Comprehensive Annual Financial Report & Other Reports

Fiscal Year Ended September 30, 2013

City of San Antonio, Texas

CITY OF SAN ANTONIO, TEXAS

Comprehensive Annual Financial Report & Other Reports

Year-Ended September 30, 2013

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

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Introductory Section

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Letter of Transmittal

CITY OF SAN ANTONIO

February 19, 2014

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, 2013. 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 accounting principles generally accepted in the United States (GAAP). Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City.

Management's Discussion and Analysis (MD&A), beginning on page 1, provides a narrative introduction, overview, and analysis of the basic financial statements. This transmittal letter complements the MD&A and should be read in conjunction with it.

CITY PROFILE

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

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

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

FINANCE DEPARTMENT
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CITY PROFILE (continued)

The Mayor and City Council set policy direction, and the City Manager implements those policies in an efficient and effective manner. The City Manager serves at the pleasure of the City Council.

The City is located in South Central Texas, approximately 75 miles south of the state capital of Austin, and serves as the county seat for Bexar County. San Antonians enjoy first-rate medical services, a convenient and efficient airport, an excellent highway system, mild weather, and superb recreation choices, including: championship golf courses, 45 miles of linear greenway trails, theme parks, historical attractions, museums, professional sporting attractions, and a lively performing arts environment. As of September 30, 2013, the City's geographic area was approximately 467 square miles. The United States Census Bureau cites the City as the second most populated city in the State of Texas with 1,383,194 citizens and is ranked as the seventh most populated city in the country.

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

ECONOMIC CONDITIONS AND OUTLOOK

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

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

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

ECONOMIC CONDITIONS AND OUTLOOK (continued)

Economic indicators tell the story of a resilient 2013 for San Antonio exemplifying the comparative stability of the local economy as it outperformed comparable cities impacted by the national recession. The Brookings Metropolitan Policy Program issues the quarterly series, *MetroMonitor*, which provides an understanding of how the current economic recession has "affected America's metropolitan economies." According to the quarterly research performed by the Brookings Institution, San Antonio is ranked 36 out of 100 largest metropolitan areas in its overall recovery performance since the Great Recession of 2008.

San Antonio's seasonally adjusted unemployment rate for the 2nd quarter of 2013 was 6.3% compared to the national rate of 7.6%. Many metros experienced a rise in unemployment rate through the onset of the recession; however, San Antonio's unemployment rate continues to remain lower than the national rate since the Great Recession.

San Antonio's housing market remained very strong in 2013. According to the August 2013 Multiple Listing Service report by the San Antonio Board of REALTORS® (SABOR), the average price of a single-family residential home in August 2013 rose to $209,672 and the median price increased to $174,500, a 8.8% and 8.9% increase compared to 2012, respectively. San Antonio's home sales have increased 19.0% compared to last year and are selling at 97.0% of list price.

San Antonio's resilient economy was fueled by several targeted industry projects in fiscal year 2013. The City utilized a combination of tax abatements, grant agreements, equity investments, impact fee waivers, and nominations for State project designations that assisted in enticing businesses to move to or remain in San Antonio. In 2013, the City, in partnership with the San Antonio Economic Development Foundation (SAEDF), worked with 23 companies to create 3,632 new and/or retain jobs in San Antonio and Bexar County. In an effort to revitalize downtown and central city neighborhoods and support economic development opportunities across the City, $4 million was provided in economic development incentive funds to retain, expand, and attract job creating businesses in fiscal year 2013. The City additionally budgeted $3 million to support economic development projects and stimulate development targeted towards neighborhoods in the downtown area.

MAJOR INITIATIVES

Through the City's SA2020 goals, the City Council established the San Antonio Early Childhood Education Municipal Development Corporation dba Pre-K 4 SA to utilize revenue generated by an increased 1/8th cent sales tax approved by local voters in November 2012, and state and federal dollars, for the purpose of early childhood development and education services to be implemented through full-day pre-kindergarten (Pre-K) classes for eligible four-year-olds in San Antonio. The sales tax went into effect on April 1, 2013.

The program aims to improve the educational trajectory of 22,400 four-year-old children over eight years while benefitting thousands more by training area school teachers, teacher's aides, community Pre-K providers, and education leaders.

