$ 56,705
Total Pension Liability - Beginning	1,584,060	1,533,250	1,432,943	1,376,238
Total Pension Liability - Ending (a)	$ 1,652,796	$ 1,584,060	$ 1,533,250	$ 1,432,943
Plan Fiduciary Net Position				
Contributions - Employer	$ 55,800	$ 44,400	$ 39,016	$ 37,687
Contributions - Employee	12,140	12,569	12,332	11,745
Net Investment Income	85,520	145,883	110,529	22,510
Benefit Payments	(84,319)	(74,352)	(70,677)	(66,147)
Net Change in Plan Fiduciary Net Position	$ 69,141	$ 128,500	$ 91,200	$ 5,795
Plan Fiduciary Net Position - Beginning	1,317,300	1,188,800	1,097,600	1,091,805
Plan Fiduciary Net Position - Ending (b)	$ 1,386,441	$ 1,317,300	$ 1,188,800	$ 1,097,600
Net Pension Liability - Ending (a) - (b)	$ 266,355	$ 266,760	$ 344,450	$ 335,343
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.90%	83.20%	77.50%	76.60%
Covered Employee Payroll	$ 261,085	$ 260,730	$ 251,136	$ 241,318
Net Pension Liability as a Percentage of Covered Employee Payroll	102.00%	102.30%	137.20%	139.00%

[1] Per GASB No. 68 the required supplementary information should include a 10 year fiscal history built prospectively; historical information prior to implementation of GASB No. 68 is not required. September 30, 2014 information is presented related to all periods for which the required data is available. Amounts presented are determined as of the measurement date of the net pension liability for fiscal years ended January 31, 2016, January 31, 2015, January 31, 2014, and January 31, 2013.

Notes to Schedule:
For fiscal year 2016, the annual investment rate of return underlying the calculation of total pension liability was assumed to be 7.50%. For the previous years presented, the rate used was 7.75%. Other actuarial assumptions were modified in fiscal year 2016 without significantly affecting trends in the amounts reported above. There were no changes in benefit terms, in the size or composition of the population covered by the benefit terms, in the use of different assumptions or other factors that significantly affected trends from year to year in the amounts reported above.

Required Supplementary Schedule – (Unaudited)
San Antonio Water System Retirement Plan (SAWSRP)
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

		December 31, 2014 [1]
Total Pension Liability		
Service Cost	$	5,204
Interest		11,709
Change of Benefit Terms		
Differences Between Expected and Actual Experience		(622)
Changes of Assumptions		2,771
Benefit Payments		(5,796)
Net Change in Total Pension Liability	$	13,266
Total Pension Liability - Beginning		171,169
Total Pension Liability - Ending (a)	$	184,435
Plan Fiduciary Net Position		
Contributions - Employer	$	10,339
Contributions - Employee		
Net Investment Income		15,695
Benefit Payments, including Refunds of Employee Contributions		(5,796)
Net Change in Plan Fiduciary Net Position	$	20,238
Plan Fiduciary Net Position - Beginning		140,521
Plan Fiduciary Net Position - Ending (b)	$	160,759
Net Pension Liability - Ending (a) - (b)	$	23,676
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		87.16%
Covered Employee Payroll	$	83,812
Net Pension Liability as a Percentage of Covered Employee Payroll		28.20%

[1] Per GASB No. 68 the required supplementary information should include a 10 year fiscal history built prospectively; historical information prior to implementation of GASB No. 68 is not required. December 31, 2014 information is the first year available under implementation for the SAWSRP.

Notes to Schedule:
Total pension liability at December 31, 2015 is preliminary and based on a rollforward of the January 1, 2015 actuarial valuation.

Benefit Changes: Effective June 1, 2014, the defined benefit plan was frozen to new entrants. In 2015, the normal form of distribution changed and a mandatory employee contribution of 3.00% of payroll was instituted.

Changes of assumptions: In 2014, amounts reported as changes of assumptions resulted primarily from a reduction in the assumed long-term rate of return from 7.00% to 6.75%.

Required Supplementary Schedule – (Unaudited)
San Antonio Water System (SAWS) - TMRS
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

		December 31, 2015 [1]
Total Pension Liability		
Service Cost	$	4,379
Interest		11,960
Differences Between Expected and Actual Experience		(1,717)
Benefit Payments		(7,461)
Net Change in Total Pension Liability	$	7,161
Total Pension Liability - Beginning		172,388
Total Pension Liability - Ending (a)	$	179,549
Plan Fiduciary Net Position		
Contributions - Employer	$	3,721
Contributions - Employee		2,722
Net Investment Income		8,818
Benefit Payments, including Refunds of Employee Contributions		(7,461)
Administrative Expense		(92)
Other		(8)
Net Change in Plan Fiduciary Net Position	$	7,700
Plan Fiduciary Net Position - Beginning		154,158
Plan Fiduciary Net Position - Ending (b)	$	161,858
Net Pension Liability - Ending (a) - (b)	$	17,691
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		90.15%
Covered Employee Payroll	$	90,721
Net Pension Liability as a Percentage of Covered Employee Payroll		19.50%

[1] Per GASB No. 68 the required supplementary information should include a 10 year fiscal history built prospectively; historical information prior to implementation of GASB No. 68 is not required. December 31, 2015 information is the first year available under implementation for SAWS.

Notes to Schedule:
Not applicable

Required Supplementary Schedule – (Unaudited)
City of San Antonio (TMRS)
Schedule of Contributions
Last Ten Fiscal Years

Year Ended September 30	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
2007	$ 28,455	$ 28,455	$ -	$ 231,262	12.30%
2008	30,538	30,538		244,530	12.50%
2009	33,510	33,510		259,224	12.90%
2010	32,338	32,338		258,932	12.50%
2011	33,883	33,883		270,708	12.50%
2012	29,981	28,171	(1,810)	276,095	10.20%
2013	30,416	30,416		288,246	10.60%
2014	32,585	32,585		303,141	10.80%
2015	34,176	34,176		317,518	10.76%
2016	35,942	35,942		340,660	10.55%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	30 years
Asset valuation method	10 Year smoothed market; 15.00% soft corridor

Actuarial assumptions:

Investment rate of return	6.75%
Inflation rate	2.50%
Salary increases	3.50% to 10.50% including inflation
Retirement age	Experience-based table rates that are specific to the City's plan of benefits. Last Updated for the 2015 valuation pursuant to experience study of the period 2010-2014.
Mortality	RP-2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109.00% and female rates multiplied by 103.00% and projected on a fully generational basis with scale BB.

Other Information:

Notes	Granted 70.00% ad hoc COLA

Required Supplementary Schedule – (Unaudited)
Fire and Police Pension Fund
Schedule of Contributions
Last Ten Fiscal Years

Year Ended	Actuarially Determined Contribution[1]	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll[2]	Contributions as a Percentage of Covered Employee Payroll
2006	$ 51,614	$ 51,614	$ -	$ 207,145	24.64%
2007	54,952	54,952		214,230	24.64%
2008	58,101	58,101		229,547	24.64%
2009	62,344	62,344		243,904	24.64%
2010	64,498	64,498		269,359	24.64%
2011	67,328	67,328		271,533	24.64%
2012	70,389	70,389		286,327	24.64%
2013	72,359	72,359		293,665	24.64%
2014	76,146	76,146		309,031	24.64%
2015	75,802	75,802		307,639	24.64%
2016	74,414	74,414		301,993	24.64%

[1] The Actuarially Determined Contribution is based on the statutory rate of 24.64% of payroll.

[2] Payroll is estimated based on the actual member contributions received and a 12.32% contribution rate.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution is based on the statutory rate of 24.64% of payroll.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age
Amortization method	Level Percentage of Payroll, using 3.50% annual increases
Remaining amortization period	10.66 years remaining as of October 1, 2014
Asset valuation method	Five-year smoothed market value based on expected return of 7.25%

Actuarial assumptions:

Investment rate of return	7.25 % including inflation, net of pension plan investment expense
Inflation rate	3.00%
Salary increases	3.00% (plus merit scale of 0.75% - 11.25%)
Cost-of-living adjustments	3.00% for retirement before October 1, 1999; 2.25% 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 100.00% retirement at age 65 or 40 years of service

Mortality:

Healthy	RP-2014 Employee and Healthy Annuitant Tables, with rates loaded by 7.00% for females, projected generationally with 50.00% of Scale MP-2014
Disabled	RP-2014 Annuitant Tables, set forward six years, loaded by 7.00% for females, projected generationally with 50.00% of Scale MP-2014

Required Supplementary Schedule – (Unaudited)
CPS Energy
Schedule of Contributions
Last Ten Fiscal Years

Year Ended January 31 [1]	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
2014	$ 44,362	$ 44,400	$ (38)	$ 260,730	17.00%
2015	48,696	55,800	(7,104)	261,085	21.40%
2016	46,001	46,000	1	256,236	18.00%

[1] Per GASB No. 68 the required supplementary information should include a 10 year fiscal history built prospectively; historical information prior to implementation of GASB No. 68 is not required.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution rates are calculated as of January 1, two years and one month prior to the end of the fiscal year in which contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	30 years
Asset valuation method	Market value gains/losses recognized over 5 years, beginning with calendar year 2014; expected value adjusted market value for all prior periods

Actuarial assumptions:

Investment rate of return	7.50% per year, compounded annually for fiscal year 2016, 7.75% for prior years
Inflation rate	3.00% per year, compounded annually
Salary increases	Average, including inflation - 5.01% for fiscal year 2016, 5.03% for fiscal year 2015, and 5.07% for fiscal year 2014
Cost-of-living increases	1.50% per year
Mortality	Based on RP-2000 Combined Healthy Annuitant Mortality Table for Males or Females, projected using Scale BB for 2016 and Scale AA for prior years.

Required Supplementary Schedule – (Unaudited)
San Antonio Water System Retirement Plan (SAWSRP)
Schedule of Contributions
Last Ten Fiscal Years

Year Ended December 31 [1]	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
2014	$ 10,339	$ 10,339	$ -	$ 83,812	12.30%

[1] Per GASB No. 68 the required supplementary information should include a 10 year fiscal history built prospectively; historical information prior to implementation of GASB No. 68 is not required. December 31, 2014 information is the first year available under implementation for the SAWSRP.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contributions are determined as of January 1 of the year in which the contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age
Amortization method	Level percent of payroll
Remaining amortization period	15 years
Asset valuation method	Four-year smoothed market value

Actuarial assumptions:

Investment rate of return	6.75% including inflation, net of pension plan investment expense
Inflation rate	2.25%
Salary increases	Scale based on 2011-2013 SAWS experience
Retirement age	Scale based on 2011-2012 SAWS experience
Mortality	IRS Prescribed Generationally Mortality

Required Supplementary Schedule – (Unaudited)
San Antonio Water System (SAWS)
Schedule of Contributions
Last Ten Fiscal Years

Year Ended December 31 [1]	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
2015	$ 3,721	$ 3,721	$ -	$ 90,721	4.10%

[1] Per GASB No. 68 the required supplementary information should include a 10 year fiscal history built prospectively; historical information prior to implementation of GASB No. 68 is not required. December 31, 2015 information is the first year available under implementation for the SAWS.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date
Actuarially determined contributions are calculated as of December 31 and become effective 12 months later on January 1.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age
Amortization method	Level percent of payroll, closed
Remaining amortization period	23 years
Asset valuation method	10 year smoothed market value; 15.00% soft corridor

Actuarial assumptions:

Investment rate of return	7.00% including inflation, net of pension plan investment expense
Inflation rate	3.00%
Salary increases	3.50% to 12.00%, including inflation
Retirement Rates	Experience-based table of rates that are specific to SAWS plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 – 2009.
Mortality	RP-2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109.00% and female rates multiplied by 103.00% and projected on a fully generational basis with scale BB

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COMBINING FINANCIAL STATEMENTS

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Nonmajor Governmental Funds

Special Revenue Funds

GRANTS

AMERICAN RECOVERY AND REINVESTMENT ACT – to accept, receipt, and disburse federal funds designated as part of the American Recovery and Reinvestment Act.

CATEGORICAL GRANT-IN AID – 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.

COMMUNITY DEVELOPMENT PROGRAM – to accept, receipt, and disburse federal funds designated for Community Development Block Grants' Programs.

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

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

HUD 108 LOAN PROGRAM – to accept, receipt, and disburse federal funds designed to finance various HUD eligible capital improvements within the City.

OTHER SPECIAL REVENUES

ADVANCED 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.

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Nonmajor Governmental Funds

Special Revenue Funds (continued)

OTHER SPECIAL REVENUES (continued)

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). Financing is provided by property taxes contributed from the City and other participating jurisdictions.

PARKS ENVIRONMENTAL & SANITATION – to account for the administrative and operational activities of the Parks Environmental Program. Financing is provided by a parks environmental fee.

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.

TEXAS PUBLIC FACILITIES CORPORATION (TPFC) – was established in accordance with state laws for the purpose of, and to act on the 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.

HEMISFAIR PARK AREA REDEVELOPMENT CORPORATION (HPARC) – was established by the City in August 2009 for the purpose of aiding and acting on behalf of the City to assist with acquiring property, planning, developing, constructing, managing, maintaining, and financing projects within Hemisfair and adjacent to or near Hemisfair.

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Nonmajor Governmental Funds

Special Revenue Funds (continued)

BLENDED COMPONENT UNITS (continued)

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.

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.

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Nonmajor Governmental Funds

Capital Projects Funds (continued)

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 1986 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.

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.

2015 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2015 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection 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.

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.

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Nonmajor Governmental Funds

Capital Projects Funds (continued)

OTHER CAPITAL PROJECTS (continued)

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 and notes payables issued.

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 and again on November 2, 2010. Balance also includes a portion from the prior sale of sales tax revenue commercial paper notes.

RESIDUAL CAPITAL PROJECTS – to account for residual investment earnings generated from General Obligation Bonds (Pre-1999, 1999, 2003, and 2007) and Certificates of Obligation (Pre-2006, 2006, 2007, 2008, 2010, and 2011) project fundings. These residual earnings were primarily used 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.

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 of San Antonio'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. The principal portion is required to be retained in the Fund's Corpus.

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Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2016
(In Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Assets:				
Cash and Cash Equivalents	$ 17,894	$ 32	$ -	$ 17,926
Investments	96,772	256		97,028
Receivables, Net	6,215	2		6,217
Materials and Supplies, at Cost	80			80
Prepaid Expenditures	9			9
Due From Other Funds	6,468			6,468
Due From Other Governmental Agencies, Net	453			453
Restricted Assets:				
Cash and Cash Equivalents	70,734	49,843	532	121,109
Investments	119,467	180,462	3,973	303,902
Receivables, Net	57,812	420	78	58,310
Materials and Supplies, at Cost	1,816			1,816
Deposits	1	5,510		5,511
Prepaid Expenditures	30			30
Due From Other Funds	3,385	27,224		30,609
Due From Other Governmental Agencies, Net	16,077	289		16,366
Total Assets	$ 397,213	$ 264,038	$ 4,583	$ 665,834
Liabilities and Fund Balances:				
Liabilities:				
Vouchers Payable	$ 4,210	$ -	$ -	$ 4,210
Accounts Payable - Other	8,107			8,107
Accrued Payroll	862			862
Accrued Leave Payable	12			12
Unearned Revenue				
Due To Other Funds	16,431			16,431
Liabilities Payable From Restricted Assets:				
Vouchers Payable	5,651	30,726	24	36,401
Accounts Payable - Other	5,958	11,773	1	17,732
Accrued Payroll	2,700		2	2,702
Accrued Leave Payable	48			48
Unearned Revenue	47,009	5,059		52,068
Due To Other Funds	45,317	13,696		59,013
Due To Other Governmental Agencies	731			731
Total Liabilities	137,036	61,254	27	198,317
Fund Balances:				
Nonspendable	1,936	5,510	4,189	11,635
Restricted	159,894	201,009	367	361,270
Committed	72,022	290		72,312
Assigned	32,407			32,407
Unassigned	(6,082)	(4,025)		(10,107)
Total Fund Balances	260,177	202,784	4,556	467,517
Total Liabilities and Fund Balances	$ 397,213	$ 264,038	$ 4,583	$ 665,834

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year-Ended September 30, 2016
(In Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:				
Taxes:				
Property	$ 21,497	$ -	$ -	$ 21,497
General Sales and Use	82,152			82,152
Gross Receipts Business	3,176			3,176
Occupancy	81,280			81,280
Penalties and Interest on Delinquent Taxes	178			178
Intergovernmental	166,752	3,116		169,868
Charges for Services	102,642		269	102,911
Fines and Forfeits	373			373
Miscellaneous	45,616	1,162		46,778
Investment Earnings	1,270	610	17	1,897
Contributions	29,435	1,154		30,589
Total Revenues	534,371	6,042	286	540,699
Expenditures:				
Current:				
General Government	14,163	63		14,226
Public Safety	16,768	4,808		21,576
Public Works	62,661			62,661
Health Services	33,624			33,624
Sanitation	7,174			7,174
Welfare	93,054			93,054
Culture and Recreation	54,935		183	55,118
Convention and Tourism	44,526			44,526
Urban Redevelopment and Housing	14,591			14,591
Education	24,843			24,843
Economic Development and Opportunity	15,067			15,067
Capital Outlay	4,003	234,911		238,914
Debt Service:				
Principal Retirement	5,539			5,539
Interest	25,468			25,468
Issuance Costs		913		913
Total Expenditures	416,416	240,695	183	657,294
Excess (Deficiency) of Revenue Over (Under) Expenditures	117,955	(234,653)	103	(116,595)
Other Financing Sources (Uses):				
Issuance of Long-Term Debt		133,369		133,369
Issuance of Notes and Loans	835			835
Premium on Long-Term Debt		13,775		13,775
Transfers In	60,784	235,298		296,082
Transfers Out	(244,343)	(113,005)		(357,348)
Total Other Financing Sources (Uses)	(182,724)	269,437		86,713
Net Change in Fund Balances	(64,769)	34,784	103	(29,882)
Fund Balances, October 1 (restated)	324,946	168,000	4,453	497,399
Fund Balances, September 30	$ 260,177	$ 202,784	$ 4,556	$ 467,517

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Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds
As of September 30, 2016
(In Thousands)

	GRANTS	OTHER SPECIAL REVENUES	BLENDED COMPONENT UNITS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Assets:				
Cash and Cash Equivalents	$ -	$ 15,952	$ 1,942	$ 17,894
Investments		96,772		96,772
Receivables, Net		5,872	343	6,215
Materials and Supplies, at Cost		80		80
Prepaid Expenditures			9	9
Due From Other Funds		6,468		6,468
Due From Other Governmental Agencies, Net		453		453
Restricted Assets:				
Cash and Cash Equivalents	6,325	17,888	46,521	70,734
Investments	5,207	113,660	600	119,467
Receivables, Net	36,124	21,491	197	57,812
Materials and Supplies, at Cost	666	137	1,013	1,816
Deposits	1			1
Prepaid Expenditures			30	30
Due From Other Funds	1,245	2,140		3,385
Due From Other Governmental Agencies, Net	15,882	195		16,077
Total Assets	$ 65,450	$ 281,108	$ 50,655	$ 397,213
Liabilities and Fund Balances:				
Liabilities:				
Vouchers Payable	$ -	$ 4,210	$ -	$ 4,210
Accounts Payable - Other		8,075	32	8,107
Accrued Payroll		862		862
Accrued Leave Payable		12		12
Unearned Revenue				
Due To Other Funds		16,431		16,431
Liabilities Payable From Restricted Assets:				
Vouchers Payable	3,013	2,599	39	5,651
Accounts Payable - Other	4,085	1,354	519	5,958
Accrued Payroll	940	1,728	32	2,700
Accrued Leave Payable		1	47	48
Unearned Revenue	46,864		145	47,009
Due To Other Funds	12,374	6,208	26,735	45,317
Due To Other Governmental Agencies	731			731
Total Liabilities	68,007	41,480	27,549	137,036
Fund Balances:				
Nonspendable	667	217	1,052	1,936
Restricted	2,133	137,903	19,858	159,894
Committed		72,022		72,022
Assigned		30,164	2,243	32,407
Unassigned	(5,357)	(678)	(47)	(6,082)
Total Fund Balances	(2,557)	239,628	23,106	260,177
Total Liabilities and Fund Balances	$ 65,450	$ 281,108	$ 50,655	$ 397,213

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Year-Ended September 30, 2016
(In Thousands)

	GRANTS	OTHER SPECIAL REVENUES	BLENDED COMPONENT UNITS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Revenues:				
Taxes:				
Property	$ -	$ 21,497	$ -	$ 21,497
General Sales and Use		82,152		82,152
Gross Receipts Business		3,176		3,176
Occupancy		81,280		81,280
Penalties and Interest on Delinquent Taxes		178		178
Intergovernmental	148,852	17,241	659	166,752
Charges for Services	325	91,825	10,492	102,642
Fines and Forfeits		373		373
Miscellaneous	2,746	42,472	398	45,616
Investment Earnings	139	1,022	109	1,270
Contributions	18,067	10,435	933	29,435
Total Revenues	170,129	351,651	12,591	534,371
Expenditures:				
Current:				
General Government	4,112	10,051		14,163
Public Safety	11,400	5,368		16,768
Public Works	19,132	43,529		62,661
Health Services	16,307	17,317		33,624
Sanitation	387	6,787		7,174
Welfare	92,717	337		93,054
Culture and Recreation	1,057	47,136	6,742	54,935
Convention and Tourism		44,526		44,526
Urban Redevelopment and Housing	12,756	288	1,547	14,591
Education		24,843		24,843
Economic Development and Opportunity	1,689	10,531	2,847	15,067
Capital Outlay			4,003	4,003
Debt Service:				
Principal Retirement	2,620		2,919	5,539
Interest	2,158		23,310	25,468
Total Expenditures	164,335	210,713	41,368	416,416
Excess (Deficiency) of Revenue Over (Under) Expenditures	5,794	140,938	(28,777)	117,955
Other Financing Sources (Uses):				
Issuance of Long-Term Debt				
Issuance of Notes and Loans			835	835
Transfers In	10,890	21,684	28,210	60,784
Transfers Out	(20,293)	(167,301)	(56,749)	(244,343)
Total Other Financing Sources (Uses)	(9,403)	(145,617)	(27,704)	(182,724)
Net Change in Fund Balances	(3,609)	(4,679)	(56,481)	(64,769)
Fund Balances, October 1 (restated)	1,052	244,307	79,587	324,946
Fund Balances, September 30	$ (2,557)	$ 239,628	$ 23,106	$ 260,177

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Combining Balance Sheet
Nonmajor Governmental Funds - Grants
As of September 30, 2016
(In Thousands)

	AMERICAN RECOVERY AND REINVESTMENT ACT	CATEGORICAL GRANT-IN AID	COMMUNITY DEVELOPMENT PROGRAM	CONFISCATED PROPERTY	HOME PROGRAM	HUD 108 LOAN PROGRAM	TOTAL NONMAJOR GRANTS
Assets:							
Restricted Assets:							
Cash and Cash Equivalents	$ 25	$ 498	$ -	$ 270	$ 4,885	$ 647	$ 6,325
Investments	190	1,300	1,415	2,012	290		5,207
Receivables, Net	2,012	345	6,597	32	27,138		36,124
Materials and Supplies, at Cost		666					666
Deposits	1						1
Due From Other Funds		1,245					1,245
Due From Other Governmental Agencies, Net		15,812	70				15,882
Total Assets	$ 2,228	$ 19,866	$ 8,082	$ 2,314	$ 32,313	$ 647	$ 65,450
Liabilities and Fund Balances:							
Liabilities Payable From Restricted Assets:							
Vouchers Payable	$ 72	$ 1,967	$ 283	$ 80	$ 611	$ -	$ 3,013
Accounts Payable - Other		3,899	139	5	42		4,085
Accrued Payroll		842	73	4	21		940
Unearned Revenue	1,845	4,430	8,935		31,654		46,864
Due To Other Funds	436	8,621	2,730	81		506	12,374
Due To Other Governmental Agencies		73		11		647	731
Total Liabilities	2,353	19,832	12,160	181	32,328	1,153	68,007
Fund Balances:							
Nonspendable	1	666					667
Restricted				2,133			2,133
Unassigned	(126)	(632)	(4,078)		(15)	(506)	(5,357)
Total Fund Balances	(125)	34	(4,078)	2,133	(15)	(506)	(2,557)
Total Liabilities and Fund Balances	$ 2,228	$ 19,866	$ 8,082	$ 2,314	$ 32,313	$ 647	$ 65,450

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Grants
Year-Ended September 30, 2016
(In Thousands)

	AMERICAN RECOVERY AND REINVESTMENT ACT	CATEGORICAL GRANT-IN AID	COMMUNITY DEVELOPMENT PROGRAM	CONFISCATED PROPERTY	HOME PROGRAM	HUD 108 LOAN PROGRAM	TOTAL NONMAJOR GRANTS
Revenues:							
Taxes:							
Intergovernmental	$ 646	$ 132,343	$ 9,522	$ 1,374	$ 4,967	$ -	$ 148,852
Charges for Services			325				325
Miscellaneous	80	599	827		1,240		2,746
Investment Earnings	1	6	108	11	13		139
Contributions		14,476			3,591		18,067
Total Revenues	727	147,424	10,782	1,385	9,811	-	170,129
Expenditures:							
Current:							
General Government			4,112				4,112
Public Safety		10,077	88	1,235			11,400
Public Works		19,108	24				19,132
Health Services		16,307					16,307
Sanitation		387					387
Welfare		92,598	119				92,717
Culture and Recreation		752	305				1,057
Urban Redevelopment and Housing	727	1,947	306		9,776		12,756
Economic Development and Opportunity			1,183			506	1,689
Debt Service:							
Principal Retirement						2,620	2,620
Interest						2,158	2,158
Total Expenditures	727	141,176	6,137	1,235	9,776	5,284	164,335
Excess (Deficiency) of Revenue Over (Under) Expenditures		6,248	4,645	150	35	(5,284)	5,794
Other Financing Sources (Uses):							
Transfers In		6,075	36		1	4,778	10,890
Transfers Out		(12,290)	(7,593)	(374)	(36)		(20,293)
Total Other Financing Sources (Uses)		(6,215)	(7,557)	(374)	(35)	4,778	(9,403)
Net Change in Fund Balances		33	(2,912)	(224)		(506)	(3,609)
Fund Balances, October 1	(125)	1	(1,166)	2,357	(15)		1,052
Fund Balances, September 30	$ (125)	$ 34	$ (4,078)	$ 2,133	$ (15)	$ (506)	$ (2,557)