The goals of Pre-K 4 SA include improving quality and quantity of Pre-K childhood education for four-year-olds Citywide by reducing achievement gaps at least 25% in Language, 33% in Math, and 90% in Literacy when compared to kindergarten students who did not attend Pre-K. By 3rd grade, students participating in the program should have closed the achievement gap by at least 10% on the State of Texas Assessments of Academic Readiness (STAAR) reading and math assessments and a 20% to 40% reduction in special education placement and grade retention should be identified. In addition, the program aims to provide robust professional development for Pre-K through third-grade educators.

MAJOR INITIATIVES (continued)

There are two Education Excellence Centers (Centers) currently operating with two additional centers slated to open in August 2014. These Centers are strategically located in easily accessible locations in San Antonio. Each Center will initially serve 350 students annually and build up to full annual enrollment of 500 children while maintaining a student to teacher ratio of two teaching professionals per twenty children, far lower than what is commonly found in most Pre-K classrooms throughout the City. Children in the Centers will benefit from master teachers and a curriculum to be developed on established best practices in early childhood education.

In addition to directly educating 2,000 four-year-old children per year, the Centers also will provide professional development and training to teachers, teacher's aides, community Pre-K providers and education leaders throughout San Antonio. This professional development will include both summer in-service training and the opportunity to shadow master teachers in the Center classrooms during the school year. These programming opportunities are intended to increase the quality of Pre-K education throughout the City and to maintain the expected gains the children achieve by supporting teachers and educators from Pre-K through third grade.

Workshops are offered to provide parents and community providers training and advice on how to best help the children in their care. Additionally, the Centers will schedule fairs and other events to make available existing social service programs.

Café Commerce, promoting small and new business growth in San Antonio, was established in 2013 to provide entrepreneurship education and mentoring, as well as to serve as a resource and referral clearinghouse for business information. The future home of Café Commerce will be the first floor of the San Antonio Central Library.

During the May 2012 election, citizens of San Antonio voted for and approved a $596 million General Obligation Bond Program. The 2012 General Obligation Bond Program, a five year program, is the City's largest bond program in history. There are 41 projects set for streets, bridges, and sidewalks; 17 projects set for drainage and flood control; 68 projects set for parks and recreation; 11 projects set for library, museum, and cultural arts facilities; and three projects set for public safety facilities. Of the $596 million approved, $198 million has been issued.

In September 2012, the City Council approved a $304 million contract to design and build an expansion to the Henry B. Gonzalez Convention Center, the largest single city construction project in history. The expansion will take the City's Convention Center from the 23rd largest to the eighth largest in the country and is scheduled to be completed by 2016.

October 2012 marked the start of the $30 million renovation project for San Antonio International Airport Terminal A. This project is scheduled for completion in May 2014. The project updates the finishes and furniture and provides for all new restroom facilities throughout the concourse, ticket lobby and baggage claim area. The project which is funded by Airport Revenue Bonds, Tax Notes and Airport Improvement and Contingency funds, modernizes the 378,000 square-foot building, with six new food and beverage concessions. The renovation will completely enhance the airport experience for over eight million annual passengers.

Currently under design at the San Antonio International Airport is a Master Plan-Approved Consolidated Rental Car (CONRAC) facility that is intended to improve the rental car experience for millions of City's visitors. Construction of the facilities is funded by a customer facility charge included on all airport car rental transactions.

MAJOR INITIATIVES (continued)

In January 2013, City Council authorized the submission of six project proposals by Metro Health through the Regional Healthcare Partnership Anchor entity, University Health System (UHS), for consideration and funding through the Texas Medicaid 1115 Waiver program. Metro Health was notified that all six projects, totaling $43 million, were fully approved for funding by the Centers for Medicare and Medicaid Services. The projects are in alignment with Metro Health's strategic plan and many community goals set forth by SA2020 and have the overall goal of improving health outcomes. The six projects include: diabetes prevention; children's oral health services; HIV and syphilis prevention; breastfeeding promotion; teen pregnancy prevention; and neighborhood health promotion.

The Mayor appointed a Task Force during fiscal year 2013 to perform an advisory review of health benefits for active employees, pension, and other benefits for uniform, civilian, and retirees. The Task Force will provide its 42 recommendations to the Mayor, City Council, and City Manager based on seven healthcare categories: adequacy of benefits (healthcare plan design), healthcare contributions, wellness, negotiate uniform healthcare plan design and healthcare premiums as part of Collective Bargaining Agreement, stop loss, dependent audits, and miscellaneous.

On January 9, 2014, the City was selected as one of the first five Promise Zones under President Barack Obama's Promise Zone Initiative, which aims to revitalize distressed communities by partnering with local communities and businesses to create jobs, increase economic security, reduce poverty, expand educational opportunities, increase access to quality, affordable housing and improve public safety. The City's EastPoint Promise Zone (EPZ) will be in partnership with United Way of San Antonio and Bexar County, the San Antonio Housing Authority, San Antonio Growth on the Eastside (SAGE) and SA2020. Support partners include San Antonio Independent School District, Judson Independent School District, St. Philip's College and private sector businesses, employers, and investors. Due to this designation, the City and its partners who invest in the EPZ will be eligible for specialized technical assistance on federal grant applications to cut red tape from the grant application process, five preference points on subsequent federal grant applications, and employer tax incentives/credits for hiring and creating jobs in the zone (pending Congressional approval).

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 by department within individual funds. The City utilizes an encumbrance system of accounting as one mechanism to accomplish effective budgetary control. Encumbered amounts lapse at year end and are generally appropriated as part of the following year's budget.

FINANCIAL INFORMATION (continued)

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

The City further implemented available budget controls within its system of record for capital projects and grants. The system warns when cumulative expenditures are within 75.0% of total budget and will not allow the processing of non-payroll transactions in excess of the budget.

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

After obtaining the priorities of Council, residents, and conducting reviews of each City department, the proposed City budget is presented to Council. The proposed budget represents the City staff's professional recommendation to utilize revenues and expenditures in order to achieve a balanced budget, while optimizing City service deliveries. Part of the recommendations presented to City Council for fiscal year 2013 included results from efficiency initiatives. The Office of Management and Budget Innovation and Reform team completed major City-wide efficiency initiatives in fiscal year 2012 that were incorporated into fiscal year 2013's budget. The initiatives focused on operational and technology improvements. The Innovation and Reform team worked with Municipal Court to streamline its processes and take advantage of recent technology investments. This initiative reduced customer time in the courthouse by 30.0% and provided savings of $1 million. The Innovation and Reform team also assisted in the transition of Link Center services to the department responsible for the services. This initiative resulted in over $500 thousand in savings. Since 2007, the City has implemented approximately $88 million in budget reductions and reduced 1,633 civilian positions, while adding 307 police officers and 170 firefighters. The City continues its commitment to efficient and prioritized service delivery by leveraging operational improvements and investments in technology and will continue to utilize the Innovation and Reform team to perform efficiency initiatives across the City to assist in finding new areas of improvements to leverage.

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

FINANCIAL INFORMATION (continued)

During City Council review, several budget work sessions are held to review the proposed service program details included in the proposed budget. Additionally, the City is required to hold at least one public hearing on the proposed budget during the period of its consideration. City Council must adopt a final budget each year no later than September 27. The appropriated budget is prepared by fund (e.g., General Fund) and department (e.g., Fire Department).

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

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. Over the course of the past ten years, the City has increased its financial reserves from 3.4% of total appropriations to 9.0% of total appropriations. The City has achieved and maintained financial reserves of 9.0% of General Fund appropriations since fiscal year 2009, with 2013 financial reserves totaling $89 million.

The City continues to evaluate the financial reserve policy as a means of fiscal prudence in consideration with City operations, implications of debt standing, and City Council priorities in order to maintain a strong and solid financial position coupled with flexibility to adapt to changing economic conditions. Last summer, as part of the fiscal year 2014 budget development process, City Council requested a briefing on the City's financial policies and practices before development of the fiscal year 2015 budget process. As such, City staff will present recommended updates to our financial policies, which are meant to help improve the City's financial position and help maintain our 'AAA' general obligation bond ratings.

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

GRANT FUNDS

The City 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 2013, the City was awarded $133.8 million in Federal assistance and $15.4 million in State assistance for a total of $149.2 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

In 2013, San Antonio was named an All-American City by the National Civic League, which recognizes exemplarily grassroots community problem solving and awards communities that collaboratively tackle challenges and achieve results.

AWARDS (continued)

The City of San Antonio maintains a strong financial position with a 'AAA' general obligation bond rating for the fourth year in a row from all three major rating agencies. This rating was maintained despite stricter grading requirements implemented by some rating agencies.

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

The Office of Management and Budget received the Annual Distinguished Budget Award from the Government Finance Officers Association, recognizing outstanding achievement in preparation of the 2013 Operating and Capital Budget for the 30th consecutive year.

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

The Finance Department received the Achievement of Excellence in Procurement (AEP) award for the 16th 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, 2012. This was the 37th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfies both GAAP and applicable legal requirements.