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Combining Balance Sheet
Nonmajor Governmental Funds - Other Special Revenues
As of September 30, 2016
(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	$ -	$ 14,300	$ 1,055	$ -	$ -	$ -	$ 307	$ 290	$ -	$ -	$ -	$ 15,952
Investments		79,419	2,610				2,283	12,460				96,772
Receivables, Net		5,603	4				251	14				5,872
Materials and Supplies, at Cost		80										80
Due From Other Funds		6,468										6,468
Due From Other Governmental Agencies, Net		121					332					453
Restricted Assets:												
Cash and Cash Equivalents	294	550	5,302	1,925	5,398	26			2,226	2,162	5	17,888
Investments	3,529	4,103	28,693	3,671	40,275	195			17,531	15,630	33	113,660
Receivables, Net	2,748	609	1,362	1,431	5,828	5,783			3,142	13	575	21,491
Materials and Supplies, at Cost			65						72			137
Due From Other Funds	24		13	2,053	30				20			2,140
Due From Other Governmental Agencies			195									195
Total Assets	$ 6,595	$ 111,253	$ 39,299	$ 9,080	$ 51,531	$ 6,004	$ 3,173	$ 12,764	$ 22,991	$ 17,805	$ 613	$ 281,108
Liabilities and Fund Balances:												
Liabilities:												
Vouchers Payable	$ -	$ 4,096	$ 3	$ -	$ -	$ -	$ 81	$ 30	$ -	$ -	$ -	$ 4,210
Accounts Payable - Other		7,089	966				20					8,075
Accrued Payroll		806					56					862
Accrued Leave Payable		12										12
Due To Other Funds		9,969		6,462								16,431
Liabilities Payable From Restricted Assets:												
Vouchers Payable	13		1,373						647	435	131	2,599
Accounts Payable - Other	36		685			217			282	74	60	1,354
Accrued Payroll	59		210			818			503	15	123	1,728
Accrued Leave Payable			1									1
Due To Other Funds			1,209			4,969					30	6,208
Total Liabilities	108	21,972	4,447	6,462		6,004	157	30	1,432	524	344	41,480
Fund Balances:												
Nonspendable		80	65						72			217
Restricted	6,487	5,262	32,968	2,618	51,531				21,487	17,281	269	137,903
Committed		56,227	2,497				564	12,734				72,022
Assigned		27,712					2,452					30,164
Unassigned			(678)									(678)
Total Fund Balances	6,487	89,281	34,852	2,618	51,531		3,016	12,734	21,559	17,281	269	239,628
Total Liabilities and Fund Balances	$ 6,595	$ 111,253	$ 39,299	$ 9,080	$ 51,531	$ 6,004	$ 3,173	$ 12,764	$ 22,991	$ 17,805	$ 613	$ 281,108

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Other Special Revenues
Year-Ended September 30, 2016
(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	$ -	$ -	$ 4,451	$ -	$ -	$ -	$ -	$ -	$ -	$ 17,046	$ -	$ 21,497
General Sales and Use	15,722				33,215	33,215						82,152
Gross Receipts Business			3,176									3,176
Occupancy		63,218		18,062								81,280
Penalties and Interest on Delinquent Taxes		137		41								178
Intergovernmental		4,078	13,163									17,241
Charges for Services		27,247	6,630				3,050		48,052		6,846	91,825
Fines and Forfeits			373									373
Miscellaneous	29	3,159	10,531		30	27,921	111	300	388		3	42,472
Investment Earnings	22	378	148	26	217		7	90	77	57		1,022
Contributions			10,435									10,435
Total Revenues	15,773	98,217	48,907	18,129	33,462	61,136	3,168	390	48,517	17,103	6,849	351,651
Expenditures:												
Current:												
General Government			10,051									10,051
Public Safety			5,368									5,368
Public Works	4,521						2,069		36,939			43,529
Health Services			17,317									17,317
Sanitation			85								6,702	6,787
Welfare			337									337
Culture and Recreation		36,994	9,482		660							47,136
Convention and Tourism		44,526										44,526
Urban Redevelopment and Housing			128					160				288
Education						24,843						24,843
Economic Development and Opportunity			4,415							6,116		10,531
Total Expenditures	4,521	81,520	47,183		660	24,843	2,069	160	36,939	6,116	6,702	210,713
Excess of Revenue Over Expenditures	11,252	16,697	1,724	18,129	32,802	36,293	1,099	230	11,578	10,987	147	140,938
Other Financing Sources (Uses):												
Transfers In		6,616	5,618	9,450								21,684
Transfers Out	(13,608)	(33,470)	(2,833)	(27,779)	(36,698)	(36,293)			(11,783)	(4,837)		(167,301)
Total Other Financing Sources (Uses)	(13,608)	(26,854)	2,785	(18,329)	(36,698)	(36,293)			(11,783)	(4,837)		(145,617)
Net Change in Fund Balances	(2,356)	(10,157)	4,509	(200)	(3,896)		1,099	230	(205)	6,150	147	(4,679)
Fund Balances, October 1	8,843	99,438	30,343	2,818	55,427		1,917	12,504	21,764	11,131	122	244,307
Fund Balances, September 30	$ 6,487	$ 89,281	$ 34,852	$ 2,618	$ 51,531	$ -	$ 3,016	$ 12,734	$ 21,559	$ 17,281	$ 269	$ 239,628

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Combining Balance Sheet
Nonmajor Governmental Funds - Blended Component Units
As of September 30, 2016
(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.	TEXAS PUBLIC FACILITIES CORP.	HEMISFAIR PARK AREA REDEVELOPMENT CORP.	URBAN RENEWAL AGENCY (OUR SA)	WESTSIDE DEVELOPMENT CORP.	TOTAL NONMAJOR BLENDED COMPONENT UNITS
Assets:												
Cash and Cash Equivalents	$ 130	$ 7	$ 29	$ -	$ -	$ -	$ -	$ -	$ 1,226	$ -	$ 550	$ 1,942
Investments												
Receivables, net	40								99		204	343
Prepaid Expenditures									6		3	9
Restricted Assets:												
Cash and Cash Equivalents				582	591	277	106	43,505		1,460		46,521
Investments							600					600
Receivables, Net				167				10		20		197
Materials and Supplies, at Cost				286						727		1,013
Prepaid Expenditures				27		3						30
Total Assets	$ 170	$ 7	$ 29	$ 1,062	$ 591	$ 280	$ 706	$ 43,515	$ 1,331	$ 2,207	$ 757	$ 50,655
Liabilities and Fund Balances:												
Liabilities:												
Vouchers Payable												
Accounts Payable - Other	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 32	$ 32
Liabilities Payable From Restricted Assets:												
Vouchers Payable										39		39
Accounts Payable - Other				399					120			519
Accrued Payroll									32			32
Accrued Leave Payable									47			47
Unearned Revenue				145								145
Due To Other Funds								26,735				26,735
Total Liabilities				544				26,735	199	39	32	27,549
Deferred Inflows of Resources				-					-			
Fund Balances:												
Nonspendable				313		3			6	727	3	1,052
Restricted					591	277		16,780		1,488	722	19,858
Assigned	170	7	29	205			706		1,126			2,243
Unassigned										(47)		(47)
Total Fund Balances	170	7	29	518	591	280	706	16,780	1,132	2,168	725	23,106
Total Liabilities and Fund Balances	$ 170	$ 7	$ 29	$ 1,062	$ 591	$ 280	$ 706	$ 43,515	$ 1,331	$ 2,207	$ 757	$ 50,655

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Blended Component Units
Year-Ended September 30, 2016
(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.	TEXAS PUBLIC FACILITIES CORP.	HEMISFAIR PARK AREA REDEVELOPMENT CORP.	URBAN RENEWAL AGENCY (OUR SA)	WESTSIDE DEVELOPMENT CORP.	TOTAL NONMAJOR BLENDED COMPONENT UNITS
Revenues:												
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 659	$ -	$ 659
Charges for Services	60		20	10,062					85		265	10,492
Miscellaneous							13			355	30	398
Investment Earnings					1			100	1		7	109
Contributions							300		608		25	933
Total Revenues	60		20	10,062	1		313	100	694	1,014	327	12,591
Expenditures:												
Culture and Recreation	$ -	$ -	$ -	$ 6,742	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,742
Urban Redevelopment and Housing										1,547		1,547
Economic Development and Opportunity						4	189		2,014		640	2,847
Capital Outlay				3,352					651			4,003
Debt Service:												
Principal Retirement				507	1,570	825			17			2,919
Interest				45	1,324	733		21,208				23,310
Total Expenditures				10,646	2,894	1,562	189	21,208	2,682	1,547	640	41,368
Excess (Deficiency) of Revenue Over (Under) Expenditures	60		20	(584)	(2,893)	(1,562)	124	(21,108)	(1,988)	(533)	(313)	(28,777)
Other Financing Sources (Uses):												
Issuance of Notes and Loans				324					511			835
Transfers In				497	2,881	1,579		21,207	1,687		359	28,210
Transfers Out				(775)				(55,974)				(56,749)
Total Other Financing Sources (Uses)				46	2,881	1,579		(34,767)	2,198		359	(27,704)
Net Change in Fund Balances	60		20	(538)	(12)	17	124	(55,875)	210	(533)	46	(56,481)
Fund Balances, October 1 (restated)	110	7	9	1,056	603	263	582	72,655	922	2,701	679	79,587
Fund Balances, September 30	$ 170	$ 7	$ 29	$ 518	$ 591	$ 280	$ 706	$ 16,780	$ 1,132	$ 2,168	$ 725	$ 23,106

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Combining Balance Sheet
Nonmajor Governmental Funds - Capital Projects
As of September 30, 2016
(In Thousands)

	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	OTHER CAPITAL PROJECTS	TOTAL CAPITAL PROJECTS
Assets:				
Cash and Cash Equivalents	$ -	$ -	$ 32	$ 32
Investments			256	256
Receivables, Net			2	2
Restricted Assets:				
Cash and Cash Equivalents	4,497	15,287	30,059	49,843
Investments	35,740	121,363	23,359	180,462
Receivables, Net	39	65	316	420
Deposits			5,510	5,510
Prepaid Expenditures				
Due From Other Funds	307	57	26,860	27,224
Due From Other Governmental Agencies, Net			289	289
Total Assets	$ 40,583	$ 136,772	$ 86,683	$ 264,038
Liabilities and Fund Balances:				
Liabilities:				
Liabilities Payable From Restricted Assets:				
Vouchers Payable	$ 27	$ 1,569	$ 29,130	$ 30,726
Accounts Payable - Other		2,403	9,370	11,773
Unearned Revenue		33	5,026	5,059
Due To Other Funds	305	1,600	11,791	13,696
Total Liabilities	332	5,605	55,317	61,254
Fund Balances:				
Nonspendable			5,510	5,510
Restricted	40,251	134,450	26,308	201,009
Committed			290	290
Unassigned		(3,283)	(742)	(4,025)
Total Fund Balances	40,251	131,167	31,366	202,784
Total Liabilities and Fund Balances	$ 40,583	$ 136,772	$ 86,683	$ 264,038

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects
Year-Ended September 30, 2016
(In Thousands)

	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	OTHER CAPITAL PROJECTS	TOTAL CAPITAL PROJECTS
Revenues:				
Intergovernmental	$ -	$ 76	$ 3,040	$ 3,116
Miscellaneous	310	67	785	1,162
Investment Earnings	188	314	108	610
Contributions	1	300	853	1,154
Total Revenues	499	757	4,786	6,042
Expenditures:				
Current:				
General Government	9	11	43	63
Public Safety			4,808	4,808
Capital Outlay	1	42,517	192,393	234,911
Debt Service:				
Issuance Costs		747	166	913
Total Expenditures	10	43,275	197,410	240,695
(Deficiency) of Revenue (Under) Expenditures	489	(42,518)	(192,624)	(234,653)
Other Financing Sources (Uses):				
Issuance of Long-Term Debt		103,100	30,269	133,369
Premium on Long-Term Debt		12,125	1,650	13,775
Transfers In		43,812	191,486	235,298
Transfers Out	(11,441)	(64,955)	(36,609)	(113,005)
Total Other Financing Sources (Uses)	(11,441)	94,082	186,796	269,437
Net Change in Fund Balances	(10,952)	51,564	(5,828)	34,784
Fund Balances, October 1	51,203	79,603	37,194	168,000
Fund Balances, September 30	$ 40,251	$ 131,167	$ 31,366	$ 202,784

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Combining Balance Sheet
Nonmajor Governmental Funds - General Obligation Bonds
As of September 30, 2016
(In Thousands)

	PRE-1999 GENERAL OBLIGATION BONDS	1999 GENERAL OBLIGATION BONDS	2003 GENERAL OBLIGATION BONDS	2007 GENERAL OBLIGATION BONDS	TOTAL GENERAL OBLIGATION BONDS
Assets:					
Restricted Assets:					
Cash and Cash Equivalents	$ 3	$ 1	$ 58	$ 4,435	$ 4,497
Investments	19	11	433	35,277	35,740
Receivables, Net				39	39
Due From Other Funds				307	307
Total Assets	$ 22	$ 12	$ 491	$ 40,058	$ 40,583
Liabilities and Fund Balances:					
Liabilities:					
Liabilities Payable From Restricted Assets:					
Vouchers Payable	$ 21	$ -	$ 6	$ -	$ 27
Due To Other Funds				305	305
Total Liabilities	21		6	305	332
Deferred Inflows of Resources					
Fund Balances:					
Restricted	1	12	485	39,753	40,251
Total Fund Balances	1	12	485	39,753	40,251
Total Liabilities and Fund Balances	$ 22	$ 12	$ 491	$ 40,058	$ 40,583

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - General Obligation Bonds
Year-Ended September 30, 2016
(In Thousands)

	PRE-1999 GENERAL OBLIGATION BONDS	1999 GENERAL OBLIGATION BONDS	2003 GENERAL OBLIGATION BONDS	2007 GENERAL OBLIGATION BONDS	TOTAL GENERAL OBLIGATION BONDS
Revenues:					
Miscellaneous	$ -	$ -	$ 3	$ 307	$ 310
Investment Earnings	1		2	185	188
Contributions		1			1
Total Revenues	1	1	5	492	499
Expenditures:					
Current:					
General Government			2	7	9
Capital Outlay		1			1
Total Expenditures		1	2	7	10
Excess (Deficiency) of Revenue Over (Under) Expenditures	1		3	485	489
Other Financing Sources (Uses):					
Transfers Out			(245)	(11,196)	(11,441)
Total Other Financing Sources (Uses):			(245)	(11,196)	(11,441)
Net Change in Fund Balances	1		(242)	(10,711)	(10,952)
Fund Balances, October 1		12	727	50,464	51,203
Fund Balances, September 30	$ 1	$ 12	$ 485	$ 39,753	$ 40,251

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Combining Balance Sheet
Nonmajor Governmental Funds - Certificates of Obligation
As of September 30, 2016
(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	2015 CERTIFICATES OF OBLIGATION	2016 CERTIFICATES OF OBLIGATION	CERTIFICATES OF OBLIGATION PROJECTS FUND	TOTAL CERTIFICATES OF OBLIGATION
Assets:												
Restricted Assets:												
Cash and Cash Equivalents	$ 1	$ 497	$ 5	$ 95	$ 482	$ 682	$ 95	$ 361	$ 3,460	$ 7,293	$ 2,316	$ 15,287
Investments	5	683	34	731	1,072	4,925	708	2,699	37,499	73,007		121,363
Receivables, Net		1		1	1	6	1	4	49	2		65
Due From Other Funds		2	2	13	1	18	15				6	57
Total Assets	$ 6	$ 1,183	$ 41	$ 840	$ 1,556	$ 5,631	$ 819	$ 3,064	$ 41,008	$ 80,302	$ 2,322	$ 136,772
Liabilities and Fund Balances:												
Liabilities:												
Liabilities Payable From Restricted Assets:												
Vouchers Payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,569	$ 1,569
Accounts Payable - Other											2,403	2,403
Unearned Revenue											33	33
Due To Other Funds											1,600	1,600
Total Liabilities											5,605	5,605
Fund Balances:												
Restricted	6	1,183	41	840	1,556	5,631	819	3,064	41,008	80,302		134,450
Unassigned											(3,283)	(3,283)
Total Fund Balances	6	1,183	41	840	1,556	5,631	819	3,064	41,008	80,302	(3,283)	131,167
Total Liabilities and Fund Balances	$ 6	$ 1,183	$ 41	$ 840	$ 1,556	$ 5,631	$ 819	$ 3,064	$ 41,008	$ 80,302	$ 2,322	$ 136,772

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Certificates of Obligation
Year-Ended September 30, 2016
(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	2015 CERTIFICATES OF OBLIGATION	2016 CERTIFICATES OF OBLIGATION	CERTIFICATES OF OBLIGATION PROJECTS FUND	TOTAL CERTIFICATES OF OBLIGATION
Revenues:												
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 76	$ 76
Miscellaneous		2	2	13	1	18	15				16	67
Investment Earnings		4	1	4	8	26	4	18	239	10		314
Contributions											300	300
Total Revenues		6	3	17	9	44	19	18	239	10	392	757
Expenditures:												
Current:												
General Government		1	2	1	1	2	2	2				11
Capital Outlay											42,517	42,517
Debt Service:												
Issuance Costs										747		747
Total Expenditures		1	2	1	1	2	2	2		747	42,517	43,275
Excess (Deficiency) of Revenue Over (Under) Expenditures		5	1	16	8	42	17	16	239	(737)	(42,125)	(42,518)
Other Financing Sources (Uses):												
Issuance of Long-Term Debt										103,100		103,100
Premium on Long-Term Debt										12,125		12,125
Transfers In		19									43,793	43,812
Transfers Out	(28)	(411)	(870)	(272)	(1,032)	(1,861)	(842)	(2,000)	(22,821)	(34,186)	(632)	(64,955)
Total Other Financing Sources (Uses)	(28)	(392)	(870)	(272)	(1,032)	(1,861)	(842)	(2,000)	(22,821)	81,039	43,161	94,082
Net Change in Fund Balances	(28)	(387)	(869)	(256)	(1,024)	(1,819)	(825)	(1,984)	(22,582)	80,302	1,036	51,564
Fund Balances, October 1	34	1,570	910	1,096	2,580	7,450	1,644	5,048	63,590		(4,319)	79,603
Fund Balances, September 30	$ 6	$ 1,183	$ 41	$ 840	$ 1,556	$ 5,631	$ 819	$ 3,064	$ 41,008	$ 80,302	$ (3,283)	$ 131,167

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Combining Balance Sheet
Nonmajor Governmental Funds - Other Capital Projects
As of September 30, 2016
(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	$ -	$ -	$ -	$ -	$ -	$ -	$ 32	$ -	$ 32
Investments							256		256
Receivables, Net							2		2
Restricted Assets:									
Cash and Cash Equivalents	68	2		27,030	892	25		2,042	30,059
Investments	105	12			6,342	184		16,716	23,359
Receivables, Net			2	298	6			10	316
Deposits				5,510					5,510
Prepaid Expenditures									
Due From Other Funds	26,828				4			28	26,860
Due From Other Governmental Agencies, Net				170	119				289
Total Assets	$ 27,001	$ 14	$ 2	$ 33,008	$ 7,363	$ 209	$ 290	$ 18,796	$ 86,683
Liabilities and Fund Balances:									
Liabilities:									
Liabilities Payable From Restricted Assets:									
Vouchers Payable	$ 13,800	$ -	$ -	$ 15,235	$ 95	$ -	$ -	$ -	$ 29,130
Accounts Payable - Other	2,218			7,114	38				9,370
Unearned Revenue				5,026					5,026
Due To Other Funds	11,641		86					64	11,791
Total Liabilities	27,659		86	27,375	133			64	55,317
Fund Balances:									
Nonspendable				5,510					5,510
Restricted		14		123	7,230	209		18,732	26,308
Committed							290		290
Unassigned	(658)		(84)						(742)
Total Fund Balances	(658)	14	(84)	5,633	7,230	209	290	18,732	31,366
Total Liabilities and Fund Balances	$ 27,001	$ 14	$ 2	$ 33,008	$ 7,363	$ 209	$ 290	$ 18,796	$ 86,683

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Other Capital Projects
Year-Ended September 30, 2016
(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	$ -	$ -	$ -	$ 2,373	$ 667	$ -	$ -	$ -	$ 3,040
Miscellaneous	93			657	4			31	785
Investment Earnings			12		30	1	9	56	108
Contributions				828	25				853
Total Revenues	93		12	3,858	726	1	9	87	4,786
Expenditures:									
Current:									
General Government			32					11	43
Public Safety			4,808						4,808
Capital Outlay	57,805			133,250	1,335			3	192,393
Debt Service:									
Issuance Costs								166	166
Total Expenditures	57,805		4,840	133,250	1,335			180	197,410
Excess (Deficiency) of Revenue Over (Under) Expenditures	(57,712)		(4,828)	(129,392)	(609)	1	9	(93)	(192,624)
Other Financing Sources (Uses):									
Issuance of Long-Term Debt			2,859					27,410	30,269
Premium on Long-Term Debt								1,650	1,650
Transfers In	57,530			132,539	1,417				191,486
Transfers Out					(604)		(8,900)	(27,105)	(36,609)
Total Other Financing Sources (Uses)	57,530		2,859	132,539	813		(8,900)	1,955	186,796
Net Change in Fund Balances	(182)		(1,969)	3,147	204	1	(8,891)	1,862	(5,828)
Fund Balances, October 1	(476)	14	1,885	2,486	7,026	208	9,181	16,870	37,194
Fund Balances, September 30	$ (658)	$ 14	$ (84)	$ 5,633	$ 7,230	$ 209	$ 290	$ 18,732	$ 31,366

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Combining Balance Sheet
Nonmajor Governmental Funds - Permanent
As of September 30, 2016
(In Thousands)

	CARVER CULTURAL CENTER ENDOWMENT	CITY CEMETERIES	WILLIAM C. MORRIS ENDOWMENT	BOZA BECICA ENDOWMENT	TOTAL PERMANENT FUNDS
Assets:					
Restricted Assets:					
Cash and Cash Equivalents	$ 48	$ 386	$ 37	$ 61	$ 532
Investments	358	2,881	278	456	3,973
Receivables, Net		78			78
Total Assets	$ 406	$ 3,345	$ 315	$ 517	$ 4,583
Liabilities and Fund Balances:					
Liabilities:					
Liabilities Payable From Restricted Assets:					
Vouchers Payable	$ -	$ 22	$ 1	$ 1	$ 24
Accounts Payable - Other		1			1
Accrued Payroll		2			2
Total Liabilities		25	1	1	27
Fund Balances:					
Nonspendable	334	3,028	313	514	4,189
Restricted	72	292	1	2	367
Total Fund Balances	406	3,320	314	516	4,556
Total Liabilities and Fund Balances	$ 406	$ 3,345	$ 315	$ 517	$ 4,583

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Permanent
Year-Ended September 30, 2016
(In Thousands)

	CARVER CULTURAL CENTER ENDOWMENT	CITY CEMETERIES	WILLIAM C. MORRIS ENDOWMENT	BOZA BECICA ENDOWMENT	TOTAL PERMANENT FUNDS
Revenues:					
Charges for Services	$ -	$ 269	$ -	$ -	$ 269
Investment Earnings	1	13	1	2	17
Total Revenues	1	282	1	2	286
Expenditures:					
Current:					
Culture and Recreation		181	1	1	183
Total Expenditures		181	1	1	183
Excess (Deficiency) of Revenue Over (Under) Expenditures	1	101		1	103
Net Change in Fund Balances	1	101		1	103
Fund Balances, October 1	405	3,219	314	515	4,453
Fund Balances, September 30	$ 406	$ 3,320	$ 314	$ 516	$ 4,556

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Supplementary Budget and Actual Schedules for Legally Adopted Funds

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Schedules of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes	$ 605,684	$ 603,826	$ (1,858)
Licenses and Permits	8,500	8,961	461
Intergovernmental	8,094	8,051	(43)
Revenues from Utilities	340,258	345,666	5,408
Charges for Services	60,675	66,985	6,310
Fines and Forfeits	12,547	10,842	(1,705)
Miscellaneous	12,195	18,246	6,051
Investment Earnings	962	919	(43)
Contributions	100	186	86
Total Revenues	$ 1,049,015	$ 1,063,682	$ 14,667
Expenditures:			
General Government	75,311	73,481	1,830
Public Safety	711,899	711,887	12
Public Works	60,646	60,159	487
Health Services	25,340	25,177	163
Welfare	35,878	35,332	546
Culture and Recreation	111,959	111,398	561
Convention and Tourism	685	720	(35)
Economic Development and Opportunity	17,697	16,802	895
Urban Redevelopment and Housing	14,371	13,991	380
Debt Service:			
Principal Retirement	3,885	2,960	925
Interest	448	330	118
Total Expenditures	$ 1,058,119	$ 1,052,237	$ 5,882
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (9,104)	$ 11,445	$ 20,549
Other Financing Sources (Uses):			
Transfers In	24,123	24,344	221
Transfers Out	(76,097)	(73,480)	2,617
Total Other Financing Sources (Uses)	$ (51,974)	$ (49,136)	$ 2,838
Net Change in Fund Balance	$ (61,078)	$ (37,691)	$ 23,387
Fund Balances, October 1	243,468	243,468	
Add Encumbrances		49,333	
Fund Balances, September 30	$ 182,390	$ 255,110	

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Schedule of Revenues Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Property:			
Current	$ 293,695	$ 292,742	$ (953)
Delinquent	2,741	1,979	(762)
General Sales and Use:			
City Sales	267,363	265,722	(1,641)
Alcoholic Beverages	8,200	8,516	316
Telecommunication Access Lines Fees	14,277	14,875	598
Cablevision Franchise	15,201	15,706	505
Bingo	1,200	1,327	127
Other	876	908	32
Penalties and Interest on Delinquent Taxes	2,131	2,051	(80)
Total Taxes	$ 605,684	$ 603,826	$ (1,858)
Licenses and Permits:			
Alarm Licenses	1,403	2,017	614
Alcoholic Beverages Licenses	1,150	902	(248)
Amusement Licenses	76	88	12
Building Permits	609	162	(447)
Health Licenses	4,580	4,644	64
Professional and Occupational Licenses	175	610	435
Street Permits	507	538	31
Total Licenses and Permits	$ 8,500	$ 8,961	$ 461
Intergovernmental:			
Bexar County - Child Support	40	43	3
Health Aid from Bexar County	712	728	16
Library Aid from Bexar County	3,484	3,484	
Magistration and Detention - Bexar	1,476	1,495	19
Other	1,776	1,699	(77)
SAWS Reimbursement	273	272	(1)
VIA Contributions	333	330	(3)
Total Intergovernmental	$ 8,094	$ 8,051	$ (43)
Revenues from Utilities:			
CPS Energy	326,306	331,846	5,540
San Antonio Water System	13,952	13,820	(132)
Total Revenues from Utilities	$ 340,258	$ 345,666	$ 5,408

(Continued)

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Schedule of Revenues Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Charges for Services:			
General Government	$ 3,865	$ 4,158	$ 293
Public Safety:			
Police Department	6,274	7,318	1,044
Fire Department	33,866	38,004	4,138
Sanitation:			
Demolition of Unsafe Structures	659	487	(172)
Streets	3,010	2,967	(43)
Health	29	60	31
Culture and Recreation:			
Attractions and Venues	9,211	9,782	571
Community Centers	380	429	49
Concessions & Rentals	771	1,422	651
Library	1,435	1,163	(272)
Miscellaneous Recreation Revenue	31	25	(6)
Recreation Fees	1,114	1,133	19
Swimming Pools	30	37	7
Total Charges for Services	$ 60,675	$ 66,985	$ 6,310
Fines and Forfeits:			
Municipal Court Fines	$ 12,547	$ 10,842	$ (1,705)
Miscellaneous:			
Interfund Charges	1,930	1,796	(134)
Other	516	2,887	2,371
Recovery of Expenditures	2,173	5,680	3,507
Rents, Leases, and Concessions	959	1,019	60
Sales	6,617	6,864	247
Total Miscellaneous	$ 12,195	$ 18,246	$ 6,051
Investment Earnings:			
Interest	$ 962	$ 919	$ (43)
Contributions:			
Contributions	$ 100	$ 186	$ 86
Total Revenues	$ 1,049,015	$ 1,063,682	$ 14,667

(End of Schedule)

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Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Expenditures:			
General Government:			
Executive:			
Personal Services	36,243	35,533	710
Contractual Services	5,714	4,359	1,355
Commodities	481	353	128
Other Expenditures	6,456	6,745	(289)
Capital Outlay	827	1,135	(308)
Total Executive	$ 49,721	$ 48,125	$ 1,596
Judicial:			
Personal Services	10,343	10,147	196
Contractual Services	1,661	1,613	48
Commodities	126	128	(2)
Other Expenditures	1,570	1,576	(6)
Capital Outlay	116	124	(8)
Total Judicial	$ 13,816	$ 13,588	$ 228
Legislative:			
Personal Services	3,612	4,076	(464)
Contractual Services	2,130	1,579	551
Commodities	230	304	(74)
Other Expenditures	5,741	5,716	25
Capital Outlay	61	93	(32)
Total Legislative	$ 11,774	$ 11,768	$ 6
Total General Government	$ 75,311	$ 73,481	$ 1,830
Public Safety:			
Police:			
Personal Services	359,721	356,071	3,650
Contractual Services	14,255	15,893	(1,638)
Commodities	4,585	3,944	641
Other Expenditures	38,730	38,775	(45)
Capital Outlay	2,537	2,568	(31)
Total Police	$ 419,828	$ 417,251	$ 2,577
Fire:			
Personal Services	245,335	248,026	(2,691)
Contractual Services	10,089	9,625	464
Commodities	6,430	7,342	(912)
Other Expenditures	26,473	26,665	(192)
Capital Outlay	3,744	2,978	766
Total Fire	$ 292,071	$ 294,636	$ (2,565)
Total Public Safety	$ 711,899	$ 711,887	$ 12
Public Works:			
Administration:			
Personal Services	2,779	2,227	552
Contractual Services	902	718	184
Commodities	30	34	(4)
Other Expenditures	7,934	7,600	334
Capital Outlay	43	26	17
Total Administration	$ 11,688	$ 10,605	$ 1,083
Streets:			
Personal Services	12,701	12,642	59
Contractual Services	4,625	5,715	(1,090)
Commodities	5,613	5,735	(122)
Other Expenditures	12,380	12,012	368
Capital Outlay	469	700	(231)
Total Streets	$ 35,788	$ 36,804	$ (1,016)
Traffic and Transportation:			
Personal Services	5,560	5,764	(204)
Contractual Services	4,741	4,272	469
Commodities	1,105	1,103	2
Other Expenditures	1,712	1,531	181
Capital Outlay	52	80	(28)
Total Traffic and Transportation	$ 13,170	$ 12,750	$ 420
Total Public Works	$ 60,646	$ 60,159	$ 487

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Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Health Services:			
Personal Services	$ 15,755	$ 15,130	$ 625
Contractual Services	3,796	4,306	(510)
Commodities	1,634	1,536	98
Other Expenditures	3,632	3,591	41
Capital Outlay	523	614	(91)
Total Health Services	$ 25,340	$ 25,177	$ 163
Welfare:			
Personal Services	6,416	6,502	(86)
Contractual Services	23,293	22,500	793
Commodities	817	1,076	(259)
Other Expenditures	5,001	4,776	225
Capital Outlay	351	478	(127)
Total Welfare	$ 35,878	$ 35,332	$ 546
Culture and Recreation:			
Downtown Operations:			
Personal Services	4,789	4,727	62
Contractual Services	7,655	7,491	164
Commodities	284	329	(45)
Other Expenditures	1,714	1,899	(185)
Capital Outlay	25	34	(9)
Total Downtown Operations:	$ 14,467	$ 14,480	$ (13)
Libraries:			
Personal Services	22,595	22,020	575
Contractual Services	4,415	4,522	(107)
Commodities	4,661	4,874	(213)
Other Expenditures	4,034	4,122	(88)
Capital Outlay	1,704	1,715	(11)
Total Libraries	$ 37,409	$ 37,253	$ 156
Parks:			
Personal Services	37,761	37,521	240
Contractual Services	9,034	9,243	(209)
Commodities	3,425	3,278	147
Other Expenditures	9,273	9,020	253
Capital Outlay	590	603	(13)
Total Parks	$ 60,083	$ 59,665	$ 418
Total Culture and Recreation	$ 111,959	$ 111,398	$ 561
Convention and Tourism:			
Personal Services	467	455	12
Contractual Services	28	40	(12)
Commodities	106	141	(35)
Other Expenditures	84	84	
Total Convention and Tourism	$ 685	$ 720	$ (35)
Economic Development and Opportunity:			
Personal Services	3,271	3,144	127
Contractual Services	14,022	13,251	771
Commodities	138	153	(15)
Other Expenditures	216	218	(2)
Capital Outlay	50	36	14
Total Economic Development and Opportunity	$ 17,697	$ 16,802	$ 895
Urban Redevelopment and Housing:			
Personal Services	8,791	8,725	66
Contractual Services	2,291	1,981	310
Commodities	282	274	8
Other Expenditures	2,620	2,631	(11)
Capital Outlay	387	380	7
Total Urban Redevelopment and Housing:	$ 14,371	$ 13,991	$ 380
Debt Service:			
Principal Retirement	3,885	2,960	925
Interest	448	330	118
Total Debt Service:	$ 4,333	$ 3,290	$ 1,043
Total Expenditures	$ 1,058,119	$ 1,052,237	$ 5,882

(End of Schedule)

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Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Debt Service Fund
Year-Ended September 30, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Property Taxes:			
Current	$ 179,129	$ 178,790	$ (339)
Delinquent	1,664	1,207	(457)
Penalties and Interest on Delinquent Taxes	1,270	1,251	(19)
Miscellaneous	3,546	3,565	19
Investment Earnings	593	233	(360)
Total Revenues	$ 186,202	$ 185,046	$ (1,156)
Expenditures:			
General Government:			
Contractual Services	16	392	(376)
Debt Service:			
Principal Retirement	137,640	137,640	
Interest	75,405	75,405	
Issuance Costs	999	999	
Total Expenditures	$ 214,060	$ 214,436	$ (376)
(Deficiency) of Revenues (Under) Expenditures	$ (27,858)	$ (29,390)	$ (1,532)
Other Financing Sources (Uses):			
Refunding Debt Issued	147,130	147,130	
Payments to Refunded Bond Escrow Agent	(176,308)	(176,308)	
Premium on Long-Term Debt	30,142	30,142	
Transfers In	19,805	27,280	7,475
Total Other Financing Sources (Uses)	$ 20,769	$ 28,244	$ 7,475
Net Change in Fund Balance	(7,089)	(1,146)	$ 5,943
Fund Balances, October 1	45,438	45,438	
Fund Balances, September 30	$ 38,349	$ 44,292	

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.

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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, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
General Sales and Use:			
City Sales Tax	$ 15,917	$ 15,722	$ (195)
Miscellaneous		29	29
Investment Earnings	41	22	(19)
Total Revenues	$ 15,958	$ 15,773	$ (185)
Expenditures:			
Public Works:			
Personal Services	1,824	1,789	35
Contractual Services	651	558	93
Commodities	72	44	28
Other Expenditures	2,117	2,117	
Capital Outlay	161	164	(3)
Total Expenditures	4,825	4,672	153
Excess (Deficiency) of Revenues Over Expenditures	$ 11,133	$ 11,101	$ (32)
Other Financing (Uses):			
Transfers Out	(18,033)	(18,364)	(331)
Total Other Financing (Uses)	$ (18,033)	$ (18,364)	$ (331)
Net Change in Fund Balance	(6,900)	(7,263)	$ (363)
Fund Balances, October 1	8,843	8,843	
Add Encumbrances		4,907	
Fund Balances, September 30	$ 1,943	$ 6,487	

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.

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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, 2016

(In Thousands)

	2016		
	BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Occupancy	$ 63,878	$ 63,218	$ (660)
Penalties and Interest on Delinquent Taxes		137	137
Intergovernmental	639	4,078	3,439
Charges for Services	23,447	27,247	3,800
Miscellaneous	549	3,159	2,610
Investment Earnings		378	378
Total Revenues	$ 88,513	$ 98,217	$ 9,704
Expenditures:			
Culture & Recreation:			
Arts & Culture:			
Personal Services	1,596	1,698	(102)
Contractual Services	11,612	11,776	(164)
Commodities	17	37	(20)
Other Expenditures	369	456	(87)
Capital Outlay	4	52	(48)
Total Arts & Culture	$ 13,598	$ 14,019	$ (421)
Alamodome:			
Personal Services	5,031	4,877	154
Contractual Services	2,886	2,589	297
Commodities	431	301	130
Other Expenditures	4,523	4,391	132
Capital Outlay	68	115	(47)
Total Alamodome	$ 12,939	$ 12,273	$ 666
Nondepartmental:			
Personal Services	286	282	4
Contractual Services	4,440	4,306	134
Other Expenditures	21	21	
Total Nondepartmental	$ 4,747	$ 4,609	$ 138
Contributions to Other Agencies	5,990	6,148	(158)
Total Culture & Recreation	$ 37,274	$ 37,049	$ 225
Convention and Tourism:			
Convention Center:			
Personal Services	13,330	12,900	430
Contractual Services	2,141	2,107	34
Commodities	852	571	281
Other Expenditures	7,422	8,589	(1,167)
Capital Outlay	155	283	(128)
Total Convention Center	$ 23,900	$ 24,450	$ (550)
Convention and Visitors Bureau:			
Personal Services	7,862	7,902	(40)
Contractual Services	12,749	13,180	(431)
Commodities	257	220	37
Other Expenditures	678	684	(6)
Capital Outlay	84	73	11
Total Convention and Visitors Bureau	$ 21,630	$ 22,059	$ (429)
Total Convention and Tourism	$ 45,530	$ 46,509	$ (979)
Total Expenditures	82,804	83,558	(754)
Excess of Revenues Over Expenditures	$ 5,709	$ 14,659	$ 8,950
Other Financing Sources (Uses):			
Transfers In	2,499	6,616	4,117
Transfers Out	(46,918)	(35,234)	11,684
Total Other Financing Sources (Uses)	$ (44,419)	$ (28,618)	$ 15,801
Net Change in Fund Balance	(38,710)	(13,959)	$ 24,751
Fund Balances, October 1	99,438	99,438	
Add Encumbrances		3,802	
Fund Balances, September 30	$ 60,728	$ 89,281	

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.

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 Arts & Culture.

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Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Confiscated Property
Year-Ended September 30, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Intergovernmental	$ 1,328	$ 1,374	$ 46
Investment Earnings	6	11	5
Total Revenues	$ 1,334	$ 1,385	$ 51
Expenditures:			
Public Safety:			
Personal Services	349	375	(26)
Contractual Services	751	591	160
Commodities	266	223	43
Other Expenditures	256	192	64
Capital Outlay	241	189	52
Total Expenditures	1,863	1,570	293
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (529)	$ (185)	$ 344
Other Financing (Uses):			
Transfers Out	(397)	(374)	23
Total Other Financing (Uses)	$ (397)	$ (374)	$ 23
Net Change in Fund Balance	(926)	(559)	$ 367
Fund Balances, October 1	2,357	2,357	
Add Encumbrances		335	
Fund Balances, September 30	$ 1,431	$ 2,133	

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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, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Occupancy	$ 18,171	$ 18,062	$ (109)
Penalties and Interest on Delinquent Taxes		41	41
Investment Earnings		26	26
Total Revenues	$ 18,171	$ 18,129	$ (42)
Other Financing Sources (Uses):			
Transfer In		9,450	9,450
Transfers Out	(18,171)	(27,779)	(9,608)
Total Other Financing Sources (Uses)	$ (18,171)	$ (18,329)	$ (158)
Net Change in Fund Balance		(200)	$ (200)
Fund Balances, October 1	2,818	2,818	
Fund Balances, September 30	$ 2,818	$ 2,618	

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.

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Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Parks Development and Expansion - 2015, 2010, and 2005 Venue Projects
Year-Ended September 30, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
General Sales and Use	$ 34,331	$ 33,215	$ (1,116)
Miscellaneous		30	30
Investment Earnings	181	217	36
Total Revenues	$ 34,512	$ 33,462	$ (1,050)
Expenditures:			
Culture and Recreation:			
Contractual Services	687	660	27
Total Expenditures	687	660	27
Excess (Deficiency) of Revenues Over Expenditures	$ 33,825	$ 32,802	$ (1,023)
Other Financing (Uses):			
Transfers Out	(66,455)	(76,397)	(9,942)
Total Other Financing (Uses)	$ (66,455)	$ (76,397)	$ (9,942)
Net Change in Fund Balance	(32,630)	(43,595)	$ (10,965)
Fund Balances, October 1	55,427	55,427	
Add Encumbrances		39,699	
Fund Balances, September 30	$ 22,797	$ 51,531	

The City noted budget violations of excess 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.

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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, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 6,815	$ 6,846	$ 31
Miscellaneous		3	3
Total Revenues	$ 6,815	$ 6,849	$ 34
Expenditures:			
Sanitation:			
Personal Services	4,148	4,110	38
Contractual Services	2,084	2,015	69
Commodities	134	129	5
Other Expenditures	455	448	7
Total Expenditures	6,821	6,702	119
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (6)	$ 147	$ 153
Net Change in Fund Balance	(6)	147	$ 153
Fund Balances, October 1	122	122	
Fund Balances, September 30	$ 116	$ 269	

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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, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 2,892	$ 3,050	$ 158
Miscellaneous		111	111
Investment Earnings		7	7
Total Revenues	$ 2,892	$ 3,168	$ 276
Expenditures:			
Public Works:			
Personal Services	1,623	1,499	124
Contractual Services	274	222	52
Commodities	19	21	(2)
Other Expenditures	281	216	65
Capital Outlay	295	158	137
Total Expenditures	2,492	2,116	376
Excess of Revenues Over Expenditures	$ 400	$ 1,052	$ 652
Other Financing (Uses):			
Transfers Out	(320)	(250)	70
Total Other Financing (Uses)	$ (320)	$ (250)	$ 70
Net Change in Fund Balance	80	802	$ 722
Fund Balances, October 1	1,917	1,917	
Add Encumbrances		297	
Fund Balances, September 30	$ 1,997	$ 3,016	

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Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Stormwater Operations
Year-Ended September 30, 2016

(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 48,599	$ 48,052	$ (547)
Miscellaneous	23	388	365
Investment Earnings	163	77	(86)
Total Revenues	$ 48,785	$ 48,517	$ (268)
Expenditures:			
Public Works:			
Administration:			
Personal Services	2,494	2,621	(127)
Contractual Services	5,007	5,093	(86)
Commodities	53	48	5
Other Expenditures	215	237	(22)
Capital Outlay	70	21	49
Total Administration	$ 7,839	$ 8,020	$ (181)
Vegetation Control:			
Personal Services	3,635	4,366	(731)
Contractual Services	476	1,058	(582)
Commodities	457	694	(237)
Other Expenditures	1,458	1,440	18
Capital Outlay	713	543	170
Total Vegetation Control	$ 6,739	$ 8,101	$ (1,362)
River Maintenance:			
Personal Services	788	912	(124)
Contractual Services	2,196	993	1,203
Commodities	240	126	114
Other Expenditures	1,665	3,114	(1,449)
Capital Outlay		419	(419)
Total River Maintenance	$ 4,889	$ 5,564	$ (675)
Street Sweeping:			
Personal Services	1,853	2,032	(179)
Contractual Services	501	749	(248)
Commodities	280	311	(31)
Other Expenditures	1,203	1,333	(130)
Capital Outlay		328	(328)
Total Street Sweeping	$ 3,837	$ 4,753	$ (916)
Tunnel Maintenance:			
Personal Services	2,881	3,307	(426)
Contractual Services	992	1,049	(57)
Commodities	703	902	(199)
Other Expenditures	676	589	87
Capital Outlay	134	246	(112)
Total Tunnel Maintenance	$ 5,386	$ 6,093	$ (707)
Design Engineering:			
Personal Services	2,255	2,387	(132)
Contractual Services	2,193	1,686	507
Commodities	19	17	2
Other Expenditures	458	314	144
Capital Outlay	19	420	(401)
Total Design Engineering	4,944	4,824	120
Total Expenditures	33,634	37,355	(3,721)
Excess (Deficiency) of Revenues Over Expenditures	$ 15,151	$ 11,162	$ (3,989)
Other Financing (Uses):			
Transfers Out	(19,694)	(28,975)	(9,281)
Total Other Financing (Uses)	$ (19,694)	$ (28,975)	$ (9,281)
Net Change in Fund Balance	(4,543)	(17,813)	$ (13,270)
Fund Balances, October 1	21,764	21,764	
Add Encumbrances		17,608	
Fund Balances, September 30	$ 17,221	$ 21,559	

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.

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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, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Miscellaneous [1]	$ 433	$ 894	$ 461
Investment Earnings		1	1
Total Revenues	$ 433	$ 895	$ 462
Expenditures:			
Economic Development and Opportunity:			
Personal Services	482	492	(10)
Contractual Services	21	1	20
Commodities	7	1	6
Other Expenditures	37	37	
Capital Outlay		1	(1)
Total Expenditures	547	532	15
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (114)	$ 363	$ 477
Net Change in Fund Balance	(114)	363	$ 477
Fund Balances, October 1	32	32	
Fund Balances, September 30	$ (82)	$ 395	

This fund is incorporated within the Tax Increment Reinvestment Zone reporting unit.

[1] For financial reporting presentation the revenue is received from an intrafund source; however the above schedule reflects the fund schedule from the City's 2016 Adopted Budget.

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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, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 381	$ 373	$ (8)
Intergovernmental	1,870	1,917	47
Total Revenues	$ 2,251	$ 2,290	$ 39
Expenditures:			
Public Safety:			
Personal Services	1,524	1,579	(55)
Contractual Services	11	11	
Commodities	9	11	(2)
Other Expenditures	583	588	(5)
Total Expenditures	2,127	2,189	(62)
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 124	$ 101	$ (23)
Net Change in Fund Balance	124	101	$ (23)
Fund Balances, October 1	(84)	(84)	
Fund Balances, September 30	$ 40	$ 17	

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.

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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, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Intergovernmental	$ 1,159	$ 1,094	$ (65)
Investment Earnings		4	4
Total Revenues	$ 1,159	$ 1,098	$ (61)
Expenditures:			
General Government:			
Personal Services	412	406	6
Contractual Services	1,711	1,552	159
Commodities		7	(7)
Other Expenditures	21	27	(6)
Total Expenditures	2,144	1,992	152
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (985)	$ (894)	$ 91
Net Change in Fund Balance	(985)	(894)	$ 91
Fund Balances, October 1	1,233	1,192	
Add Encumbrances		394	
Fund Balances, September 30	$ 248	$ 692	

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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, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Miscellaneous [1]	$ 788	$ 775	$ (13)
Transfers from General Fund	210	210	
Total Revenues	$ 998	$ 985	$ (13)
Other Financing Sources (Uses):			
Transfers Out	(638)	(625)	13
Total Other Financing Sources (Uses)	$ (638)	$ (625)	$ (13)
Net Change in Fund Balance	360	360	$ -
Fund Balances, October 1	(707)	(707)	
Fund Balances, September 30	$ (347)	$ (347)	

[1] For financial reporting presentation the revenue is reported as transfers in; however the above schedule reflects the fund schedule from the City's 2016 Adopted Budget.

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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, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 1,123	$ 1,118	$ (5)
Investment Earnings	3	4	1
Total Revenues	$ 1,126	$ 1,122	$ (4)
Expenditures:			
General Government:			
Personal Services	1,228	1,136	92
Contractual Services	4	55	(51)
Commodities	7	4	3
Other Expenditures	91	92	(1)
Capital Outlay	14	27	(13)
Total Expenditures	1,344	1,314	30
(Deficiency) of Revenues (Under) Expenditures	$ (218)	$ (192)	$ 26
Net Change in Fund Balance	(218)	(192)	$ 26
Fund Balances, October 1	1,067	1,067	
Fund Balances, September 30	$ 849	$ 875	

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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, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 487	$ 394	$ (93)
Total Revenues	$ 487	$ 394	$ (93)
Expenditures:			
General Government:			
Personal Services	376	354	22
Contractual Services	12	64	(52)
Commodities	5	1	4
Other Expenditures	39	39	
Capital Outlay	1	1	
Total Expenditures	433	459	(26)
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ 54	$ (65)	$ (119)
Other Financing Sources (Uses):			
Transfers In		136	136
Transfers Out	(30)	(30)	
Total Other Financing Sources (Uses)	$ (30)	$ 106	$ 136
Net Change in Fund Balance	24	41	$ 17
Fund Balances, October 1	(47)	(47)	
Fund Balances, September 30	$ (23)	$ (6)	

The City noted budget violations of excess expenditures are over appropriations.

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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, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 596	$ 538	$ (58)
Investment Earnings		2	2
Total Revenues	$ 596	$ 540	$ (56)
Expenditures:			
General Government:			
Contractual Services	705	525	180
Other Expenditures	17	17	
Capital Outlay	19	29	(10)
Total Expenditures	741	571	170
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (145)	$ (31)	$ 114
Other Financing (Uses):			
Transfers Out	(29)	(29)	
Total Other Financing (Uses)	$ (29)	$ (29)	$ -
Net Change in Fund Balance	(174)	(60)	$ 114
Fund Balances, October 1	625	625	
Add Encumbrances		13	
Fund Balances, September 30	$ 451	$ 578	

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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, 2016

(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 441	$ 1,446	$ 1,005
Miscellaneous		3	3
Investment Earnings	9	15	6
Total Revenues	$ 450	$ 1,464	$ 1,014
Expenditures:			
Culture and Recreation:			
Personal Services	237	200	37
Contractual Services	1,339	1,283	56
Commodities	436	325	111
Other Expenditures	68	63	5
Capital Outlay	12	12	
Total Expenditures	2,092	1,883	209
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (1,642)	$ (419)	$ 1,223
Other Financing (Uses):			
Transfers Out	(767)	(767)	
Total Other Financing (Uses)	$ (767)	$ (767)	$ -
Net Change in Fund Balance	(2,409)	(1,186)	$ 1,223
Fund Balances, October 1	3,548	3,548	
Add Encumbrances		1,183	
Fund Balances, September 30	$ 1,139	$ 3,545	

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Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Permanent Fund
City Cemeteries
Year-Ended September 30, 2016
(In Thousands)

	2016		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 225	$ 269	$ 44
Investment Earnings		13	13
Total Revenues	$ 225	$ 282	$ 57
Expenditures:			
Culture and Recreation:			
Personal Services	59	63	(4)
Contractual Services	112	94	18
Commodities	16	8	8
Other Expenditures	15	16	(1)
Total Expenditures	202	181	21
Excess of Revenues Over Expenditures	$ 23	$ 101	$ 78
Net Change in Fund Balance	23	101	$ 78
Fund Balances, October 1	3,219	3,219	
Fund Balances, September 30	$ 3,242	$ 3,320	

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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.