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

INDEPENDENT AUDITS

State statutes and the City's Charter require that an annual audit by an independent certified public accountant be conducted. The City selected the accounting firm Padgett Stratemann & Co., LLP. In addition to meeting the requirements set forth in State statutes and the City's Charter, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996, OMB Circular A-133, *Audit of State and Local Government and Nonprofit Organizations* and *State of Texas Single Audit Circular*. The Independent Auditor's Report on the basic financial statements, Management's Discussion and Analysis, required supplementary information, required disclosures and schedules are included in the Financial Section of this CAFR.

INDEPENDENT AUDITS (continued)

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

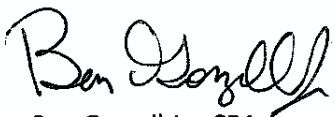
ACKNOWLEDGEMENTS

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

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

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

Respectfully submitted,



Ben Gorzell Jr., CPA
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of San Antonio
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

City of San Antonio Mayor and City Council

Julián Castro
Mayor

Ron Nirenberg
District 8

Joe Krier
District 9

Mike Gallagher
District 10

Cris Medina
District 7

Ray Lopez
District 6

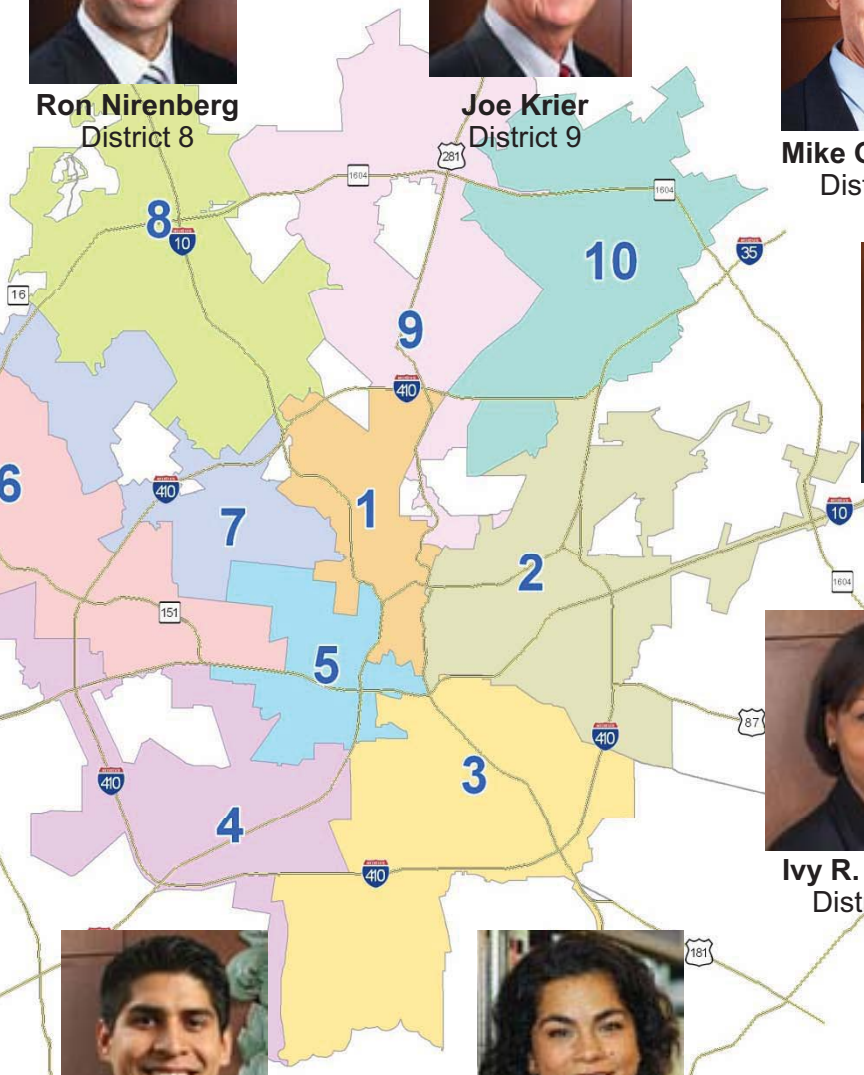
Diego M. Bernal
District 1

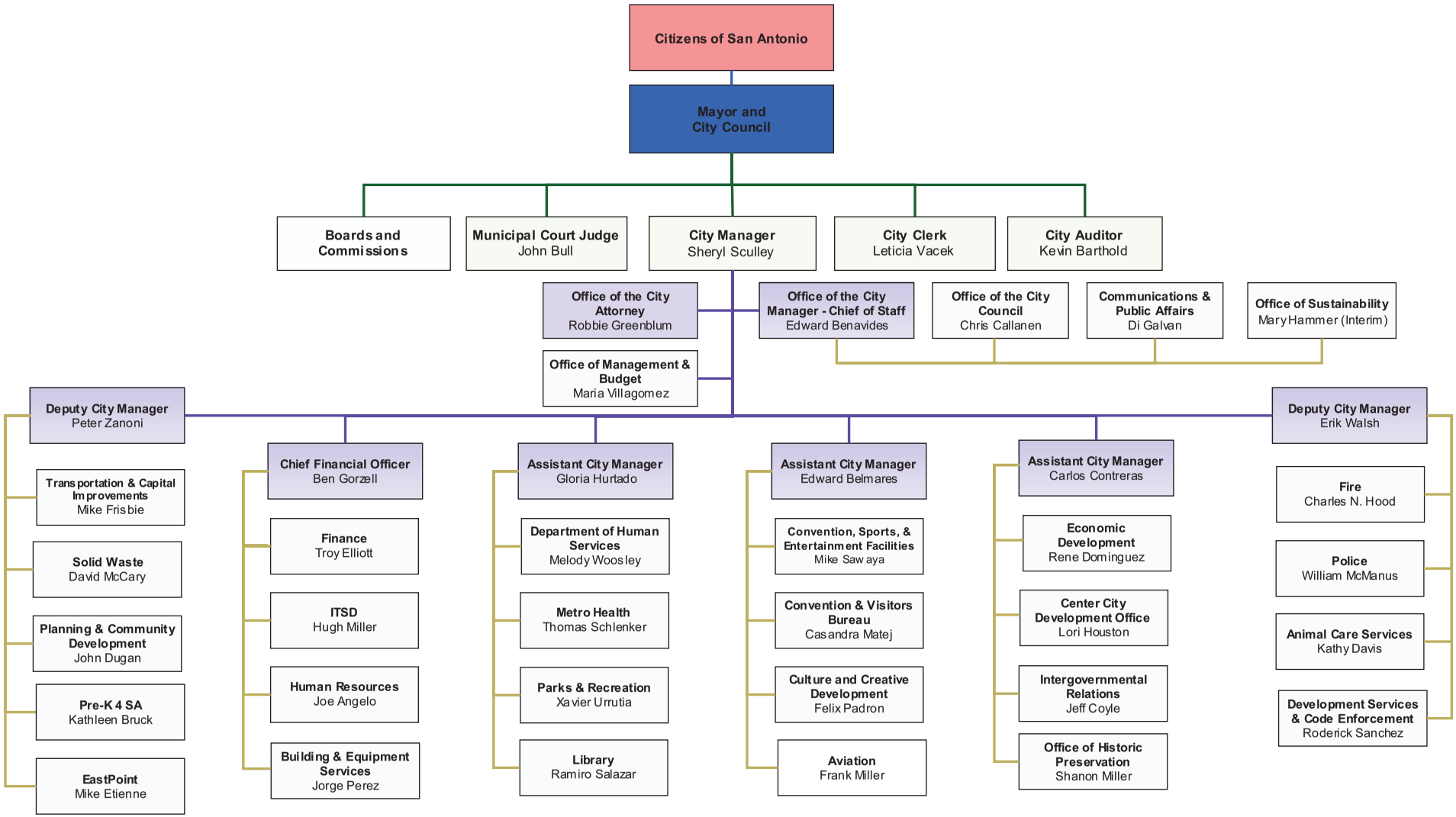
Ivy R. Taylor
District 2

Shirley Gonzales
District 5

Rey Saldaña
District 4

Rebecca Viagran
District 3




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

Financial Section

Independent Auditor’s Report

PS&Co.

Padgett Stratemann

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas (the "City") as of and for the year ended September 30, 2013, 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; San Antonio Fire and Police Pension Fund; San Antonio Fire and Police Retiree Health Care Fund; San Antonio Housing Trust Finance Corporation; San Antonio Housing Trust Foundation, Inc.; or the San Antonio Housing Trust Public Facility Corporation, blended component units, which represent 78%, 84%, and 29%, respectively, of the assets and deferred outflows, net position/fund balances, and revenues/additions of the aggregate remaining fund information. We also did not audit CPS Energy or SA Energy Acquisition Public Facility Corporation, discretely presented component units, which represent 68%, 60%, and 78%, respectively, of the assets and deferred outflows, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the

Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Brooks Development Authority, CPS Energy, SA Energy Acquisition Public Facility Corporation, San Antonio Economic 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, 2013, 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 discussed in Note 18 to the financial statements, the City restated beginning net position/fund balance related to the changes in the City's component units based on the required implementation of Governmental Accounting Standards Board ("GASB") Statement No. 61, *The Financial Reporting Entity: Omnibus* ("GASB Statement No. 61").

As described in Note 1 to the financial statements, effective October 1, 2012, the City implemented GASB Statement No. 61, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2014 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.

Certified Public Accountants
San Antonio, Texas
February 19, 2014

Management's Discussion and Analysis
(Unaudited)

Management's Discussion and Analysis

The City of San Antonio (City) presents the following discussion and analysis of the City's financial performance during the fiscal year-ended September 30, 2013. This discussion and analysis is intended to assist readers in focusing on significant financial issues and changes in the City's financial position, and identifying any significant variances from the adopted budget. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the financial statements provided in this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City exceeded its liabilities by $2,851,939 (net position). Of this amount, $91,021 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $1,210,523, an increase of $272,722 compared to the fiscal year 2012 restated fund balance. Of this amount, $11,181 is nonspendable and $1,199,342 is spendable. Of the total spendable fund balance, $946,907 is restricted in use, $124,663 has been committed, $23,096 is assigned and $104,676 is unassigned, which is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $135,375 or 14.7% of the total General Fund expenditures.
- General Obligation Projects Fund had a negative unassigned fund balance of $17,731 as of the end of the current fiscal year primarily as a result of timing between capital improvements and financing. For more information see Note 16 Deficits in Fund Balances/Net Position.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

The *statement of activities* presents information showing how the government's net position changed during the fiscal year. Changes in net position are recorded when the underlying event giving rise to the change occurs regardless of the timing of the cash flows. Therefore, revenues and expenses reported in this statement for some items will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities).

Governmental activities include general government, education, public safety, public works, sanitation, health services, culture and recreation, convention and tourism, urban redevelopment and housing, welfare, and economic development and opportunity. The business-type activities of the City include the Airport System, Development Services, Market Square, Parking System, and Solid Waste Management.

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

Fund Financial Statements

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

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

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

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

The City maintains five individual governmental fund types for financial reporting purposes. The governmental fund types are General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds, and Permanent Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Debt Service, Home Program, San Antonio Early Childhood Education Municipal Development Corporation (Pre-K 4 SA), Texas Public Facilities Corporation (TPFC), 2007 General Obligation Bonds, 2012 General Obligation Bonds, and General Obligation Project Funds, all of which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation labeled "Nonmajor Governmental Funds." Individual fund data for each nonmajor governmental fund is provided in the form of combining statements elsewhere in this report.

Proprietary Funds – The City maintains two types of proprietary funds. *Enterprise Funds* are used to report the functions presented in business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Airport System, Development Services, Market Square, Parking System, and Solid Waste Management. *Internal Service Funds* are used to accumulate and allocate costs internally among the City's various functions, including, self-insurance programs, information services, other internal services, and capital improvements management services. The services provided by these funds predominantly support the governmental rather than the business-type functions. They have been included within the governmental activities in the government-wide financial statements and are reported alongside the enterprise funds in the fund financial statements. Information is presented separately in the proprietary funds' statement of net position and in the proprietary funds' statement of

revenues, expenses, and changes in fund net position for the Airport System, which is considered to be a major fund. The Internal Service Funds are combined into a single aggregated presentation in the proprietary fund financial statements. Data from the other enterprise funds are combined into a single, aggregated presentation labeled "Nonmajor Enterprise Funds." Individual fund data for each nonmajor enterprise fund and each internal service fund is provided in the form of respective combining statements elsewhere in this report.

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

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

Other information – In addition to the basic financial statements and the accompanying notes, this report also presents the required supplementary information of (a) the City's General Fund budgetary comparison schedule that demonstrates compliance with its budget, and (b) schedules of funding progress related to pension and postemployment plans. The Debt Service Fund, various Special Revenue Funds and specific Permanent Fund budgets, which are legally adopted on an annual basis, are also included in the CAFR as supplementary schedules within the Combining Financial Statements and Schedules. 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, 2013.