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Combining Statement of Net Position
Nonmajor Enterprise Funds
As of September 30, 2016
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	TOTAL NONMAJOR ENTERPRISE FUNDS
Assets:				
Current Assets:				
Unrestricted Assets:				
Cash and Cash Equivalents	$ 1,667	$ 126	$ 1,165	$ 2,958
Investments	14,376	943	8,627	23,946
Receivables, Net	162	27	77	266
Materials and Supplies, at Cost			65	65
Due From Other Funds	1			1
Due From Other Governmental Agencies, Net			9	9
Total Unrestricted Assets	16,206	1,096	9,943	27,245
Restricted Assets:				
Debt Service Accounts:				
Cash and Cash Equivalents			38	38
Investments			318	318
Receivables, Net			5	5
Construction Accounts:				
Cash and Cash Equivalents			100	100
Improvement and Contingency Accounts:				
Cash and Cash Equivalents			211	211
Investments			1,698	1,698
Receivables, Net			2	2
Due From Other Funds			6	6
Total Restricted Assets			2,378	2,378
Total Current Assets	16,206	1,096	12,321	29,623
Noncurrent Assets:				
Capital Assets:				
Land		45	8,125	8,170
Buildings		1,357	24,830	26,187
Improvements		7,950	5,375	13,325
Machinery and Equipment	573		1,391	1,964
Construction in Progress			2,099	2,099
Total Capital Assets	573	9,352	41,820	51,745
Less: Accumulated Depreciation	423	3,747	16,389	20,559
Net Capital Assets	150	5,605	25,431	31,186
Total Noncurrent Assets	150	5,605	25,431	31,186
Total Assets	16,356	6,701	37,752	60,809
Total Deferred Outflows of Resources	4,071	68	1,718	5,857

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Combining Statement of Net Position
Nonmajor Enterprise Funds
As of September 30, 2016
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	TOTAL NONMAJOR ENTERPRISE FUNDS
Liabilities:				
Current Liabilities:				
Payable from Current Unrestricted Assets:				
Vouchers Payable	$ 63	$ 134	$ 105	$ 302
Accounts Payable-Other	1,245	16	112	1,373
Accrued Payroll	594	11	128	733
Current Portion of Accrued Leave Payable	716	8	172	896
Due To Other Governmental Agencies	58			58
Total Payable from Current Unrestricted Assets	2,676	169	517	3,362
Payable from Restricted Assets:				
Vouchers Payable			4	4
Accrued Interest			104	104
Current Portion of Bonds and Certificates (net of premium/discount)			1,021	1,021
Other Payables			96	96
Total Payable from Restricted Assets			1,225	1,225
Total Current Liabilities	2,676	169	1,742	4,587
Noncurrent Liabilities:				
Bonds and Certificates (net of current portion & discount/premium)			9,081	9,081
Accrued Leave Payable (net of current portion)		16		16
Net OPEB Obligation and Pension Liability	26,555	577	6,719	33,851
Total Noncurrent Liabilities	26,555	593	15,800	42,948
Total Liabilities	29,231	762	17,542	47,535
Total Deferred Inflows of Resources	332	6	74	412
Net Position:				
Net Investment in Capital Assets	150	5,605	16,155	21,910
Restricted:				
Debt Service			257	257
Capital Projects			211	211
Unrestricted (Deficit)	(9,286)	396	5,231	(3,659)
Total Net Position	$ (9,136)	$ 6,001	$ 21,854	$ 18,719

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Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
Year-Ended September 30, 2016
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	TOTAL NONMAJOR ENTERPRISE FUNDS
Operating Revenues:				
Charges for Services	$ 28,874	$ 2,891	$ 9,671	$ 41,436
Total Operating Revenues	28,874	2,891	9,671	41,436
Operating Expenses:				
Personal Services	19,872	352	4,695	24,919
Contractual Services	1,695	1,522	1,305	4,522
Commodities	506	31	284	821
Other	5,004	446	1,153	6,603
Depreciation	41	353	928	1,322
Total Operating Expenses	27,118	2,704	8,365	38,187
Operating Income	1,756	187	1,306	3,249
Nonoperating Revenues (Expenses):				
Investment Earnings	67	4	65	136
Other Nonoperating Revenue	305	28	33	366
Interest and Debt Expense			(828)	(828)
Other Nonoperating Expense			(5,000)	(5,000)
Total Nonoperating Revenues (Expenses)	372	32	(5,730)	(5,326)
Change in Net Position Before Transfers	2,128	219	(4,424)	(2,077)
Transfers In (Out):				
Transfers In	1,727		2,119	3,846
Transfers Out	(5,107)	(782)	(394)	(6,283)
Total Transfers In (Out)	(3,380)	(782)	1,725	(2,437)
Change In Net Position	(1,252)	(563)	(2,699)	(4,514)
Net Position - October 1	(7,884)	6,564	24,553	23,233
Net Position - September 30	$ (9,136)	$ 6,001	$ 21,854	$ 18,719

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Combining Statement of Cash Flows
Nonmajor Enterprise Funds
As of September 30, 2016
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	TOTAL NONMAJOR ENTERPRISE FUNDS
Cash Flows from Operating Activities:				
Cash Received from Customers	$ 28,866	$ 2,878	$ 9,738	$ 41,482
Cash Payments to Suppliers for Goods and Services	(7,317)	(2,028)	(2,976)	(12,321)
Cash Payments to Employees for Service	(17,386)	(310)	(4,155)	(21,851)
Cash Received from Other Cash Receipts	305	28	33	366
Net Cash Provided by Operating Activities	4,468	568	2,640	7,676
Cash Flows from Noncapital Financing Activities:				
Transfers In from Other Funds	1,727		2,119	3,846
Transfers Out to Other Funds	(5,107)	(782)	(394)	(6,283)
Due to Other Funds	(89)	(13)		(102)
Due from Other Funds	(1)			(1)
Net Cash Provided by (Used for) Noncapital Financing Activities	(3,470)	(795)	1,725	(2,540)
Cash Flows from Capital and Related Financing Activities:				
Acquisitions and Construction of Capital Assets	(17)		(5,749)	(5,766)
Interest and Fees Paid on Long-Term Debt			(835)	(835)
Principal Payments on Long-Term Debt			(996)	(996)
Net Cash (Used for) Capital and Related Financing Activities	(17)		(7,580)	(7,597)
Cash Flows from Investing Activities:				
Purchases of Investment Securities	(14,708)	(964)	(10,889)	(26,561)
Maturity of Investment Securities	13,676	1,173	13,744	28,593
Investments Earnings	67	3	62	132
Net Cash Provided by (Used for) Investing Activities	(965)	212	2,917	2,164
Net Increase in Cash and Cash Equivalents	16	(15)	(298)	(297)
Cash and Cash Equivalents, October 1	1,651	141	1,812	3,604
Cash and Cash Equivalents, September 30	$ 1,667	$ 126	$ 1,514	$ 3,307
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	$ 1,756	$ 187	$ 1,306	$ 3,249
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	41	353	928	1,322
Other Nonoperating Revenues	305	28	33	366
Changes in Assets, Liabilities, Deferred Outflows and Deferred Inflows:				
Decrease in Accounts Receivable	(7)		112	105
(Increase) in Due from Other Governmental Agencies			(7)	(7)
Decrease in Materials and Supplies			1	1
(Decrease) in Vouchers Payable	(48)	(19)	(9)	(76)
(Decrease) in Accounts Payable - Other	(122)	(10)	(226)	(358)
Increase in Accrued Payroll	145	1	23	169
Increase in Accrued Leave Payable	67	1	11	79
Increase in Net OPEB Obligation and Pension Liability	4,825	78	1,055	5,958
Increase in Pollution Remediation Liability				
(Increase) in Deferred Outflows	(2,578)	(38)	(554)	(3,170)
Increase in Deferred Inflows	27		5	32
(Decrease) in Unearned Revenue	(1)	(13)	(38)	(52)
Increase in Due to Other Government Agencies	58			58
Net Cash Provided by Operating Activities	$ 4,468	$ 568	$ 2,640	$ 7,676
Noncash Investing, Capital and Financing Activities:	$ -	$ -	$ -	$ -

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Internal Service Funds

SELF-INSURANCE PROGRAMS – to account for Self-Insurance Programs including funds for the administration of all tort claims against the City and for the operation of the City's employee benefit programs. Included in the Self-Insurance Programs are the 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.

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Combining Statement of Net Position
Internal Service Funds
As of September 30, 2016
(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	$ 476	$ 3,502	$ 6,749	$ 1,028	$ 4,830	$ 1,011	$ 17,596
Investments	3,688	26,548	50,784	7,674	35,853	1,949	126,496
Receivables, Net	660	27	48	64	50	1	850
Materials and Supplies, at Cost				763	1,709		2,472
Deposits	99		36				135
Prepaid Expenses		1,302		1			1,303
Due From Other Funds					20		20
Due From Other Governmental Agencies, Net				418	114		532
Total Current Assets	4,923	31,379	57,617	9,948	42,576	2,961	149,404
Capital Assets:							
Buildings				21	158		179
Improvements					244		244
Machinery and Equipment	5			6,341	216,924	77	223,347
Depreciable Intangible						250	250
Total Capital Assets	5			6,362	217,326	327	224,020
Less: Accumulated Depreciation	2			5,513	101,342	263	107,120
Net Capital Assets	3			849	115,984	64	116,900
Total Assets	4,926	31,379	57,617	10,797	158,560	3,025	266,304
Total Deferred Outflows of Resources	456	418	346	7,214	4,237	3,307	15,978
Liabilities:							
Current Liabilities:							
Vouchers Payable	406	37	112	1,570	9,061	39	11,225
Accounts Payable-Other	2,090	209	16	1,198	372	181	4,066
Claims Payable	14,265	4,715	10,094				29,074
Accrued Payroll	59	51	51	1,019	611	459	2,250
Current Portion of Accrued Leave Payable	77	76	68	1,543	846	719	3,329
Unearned Revenue				55			55
Due To Other Funds	8,402					1,343	9,745
Total Current Liabilities	25,299	5,088	10,341	5,385	10,890	2,741	59,744
Noncurrent Liabilities:							
Claims Payable (net of current portion)		13,841	25,222				39,063
Accrued Leave Payable (net of current portion)		8		343	115	6	472
Net OPEB Obligation and Pension Liability	2,988	2,642	2,164	43,387	28,888	21,110	101,179
Total Noncurrent Liabilities	2,988	16,491	27,386	43,730	29,003	21,116	140,714
Total Liabilities	28,287	21,579	37,727	49,115	39,893	23,857	200,458
Total Deferred Inflows of Resources	39	35	28	588	336	279	1,305
Net Position:							
Investment in Capital Assets	3			849	115,984	64	116,900
Unrestricted (Deficit)	(22,947)	10,183	20,208	(32,541)	6,584	(17,868)	(36,381)
Total Net Position	$ (22,944)	$ 10,183	$ 20,208	$ (31,692)	$ 122,568	$ (17,804)	$ 80,519

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Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year-Ended September 30, 2016
(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	$ 150,562	$ 9,759	$ 15,459	$ 53,978	$ 91,442	17,651	$ 338,851
Total Operating Revenues	150,562	9,759	15,459	53,978	91,442	17,651	338,851
Operating Expenses:							
Personal Services	5,778	1,903	1,644	33,446	20,796	15,471	79,038
Contractual Services	12,779	268	1,410	17,165	4,984	500	37,106
Commodities	22	23	58	741	1,151	210	2,205
Materials					20,475		20,475
Claims	133,752	2,081	4,590				140,423
Other	1,741	2,125	815	6,114	9,312	4,944	25,051
Depreciation	1			272	24,901	61	25,235
Total Operating Expenses	154,073	6,400	8,517	57,738	81,619	21,186	329,533
Operating Income (Loss)	(3,511)	3,359	6,942	(3,760)	9,823	(3,535)	9,318
Nonoperating Revenues:							
Investment Earnings	13	129	228	37	239	6	652
Other Nonoperating Revenue	2,364		853	35	291	15	3,558
Gain on Sale of Capital Assets					5,246		5,246
Total Nonoperating Revenues	2,377	129	1,081	72	5,776	21	9,456
Change in Net Position Before Transfers	(1,134)	3,488	8,023	(3,688)	15,599	(3,514)	18,774
Transfers In (Out):							
Transfers In			85		305		390
Transfers Out	(9)	(109)	(168)	(147)	(583)	(303)	(1,319)
Total Transfers In (Out)	(9)	(109)	(83)	(147)	(278)	(303)	(929)
Change in Net Position	(1,143)	3,379	7,940	(3,835)	15,321	(3,817)	17,845
Net Position - October 1	(21,801)	6,804	12,268	(27,857)	107,247	(13,987)	62,674
Net Position - September 30	$ (22,944)	$ 10,183	$ 20,208	$ (31,692)	$ 122,568	$ (17,804)	$ 80,519

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Combining Statement of Cash Flows
Internal Service Funds
Year-Ended September 30, 2016
(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	$ 150,407	$ 9,797	$ 15,459	$ 54,202	$ 91,610	17,653	$ 339,128
Cash Payments to Suppliers for Goods and Services	(145,481)	(8,188)	(9,774)	(23,894)	(33,401)	(5,736)	(226,474)
Cash Payments to Employees for Service	(5,547)	(1,761)	(1,453)	(29,985)	(18,524)	(13,836)	(71,106)
Cash Received from Other Cash Receipts	2,364		853	35	291	15	3,558
Net Cash Provided by (Used for) Operating Activities	1,743	(152)	5,085	358	39,976	(1,904)	45,106
Cash Flows from Noncapital Financing Activities:							
Transfers In from Other Funds			85		305		390
Transfers Out to Other Funds	(9)	(109)	(168)	(147)	(583)	(303)	(1,319)
Due To Other Funds	(550)			(27)		1,343	766
Due From Other Funds					5	170	175
Net Cash Provided by (Used for) Noncapital Financing Activities	(559)	(109)	(83)	(174)	(273)	1,210	12
Cash Flows from Capital and Related Financing Activities:							
Acquisitions and Construction of Capital Assets				(188)	(62,606)		(62,794)
Proceeds from Sale of Assets					6,699		6,699
Net Cash (Used for) Capital and Related Financing Activities				(188)	(55,907)		(56,095)
Cash Flows from Investing Activities:							
Purchases of Investment Securities	(3,773)	(27,161)	(51,958)	(7,851)	(36,682)	(1,994)	(129,419)
Maturity of Investment Securities	2,717	27,477	47,671	7,776	51,438	3,296	140,375
Investment Earnings	10	105	247	40	257	5	664
Net Cash Provided by (Used for) Investing Activities	(1,046)	421	(4,040)	(35)	15,013	1,307	11,620
Net Increase (Decrease) in Cash and Cash Equivalents	138	160	962	(39)	(1,191)	613	643
Cash and Cash Equivalents, October 1	338	3,342	5,787	1,067	6,021	398	16,953
Cash and Cash Equivalents, September 30	$ 476	$ 3,502	$ 6,749	$ 1,028	$ 4,830	$ 1,011	$ 17,596
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Operating Income (Loss)	$ (3,511)	$ 3,359	$ 6,942	$ (3,760)	$ 9,823	$ (3,535)	$ 9,318
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:							
Depreciation	1			272	24,901	61	25,235
Other Nonoperating Revenues	2,364		853	35	291	15	3,558
Changes in Assets, Liabilities, Deferred Outflows and Deferred Inflows:							
(Increase) Decrease in Accounts Receivable	(152)	38		(15)	168	2	41
Decrease in Due from Other Governmental Agencies				254			254
(Increase) in Materials and Supplies				(742)	(311)		(1,053)
(Increase) in Prepaid Expenses		(628)					(628)
(Increase) in Deposits	(1)						(1)
Increase (Decrease) in Vouchers Payable	(394)	(37)	(53)	361	2,854	(42)	2,689
Increase (Decrease) in Claims Payable	3,043	(3,096)	(2,850)				(2,903)
Increase (Decrease) in Accounts Payable - Other	164	70	2	507	(22)	(40)	681
Increase in Accrued Payroll	9	3	15	250	164	87	528
Increase (Decrease) in Accrued Leave Payable	7	(22)	(10)	134	83	56	248
Increase in Landfill Postclosure Liability							
Increase in Net OPEB Obligation and Pension Liability	488	417	404	7,601	4,743	3,500	17,153
Increase in Pollution Remediation Liability							
(Increase) in Deferred Outflows	(275)	(259)	(220)	(4,573)	(2,751)	(2,026)	(10,104)
Increase in Deferred Inflows	2	3	2	49	33	18	107
(Decrease) in Unearned Revenue	(2)			(15)			(17)
Net Cash Provided by Operating Activities	$ 1,743	$ (152)	$ 5,085	$ 358	$ 39,976	$ (1,904)	$ 45,106
Noncash Investing, Capital and Financing Activities:	$ -	$ -	$ -	$ -	$ -	$ -	$ -

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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.

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Combining Statement of Fiduciary Net Position
Fire and Police Pension and Health Care Funds
As of September 30, 2016
(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	$ 51,692	$ 5,445	$ 57,137
Security Lending Collateral	96,370		96,370
Investments:			
Common Stock	979,107	7,999	987,106
U.S. Government Securities	68,945		68,945
Corporate Bonds	347,361		347,361
Foreign Bonds	215,472		215,472
Mutual Funds		98,867	98,867
Hedge Funds	322,033	6,389	328,422
Real Estate	214,469	46,537	261,006
Alternative	406,102	156,412	562,514
Receivables:			
Accounts	56,689		56,689
Accrued Interest	4,578	8	4,586
Prepaid Expenses		12	12
Total Current Assets	2,762,818	321,669	3,084,487
Capital Assets:			
Machinery and Equipment	396	112	508
Buildings	551	514	1,065
Total Capital Assets	947	626	1,573
Less: Accumulated Depreciation	349	122	471
Net Capital Assets	598	504	1,102
Total Assets	$ 2,763,416	$ 322,173	$ 3,085,589
Liabilities:			
Vouchers Payable	$ 4,833	$ -	$ 4,833
Accounts Payable - Other	28,274	45	28,319
Claims Payable		2,401	2,401
Accrued Payroll	243	18	261
Securities Lending Obligation	96,370		96,370
Total Liabilities	129,720	2,464	132,184
Net Position:			
Restricted for Pension	2,633,696		2,633,696
Restricted for Other Postemployment Benefits		319,709	319,709
Total Net Position	$ 2,633,696	$ 319,709	$ 2,953,405

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Combining Statement of Changes in Fiduciary Net Position
Fire and Police Pension and Health Care Funds
Year-Ended September 30, 2016
(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	$ 19,014	$ 7,017	$ 26,031
Employee	9,507	3,511	13,018
Other Contributions		366	366
Total Contributions	28,521	10,894	39,415
Investment Earnings:			
Net Increase (Decrease) in Fair Value of Investments	34,423	(445)	33,978
Real Estate Income, Net	3,148		3,148
Interest and Dividends	11,108	1,133	12,241
Securities Lending	120		120
Other Income	213	1	214
Total Investment Earnings	49,012	689	49,701
Less: Investment Expenses			
Investment Management Fees and Custodian Fees	(3,311)	(98)	(3,409)
Less: Securities Lending Expenses			
Borrower Rebates and Lending Fees	(33)		(33)
Net Investment Earnings	45,668	591	46,259
Total Additions	74,189	11,485	85,674
Deductions:			
Benefits	35,118	6,658	41,776
Refunds of Contributions	512		512
Administrative Expenses	774	666	1,440
Total Deductions	36,404	7,324	43,728
Change in Net Position	37,785	4,161	41,946
Net Position - October 1	2,595,911	315,548	2,911,459
Net Position - September 30	$ 2,633,696	$ 319,709	$ 2,953,405

These statements reflect three months activity through December 31, 2015.

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Combining Balance Sheet
Agency Funds
As of September 30, 2016
(In Thousands)

	ASSETS				
	CASH AND CASH EQUIVALENTS	INVESTMENTS	ACCOUNTS RECEIVABLE	ACCRUED INTEREST	TOTAL ASSETS
Funds:					
Bexar County Hotel/Motel Tax Collections Fund	$ 197	$ 1,474	$ 15	$ 1	$ 1,687
Criminal Justice Planning Fund	3,069				3,069
CVB Housing Bureau Fund	5				5
Deposit Fund	3,761				3,761
Evidentiary Cash Fund	344	2,572		3	2,919
Lessees' Special Events Liability Insurance Fund	14				14
Municipal Court Cash Bond Fund	84				84
Mayor's Lunch Fund	1	2			3
State Sales Tax Fund	147				147
Unclaimed Property Fund	73	550		1	624
Total	$ 7,695	$ 4,598	$ 15	$ 5	$ 12,313

	LIABILITIES		
	VOUCHERS PAYABLE	ACCOUNTS PAYABLE OTHER	TOTAL LIABILITIES
Funds:			
Bexar County Hotel/Motel Tax Collections Fund	$ -	$ 1,687	$ 1,687
Criminal Justice Planning Fund		3,069	3,069
CVB Housing Bureau Fund	4	1	5
Deposit Fund		3,761	3,761
Evidentiary Cash Fund		2,919	2,919
Lessees' Special Events Liability Insurance Fund		14	14
Municipal Court Cash Bond Fund		84	84
Mayor's Lunch Fund		3	3
State Sales Tax Fund		147	147
Unclaimed Property Fund		624	624
Total	$ 4	$ 12,309	$ 12,313

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CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

As of September 30, 2016

(In Thousands)

	BALANCE 10-01-2015	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2016
Bexar County Hotel/Motel Tax Collections Fund				
Assets:				
Cash and Cash Equivalents	$ 163	$ 22,208	$ 22,174	$ 197
Investments	1,312	1,474	1,312	1,474
Receivables:				
Accounts	22	18,075	18,082	15
Accrued Interest	2	1	2	1
Total Assets	$ 1,499	$ 41,758	$ 41,570	$ 1,687
Liabilities:				
Vouchers Payable	$ -	$ 17,235	$ 17,235	$ -
Accounts Payable - Other	1,499	20,540	20,352	1,687
Total Liabilities	$ 1,499	$ 37,775	$ 37,587	$ 1,687
Criminal Justice Planning Fund				
Assets:				
Cash and Cash Equivalents	$ 2,913	$ 10,144	$ 9,988	$ 3,069
Receivables:				
Accounts		6	6	
Total Assets	$ 2,913	$ 10,150	$ 9,994	$ 3,069
Liabilities:				
Vouchers Payable	$ -	$ 12	$ 12	$ -
Accounts Payable - Other	2,913	44,822	44,666	3,069
Total Liabilities	$ 2,913	$ 44,834	$ 44,678	$ 3,069
CVB Housing Bureau Fund				
Assets:				
Cash and Cash Equivalents	$ 2	$ 16	$ 13	$ 5
Total Assets	$ 2	$ 16	$ 13	$ 5
Liabilities:				
Vouchers Payable	$ -	$ 17	$ 13	$ 4
Accounts Payable - Other	2	16	17	1
Total Liabilities	$ 2	$ 33	$ 30	$ 5
Deposit Fund				
Assets:				
Cash and Cash Equivalents	$ 7,898	$ 2,133	$ 6,270	$ 3,761
Receivables:				
Accounts		6,224	6,224	
Total Assets	$ 7,898	$ 8,357	$ 12,494	$ 3,761
Liabilities:				
Vouchers Payable	$ -	$ 40	$ 40	$ -
Accounts Payable - Other	7,898	701,709	705,846	3,761
Total Liabilities	$ 7,898	$ 701,749	$ 705,886	$ 3,761

(continued)

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CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

As of September 30, 2016

(In Thousands)

	BALANCE 10-01-2015	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2016
Evidentiary Cash Fund				
Assets:				
Cash and Cash Equivalents	$ 330	$ 3,524	$ 3,510	$ 344
Investments	2,652	2,572	2,652	2,572
Receivables:				
Accrued Interest	4	3	4	3
Total Assets	$ 2,986	$ 6,099	$ 6,166	$ 2,919
Liabilities:				
Accounts Payable - Other	$ 2,986	$ 434	$ 501	$ 2,919
Total Liabilities	$ 2,986	$ 434	$ 501	$ 2,919
Lessees' Special Event Liability Insurance Fund				
Assets:				
Cash and Cash Equivalents	$ 14			$ 14
Total Assets	$ 14	$ -	$ -	$ 14
Liabilities:				
Accounts Payable - Other	$ 14	$ -	$ -	$ 14
Total Liabilities	$ 14	$ -	$ -	$ 14
Municipal Court Cash Bond Fund				
Assets:				
Cash and Cash Equivalents	$ 99	$ 54	$ 69	$ 84
Total Assets	$ 99	$ 54	$ 69	$ 84
Liabilities:				
Accounts Payable - Other	$ 99	$ 207	$ 222	$ 84
Total Liabilities	$ 99	$ 207	$ 222	$ 84
Mayor's Lunch Fund				
Assets:				
Cash and Cash Equivalents	$ 1	$ 3	$ 3	$ 1
Investments	2	2	2	2
Total Assets	$ 3	$ 5	$ 5	$ 3
Liabilities:				
Accounts Payable - Other	$ 3	$ -	$ -	$ 3
Total Liabilities	$ 3	$ -	$ -	$ 3

(continued)

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CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

As of September 30, 2016

(In Thousands)

	BALANCE 10-01-2015	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2016
State Sales Tax Fund				
Assets:				
Cash and Cash Equivalents	$ 131	$ 11,605	$ 11,589	$ 147
Receivables:				
Accounts		3	3	
Total Assets	$ 131	$ 11,608	$ 11,592	$ 147
Liabilities:				
Accounts Payable - Other	$ 131	$ 11,607	$ 11,591	$ 147
Total Liabilities	$ 131	$ 11,607	$ 11,591	$ 147
Unclaimed Property Fund				
Assets:				
Cash and Cash Equivalents	$ 69	$ 712	$ 708	$ 73
Investments	559	550	559	550
Receivables:				
Accounts		5	5	
Accrued Interest	1	1	1	1
Total Assets	$ 629	$ 1,268	$ 1,273	$ 624
Liabilities:				
Vouchers Payable	$ -	$ 46	$ 46	$ -
Accounts Payable - Other	629	77	82	624
Total Liabilities	$ 629	$ 123	$ 128	$ 624
Total All Agency Funds				
Assets:				
Cash and Cash Equivalents	$ 11,620	$ 50,399	$ 54,324	$ 7,695
Investments	4,525	4,598	4,525	4,598
Receivables:				
Accounts	22	24,313	24,320	15
Accrued Interest	7	5	7	5
Total Assets	$ 16,174	$ 79,315	$ 83,176	$ 12,313
Liabilities:				
Vouchers Payable	$ -	$ 17,350	$ 17,346	$ 4
Accounts Payable - Other	16,174	779,412	783,277	12,309
Total Liabilities	$ 16,174	$ 796,762	$ 800,623	$ 12,313

(end of statement)

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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 Special Revenue 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.

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Combining Statement of Net Position
Nonmajor Discretely Presented Component Units
As of September 30, 2016
(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	SAN ANTONIO TRICENTENNIAL CELEBRATION COMMISSION	TOTAL NONMAJOR COMPONENT UNITS
Assets:									
Current Assets:									
Unrestricted Assets:									
Cash and Cash Equivalents	$ 17,728	$ 3,887	$ 1,398	$ 32,549	$ 1,092	$ -	$ 1,346	$ 521	$ 58,521
Investments		19,840							19,840
Receivables, Net	13,519	1,330	4,951	6,764					26,564
Materials and Supplies, at Cost	13								13
Due from Other Governmental Agencies		1,698							1,698
Prepaid Expenses	129		29,563	543					30,235
Other Assets		572							572
Total Unrestricted Assets	31,389	27,327	35,912	39,856	1,092		1,346	521	137,443
Restricted Assets:									
Debt Service Accounts:									
Cash and Cash Equivalents	33,355		13,012	6,070					52,437
Investments			10,067						10,067
Receivables, Net			86						86
Other Restricted Accounts:									
Cash and Cash Equivalents		2,623		2,895		3,847			9,365
Receivables, Net			69,889			119			70,008
Total Restricted Assets	33,355	2,623	93,054	8,965		3,966			141,963
Total Current Assets	64,744	29,950	128,966	48,821	1,092	3,966	1,346	521	279,406
Noncurrent Assets:									
Capital Assets:									
Land	4,557	35,583		9,884		30	5,863		55,917
Infrastructure	28,974	45,949							74,923
Buildings	91,954	178,648				147			270,749
Utility Plant in Service	322			410,101					410,423
Machinery and Equipment	9,725	8,056				62			17,843
Construction in Progress	29,464	18,735		29,548					77,747
Total Capital Assets	164,996	286,971		449,533		239	5,863		907,602
Less: Accumulated Depreciation	49,795	111,719		144,341		62			305,917
Assets Held for Resale				2,228					2,228
Net Capital Assets	115,201	175,252		307,420		177	5,863		603,913
Other Noncurrent Assets:									
Cash and Cash Equivalents				21,978					21,978
Receivables, Net		1,631				2,935			4,566
Prepaid Expenses		795	247,640						248,435
Total Other Noncurrent Assets		2,426	247,640	21,978		2,935			274,979
Total Noncurrent Assets	115,201	177,678	247,640	329,398		3,112	5,863		878,892
Total Assets	179,945	207,628	376,606	378,219	1,092	7,078	7,209	521	1,158,298
Deferred Outflows of Resources	2,521	986		3,540					7,047
Liabilities:									
Current Liabilities:									
Payable from Current Unrestricted Assets:									
Accounts Payable and Other Current Liabilities	13,631	4,632		10,638		2,482	90		31,473
Unearned Revenues	224	4,138							4,362
Due to Other Governmental Agencies		3							3
Current Portion of Long-term Lease/Notes Payable	15,931	729							16,660
Current Portion of Other Payables	164								164
Total Payable from Current Unrestricted Assets	29,950	9,502		10,638		2,482	90		52,662
Payable from Restricted Assets:									
Accounts Payable and Other Current Liabilities				2,078					2,078
Accrued Bond and Certificate Interest		194	9,667	1,296					11,157
Current Portion of Bonds and Certificates		990	28,605	7,160					36,755
Other Payables		1,257							1,257
Total Payable from Current Restricted Assets		2,441	38,272	10,534					51,247
Total Current Liabilities	29,950	11,943	38,272	21,172		2,482	90		103,909
Noncurrent Liabilities:									
Bonds and Certificates (net of current portion & premium/discount)		34,680	338,334	237,181					610,195
Long-term Lease/Notes Payable (net of current portion)	94,730	12,508							107,238
Net Pension and OPEB Obligation				1,261					1,261
Other Payables (net of current portion)	4,311			1,350			5,257		10,918
Total Noncurrent Liabilities	99,041	47,188	338,334	239,792			5,257		729,612
Total Liabilities	128,991	59,131	376,606	260,964		2,482	5,347		833,521
Deferred Inflows of Resources				57					57
Net Position:									
Net Investment in Capital Assets	38,002	127,332		70,786		177	5,863		242,160
Restricted for:									
Debt Service				9,672					9,672
Capital Projects				15,898					15,898
Operating and Other Reserves				1,504		2,230			3,734
Unrestricted	15,473	22,151		22,878	1,092	2,189	(4,001)	521	60,303
Total Net Position	$ 53,475	$ 149,483	$ -	$ 120,738	$ 1,092	$ 4,596	$ 1,862	$ 521	$ 331,767

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Combining Statement of Activities

Nonmajor Discretely Presented Component Units

Year-Ended September 30, 2016

(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	SAN ANTONIO TRICENTENNIAL CELEBRATION COMMISSION	TOTAL NONMAJOR COMPONENT UNITS
Brooks Development Authority													
Economic Development and Opportunity	$ 25,434	$ 9,993	$ 485	$ 6,474	$ (8,482)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (8,482)
Port Authority of San Antonio													
Economic Development and Opportunity	34,493	35,876		5,451		6,834							6,834
SA Energy Acquisition Public Facility Corporation													
General Government	50,357	46,579					(3,778)						(3,778)
SAWS District Special Project													
Public Works	64,905	65,253		16,134				16,482					16,482
San Antonio Housing Trust Finance Corporation													
Urban Redevelopment and Housing	77	232							155				155
San Antonio Housing Trust Foundation, Inc.													
Urban Redevelopment and Housing	632	511								(121)			(121)
San Antonio Housing Trust Public Facility Corporation													
Urban Redevelopment and Housing	205	815									610		610
San Antonio Housing Trust Public Facility Corporation													
Urban Redevelopment and Housing	797	1,318										521	521
Total	$ 176,900	$ 160,577	$ 485	$ 28,059	$ (8,482)	$ 6,834	$ (3,778)	$ 16,482	$ 155	$ (121)	$ 610	$ 521	$ 12,221
		General Revenues:											
		Investment Earnings			502	445	947	78		92			2,064
		Miscellaneous			5,635		2,831	1,154			87		9,707
		Total General Revenues			6,137	445	3,778	1,232		92	87		11,771
		Change in Net Position			(2,345)	7,279		17,714	155	(29)	697	521	23,992
		Net Position - Beginning of Fiscal Year (restated)			55,820	142,204		103,024	937	4,625	1,165		307,775
		Net Position - End of Fiscal Year			$ 53,475	$ 149,483	$ -	$ 120,738	$ 1,092	$ 4,596	$ 1,862	$ 521	$ 331,767

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Capital Assets Used in the Operation of Governmental Funds

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Capital Assets Used in the Operation of Governmental Funds

Schedule of Capital Assets by Source[1]

As of September 30, 2016

(In Thousands)

		2016
Governmental Funds Capital Assets:		
Land	$	1,433,739
Other Non-Depreciable Assets		2,166
Non-Depreciable Intangible Assets		145,518
Depreciable Intangible Assets		3,855
Buildings		1,172,085
Improvements		787,838
Infrastructure		2,940,337
Machinery and Equipment		316,670
Construction in Progress		570,854
Total Governmental Funds Capital Assets	$	7,373,062
Investment in Governmental Funds Capital Assets by Source:		
Current Revenue	$	2,570,591
General Obligation Bonds, Certificates of Obligation, Notes, and Revenue Bonds		4,146,070
Federal and State Grants		612,230
Special Assessments		1,008
Municipal Golf Association - SA		13,907
Westside Development Corp		19
Private Citizens' Contribution		24,695
San Antonio Fair, Inc.		4,542
Total Investment in Governmental Funds Capital Assets by Source	$	7,373,062

[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.

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Capital Assets Used in the Operation of Governmental Funds

Schedule of Capital Assets by Function and Activity[1]

As of September 30, 2016

(In Thousands)

	Land	Other Non-Depreciable Assets	Non-Depreciable Intangible Assets	Depreciable Intangible Assets	Buildings	Improvements	Infrastructure	Machinery and Equipment	Total
General Government:									
Legislative	$ 56	$ -	$ -	$ -	$ 2,592	$ 91	$ -	$ 336	$ 3,075
Judicial	196			1,004	19,091	248		629	21,168
Executive								27	27
Administration	3,209		12,556	2,176	163,507	36,604	10,699	159,351	388,102
Total General Government	3,461		12,556	3,180	185,190	36,943	10,699	160,343	412,372
Public Safety:									
Police	12,187				40,082	10,152		68,215	130,636
Fire	40,789				71,020	11,199	236	48,066	171,310
Building Inspection and Regulations	7,299				14,210			211	21,720
Total Public Safety	60,275				125,312	21,351	236	116,492	323,666
Public Works	1,262,740	2,166	18,748		214,506	398,215	2,885,126	14,899	4,796,400
Health Services	1,302			469	8,288	691		4,509	15,259
Convention and Tourism	5,422			206	440,550	88,203		7,863	542,244
Sanitation					45	15		704	764
Welfare	419				29,613	7,795		1,796	39,623
Culture and Recreation:									
Libraries	8,707				99,193	25,679	22,997	1,806	158,382
Parks	90,501		114,214		41,437	205,021	19,413	6,721	477,307
Cultural Affairs					199			53	252
Total Culture and Recreation	99,208		114,214		140,829	230,700	42,410	8,580	635,941
Urban Redevelopment and Housing						699	1,866	838	3,403
Education	912				27,752			446	29,110
Economic Development and Opportunity						3,226		200	3,426
Total Capital Assets Allocated to Functions	$ 1,433,739	$ 2,166	$ 145,518	$ 3,855	$ 1,172,085	$ 787,838	$ 2,940,337	$ 316,670	$ 6,802,208
Construction in Progress									570,854
Total Governmental Funds Capital Assets									$ 7,373,062

[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.

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Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes in Capital Assets by Function and Activity[1]

As of September 30, 2016

(In Thousands)

Function and Activity:	Beginning Balance	Additions[2]	Deductions[3]	Ending Balance
General Government:				
Legislative	$ 3,082	$ -	$ 7	$ 3,075
Judicial	21,168			21,168
Executive	27			27
Administration	452,708	7,743	72,349	388,102
Total General Government	476,985	7,743	72,356	412,372
Public Safety:				
Police	127,445	3,537	346	130,636
Fire	169,151	4,299	2,140	171,310
Building Inspection and Regulations	21,720			21,720
Total Public Safety	318,316	7,836	2,486	323,666
Public Works	4,695,262	103,200	2,062	4,796,400
Health Services	15,242	72	55	15,259
Convention and Tourism	244,300	308,366	10,422	542,244
Sanitation	764			764
Welfare	39,925	242	544	39,623
Culture and Recreation:				
Libraries	157,811	604	33	158,382
Parks	448,587	28,986	266	477,307
Cultural Affairs		257	5	252
Total Culture and Recreation	606,398	29,847	304	635,941
Urban Redevelopment and Housing	3,333	148	78	3,403
Education	29,091	19		29,110
Economic Development and Opportunity	2,698	728		3,426
Construction in Progress	618,794	380,617	428,557	570,854
Total Governmental Funds Capital Assets	$ 7,051,108	$ 838,818	$ 516,864	$ 7,373,062

[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.

[2] Additions include $422,635 in assets transferred from construction in progress.

[3] Deductions from construction in progress include the $422,635 in assets transferred.

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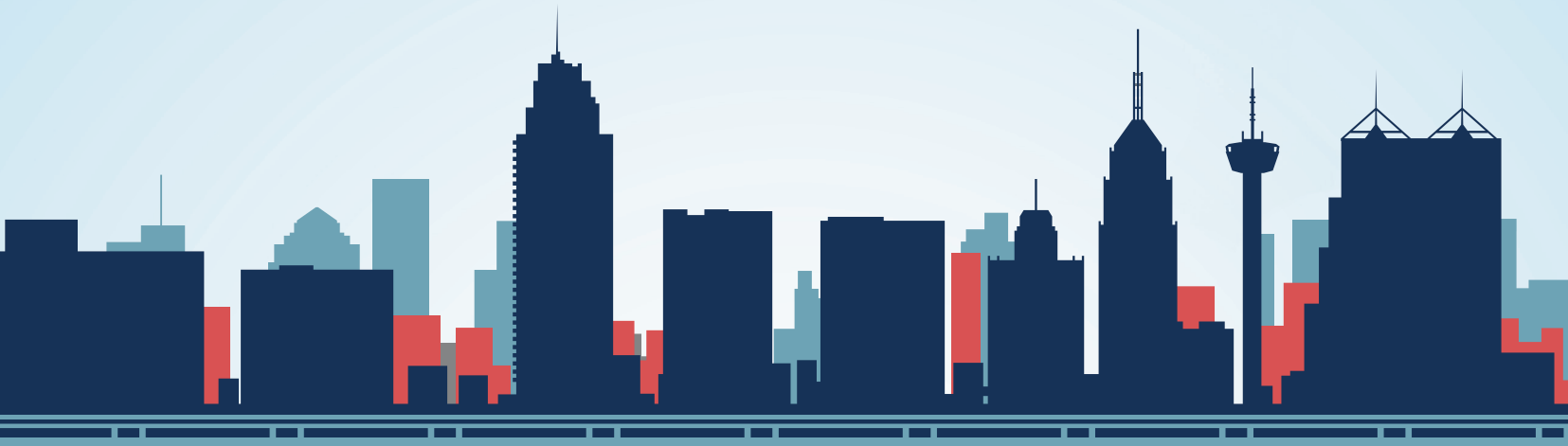
STATISTICAL SECTION



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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.

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Statistical Data
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015 (Restated)	2016
Governmental Activities:										
Net Investment in Capital Assets	$ 2,024,576	$ 2,092,623	$ 2,200,616	$ 2,238,834	$ 2,364,212	$ 2,325,170	$ 2,304,579	$ 2,554,305	$ 2,615,833	$ 2,684,754
Restricted	120,591	122,537	128,727	124,300	126,142	104,158	72,643	100,264	61,946	62,622
Unrestricted	184,154	162,997	168,054	162,135	63,069	78,783	72,932	(516,002)	(471,052)	(566,072)
Total Governmental Activities, net position	$ 2,329,321	$ 2,378,157	$ 2,497,397	$ 2,525,269	$ 2,553,423	$ 2,508,111	$ 2,450,154	$ 2,138,567	$ 2,206,727	$ 2,181,304
Business-Type Activities:										
Net Investment in Capital Assets	$ 201,846	$ 208,894	$ 260,679	$ 273,344	$ 273,108	$ 270,500	$ 292,278	$ 300,791	$ 316,995	$ 348,896
Restricted	61,559	76,178	66,099	78,558	90,532	104,990	91,418	102,390	113,968	85,629
Unrestricted	23,010	31,247	2,976	556	15,320	9,851	18,024	(47,431)	(55,809)	(67,721)
Total Business-Type Activities, net position	$ 286,415	$ 316,319	$ 329,754	$ 352,458	$ 378,960	$ 385,341	$ 401,720	$ 355,750	$ 375,154	$ 366,804
Primary Government:										
Net Investment in Capital Assets	$ 2,226,422	$ 2,301,517	$ 2,461,295	$ 2,512,178	$ 2,637,320	$ 2,595,670	$ 2,596,857	$ 2,855,096	$ 2,932,828	$ 3,033,650
Restricted	182,150	198,715	194,826	202,858	216,674	209,148	164,061	202,654	175,914	148,251
Unrestricted	207,164	194,244	171,030	162,691	78,389	88,634	90,956	(563,433)	(526,861)	(633,793)
Total Primary Government, net position	$ 2,615,736	$ 2,694,476	$ 2,827,151	$ 2,877,727	$ 2,932,383	$ 2,893,452	$ 2,851,874	$ 2,494,317	$ 2,581,881	$ 2,548,108

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Statistical Data
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015 (Restated)	2016
Expenses:										
Governmental Activities:										
General Government	$ 118,881	$ 109,850	$ 92,415	$ 114,591	$ 103,617	$ 140,761	$ 127,697	$ 112,845	$ 99,788	$ 131,273
Public Safety	456,375	529,762	497,274	545,359	607,532	613,975	684,547	721,930	717,447	888,100
Public Works	143,172	220,267	212,256	221,612	239,195	252,804	257,395	324,257	247,087	240,763
Sanitation	2,878	3,000	3,953	8,385	20,015	14,382	13,250	7,142	7,535	7,090
Health Services	91,432	90,443	92,351	104,667	101,995	101,293	38,250	55,014	55,020	54,953
Culture and Recreation	128,450	142,537	145,386	143,122	147,591	153,642	161,280	167,463	169,505	181,209
Convention and Tourism	155,285	69,734	42,512	26,437	28,735	31,892	29,674	31,579	57,277	73,932
Urban Redevelopment and Housing	20,575	39,700	45,533	26,486	13,570	13,252	9,111	25,949	27,839	27,025
Welfare	153,704	168,585	162,956	177,819	185,600	157,678	162,015	115,094	121,932	126,440
Education							6,381	8,530	64,917	62,579
Economic Development and Opportunity	19,167	22,479	23,260	104,964	90,258	115,253	117,362	25,909	34,634	22,974
Bond Issuance Costs								1,862	2,544	2,192
Interest on Long-term Debt, Net	48,114	71,103	75,108	70,945	87,792	85,073	115,016	93,313	88,813	86,862
Total Governmental Activities Expenses	1,338,033	1,467,460	1,393,004	1,544,387	1,625,900	1,680,005	1,721,978	1,690,887	1,694,338	1,905,392
Business-Type Activities:										
Airport System	64,482	80,505	81,229	83,109	105,708	118,560	102,041	106,033	112,439	127,122
Development Services				19,570	20,195	23,327	24,437	22,273	26,042	27,033
Market Square				251	2,215	2,297	2,135	2,558	2,846	2,708
Parking System	8,525	10,382	8,984	9,135	8,703	8,117	8,214	12,165	10,038	14,157
Solid Waste Management	68,072	82,002	88,900	85,058	82,128	89,405	93,056	98,555	92,492	110,361
Total Business-Type Activities Expenses	141,079	172,889	179,113	197,123	218,949	241,706	229,883	241,584	243,857	281,381
Total Primary Government Expenses	$ 1,479,112	$ 1,640,349	$ 1,572,117	$ 1,741,510	$ 1,844,849	$ 1,921,711	$ 1,951,861	$ 1,932,471	$ 1,938,195	$ 2,186,773
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	$ 45,307	$ 45,757	$ 29,323	$ 21,176	$ 27,853	$ 22,245	$ 27,951	$ 27,710	$ 33,662	$ 23,084
Public Safety	9,059	9,536	9,026	10,350	9,882	12,190	12,278	49,363	60,147	52,110
Public Works	39,090	46,970	50,266	53,723	43,267	43,164	44,706	47,342	49,111	51,862
Sanitation	268	5		397	407	509	365	7,491	7,366	6,846
Health Services	24,401	22,792	26,518	31,595	33,815	30,940	30,356	18,844	16,660	19,336
Culture and Recreation	26,277	40,549	34,483	33,791	33,037	34,483	46,707	53,698	50,047	56,416
Convention and Tourism	19,067	1,278	1,308	1,262						
Urban Redevelopment and Housing	1	2	22,949	388	400	634	584		148	487
Welfare	19	192	122	72	52	15	2			151
Education								267	412	726
Economic Development and Opportunity	1,971	2,026	2,141	2,582	2,631	5,025	90	135	220	383
Operating Grants and Contributions	186,381	198,736	206,356	256,214	267,524	211,290	202,932	168,170	175,921	188,371
Capital Grants and Contributions	57,891	49,577	81,114	98,362	137,892	149,713	145,199	84,744	32,642	68,366
Total Governmental Activities Program Revenues	409,732	417,420	463,606	509,912	556,760	510,208	511,170	457,764	426,336	468,138
Business-Type Activities:										
Charges for Services:										
Airport System	53,115	63,944	61,764	63,524	82,901	84,395	80,635	84,410	83,193	84,792
Development Services				20,336	21,629	23,392	24,813	27,646	27,878	28,874
Market Square				138	2,211	2,316	2,477	2,598	2,654	2,891
Parking System	10,236	10,988	9,143	9,287	8,588	8,630	8,654	8,487	9,272	9,671
Solid Waste Management	70,080	81,988	81,263	87,888	90,067	93,333	92,871	96,321	100,334	101,954
Capital Grants and Contributions	23,188	36,987	31,115	40,156	40,237	34,765	39,580	44,206	45,886	45,837
Total Business-Type Activities Program Revenues	156,619	193,907	183,285	221,329	245,633	246,831	249,030	263,668	269,217	274,019
Total Primary Government Program Revenues	$ 566,351	$ 611,327	$ 646,891	$ 731,241	$ 802,393	$ 757,039	$ 760,200	$ 721,432	$ 695,553	$ 742,157

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Statistical Data
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015 (Restated)	2016
Net (Expense) Revenue:										
Governmental Activities	$ (928,301)	$ (1,050,040)	$ (929,398)	$ (1,034,475)	$ (1,069,140)	$ (1,169,797)	$ (1,210,808)	$ (1,233,123)	$ (1,268,002)	$ (1,437,254)
Business-Type Activities	15,540	21,018	4,172	24,206	26,684	5,125	19,147	22,084	25,360	(7,362)
Total Primary Government Net (Expense)	$ (912,761)	$ (1,029,022)	$ (925,226)	$ (1,010,269)	$ (1,042,456)	$ (1,164,672)	$ (1,191,661)	$ (1,211,039)	$ (1,242,642)	$ (1,444,616)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property	$ 326,342	$ 379,457	$ 407,183	$ 406,579	$ 396,847	$ 395,944	$ 402,619	$ 423,781	$ 446,705	$ 495,638
General Sales and Use	224,480	232,348	221,746	223,475	236,819	259,927	287,944	324,612	339,012	347,874
Selective Sales and Use	5,308	5,712	5,741	5,921	5,879	5,200	5,799	7,554	7,957	8,516
Gross Receipts Business	30,236	31,705	33,396	35,913	34,341	33,625	33,745	34,784	36,202	35,992
Occupancy	63,878	68,414	58,800	59,734	62,968	67,937	72,770	77,064	79,163	81,280
Penalties and Interest on Delinquent Taxes	4,088	3,797	3,784	3,885	3,797	3,554	3,302	3,557	3,303	3,480
Revenues from Utilities	257,687	304,545	275,993	293,091	308,838	299,693	307,687	355,515	348,997	345,666
Investment Earnings	54,027	39,463	17,500	6,954	6,184	5,005	5,192	3,997	3,164	4,811
Miscellaneous	26,530	30,299	24,017	24,039	40,217	53,990	35,500	50,868	62,021	84,841
Special Items		8,320								
Transfers, net	(6,404)	(5,184)	498	5,429	1,404	1,156	(2,871)	1,570	7,720	3,733
Total Governmental Activities	986,172	1,098,876	1,048,658	1,065,020	1,097,294	1,126,031	1,151,687	1,283,302	1,334,244	1,411,831
Business-Type Activities:										
Investment Earnings	11,099	12,010	4,769	823	772	827	1,026	764	562	1,152
Miscellaneous	1,973	12	464	1,547	450	1,585	621	4,861	13,440	1,684
Special Items		(8,320)	4,528							
Transfers, net	6,404	5,184	(498)	(5,429)	(1,404)	(1,156)	(4,351)	(4,552)	(7,364)	(3,824)
Total Business-Type Activities	19,476	8,886	9,263	(3,059)	(182)	1,256	(2,704)	1,073	6,638	(988)
Total Primary Government	$ 1,005,648	$ 1,107,762	$ 1,057,921	$ 1,061,961	$ 1,097,112	$ 1,127,287	$ 1,148,983	$ 1,284,375	$ 1,340,882	$ 1,410,843
Change in Net Position:										
Governmental Activities	$ 57,871	$ 48,836	$ 119,260	$ 30,545	$ 28,154	$ (43,766)	$ (59,121)	$ 50,179	$ 66,242	$ (25,423)
Business-Type Activities	35,016	29,904	13,435	21,147	26,502	6,381	16,443	23,157	31,998	(8,350)
Total Primary Government	$ 92,887	$ 78,740	$ 132,695	$ 51,692	$ 54,656	$ (37,385)	$ (42,678)	$ 73,336	$ 98,240	$ (33,773)

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Statistical Data
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2007	2008	2009	2010	2011 [1]	2012	2013	2014	2015 (Restated)	2016
General Fund:										
Reserved	$ 16,730	$ 14,773	$ 16,100	$ 30,526						
Unreserved	143,567	190,775	190,407	199,110						
Total General Fund	$ 160,297	$ 205,548	$ 206,507	$ 229,636						
All Other Governmental Funds:										
Reserved	$ 280,443	$ 411,023	$ 377,536	$ 421,620						
Unreserved, reported in:										
Special Revenue	3,003	3,487	2,734	4,183						
Permanent	4,756	5,018	4,649	4,802						
Capital Project										
Unrestricted	380,823	279,624	354,906	298,480						
Total All Other Governmental Funds	$ 669,025	$ 699,152	$ 739,825	$ 729,085						
General Fund:										
Nonspendable					$ 4,939	$ 5,800	$ 6,238	$ 5,504	$ 7,026	$ 6,681
Restricted					1,107	1,003	718	1,032	537	470
Committed					48,540	47,035	39,603	46,882	52,686	49,333
Assigned					7,413	4,143	3,230	523	521	6,554
Unassigned					170,693	158,532	135,375	164,654	182,698	192,072
Total General Fund					$ 232,692	$ 216,513	$ 185,164	$ 218,595	$ 243,468	$ 255,110
All Other Governmental Funds:										
Nonspendable					$ 4,416	$ 5,235	$ 4,943	$ 4,716	$ 11,274	$ 11,635
Restricted					686,530	665,530	946,189	853,657	744,698	644,983
Committed					67,281	77,204	85,060	101,183	101,040	72,312
Assigned					13,237	12,330	19,866	24,495	19,384	32,407
Unassigned					(74,796)	(38,916)	(30,699)	(3,427)	(14,860)	(10,478)
Total All Other Governmental Funds					$ 696,668	$ 721,383	$ 1,025,359	$ 980,624	$ 861,536	$ 750,859

[1] The City implemented GASB Statement No. 54 in fiscal year 2011 resulting in different fund balance classifications than in prior years.