Net Position
Year-Ended September 30, 2013
(With Comparative Totals for September 30, 2012)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012 (Restated)*	2013	2012	2013	2012 (Restated)*
Current and Other Assets	$ 1,609,235	$ 1,345,472	$ 222,015	$ 239,858	$ 1,831,250	$ 1,585,330
Capital Assets	3,961,679	3,899,983	651,064	634,961	4,612,743	4,534,944
Total Assets	5,570,914	5,245,455	873,079	874,819	6,443,993	6,120,274
Current and Other Liabilities	527,536	500,525	57,202	56,314	584,738	556,839
Long-term Liabilities	2,593,223	2,235,655	414,093	433,164	3,007,316	2,668,819
Total Liabilities	3,120,759	2,736,180	471,295	489,478	3,592,054	3,225,658
Net Position:						
Net Investment in Capital Assets	2,304,579	2,326,230	292,278	270,500	2,596,857	2,596,730
Restricted	72,643	104,937	91,418	104,990	164,061	209,927
Unrestricted	72,933	78,108	18,088	9,851	91,021	87,959
Total Net Position	$ 2,450,155	$ 2,509,275	$ 401,784	$ 385,341	$ 2,851,939	$ 2,894,616

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

For the year-ended September 30, 2013, total assets exceeded liabilities by $2,851,939. The largest portion of the City's net position, $2,596,857 (91.1%) represents its net investment in capital assets used to acquire those assets that are still outstanding, and includes assets such as land, infrastructure, improvements, buildings, machinery and equipment, and intangibles.

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

Of the total net position, $164,061 (5.7%) represents resources that are subject to external restrictions on how they may be used. The remaining $91,021 (3.2%) represents unrestricted net position, which can be used to meet the government's ongoing obligations to citizens and vendors.

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

Changes in Net Position
Year-Ended September 30, 2013
(With Comparative Totals for September 30, 2012)

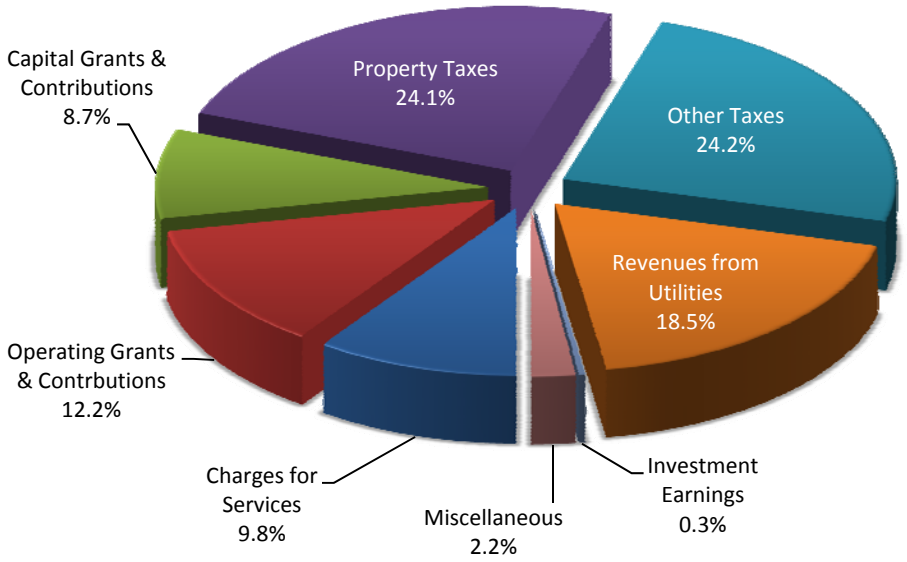
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012 (Restated)*	2013	2012	2013	2012 (Restated)*
Revenues:						
Program Revenues:						
Charges for Services	$ 163,039	$ 159,778	$ 209,450	$ 212,066	$ 372,489	$ 371,844
Operating Grants and Contributions	202,932	211,290			202,932	211,290
Capital Grants and Contributions	145,199	149,931	39,580	34,765	184,779	184,696
General Revenues:						
Property Taxes	402,619	395,944			402,619	395,944
Other Taxes	403,560	370,243			403,560	370,243
Revenues from Utilities	307,687	299,693			307,687	299,693
Investment Earnings	5,192	5,063	1,026	827	6,218	5,890
Miscellaneous	35,501	54,183	621	1,585	36,122	55,768
Total Revenues	1,665,729	1,646,125	250,677	249,243	1,916,406	1,895,368
Expenses:						
Primary Government:						
Governmental Activities:						
General Government	127,697	140,761			127,697	140,761
Public Safety	684,547	613,975			684,547	613,975
Public Works	257,395	252,804			257,395	252,804
Sanitation	13,250	14,382			13,250	14,382
Health Services	38,250	101,293			38,250	101,293
Culture and Recreation	161,280	161,311			161,280	161,311
Convention and Tourism	29,674	31,892			29,674	31,892
Urban Redevelopment and Housing	9,111	13,987			9,111	13,987
Welfare	162,015	157,678			162,015	157,678
Education	6,381				6,381	
Economic Development and Opportunity	117,362	115,674			117,362	115,674
Interest on Long-Term Debt, Net	115,016	85,073			115,016	85,073
Business-Type Activities:						
Airport System			102,041	118,560	102,041	118,560
Development Services			24,437	23,327	24,437	23,327
Market Square			2,135	2,297	2,135	2,297
Parking System			8,214	8,117	8,214	8,117
Solid Waste Management			93,056	89,405	93,056	89,405
Total Expenses	1,721,978	1,688,830	229,883	241,706	1,951,861	1,930,536
Change in Net Position						
Before Transfers	(56,249)	(42,705)	20,794	7,537	(35,455)	(35,168)
Transfers	(2,871)	1,156	(4,351)	(1,156)	(7,222)	
Net Change in Net Position	(59,120)	(41,549)	16,443	6,381	(42,677)	(35,168)
Beginning, Net Position (Restated)	2,509,275	2,550,824	385,341	378,960	2,894,616	2,929,784
Ending, Net Position	$ 2,450,155	$ 2,509,275	$ 401,784	$ 385,341	$ 2,851,939	$ 2,894,616