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Statistical Data
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2007	2008	2009	2010 [1]	2011	2012	2013 [2]	2014	2015	2016
Revenues:										
Taxes	$ 653,427	$ 718,860	$ 729,808	$ 733,694	$ 740,039	$ 766,903	$ 808,185	$ 872,987	$ 912,934	$ 973,357
Licenses and Permits	6,927	7,756	7,090	7,769	8,680	8,469	8,343	7,396	8,107	8,961
Intergovernmental	202,667	221,943	229,476	269,315	306,813	245,030	230,356	240,847	198,307	235,542
Revenues from Utilities	257,687	304,158	275,605	292,726	308,451	299,306	307,300	348,480	348,997	345,666
Charges for Services	136,950	148,981	143,526	144,293	117,607	122,229	131,220	153,995	169,492	169,896
Fines and Forfeits	15,114	12,249	13,111	11,506	14,124	14,807	13,925	13,597	12,589	11,215
Miscellaneous	24,498	29,471	30,631	34,393	40,626	43,989	35,308	50,955	57,546	69,440
Contributions	29,744	15,053	30,359	83,541	104,709	123,020	128,012	30,579	31,596	44,141
In-Kind Contributions[1]	13,786	16,222	13,273							
Investment Earnings	50,050	35,412	15,696	6,383	5,515	4,354	4,232	3,505	2,761	4,158
Total Revenues	1,390,850	1,510,105	1,488,575	1,583,620	1,646,564	1,628,107	1,666,881	1,722,341	1,742,329	1,862,376
Expenditures:										
General Government	114,968	117,853	85,651	92,054	93,797	105,291	94,973	74,902	79,295	85,007
Public Safety	450,664	472,904	501,560	522,982	553,324	571,221	659,949	688,987	711,201	731,816
Public Works	101,433	121,023	103,127	114,327	93,975	88,697	92,498	164,768	112,470	118,290
Health Services	92,350	90,086	90,615	96,342	102,723	100,061	36,625	52,499	56,133	58,533
Sanitation	2,824	4,372	3,764	8,596	20,020	14,590	13,190	7,050	6,963	7,174
Welfare	153,877	166,263	162,411	176,961	184,942	156,105	159,528	113,074	123,064	128,236
Culture and Recreation	85,522	132,750	127,830	123,202	132,801	132,596	146,270	142,537	155,098	161,757
Convention and Tourism	60,288	20,053	20,930	21,240	20,043	20,158	18,939	20,969	23,406	45,246
Urban Redevelopment and Housing	14,028	20,008	43,700	41,686	13,298	15,902	9,214	25,251	30,496	28,424
Education							3,500	34,750	57,172	63,032
Economic Development and Opportunity	24,821	14,637	20,307	106,645	23,951	114,927	116,838	25,524	34,762	23,282
Capital Outlay	345,047	319,663	313,944	287,722	411,270	301,381	291,038	379,309	475,466	455,746
Debt Service:										
Principal Retirement	81,835	99,385	113,316	152,605	140,975	117,265	117,595	130,412	140,963	149,489
Interest	57,190	77,271	79,723	75,614	83,981	87,327	102,965	105,417	105,939	110,902
Arbitrage Expenditure	42									
Issuance Costs	3,557	2,467	1,630	3,518	1,626	1,732	6,465	1,862	2,544	2,192
Total Expenditures	1,588,446	1,658,735	1,668,508	1,823,494	1,876,726	1,827,253	1,869,587	1,967,311	2,114,972	2,169,126
(Deficiency) of Revenues (Under) Expenditures	(197,596)	(148,630)	(179,933)	(239,874)	(230,162)	(199,146)	(202,706)	(244,970)	(372,643)	(306,750)
Other Financing Sources (Uses):										
Issuance of Long-Term Debt	382,060	381,745	205,485	413,180	176,635	218,985	793,671	223,555	237,765	180,114
Refunding Debt Issued								67,050	144,880	147,130
Payments to Refunded Bond Escrow Agent	(210,643)	(170,737)		(185,508)		(37,892)	(356,969)	(76,531)	(159,593)	(176,308)
Issuance of Notes and Loans	10,966	2,799	1,768		14,716					835
Issuance of Commercial Paper	4,000	6,500	15,305							
Premium/(Discount) on Long-Term Debt	7,139	12,014	3,034	27,680	15,182	30,617	43,246	31,455	41,762	51,282
Release of Enterprise Fund Obligations		9,645								
Debt Transfer to Enterprise Fund		(11,045)								
Transfers In	335,090	341,227	411,807	361,508	336,070	368,586	694,459	528,253	585,857	550,511
Transfers Out	(350,275)	(348,140)	(415,809)	(364,600)	(340,516)	(369,827)	(698,979)	(532,384)	(574,161)	(545,849)
Total Other Financing Sources (Uses)	178,337	224,008	221,590	252,260	202,087	210,469	475,428	241,398	276,510	207,715
Net Change in Fund Balances	$ (19,259)	$ 75,378	$ 41,657	$ 12,386	$ (28,075)	$ 11,323	$ 272,722	$ (3,572)	$ (96,133)	$ (99,035)
Debt Service as a Percentage of Noncapital Expenditures	10.3%	12.4%	13.9%	14.5%	14.2%	13.1%	13.8%	14.9%	14.6%	14.8%

[1] In-Kind Contributions was combined under Contributions in fiscal year 2010

[2] EMS was reclassed from Health Services to Public Safety

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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
2007	325,811	224,480	63,878	5,308	30,236	3,701	653,414
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
2015	447,297	339,012	79,163	7,957	36,202	3,303	912,934
2016	496,215	347,874	81,280	8,516	35,992	3,480	973,357
Change:							
2007-2016	71.5%	65.5%	38.5%	72.7%	16.8%	0.5%	62.9%

[1] The City had maintained the property tax rate at a current tax rate from 2010 to 2015, and was able to reduce the property tax rate in 2016 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] Alcohol Beverage Tax increased in 2014 due to the restroation of administratvive fee to the City, plus additional State legislative measures to broaden the Alcohol Beverage Tax base.

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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]	Estimated Actual Value	Total Direct Tax Rate
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
2015	43,908,306	37,346,495	2,438,664	8,778,393	13,241,605	79,230,253	0.57
2016	49,166,613	42,931,187	2,820,244	9,403,514	14,980,047	89,341,511 [3]	0.56

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, absolute, prorated, low income housing, pollution control, community housing development organization, disabled person residence homestead, armed services surviving spouse, and personal property vehicle.

[2] Net Taxable Assessed Value decreased in 2011 and 2012 due to a reduction in base values.

[3] Residential and Commercial Property values reflect an increase of 13.6% from the prior year.

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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
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
2015	2014	0.354190	0.211500	0.565690	0.149150	0.314500	0.276235	0.017290	1.195000	1.265000
2016	2015	0.346770	0.211500	0.558270	0.149150	0.314500	0.276235	0.017290	1.195000	1.285000

		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
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	1.440600	1.375500	1.382600	1.278000	1.451500	1.368900	1.465000
2015	2014	1.362700	1.528800	1.420000	1.415000	1.375500	1.382600	1.278000	1.451500	1.368900	1.414900
2016	2015	1.355900	1.528800	1.470000	1.385000	1.375500	1.512600	1.278000	1.451500	1.368900	1.473000

Source: Bexar County Tax Office, Bexar Appraisal District, and Independent School Districts

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Statistical Data

Principal Property Taxpayers

Current Year and Nine Years Ago

(In Thousands)

	2016			2007		
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 Company	$ 1,181,457	1	1.32%	$ 710,396	1	1.25%
Wal-Mart Stores, Inc.	625,968	2	0.70%	324,560	4	0.57%
VHS San Antonio Partners LP	505,878	3	0.57%			
Methodist Healthcare System	493,284	4	0.55%	194,413	6	0.34%
Toyota Motor Manufacturing Texas	389,371	5	0.44%			
Hyatt Regency Hotels	376,380	6	0.42%	158,944	8	0.28%
United Services Automobile Association	361,902	7	0.41%	339,802	3	0.60%
La Cantera Retail LTD Partnership	350,803	8	0.39%	141,499	10	0.25%
Frankel Family Trust	298,254	9	0.33%			
Marriott International, Inc.	286,859	10	0.32%	246,927	5	0.43%
AT&T				396,193	2	0.70%
Valero Energy Corporation				162,263	7	0.29%
Alamo Stonecrest Holdings				144,910	9	0.26%
Total	$ 4,870,156		5.45%	$ 2,819,907		4.97%

Source: City of San Antonio

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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 4]	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	$ 326,326	$ 321,211	98.43%	$ 3,843	$ 325,054	99.61%
2008	372,823	366,888	98.41%	3,873	370,761	99.45%
2009	405,010	398,119	98.30%	3,806	401,925	99.24%
2010	405,896	397,356	97.90%	3,778	401,134	98.83%
2011	396,621	389,419	98.18%	4,459	393,878	99.31%
2012	395,466	389,217	98.42%	4,361	393,578	99.52%
2013	400,055	394,756	98.68%	2,824	397,580	99.38%
2014	417,936	413,452	98.93%	979	414,431	99.16%
2015	442,164	437,746	99.00%	623	438,369	99.14%
2016	489,748	484,769	98.98%		484,769	98.98%

[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.

[4] Increased efficiency in collecting current property taxes by the Bexar County Tax Assessor/Collector resulted in less delinquent property tax.

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Statistical Data
Taxable Sales by Category
Last Ten Calendar Years
(In Thousands)

	Calendar Year [1]									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Motor Vehicle and Parts Dealers	$ 4,279,474	$ 4,741,297	$ 4,255,879	$ 3,748,520	$ 4,433,993	$ 4,992,543	$ 5,800,519	$ 6,242,321	$ 7,136,472	$ 8,196,131
Furniture and Home Furnishings Stores	632,722	623,580	587,033	543,871	534,378	531,298	660,701	595,966	708,950	747,924
Electronics and Appliance Stores	1,092,875	1,105,409	933,284	869,489	883,394	1,173,505	1,270,747	1,069,591	936,119	965,281
Building Material and Garden Equipment and Supplies Dealers	1,184,707	1,184,077	1,179,431	1,144,487	1,193,047	1,345,821	1,474,677	1,653,623	1,858,695	2,322,660
Food and Beverage Stores [2]	2,744,361	2,947,324	3,233,292	3,296,735	3,360,128	3,850,446	3,770,484	4,261,436	4,372,544	4,325,871
Health and Personal Care Stores	1,729,193	1,952,449	1,895,026	1,265,431	1,266,153	1,758,122	1,668,709	1,706,340	1,782,269	1,851,594
Gasoline Stations	1,482,688	1,553,859	1,684,077	1,312,607	1,557,800	1,843,246	2,214,699	1,864,947	2,110,169	1,590,762
Clothing and Clothing Accessories Stores [3]	1,042,774	1,083,057	1,083,856	1,011,987	1,068,586	1,133,418	1,275,161	1,332,480	1,332,398	1,322,312
Sporting Goods, Hobby, Book and Music Stores	390,546	405,698	528,716	542,502	674,629	629,928	657,522	718,030	746,568	693,054
General Merchandise Stores	2,884,279	3,142,862	3,229,483	3,173,001	3,234,093	3,376,580	3,506,042	3,602,616	3,785,270	3,924,188
Miscellaneous Store Retailers	846,862	982,130	818,767	774,875	808,292	861,017	896,706	973,027	920,729	950,591
Nonstore Retailers	81,602	107,407	114,534	98,354	117,890	146,821	146,666	170,897	176,038	238,008
Food Services and Drinking Places	2,371,142	2,530,543	2,653,768	2,640,952	4,011,106	2,994,004	3,253,930	3,438,648	3,670,159	3,841,126
Total	$ 20,763,225	$ 22,359,692	$ 22,197,146	$ 20,422,811	$ 23,143,489	$ 24,636,749	$ 26,596,563	$ 27,629,922	$ 29,536,380	$ 30,969,502
City Direct Sales Tax Rate	1.000%	1.125% [4]	1.125% [4]	1.125% [4]	1.125% [4]	1.125% [4]	1.125% [4]	1.250% [4 5]	1.250% [4 5]	1.250% [4 5]

Source: Texas Comptroller of Public Accounts

[1] Calendar Year 2016 information will not be available until May of 2017.

[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 May 2015 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).

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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 [5]
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	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%
2014	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%
2015 [3]	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%
2016	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 May 2015 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 8.250%.

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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
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
2015	1,060,870	191,550		250,030	43,820	26,610	8,835	862,869	15,725	13,498	44,910
2016	1,073,760	191,550		236,685	66,860	36,050		853,609	12,765	14,822	42,784

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	Percentage of Personal Income [1]	Per Capita [1]
2007	$ -	$ -	$ -	$ -	$ 251,370	$ 2,678	$ 1,828,811	7.01%	$ 1,394
2008	940	8,492	2,805		395,695	14,946	2,106,238	7.62%	1,585
2009	905	17,723	2,827		360,380	24,664	2,194,233	7.63%	1,637
2010	1,435	16,992	2,225	34,500	344,525	25,615	2,299,200	8.14%	1,742
2011	1,401	16,163	2,125		406,300	21,140	2,372,030	8.35%	1,788
2012	1,337	14,969	2,007		379,665	21,312	2,411,010	8.30%	1,773
2013	1,286	13,658	1,894		361,550	16,105	2,739,998	8.91%	1,981
2014	1,329	12,093	1,670		342,885	16,471	2,803,418	8.88%	1,990
2015	2,542	11,098	331		488,880	15,580	3,037,148	9.26%	2,114
2016	2,579	10,102	7,604		471,480	33,598	3,054,248	8.75%	2,078

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.

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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 [2]	Net Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita [3]
2007	$ 667,280	$ 218,475	$ 60,000			$ 945,755	$ (46,460)	$ 899,295	1.58%	$ 685.29
2008	726,770	294,410	17,925			1,039,105	(44,280)	994,825	1.51%	748.56
2009	749,750	351,105	48,095			1,148,950	(81,680)	1,067,270	1.47%	796.14
2010	931,120	305,850	63,360			1,300,330	(96,675)	1,203,655	1.65%	912.21
2011	916,990	358,905	27,450			1,303,345	(63,068)	1,240,277	1.75%	934.97
2012	1,017,995	334,620	32,015			1,384,630	(81,348)	1,303,282	1.84%	958.49
2013	1,057,025	329,970	19,190		18,460	1,424,645	(57,730)	1,366,915	1.91%	988.23
2014	1,155,377	283,905	38,070	17,500	28,055	1,522,907	(69,915)	1,452,992	1.95%	1,031.21
2015	1,266,060	294,181	26,610	8,835	15,725	1,611,411	(104,680)	1,506,731	1.90%	1,048.75
2016	1,277,991	311,149	36,050		12,765	1,637,955	(132,940)	1,505,015	1.68%	1,023.94

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

[1] Airport, Parking, and Solid Waste utilized part of this debt from FY 2007 to FY 2016; 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, 2016

(In Thousands)

	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Shares of Overlapping Debt
Governmental Unit:			
Debt Repaid with Property Taxes:			
Alamo Community College Bonds	$ 408,491	71.55%	$ 292,275
Bexar County Bonds	1,547,104	71.28%	1,102,776
San Antonio River Authority Bonds	26,869	66.00%	17,734
University Health System	704,674	70.28%	495,245
Alamo Heights Independent School District Bonds	95,703	50.87%	48,684
East Central Independent School District Bonds	93,076	41.20%	38,347
Edgewood Independent School District Bonds	72,090	100.00%	72,090
Harlandale Independent School District Bonds	234,701	100.00%	234,701
Judson Independent School District Bonds	574,639	28.89%	166,013
Northeast Independent School District Bonds	1,271,707	84.46%	1,074,084
Northside Independent School District Bonds	2,213,058	74.24%	1,642,974
San Antonio Independent School District Bonds	691,023	99.20%	685,495
Somerset Independent School District Bonds	28,191	2.25%	634
South San Antonio Independent School District Bonds	164,957	100.00%	164,957
Southside Independent School District Bonds	43,235	23.47%	10,147
Southwest Independent School District Bonds	251,439	54.69%	137,512
Total Overlapping Debt			$ 6,183,668
City Direct Debt			$ 2,522,291
Total Direct and Overlapping Debt			$ 8,705,959

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.

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Statistical Data

Legal Debt Margin Information

Last Ten Fiscal Years

(In Thousands)

Legal Debt Margin Calculation for Fiscal Year 2016	
Assessed Value	$ 104,321,558
Debt Limit (10.0% of Assessed Value)	10,432,156
Debt Applicable to Limit:	
Total Bonded Debt	1,624,100
Less: Self-Supporting Debt:	(132,940)
Debt Supplemented by Other Sources	
Assets Available for Payment of Principal In:	
Debt Service Fund	(40,811)
Total Net Debt Applicable to Limit	1,450,349
Legal Debt Margin	$ 8,981,807

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	$ 6,503,363	$ 7,646,598	$ 8,385,232	$ 8,448,161	$ 8,273,618	$ 8,265,658	$ 8,349,432	$ 8,698,321	$ 9,247,186	$ 10,432,156
Total Net Debt Applicable to Limit	879,538	917,865	986,437	1,159,482	1,177,644	1,246,134	1,297,787	1,381,400	1,448,815	1,450,349
Legal Debt Margin	$ 5,623,825	$ 6,728,733	$ 7,398,795	$ 7,288,679	$ 7,095,974	$ 7,019,524	$ 7,051,645	$ 7,316,921	$ 7,798,371	$ 8,981,807
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	13.5%	12.0%	11.8%	13.7%	14.2%	15.1%	15.5%	15.9%	15.7%	13.9%

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)

	Hotel Occupancy Tax Revenue Bonds[1]				Texas Convention Center Hotel Finance[2]			
		Debt Service				Debt Service		
Fiscal Year	Hotel Occupancy Tax	Principal	Interest	Coverage	Net Revenues of Hotel	Principal	Interest	Coverage
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	
2015						3,120	9,850	
2016						3,350	9,699	

	Municipal Drainage Utility System				Starbright Industrial Development Corporation			
		Debt Service				Debt Service		
Fiscal Year	Municipal Drainage Utility System Revenue	Principal	Interest	Coverage	Pledged Revenue	Principal	Interest	Coverage
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		733	452.55
2015	39,919	3,390	3,170	6.10	332,068		733	453.03
2016	42,955	3,515	3,045	6.56	331,847	825	733	213.00

(Continued)

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Operating expenses do not include interest, depreciation, or amortization expenses.

[1] In fiscal year 2013 the City's Public Facilities Corporation issued Lease Revenue Bonds to refund all Hotel Occupancy Tax Revenue Bonds and finance the Convention Center expansion project. The debt issued by the Public Facilities Corporation is paid by annually appropriated lease payments made by the City to the Public Facilities Corporation.

[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).

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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
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				
2015	53,054	11,250	9,316	2.58				
2016	74,879	11,695	10,670	3.35				

	PFC Operations						
					Debt Service		
Fiscal Year	PFC Beginning Fund Balance	PFC Revenues	Less: PFC Expenses	Net Available Revenue	Principal	Interest	Coverage
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
2015	20,230	16,582	340	36,472	5,460	7,380	2.84
2016	19,868	16,035	113	35,790	5,705	7,138	2.79

	CFC Operations[2]						
					Debt Service		
Fiscal Year	CFC Beginning Fund Balance	CFC Revenues	Less: CFC Expenses	Net Available Revenue	Principal	Interest	Coverage
2015	$ -	$ 9,621	$ -	$ 9,621	$ -	$ -	
2016		10,694		10,694		6,293	

(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.

[2] CFC Operations started in fiscal year 2015.

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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
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	4.2%
2009	1,340,549	28,750,754	21,447	32.6	296,328	5.9%
2010	1,319,492	28,260,879	21,418	32.1	387,343	7.0%
2011	1,326,539	28,421,098	21,425	32.8	392,897	7.1%
2012	1,359,730	29,038,394	21,356	32.7	396,718	6.4%
2013	1,383,194	30,752,552	22,233	33.2	397,500	5.8%
2014	1,409,019	31,581,326	22,414	33.0	407,047	4.8%
2015	1,436,697	32,790,329	22,823	33.2	401,771	3.7%
2016	1,469,824	34,905,380	23,748	33.1	403,558	3.5%

Sources: Population, personal income, per capita income, median age and school enrollment information provided by the Information Technology Department, City of San Antonio, Texas. Unemployment rate provided by the Texas Workforce Commission.

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Statistical Data
Principal Employers
Current Year and Nine Years Ago

	2016			2007		
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[3]	93,434	1	9.49%	42,468	1,5,8	5.25%
H.E.B. Food Stores	20,000	2	2.03%	14,588	2	1.80%
USAA	17,000	3	1.73%	14,258	3	1.76%
Northside Independent School District	13,161	4	1.34%	12,701	4	1.57%
City of San Antonio	12,032	5	1.22%	11,239	6	1.39%
North East Independent School District	9,292	6	0.94%	7,557	7	0.93%
Methodist Health Care System	8,600	7	0.87%	6,520	9	0.81%
San Antonio Independent School District	7,382	8	0.75%			
Wells Fargo	6,100	9	0.62%			
Baptist Health Systems	5,800	10	0.59%			
SBC Communications (AT&T)				5,611	10	0.69%
Total	192,801		19.58%	114,942		14.20%

Source: Economic Development Division, City of San Antonio, Texas, Book of Lists 2016, and Department of Defense personnel statistics.

[1] Percent based on an Employment Estimate of 984,800 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2016. Figure provided by the Texas Workforce Commission.

[2] Percent based on an Employment Estimate of 809,200 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2007 Figure provided by the Texas Workforce Commission.

[3] In fiscal year 2012, Lackland, Fort Sam and Randolph military operations were consolidated into Joint Base San Antonio. In fiscal year 2007, the employee counts were 23,227, 11,735, and 7,506, respectively.

Statistical Data

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

	Full-time Equivalent Employees as of September 30									
Function/Program:	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Mayor and Council [20]	18	17	17	17	15	18	19	18	25	15
City Manager	24	22	17	17	17	15	18	18	15	20
Animal Care Services	83	100	104	108	103	117	116	109	112	116
Arts and Culture [23]	11	12	12	11	12	12	19	20	24	18
Asset Management [3]	212									
Aviation Civilian Employees	382	417	424	415	409	425	338	322	349	353
Aviation Uniformed Officers	28	28	27	30	31	33	52	49	31	28
Building & Equipment Services [7 19]	182	155	161	147	157	256	250	155	156	157
Capital Improvements Management Services (CIMS) [18]		137	183	196	200	200	198			
Center City Development [5 17 23]					6	7	7	121	114	132
City Attorney	92	108	104	104	99	95	94	84	84	83
City Auditor	25	23	22	22	20	21	21	21	22	24
City Clerk	22	24	24	20	21	22	27	30	28	29
Code Enforcement Services								137	133	141
Communications and Public Affairs [15 22]	8	8	9	8	13	16	16	56	50	
Convention and Visitors Bureau	75	86	90	86	84	132	127	80	81	76
Convention, Sports and Entertainment Facilities [2]	276	308	298	280	290	311	292	297	283	285
Customer Services/311 System [15]	52	62	62	56	59	52	42			
Development Services [4 9]	244	217	220	200	225	199	195	221	231	233
Downtown Operations [17]	67	174	174	160	140	143	123			
Eastpoint [16]								15	15	3
Early Education Development [12]							146	300	344	356
Economic Development [23]	37	38	35	33	24	27	21	24	23	29
Finance [8]	87	91	87	82	89	134	186	145	147	143
Firefighters and EMS	1,450	1,448	1,533	1,568	1,606	1,612	1,641	1,655	1,601	1,616
Fire Department Civilian Employees	114	103	133	159	144	124	107	112	153	158
Government and Public Affairs [22]										59
Grants Monitoring and Administration [11]	20	22	21	25	22	16				
Health	483	365	365	360	345	314	295	292	306	312
Human Resources	77	91	85	73	69	84	80	105	102	105
Human Services [6]	331	335	319	278	251	286	285	255	297	296
Information Technology Services	196	208	218	214	199	194	317	309	309	314
Intergovernmental Relations [21]	5	5	5	5	5	5	5	7	7	
International Affairs [10]	10	10	10	8	4	4				
Library	315	336	331	300	321	497	468	297	297	308
Municipal Court	164	156	166	174	182	188	171	175	168	160
Housing and Neighborhood Services [14]	156	167	173	154	131	133	134			
Non Departmental [10]	21	35	24	36	36	30	53	35	36	28
Office of Historic Preservation [13]								12	16	15
Office of Management and Budget	14	14	18	17	23	22	21	26	24	24
Parks and Recreation	703	624	646	617	602	630	587	566	594	606
Planning and Community Development [4 11]	40	36				48	57	52	56	55
Police Officers	2,031	2,078	2,186	2,229	2,261	2,276	2,311	2,333	2,191	2,199
Police Department Civilian Employees	552	523	638	599	585	565	547	506	541	551
Public Works [18]	740	647	636	610	591	600	547			
Purchasing and Contract Services [1 3 8]	8	147	131	136	131	2				
Solid Waste Management [19]	468	460	452	455	447	521	512	578	606	609
Transportation and Capital Improvements [18]								698	741	740
Total	**9,823**	**9,837**	**10,160**	**10,009**	**9,969**	**10,386**	**10,445**	**10,235**	**10,312**	**10,396**

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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 2007, Administrative Services was divided into two new departments, forming the Fleet Maintenance and Operations and Purchasing and Contract Services Departments.
[2] In fiscal year 2007, Alamodome and Convention Facilities were combined to form the Convention, Sports and Entertainment Facilities Department.
[3] In fiscal year 2008, the Asset Management Department was moved into Purchasing and Contract Services.
[4] In fiscal year 2009, Planning and Community Development was combined with Development Services and then split back up in fiscal year 2012.
[5] In fiscal year 2011, Center City Development was separated from Economic and Employment Development.
[6] In fiscal year 2011, Community Initiatives was renamed Human Services.
[7] In fiscal year 2012, Fleet Maintenance Operations was renamed Building & Equipment Services.
[8] In fiscal year 2012, Purchasing and Contract Services was combined with Finance.
[9] In fiscal year 2012, Code Compliance was combined with Development Services.
[10] In fiscal year 2013, International Affairs was combined with Non Departmental.
[11] In fiscal year 2013, Grants Monitoring and Administration was combined with Planning and Community Development.
[12] In fiscal year 2013, Early Education Development department was established.
[13] In fiscal year 2014, Office of Historic Preservation split from Development Services.
[14] In fiscal year 2014, Housing and Neighborhood services combined with Planning and Community Development.
[15] In fiscal year 2014, Customer Services/311 Systems combined with Communications and Public Affairs.
[16] In fiscal year 2014, Eastpoint department was established.
[17] In fiscal year 2014, Downtown Operations was combined with Center City Development.
[18] In fiscal year 2014, Public Works and CIMS combined to form Transportation and Capital Improvements.
[19] In fiscal year 2015, some Fleet employees were reclassed from Building Equipment Services into Solid Waste Management.
[20] In fiscal year 2015, the Mayor and members of the City Council are considered City employees.
[21] In fiscal year 2016, the International Relations Office was combined with the Economic Development Department.
[22] In fiscal year 2016, the Communications and Public Affairs Department was combined into the Government and Public Affairs Department.
[23] In fiscal year 2016, some employees were reclassed from Creative and Cultural Development into Center City Development.

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Statistical Data
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function/Program:										
Police:										
Physical Arrests [1]	75,516	88,078	123,038	186,181	161,604	165,319	164,310	180,667	188,212	116,382
Parking Violations	104,309	110,670	81,480	76,142	62,170	78,612	77,570	76,128	74,716	77,694
Traffic Violations	200,371	236,792	266,866	254,011	165,908	266,157	226,084	215,164	182,237	183,140
Fire:										
Fire Incidents	90,389	100,104	101,421	104,253	114,087	108,507	105,404	99,191	114,483	142,358
Fires Extinguished	7,292	5,305	4,839	2,390	3,121	2,218	2,420	2,371	2,046	2,512
Inspections	19,986	24,718	23,149	22,459	21,180	25,057	23,891	24,517	24,668	24,300
Solid Waste:										
Refuse Collected (tons per day)	1,818	1,842	1,698	1,376	1,137	1,123	1,138	1,084	1,219	1,225
Recyclables Collected (tons per day)	149	217	285	478	446	501	593	504	581	627
Other Public Works:										
Street Resurfacing (miles)	140.09	185.31	453.20	423.00	275.00	348.00	252.00	241.00	270.00	271.00
Potholes Repaired	23,724	12,919	12,120	42,240	15,137	11,431	10,465	12,955	29,401	57,679
Parks and Recreation:										
Athletic Field Permits Issued	1,674	1,628	1,939	1,945	3,939	4,273	4,746	5,043	4,116	3,919
Community Center Reservations	3,079	2,190	2,220	1,930	1,735	2,015	2,198	2,097	2,173	2,114
Library:										
Volumes in Collection	2,091,735	2,164,172	2,188,219	2,241,491	2,333,032	2,216,722	2,155,139	2,139,234	2,179,598	2,214,770
Volumes in Circulation	5,935,818	6,374,109	6,616,776	6,601,175	6,733,534	7,354,466	7,396,057	7,177,889	7,362,800	7,330,691
Water:										
Customers	336,434	344,168	348,834	352,059	356,546	360,281	365,099	367,408	373,920	378,365
Water Main Breaks	3,073	1,392	2,594	3,212	1,475	3,397	2,128	1,863	2,018	2,151
Average Daily Consumption (millions of gallons)	181.6	169.2	194.9	181.4	188.0	204.5	192.2	189.1	191.3	194.2
Maximum Daily Consumption (millions of gallons)	269.0	224.0	299.1	243.5	266.02	265.6	264.0	270.2	261.0	292.9
Wastewater:										
Amount Treated Peak Day (millions of gallons)	169.0	294.0	174.0	194.0	258.0	160.0	199.0	221.0	196.0	286.0

Sources: Various City departments and San Antonio Water System.

[1] City Class "C" offenses.

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Statistical Data
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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]	559	580	668	680	716	716	716	716	716	719
Fire:										
Fire Stations	50	50	50	50	50	51	51	51	51	51
Solid Waste:										
Garbage Trucks	147	193	224	49	65					
Recycling Trucks [2]	37	35	23							
Dual Purpose Collection Vehicles [2]				120	160	323	333	349	360	377
Other Public Works:										
Streets (miles)	3,981	4,018	4,018	4,064	4,066	4,066	4,066	4,066	4,066	4,081
Highways (miles)	911	1,004	1,004	1,046	1,036	1,036	1,140	1,180	1,180	1,180
Streetlights	75,490	76,696	77,674	79,468	79,468	70,714	71,531	71,877	71,834	74,010
Traffic Signals	1,180	1,197	1,226	1,288	1,299	1,317	1,332	1,366	1,385	1,397
Parks and Recreation:										
Acreage	18,384	18,914	14,241	14,282	14,288	14,519	14,822	14,866	15,469	15,572
Playgrounds	119	114	151	148	154	166	177	178	196	197
Baseball/Softball Diamonds	112	112	129	129	129	129	129	130	129	129
Soccer/Football Fields	62	62	93	93	93	94	94	94	94	100
Golf Courses	7	7	7	7	7	7	7	7	8	8
Swimming Pools	24	24	25	27	26	26	26	26	26	26
Community Centers	29	29	31	30	30	30	30	30	30	30
Water:										
Water Mains (miles)	4,525	4,673	4,802	4,866	4,936	4,988	5,022	5,072	5,259	5,315
Fire Hydrants	23,964	25,004	25,955	26,599	27,115	27,566	27,914	28,323	28,753	29,530
Storage Capacity (millions of gallons)	166.0	164.0	165.0	166.2	180.8	184.1	183.7	197.4	220.6	221.0
Wastewater:										
Sewer Mains (miles)	4,739	4,877	5,001	5,085	5,118	5,163	5,200	5,238	5,247	5,322
Storm Sewers (miles)	498.0	498.0	498.0	498.0	581.0	581.0	581.0	700.0	700.0	700.0
Permitted Treatment Capacity (millions of gallons)	225.5	179.5	187.0	187.0	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. The City has purchased dual purpose vehicles, which serve both as garbage and recycle collection vehicles.

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FEDERAL SECTION

Summary Schedule of Federal Awards by Type

Last Two Fiscal Years

Grant Type	Fiscal Year 2016	Fiscal Year 2015	Variance Increase (Decrease)
Federal Categorical Grants:			
Social Services	$ 18,757,706	$ 110,213,737	$ (91,456,031)
Air Transportation	24,791,685	39,288,128	(14,496,443)
Public Health	12,589,353	14,907,163	(2,317,810)
Criminal Justice	3,800,332	9,926,867	(6,126,535)
Recreation and Culture	1,408,666	1,135,266	273,400
Emergency Management	3,207,802	3,361,147	(153,345)
Environmental Quality	49,837	185,040	(135,203)
Total Federal Categorical Grants	$ 64,605,381	$ 179,017,348	$ (114,411,967)
Federal Block Grants:			
Community Development Block Grant	$ 11,632,129	$ 12,705,226	$ (1,073,097)
HOME Program Block Grant	3,604,916	4,857,323	(1,252,407)
Total Federal Block Grants	$ 15,237,045	$ 17,562,549	$ (2,325,504)
Total Federal Grants	$ 79,842,426	$ 196,579,897	$ (116,737,471)

The City's Federal awards decreased over the prior year by $116.7 million. Social Services comprised the majority of this with a $91.5 million decrease due to the City receiving the 2016 Child Care Development grant early in fiscal year 2015. This caused fiscal year 2015 to reflect an additional $91.6 million in Child Care funds and nothing to be reported in fiscal year 2016. In the past, we historically have not received the award until the current fiscal year had started.

Air Transportation had a reduction of $10.1 million in Taxiway and Runway improvement funds as well as a $4.9 million reduction in Residential Acoustical Treatment Program Funds.

Public Health's decrease is largely contributed to a multi-year TB Medicaid Waiver Grant that was received in fiscal year 2015 in the amount of $1.5 million.

Criminal Justice had a reduction of $6.1 million from the prior year. The decrease is due a $1.2 million Body-Worn Camera Grant and a $3.1 million COPS Grant awarded in fiscal year 2015 that were not awarded in fiscal year 2016.

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Schedule of Expenditures of Federal Awards by Grantor, Federal Program and Grant Number

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Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2016

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	AMOUNTS TO SUBRECIPIENTS	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 2013-2014	10.557	2014-045067	26-01636124	$ -	$ (110)
WIC 2014-2015	10.557	2015-047322-001	26-01636144		137,759
WIC 2015-2016	10.557	2016-048759-001	26-01636159		6,003,251
WIC 2016-2017	10.557	2017-049832-001	22-01636011		385
Total Special Supplemental Nutrition Program for Women, Infants, and Children				$ -	$ 6,141,285
Pass Through - Texas Health and Human Services Commission:					
Summer Food Service Program for Children:					
Summer Food Program 2016	10.559	CE ID 01566	22-02026001	$ -	$ 587,725
Cooperative Forestry Assistance:					
Community Wildland Protection Plan 2016	10.664	13-DG-11083148-001	26-01220003	$ -	$ 1,560
Total U.S. Department of Agriculture				$ -	$ 6,730,570
U.S. Department of Housing and Urban Development:					
Direct Programs					
Housing Counseling Assistance Program:					
Housing Counseling Program 2016	14.169	HC16-0821-027	22-05438002	$ -	$ 8,798
Community Development Block Grants/Entitlement Grants:					
Community Development Program - 19th Year	14.218	B93MC480508	28-019000	$ -	$ (80)
Community Development Program - 20th Year	14.218	B94MC480508	28-020000		(9,446)
Community Development Program - 22nd Year	14.218	B96MC480508	28-022000		(106,754)
Community Development Program - 23rd Year	14.218	B97MC480508	28-023000		(77,969)
Community Development Program - 24th Year	14.218	B98MC480508	28-024000		384,373
Community Development Program - 25th Year	14.218	B99MC480508	28-025000		441,170
Community Development Program - 26th Year	14.218	B00MC480508	28-026000		1,607,768
Community Development Program - 27th Year	14.218	B01MC480508	28-027000		1,138,597
Community Development Program - 28th Year	14.218	B02MC480508	28-028000		(4,118,680)
Community Development Program - 29th Year	14.218	B03MC480508	28-029000		(3,739,215)
Community Development Program - 30th Year	14.218	B04MC480508	28-030000		1,813,500
Community Development Program - 31st Year	14.218	B05MC480508	28-031000		(4,633,774)
Community Development Program - 32nd Year	14.218	B06MC480508	28-032000		3,800,785
Community Development Program - 33rd Year	14.218	B07MC480508	28-033000		284,150
Community Development Program - 34th Year	14.218	B08MC480508	28-034000		201,027
Community Development Program - 35th Year	14.218	B09MC480508	28-035000		(46,236)
Community Development Program - 36th Year	14.218	B10MC480508	28-036000	51,301	1,024
Community Development Program - 37th Year	14.218	B11MC480508	28-037000	24,095	(251,330)
Community Development Program - 38th Year	14.218	B12MC480508	28-038000	95,628	318,433
Community Development Program - 39th Year	14.218	B13MC480508	28-039000	9,224	202,715
Community Development Program - 40th Year	14.218	B14MC480508	28-040000		221,524
Community Development Program - 41st Year	14.218	B15MC480508	28-041000	88,381	6,943,153
Neighborhood Stabilization Grant	14.218	B08MN480501	23-28000001		63,348
CDBG Investment Partnerships Program Outstanding Loans	14.218	Various	Various		2,033,143
Neighborhood Stabilization Grant Program Outstanding Loans	14.218	Various	Various		3,326,273
Total Community Development Block Grants/Entitlement Grants				$ 268,629	$ 9,797,499
Emergency Solutions Grant Program:					
ESG 2014-2016	14.231	E14MC480508	26-05438041	$ 28,540	$ 40,101
ESG 2015-2017	14.231	E15MC480508	26-05438049	769,970	969,591
Total Emergency Solutions Grant Program				$ 798,510	$ 1,009,692
Supportive Housing Program:					
SHP 2014	14.235	TX0007L6J001407	26-05438046	$ -	$ 334,976
HOME Investment Partnerships Program:					
HOME Program Grant - 8th Year	14.239	M99MC480508	25-008000	$ -	$ 194,310
HOME Program Grant - 10th Year	14.239	M01MC480508	25-010000		500,000
HOME Program Grant - 11th Year	14.239	M02MC480508	25-011000		22,245
HOME Program Grant - 12th Year	14.239	M03MC480508	25-012000		300,258
HOME Program Grant - 13th Year	14.239	M04MC480508	25-013000		262,961
HOME Program Grant - 14th Year	14.239	M05MC480508	25-014000		2,686,637
HOME Program Grant - 15th Year	14.239	M06MC480508	25-015000		(114,334)
HOME Program Grant - 16th Year	14.239	M07MC480508	25-016000		(846,586)
HOME Program Grant - 17th Year	14.239	M08MC480508	25-017000		(730,134)
HOME Program Grant - 18th Year	14.239	M09MC480508	25-018000		2,112,517
HOME Program Grant - 19th Year	14.239	M10MC480508	25-019000		333,347
HOME Program Grant - 20th Year	14.239	M11MC480508	25-020000		474,607
HOME Program Grant - 21st Year	14.239	M12MC480508	25-021000		190,974
HOME Program Grant - 22st Year	14.239	M13MC480508	25-022000	154,529	491,033
HOME Program Grant - 23st Year	14.239	M14MC480508	25-023000	8,910	1,111,691
HOME Program Grant - 24th Year	14.239	M15MC480508	25-024000		1,157,234
HOME Investment Partnerships Program Outstanding Loans	14.239	Various	Various		28,316,694
Total HOME Investment Partnerships Program				$ 163,439	$ 36,463,454
Housing Opportunities for Persons with AIDS:					
HOPWA 2014-2017	14.241	TXH14F005	26-05438042	$ 64,395	$ 65,347
HOPWA 2015-2018	14.241	TXH15F005	26-05438047	959,258	1,200,151
Total Housing Opportunities for Persons with AIDS				$ 1,023,653	$ 1,265,498
Lead Hazard Reduction Demonstration Grant Program: *					
Lead Hazard Reduction Demonstration 2011-2014	14.905	TXLHD0226-11	26-05461003	$ -	$ 224,960
Lead Hazard Reduction Demonstration 2013-2016	14.905	TXLHD0259-13	26-05450001		1,284,746
Total Lead Hazard Reduction Demonstration Grant Program				$ -	$ 1,509,706
Total U.S. Department of Housing and Urban Development				$ 2,254,231	$ 50,389,624

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

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Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2016

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	AMOUNTS TO SUBRECIPIENTS	FEDERAL EXPENDITURES
U.S. Department of Justice:					
Direct Program					
Public Safety Partnership and Community Policing Grants:					
Cops Technology Program Grant 2016-2018	16.710	2015ULWX0037	26-02817028	$ -	$ 167,800
Pass-Through - Office of the Governor, Criminal Justice Division:					
Edward Byrne Memorial Justice Assistance Grant Program:					
Body-Worn Camera Pilot Implementation	16.738	2015-DJ-BX-KO09	26-02817030	$ -	$ 886,574
Cure Violence Grant 2014	16.738	28266-01	26-05336001		123,004
Cure Violence Grant 2016	16.738	DJ-12-A10-28266-01	26-05336002		228,678
JAG 2013-2017	16.738	2013-DJ-BX-1037C	26-02817024		(223)
JAG 2014-2018	16.738	2014-DJ-BX-0900	26-02817026		151,096
JAG 2015-2019	16.738	2015-DJ-BX-0900	26-02817032		134,552
Total Edward Byrne Memorial Justice Assistance Grant Program				$ -	$ 1,523,681
Direct Programs					
Economic High-Tech and Cyber Crime Prevention:					
Intellectual Property Crimes 2016	16.752	2015-IP-BX-0012	26-02817029	$ -	$ 213,322
Equitable Sharing Program:					
Airport Federal Account	16.922	N/A	29-037000	$ -	$ 209,730
Federal Account	16.922	N/A	29-039000		124,530
HIDTA - Federal Account	16.922	N/A	29-046000		439,844
Total Equitable Sharing Program				$ -	$ 774,104
Total U.S. Department of Justice				$ -	$ 2,678,907
U.S. Department of Transportation:					
Direct Program					
Airport Improvement Program: *					
Expand Apron 80-2014	20.106	3-48-0192-080-2014	26-05833068	$ -	$ 2,736,218
Rehabilitate Taxiway G 77-2014	20.106	3-48-0192-077-2014	26-05833065		510,924
Rehabilitate Taxiway N 78-2014	20.106	3-48-0192-078-2014	26-05833066		724,208
Residential Acoustical Program 79-2014	20.106	3-48-0192-079-2	26-05833067		1,500,653
Residential Acoustical Program 82-2015	20.106	3-48-0192-082-2015	26-05833070		6,919,959
Stinson- Air Traffic Control Tower	20.106	2XXAV027	26-05833045		128,956
Stinson- Ramp	20.106	AM 2012TSON	26-05833047		100,000
Stinson-Runway 1432	20.106	13155STSON	26-05833046		986,017
Terminal Area Taxiways 73-12	20.106	3-48-0192-073-12	26-05833052		210,991
Terminal Area Taxiways 76-13	20.106	3-48-0192-076-2013	26-05833064		454,689
Terminal Area Taxiways 81-2015	20.106	3-48-0192-081-2015	26-05833069		4,835,818
Total Airport Improvement Program				$ -	$ 19,108,433
Pass Through - Texas Department of Transportation:					
Highway Planning and Construction:					
Public Safety Campaign	20.205	0915-12-488	26-05955001	$ -	$ 40,819
Transportation Enhancement-TxDOT B-Cycle Urban Core	20.205	CSJ 0915-12-536	26-05955004		170,268
Transportation Enhancement-TxDOT Bicycle Safety	20.205	CSJ 0915-12-535	26-05955003		66,793
TxDOT - ATD FY2015 Traffic Signals	20.205	CSJ-0915-12-541	26-05923008		721,220
TxDOT - UTSA BLVD	20.205	CSJ 0915-12-459	22-05923001		2,375,056
TXDOT Contributions	20.205	Various	26-05940001		5,704,740
TxDOT Low Impact Landscaping	20.205	CSJ 0915-12-534	26-05923004		190,298
Total Highway Planning and Construction				$ -	$ 9,269,194
Direct Program					
National Motor Carrier Safety:					
TACT Enforcement & Evaluation Program 2014-2015	20.218	FMMHP0156140100	26-05917023	$ -	$ 7,616
Pass Through - Texas Department of Transportation:					
Paul S. Sarbanes Transit in the Parks Grant:					
Paul S. Sarbanes Transit in the Parks	20.520	D2011-ATPL-015	26-05955005	$ -	$ 91,175
Alcohol Impaired Driving Countermeasures Incentive Grants I: *					
Traffic Safety Grant 2015	20.601	2015-SanAntPD-S-1YG-0005	26-05917025	$ -	$ 49,224
Traffic Safety Grant 2016	20.601	2016-SanAntPD-S-1YG-0003	26-05917027		1,082,398
Total Alcohol Impaired Driving Countermeasures Incentive Grants I				$ -	$ 1,131,622
Total U.S. Department of Transportation				$ -	$ 29,608,040
National Endowment for the Humanities:					
Pass Through - American Library Association					
Promotion of the Humanities - Public Programs					
Latino Americans 500 Years of History	45.164	LA105853	26-01804022	$ -	$ 2,951
Total National Endowment for the Humanities				$ -	$ 2,951
Institute of Museum and Library Services:					
Pass Through - Texas State Library and Archives Commission:					
Grants to States:					
Interlibrary Loan Grant 2014	45.310	715-15169	22-01804001	$ -	$ 50,756
Interlibrary Loan Grant 2015	45.310	715-15169	22-01804001	-	59,819
Total Grants to States				$ -	$ 110,575
Total Institute of Museum and Library Services				$ -	$ 110,575

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

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Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2016

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	AMOUNTS TO SUBRECIPIENTS	FEDERAL EXPENDITURES
Environmental Protection Agency:					
Pass Through - Texas Commission on Environmental Quality					
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act:					
Air Monitoring in SA TCEQ PM 2.5 2015	66.034	582-12-10038	26-00836019	$ -	$ (1,378)
Air Monitoring in SA TCEQ PM 2.5 2016	66.034	582-16-60239	26-00836022		64,480
Air Monitoring in SA TCEQ PM 2.5 2017	66.034	582-16-60239	22-00836001		3,389
Total Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act				$ -	$ 66,491
Direct Program					
Brownfields Assessment and Cleanup Cooperative Agreements:					
EPA Grant - Hazardous	66.818	BF-01F07701	26-01219003	$ -	$ 7,673
EPA Grant - Petroleum	66.818	BF-01F07201	26-01219004		2,216
Total Brownfield Assessment and Cleanup Cooperative Agreements					$ 9,889
Total Environmental Protection Agency				$ -	$ 76,380
U.S. Department of Education:					
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	$ -	$ 57,848
Total U.S. Department of Education				$ -	$ 57,848
U.S. Department of Health and Human Services:					
Pass Through - Alamo Area Council of Governments:					
Special Programs for the Aging - Title III, Part C - Nutrition Services:					
SNP 2013-2014	93.045	COSA 14 NS	26-01138015	$ -	$ 51
SNP 2014-2015	93.045	COSA 15 NS	26-01138017		21,803
SNP 2015-2016	93.045	COSA 16 NS	26-01138018		2,691,659
Total Special Program for the Aging - Title III, Part C - Nutrition Services				$ -	$ 2,713,513
Pass Through-Texas Department of State Health Services:					
Public Health Emergency Preparedness:					
Bio-Terrorism Preparation 2013-2014	93.069	2014-001103-001	26-01636115	$ -	$ (292)
Bio-Terrorism Preparation 2014-2015	93.069	2015-001103-001	26-01636132		(3,329)
Bio-Terrorism Preparation 2015-2016	93.069	2016-001103-001	26-01636163		117,804
Bio-Terrorism Preparation 2016-2017	93.069	2016-001103-001	22-01636003		193,984
Cities Readiness Initiative 2016	93.069	2015-001117-001	26-01636149		84,101
Cities Readiness Initiative 2017	93.069	2016-001067-001	22-01636004		46,599
Laboratory Response Network 2015	93.069	2015-001067-001	26-01636131		(5,204)
Laboratory Response Network 2016	93.069	2016-001067-001	26-01636147		184,305
Laboratory Response Network 2017	93.069	2016-001067-001	22-01636002		25,109
PHEP CPS - Ebola Preparedness	93.069	2014-03-06-0138	26-01636146		51,542
PHEP Hazards 2016	93.069	2016-001103-001	26-01636148		749,246
Total Public Health Emergency Preparedness				$ -	$ 1,443,865
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements:					
CPS/LRN-Ebola CPS	93.074	2016-004164-001	22-01636001	$ -	$ 19,713
Direct Programs					
Sodium Reduction in Communities:					
Sodium Reduction 2015-2016	93.082	5NU58DP004939-0	26-02236053	$ -	$ 220,978
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances:					
Substance Abuse and Mental Health Services Administration 2014	93.104	1U79SM061639-01	26-05438045	$ 24,071	$ 25,838
Substance Abuse and Mental Health Services Administration 2015	93.104	5U79SM061639-02	26-05438048	903,173	991,742
Total Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances				$ 927,244	$ 1,017,580
Pass Through-Texas Department of State Health Services:					
Project Grants and Cooperative Agreements for Tuberculosis Control Programs:					
Special T.B. Team Project 2015	93.116	2015-001409-001	26-01636140	$ -	$ 77,945
Special T.B. Team Project 2016	93.116	2016-001409-001	26-01636165		225,647
Total Project Grants and Cooperative Agreements for Tuberculosis Control Programs				$ -	$ 303,592
Direct Programs					
Health Program for Toxic Substances and Disease Registry:					
Brownfields Concepts 2015	93.161	1E11TS000229-01	26-01636138	$ -	$ 33,069
Immunization Cooperative Agreements:					
Immunization Program 317 - 2010	93.268	5H23IP622512-08	26-02236007	$ -	$ (1,155)
Immunization Program 317 - 2011	93.268	5H23IP622512-09	26-02236021		(1,179)
Immunization Program 317 - 2012	93.268	5H23IP622512-12	26-02236031		(720)
Immunization Program 317 - 2015	93.268	5H23IP000718-03	26-02236050		632,618
Immunization Program 317 - 2016	93.268	NH23IP000718-04-00	26-02236054		1,989,975
VFC Immunization Program 2007	93.268	H23/CCH62251205	26-022000		(4,362)
VFC Immunization Program 2008	93.268	2H231P622512-06	26-02238004		(2,421)
VFC Immunization Program 2009	93.268	2H231P622512-07	26-02238004		(1,338)
Total Immunization Cooperative Agreements				$ -	$ 2,611,418
PPHF National Public Health Improvement Initiative:					
Strengthening Public Health Infrastructure for Improved Health 2014	93.507	5U58CD001304-04	26-02236044	$ -	$ (6)
Pass Through - Alamo Workforce Development, Inc.:					
Temporary Assistance for Needy Families:					
CCDS - 2014-2015	93.558	CCDS2008001	26-03938009	$ -	$ 8,129
CCDS - 2015-2016	93.558	CCDS2008001	26-03938010		148,771
Total Temporary Assistance for Needy Families				$ -	$ 156,900
Subtotal U.S. Department of Health and Human Services				$ -	$ 8,520,622

See accompanying Notes to the Schedule of Expenditures of Federal Awards

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Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2016

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	AMOUNTS TO SUBRECIPIENTS	FEDERAL EXPENDITURES
U.S. Department of Health and Human Services (Continued):					
Pass Through - Texas Department of Housing & Community Affairs:					
Community Services Block Grant:					
CSBG - 2013	93.569	61130001573	26-06038009	$ -	$ 762
CSBG - 2014	93.569	61140001833	26-06038010		2,675
CSBG - 2015	93.569	61150002168	26-06038011		683,804
CSBG - Additional 2015	93.569	61150002456	22-06038001		325,117
CSBG - 2016	93.569	61160002369	26-06038012		1,069,954
Total Community Services Block Grant				$ -	$ 2,082,312
Pass Through - Alamo Workforce Development, Inc.:					
Child Care Cluster:					
Child Care and Development Block Grant:	*				
CCDS - 2013-2014	93.575	CCDS2008001	26-03938008	$ -	$ (18)
CCDS - 2014-2015	93.575	CCDS2008001	26-03938009		546,289
CCDS - 2015-2016	93.575	CCDS2008001	26-03938010		12,080,209
Total Child Care and Development Block Grant				$ -	$ 12,626,480
Child Care Mandatory and Matching Funds of the Child Care and Development Fund:	*				
CCDS - 2013-2014	93.596	CCDS2008001	26-03938008	$ -	$ (21)
CCDS - 2014-2015	93.596	CCDS2008001	26-03938009	53,116	2,579,112
CCDS - 2015-2016	93.596	CCDS2008001	26-03938010	309,556	16,241,913
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund				$ 362,672	$ 18,821,004
Total Child Care Cluster				$ 362,672	$ 31,447,484
Direct Programs					
Head Start:	*				
Early Head Start 2015-2016	93.600	06HP0019/01	26-02238017	$ -	$ 2,460,096
Early Head Start 2016-2017	93.600	06HP0019/02	22-02238001		445,417
Head Start Program 2012-2013	93.600	06CH0107/34	26-02238013		212
Head Start Program 2013-2014	93.600	06CH0107/35	26-02238014		1,493
Head Start Program 2014-2015	93.600	06CH7074/02	26-02238015		(621)
Head Start Program 2015-2016	93.600	06CH7074/03	26-02238016		8,089,890
Head Start Program 2016-2017	93.600	06CH7074/04	26-02238018		14,021,991
Total Head Start				$ -	$ 25,018,478
Healthy Start Initiative:					
Healthy Start Initiative 2015-2016	93.926	5 H49MC00101-15-00	26-02236052	$ -	$ 791,414
Healthy Start Initiative 2016-2017	93.926	5 H49MC00101-16-00	26-02236055		714,995
Total Healthy Start Initiative				$ -	$ 1,506,409
Pass Through - Texas Department of State Health Services:					
HIV Prevention Activities - Health Department Based:					
STD-Staff Support Program 2015	93.940	2015-001341-001	26-01636135	$ -	$ 32,301
STD-Staff Support Program 2016	93.940	2016-001341-001	26-01636164		78,299
Total HIV Prevention Activities - Health Department Based				$ -	$ 110,600
Preventative Health Services - Sexually Transmitted Diseases Control Grants:					
STD-Staff Support Program 2015	93.977	2015-001341-001	26-01636135	$ -	$ 114,523
STD-Staff Support Program 2016	93.977	2016-001341-001	26-01636164		277,608
Total Preventative Health Services - Sexually Transmitted Diseases Control Grants				$ -	$ 392,131
Maternal and Child Health Services Block Grant to the States:					
Title V CHS - Dental Services 2016	93.994	2016-003944-000	26-01636158	$ -	$ 186,945
Title V CHS - Dental Services 2017	93.994	2016-003944-001	22-01636010		4,163
Total Maternal and Child Health Services Block Grant to the States				$ -	$ 191,108
Total U.S. Department of Health and Human Services				$ 1,289,916	$ 69,269,144
Executive Office of the President:					
Direct Program					
High Intensity Drug Trafficking Areas Program:					
HIDTA Initiative San Antonio 2012	95.001	G12SS0009A	26-02817020	$ -	$ 121,128
HIDTA Initiative San Antonio 2013	95.001	G13SS0009A	26-02817023		23,460
HIDTA Initiative San Antonio 2014	95.001	G14SS0009A	26-02817025		(65,942)
HIDTA Initiative San Antonio 2015	95.001	G15SS0009A	26-02817027		884,742
HIDTA Initiative San Antonio 2016	95.001	G16SS0009A	26-02817031		1,015,835
Total High Intensity Drug Trafficking Areas Program				$ -	$ 1,979,223
Total Executive Office of the President				$ -	$ 1,979,223
U.S. Department of Homeland Security:					
Pass Through - Texas Department of Public Safety					
Emergency Management Performance Grants:					
EMPG 2015	97.042	15TX-EMPG-0632	26-06520026	$ -	$ (6,153)
EMPG 2016	97.042	16TX-EMPG-0632	26-06520028		287,116
Total Emergency Management Performance Grants				$ -	$ 280,963
Homeland Security Grant Program:					
SHSP 2014	97.067	EMW-2014-SS-00029	26-06520025	$ -	$ 666,420
SHSP 2015	97.067	EMW-2015-SS-00080	26-06520027		439,840
Dept of Homeland Security	97.067	2003II65000	26-065000		1,784
Total Homeland Security Grant Program				$ -	$ 1,108,044
Subtotal U.S. Department of Homeland Security				$ -	$ 1,389,007

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

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Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2016

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	AMOUNTS TO SUBRECIPIENTS	FEDERAL EXPENDITURES
U.S. Department of Homeland Security (Continued):					
Direct Program					
Homeland Security Biowatch Program:					
Air Monitoring Biowatch 2016	97.091	DHS-15-OHA-91	26-00836021	$ -	$ 276,597
Air Monitoring Biowatch 2017	97.091	2015-0H-091-000	22-06536001		22,978
Biowatch Lab Tech Support 2014	97.091	HSHQDC-15-P-0114	26-06536003		30,105
Total Direct Homeland Security Biowatch Program				$ -	$ 329,680
Pass Through - Texas Commission on Environmental Quality					
Homeland Security Biowatch Program:					
Air Monitoring Biowatch 2014	97.091	582-13-30020	26-00836015	$ -	$ (55)
Air Monitoring Biowatch 2015	97.091	582-13-30020	26-00836018		(4,723)
Total Pass Through Homeland Security Biowatch Program				$ -	$ (4,778)
Total Homeland Security Biowatch Program				$ -	$ 324,902
Total U.S. Department of Homeland Security				$ -	$ 1,713,909
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$ 3,544,147**	**$ 162,617,170**

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Notes to the Schedule of Expenditures of Federal Awards

Year-Ended September 30, 2016

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 cost principles contained in OMB Circular A-87, *Cost Priniciples for State, Local, and Indian Tribal Governments*, and Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule of Federal Awards represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position of the City.

2. As of September 30, 2016, the City recorded net HOME Program Notes Receivable of $27,134,525, which is reduced by the estimated allowances for the doubtful accounts of $19,131,858. 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 $28,316,694 that have continuing eligibility compliance requirements and are included in the Schedule of Expenditures of Federal Awards.

3. As of September 30, 2016, the City recorded net CDBG Program Notes Receivable of $6,577,554, which is reduced by the estimated allowances for the doubtful accounts of $2,658,574. 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 $2,033,143 that have continuing eligibility compliance requirements and are included in the Schedule of Expenditures of Federal Awards.

4. As of September 30, 2016, the City recorded net NSP Program Notes Receivable of $1,845,424, which is reduced by estimated allowances for doubtful accounts of $2,658,574. 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 $3,326,273 that have continuing eligibility compliance requirements and are included in the Schedule of Expenditures of Federal Awards.

5. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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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*

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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*

To the 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, 2016, 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 9, 2017. Our report was modified to include a reference to the restatement of beginning net position related to a correction of an error related to accounts receivable recorded in the Airport Fund. Our report was also modified to include a reference to other auditors. We did not audit the financial statements of HemisFair Park Area Redevelopment Corporation; San Antonio Economic Development Corporation; Westside Development Corporation; San Antonio Fire and Police Pension Fund; or the San Antonio Fire and Police Retiree Health Care Fund; blended and fiduciary component units, which represent 74%, 84%, and 9%, 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 Brooks Development Authority, 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 66%, 57%, and 80%, 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 CPS Energy, SA Energy Acquisition Public Facility Corporation, San Antonio Economic Development Corporation, Westside Development 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*.

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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 weakness 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 deficiency in internal control identified in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency as item 2016-001.

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 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 to the audit of the financial statements and, accordingly, we express no opinion on it.

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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 9, 2017

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Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance as Required by the Uniform Guidance

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PS&Co.

Padgett Stratemann

Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance as Required by the Uniform Guidance

To the 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 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, 2016. 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 the Port Authority of San Antonio, San Antonio Early Childhood Education Municipal Development Corporation dba Pre-K 4 SA, and San Antonio Water System, which expended $85,989,771 in federal awards, which are not included in the Schedule of Expenditures of Federal Awards during the year ended September 30, 2016. Our audit, described below, did not include the operations of the Port Authority of San Antonio, San Antonio Early Childhood Municipal Development Corporation dba Pre-K 4 SA, or San Antonio Water System because the component units engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

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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, 2016.

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 the Uniform Guidance, 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. 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Padgett, Stratemann + Co., L.L.P.

San Antonio, Texas
March 9, 2017

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Schedule of Findings and Questioned Costs

Federal

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2016

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's 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	____	None Reported

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?	____	Yes	X	None Reported

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 2 CFR 200.516(a)? ____ Yes X No

Identification of major Federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.905	Lead Hazard Reduction Demonstration Grant Program
20.106	Airport Improvement Program
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I
93.575, 93.596	Child Care Cluster
93.600	Head Start Program

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, 2016

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO FINANCIAL STATEMENTS

Finding: 2016-001
Accounting and Reporting of a Transaction Related to the Consolidated Rental Car Special Facilities Project (CONRAC) for the Airport – Significant deficiency

In 2015 the City issued revenue bonds to finance the construction of a Consolidated Rental Car Special Facilities Project (CONRAC) for the Airport. While the City engaged a trustee to manage the City's bond funding related to the CONRAC, the City accurately recorded the proceeds in one of its airport funds as cash. However for financial reporting purposes, at the end of the current year, the City inaccurately accrued $36,468,250 in revenue for construction costs that were pending reimbursement by the trustee rather than record a transfer between funds. The City incorrectly recorded a similar transaction totaling $11,737,000 in the prior year that was reversed in the current year.

Additionally, the Bond indenture allowed for reimbursement to the Airport operating fund for lost parking revenues and increased expenses related to shuttle costs as a result of the demolition of the short term garage in order to construct CONRAC. While the City appropriately requested and received $5,063,000 in reimbursements in the current year, the funding was inaccurately recorded as revenue rather than as a transfer. The City recorded similar transactions in the prior year, and had a year-end accrual of $857,000 that inaccurately increased net position at the end of fiscal year 2015.

Had these reimbursements been treated as transfers between the City's various Airport funds they would have been properly eliminated for financial reporting purposes at year-end. The effects of these errors resulted in the City overstating the Airport System's net position for financial reporting in the CAFR.

We recommend the City formally document the process for recording reimbursements from the trustee to ensure future transactions are in accordance with Generally Accepted Accounting Principles (GAAP). Additionally, as the City enters into similar or unusual transactions we recommend the accounting for these transactions be formally documented and reviewed to ensure they are in accordance with GAAP.

Views of responsible officials and planned corrective actions:

The City has updated the existing written procedures related to the CONRAC's flow of funds to ensure the reimbursements from the trustee for costs during construction are recorded in compliance with GAAP for year-end financial reporting purposes. The City will continue to train all staff involved in the transaction to prevent future classification and financial reporting eliminating errors. There was neither a misappropriation of funds nor a budgetary impact to the Airport's operating fund.

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None

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Corrective Action Plan

Federal

Corrective Action Plan
Federal Grants
Year-Ended September 30, 2016

Finding 2016-001

Accounting and Reporting of a Transaction Related to the Consolidated Rental Car Special Facilities Project (CONRAC) for the Airport

Responsible Person

Troy Elliott, CPA, Deputy Chief Financial Officer
Finance Department

Implementation Dates

March 9, 2017

Views of responsible officials and planned corrective actions

The City has updated the existing written procedures related to the CONRAC's flow of funds to ensure the reimbursements from the trustee for costs during construction are recorded in compliance with GAAP for year-end financial reporting purposes. The City will continue to train all staff involved in the transaction to prevent future classification and financial reporting eliminating errors. There was neither a misappropriation of funds nor a budgetary impact to the Airport's operating fund.

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Summary Status of Prior Year Findings

Federal

Summary Status of Prior Year Findings
Federal Grants
Year-Ended September 30, 2016

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

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.

Status:
In Progress

The Finance Department will coordinate with Center City Development Office (CCDO) to draft, release, and train on a Lease Administrative Directive. The Administrative Directive (AD) and training will include checklists created by CCDO 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.

A new GASB statement on leases is forthcoming (final draft for approval is scheduled in mid-2017). Once changes are communicated via the GASB statement, the City will incorporate the new requirements in the AD and in the training.

Implementation Date
December 2017

Responsible Persons:
Chief William McManus
San Antonio Police Department

Troy Elliott, CPA, Deputy Chief Financial Officer
Finance Department

Summary Status of Prior Year Findings
Federal Grants
Year-Ended September 30, 2016

Finding: 2014-006
Program Income
CFDA #14.218 – Community Development Block Grants/Entitlement Grants
Award Numbers – B05MC480508, B06MC480508, B08MC480508, B09MC480508, B10MC480508, B11MC480508, B12MC480508, B13MC480508
Award Years – 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

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.

Status:
In Progress

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 June 2017. IDIS Expenditures and Draw Down procedures were submitted and approved by HUD in April 2014. Procedures include a monthly reconciliation of program income. Draw down procedures are currently in effect. Once the reconciliation has been completed and approved by HUD, the current process will remain in effect to ensure program income is reported in IDIS monthly and used before new funding is drawn upon.

Implementation Date
June 2017

Responsible Person:
Bridgett White, Director
Department of Planning and Community Development

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STATE SECTION

Summary Schedule of State Awards by Type

Last Two Fiscal Years

Grant Type	Fiscal Year 2016	Fiscal Year 2015	Variance Increase (Decrease)
State Categorical Grants:			
Public Health	$ 2,017,523	$ 1,855,695	$ 161,828
Criminal Justice	2,092,808	1,211,867	880,941
Environmental Quality	132,329	52,293	80,036
Emergency Management	31,468	34,177	(2,709)
Social Services	14,375,151	13,492,964	882,187
Total State Categorical Grants	$ 18,649,279	$ 16,646,996	$ 2,002,283

The City's State awards increased from the prior year by $2.0 million. The Criminal Justice variance is due to the receipt of a new Texas Anti-Gang Grant in the amount of $1.1 million reduced by a $300 thousand decrease in Regional Auto Crimes Grant. Social Services amount is wholly comprised of Child Care Development grant expenses. The amount is based on a predetermined percentage provided by the grantor. These percentages fluctuate slightly from year to year.

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Schedule of Expenditures of State Awards by Grantor, State Program and Grant Number

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Schedule of Expenditures of State Awards
Year-Ended September 30, 2016

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 2014-2015	582-15-50028	26-00836020	$ (776)
Air Monitors Lake Calaveras 2015-2016	582-15-50028	26-00836023	36,861
Air Monitors Lake Calaveras 2016-2017	582-16-60239	22-00836002	2,823
Total Air Monitors			$ 38,908
Solid Waste Grant Projects:			
Community Outreach Program 2014	14-18-G06	26-00855010	$ 10,237
Community Outreach Program 2015	15-18-G01	26-00855011	(11,752)
Total Solid Waste Grant Projects			$ (1,515)
Total Texas Commission on Environmental Quality			$ 37,393
Texas Department of State Health Services:			
Direct Programs			
Emerging and Acute Infectious Disease Branch:			
Foodborne Illness 2015	2015-046165-001	26-01636143	$ (15)
Foodborne Illness 2016	2016-003781-001	26-01636154	37,080
Foodborne Illness 2017	2016-003781-001	22-01636005	4,881
FLU - Lab 2016	2016-001105-001	26-01636155	4,720
Ebola Epidemiologist 2016	2016-003826-001	26-01636160	53,097
Total Emerging and Acute Infectious Disease Branch			$ 99,763
Health Promotion and Chronic Disease:			
Texas Nutrition Environment Assessment in Restaurants	2016-047968-001	26-01636161	$ 2,660
HIV Surveillance & Prevention Programs:			
HIV Prevention Program 2015	2015-001339-001	26-01636136	$ (271)
HIV Prevention Program 2016	2016-001339-001	26-01636151	168,271
HIV Surveillance Program 2016	2016-001408-001	26-01636150	203,026
HIV Surveillance Program 2017	2016-001408-001	22-01636007	17,068
Total HIV Surveillance & Prevention Programs			$ 388,094
Immunization Grants:			
Inner-City School Immunization 2015	2015-001034-001	26-01636129	$ (131)
Inner-City School Immunization 2016	2016-001034-001	26-01636153	579,885
Inner-City School Immunization 2017	2016-001034-001	22-01636009	42,537
Total Immunization Grants			$ 622,291
Milk Sample Lab Tests:			
Milk Group - 2016	53700-6-000418508	26-01636156	$ 38,303
Milk Group - 2017	53700-6-000149924	22-01636006	4,106
Total Milk Sample Lab Tests			$ 42,409
Preventive Health and Health Services Block Grant:			
RLSS - Local Public Health (Triple O) 2014-2015	2015-001066-001	26-01636137	$ (210)
RLSS - Local Public Health (Triple O) 2015-2016	2016-001066-001	26-01636152	183,868
Total Preventive Health and Health Services Block Grant			$ 183,658
STRAC Grant Project:			
STRAC Grant Project FY 2016	N/A	26-01620009	$ 31,468
Total STRAC Grant Project			$ 31,468
TB Prevention and Control:			
TB Prevention and Control 2014-2015	2015-001439-001	26-01636139	$ (98)
TB Prevention and Control 2015-2016	2016-001439-001	26-01636157	487,474
TB Prevention and Control 2016-2017	2016-001439-001	22-01636008	44,057
TB Medicaid Waiver 2014	2014-045668	26-01636128	337,951
Total TB Prevention and Control			$ 869,384
Total Texas Department of State Health Services			$ 2,239,727
Texas Department of Transportation:			
Pass Through - The Texas Automobile Burglary & Theft Prevention Authority:			
Regional Auto Crimes Team 2007-2010	SAT041006310	26-03117001	$ 604
Regional Auto Crimes Team 2013-2014	SAT041006314	26-03117005	(951)
Regional Auto Crimes Team 2014-2015	SAT041006314	26-03117006	(123,875)
Regional Auto Crimes Team 2015-2016	SAT041006314	26-03117007	799,128
Regional Auto Crimes Team 2016-2017	608-17-SPD0000	22-06536002	98,183
Total Texas Department of Transportation			$ 773,089
Texas Attorney General's Office:			
Direct Program			
State Confiscated Property: *			
New State Account	N/A	29-038000	$ 785,564
Vice Seizures	N/A	29-040000	29,515
Salvage Theft Reduction Program Seizures	N/A	29-042000	20,164
Total State Confiscated Property			$ 835,243
Total Texas Attorney General's Office			$ 835,243
Texas Parks and Wildlife Commission:			
Direct Program:			
Local Park Grant Program :			
Family Adventure	55-00022	26-05226007	$ 217,331
Total Local Park Grant Program			$ 217,331
Total Texas Parks and Wildlife Commission			$ 217,331
Texas Commission on the Arts:			
Direct Program			
Program of the Arts:			
TCA Subgranting Grant 2015-2016	16-38319	26-00528013	$ 30,500
TCA Subgranting Grant 2015-2016	16-38318	26-00528013	10,500
Total Texas Commission on the Arts			$ 41,000
Texas Workforce Commission:			
Pass Through - Alamo Workforce Development, Inc.: *			
CCDS - 2013-2014	CCDS2008001	26-03938008	$ (9)
CCDS - 2014-2015	CCDS2008001	26-03938009	281,349
CCDS - 2015-2016	CCDS2008001	26-03938010	14,093,812
Total Texas Workforce Commission			$ 14,375,152
TOTAL EXPENDITURES OF STATE AWARDS			$ 18,518,935

* Major Programs

See accompanying Notes to the Schedule of Expenditures of State Awards

Notes to the Schedule of Expenditures of State Awards

Year-Ended September 30, 2016

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. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position of the City.

2. Through September 30, 2016, the City did not provide state awards to any subrecipients.

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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*

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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*

To the 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, 2016, 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 9, 2017. Our report was modified to include a reference to the restatement of beginning net position related to a correction of an error related to accounts receivable recorded in the Airport fund. Our report was also modified to include a reference to other auditors. We did not audit the financial statements of HemisFair Park Area Redevelopment Corporation; San Antonio Economic Development Corporation; Westside Development Corporation; San Antonio Fire and Police Pension Fund; or the San Antonio Fire and Police Retiree Health Care Fund; blended and fiduciary component units, which represent 74%, 84%, and 9%, 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 Brooks Development Authority, 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 66%, 57%, and 80%, 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 CPS Energy, SA Energy Acquisition Public Facility Corporation, San Antonio Economic Development Corporation, Westside Development 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*.

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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 weakness 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 deficiency in internal control identified in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency as item 2016-001.

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 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 to the audit of the financial statements and, accordingly, we express no opinion on it.

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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 9, 2017

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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

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PS&Co.

Padgett Stratemann

Independent Auditor's Report on Compliance For Each Major State Program and Report on Internal Control Over Compliance as Required by the State of Texas Single Audit Circular

To the 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, 2016. 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 the Port Authority of San Antonio, San Antonio Early Childhood Education Municipal Development Corporation dba Pre-K 4 SA, and San Antonio Water System. Our audit, described below, did not include the operations of the Port Authority of San Antonio, San Antonio Early Childhood Municipal Development Corporation dba Pre-K 4 SA, or San Antonio Water System because the component units engaged other auditors to perform an audit in accordance with *Government Auditing Standards*, Uniform Guidance, 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.

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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, 2016.

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 9, 2017

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Schedule of Findings and Questioned Costs

State

Schedule of Findings and Questioned Costs
State Grants
Year-Ended September 30, 2016

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's 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	____	None Reported

Noncompliance material to financial statements noted? ____ Yes X No

State Awards

Internal control over State major programs:

Material weakness(es) identified?	____	Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?	____	Yes	X	None Reported

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 State programs:

Grant Numbers:	**Name of State Program or Cluster:**
N/A	State Confiscated Property
CCDS2008001	Child Care Delivery Service

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? X Yes ____ No

Schedule of Findings and Questioned Costs
State Grants
Year-Ended September 30, 2016

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO FINANCIAL STATEMENTS

Finding: 2016-001
Accounting and Reporting of a Transaction Related to the Consolidated Rental Car Special Facilities Project (CONRAC) for the Airport – Significant deficiency

In 2015 the City issued revenue bonds to finance the construction of a Consolidated Rental Car Special Facilities Project (CONRAC) for the Airport. While the City engaged a trustee to manage the City's bond funding related to the CONRAC, the City accurately recorded the proceeds in one of its airport funds as cash. However for financial reporting purposes, at the end of the current year, the City inaccurately accrued $36,468,250 in revenue for construction costs that were pending reimbursement by the trustee rather than record a transfer between funds. The City incorrectly recorded a similar transaction totaling $11,737,000 in the prior year that was reversed in the current year.

Additionally, the Bond indenture allowed for reimbursement to the Airport operating fund for lost parking revenues and increased expenses related to shuttle costs as a result of the demolition of the short term garage in order to construct CONRAC. While the City appropriately requested and received $5,063,000 in reimbursements in the current year, the funding was inaccurately recorded as revenue rather than as a transfer. The City recorded similar transactions in the prior year, and had a year-end accrual of $857,000 that inaccurately increased net position at the end of fiscal year 2015.

Had these reimbursements been treated as transfers between the City's various Airport funds they would have been properly eliminated for financial reporting purposes at year-end. The effects of these errors resulted in the City overstating the Airport System's net position for financial reporting in the CAFR.

We recommend the City formally document the process for recording reimbursements from the trustee to ensure future transactions are in accordance with Generally Accepted Accounting Principles (GAAP). Additionally, as the City enters into similar or unusual transactions we recommend the accounting for these transactions be formally documented and reviewed to ensure they are in accordance with GAAP.

Views of responsible officials and planned corrective actions:

The City has updated the existing written procedures related to the CONRAC's flow of funds to ensure the reimbursements from the trustee for costs during construction are recorded in compliance with GAAP for year-end financial reporting purposes. The City will continue to train all staff involved in the transaction to prevent future classification and financial reporting eliminating errors. There was neither a misappropriation of funds nor a budgetary impact to the Airport's operating fund.

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO STATE AWARDS

None

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Corrective Action Plan

State

Corrective Action Plan
State Grants
Year-Ended September 30, 2016

Finding 2016-001

Accounting and Reporting of a Transaction Related to the Consolidated Rental Car Special Facilities Project (CONRAC) for the Airport

Responsible Person

Troy Elliott, CPA, Deputy Chief Financial Officer
Finance Department

Implementation Dates

March 9, 2017

Views of responsible officials and planned corrective actions

The City has updated the existing written procedures related to the CONRAC's flow of funds to ensure the reimbursements from the trustee for costs during construction are recorded in compliance with GAAP for year-end financial reporting purposes. The City will continue to train all staff involved in the transaction to prevent future classification and financial reporting eliminating errors. There was neither a misappropriation of funds nor a budgetary impact to the Airport's operating fund.

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Summary Status of Prior Year Findings

State

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Summary Status of Prior Year Findings
State Grants
Year-Ended September 30, 2016

None

CITY OF SAN ANTONIO, TEXAS