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

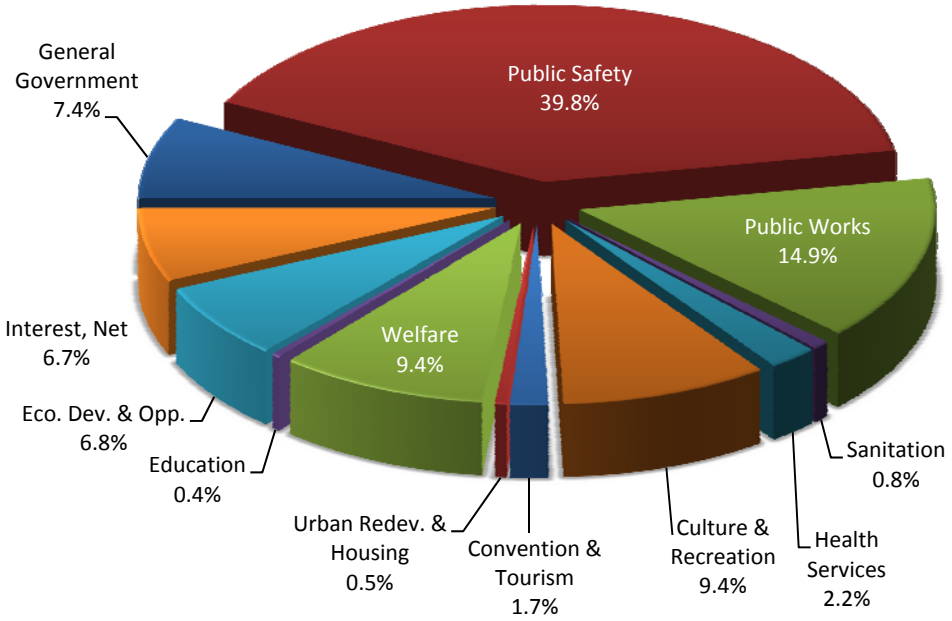
The City's total revenues were $1,916,406 for fiscal year-ended September 30, 2013. Revenues from governmental activities totaled $1,665,729 and revenues from business-type activities totaled $250,677. General revenues represented 60.3% of the City's total revenue, while program revenues provided 39.7% of revenue received in fiscal year 2013. Expenses for the City totaled $1,951,861. Governmental activity expenses totaled $1,721,978, or 88.2% of total expenses and business-type expenses totaled $229,883 or 11.8%.

Governmental Activities

Governmental Activities
Program Revenues



Governmental Activities
Program Expenses

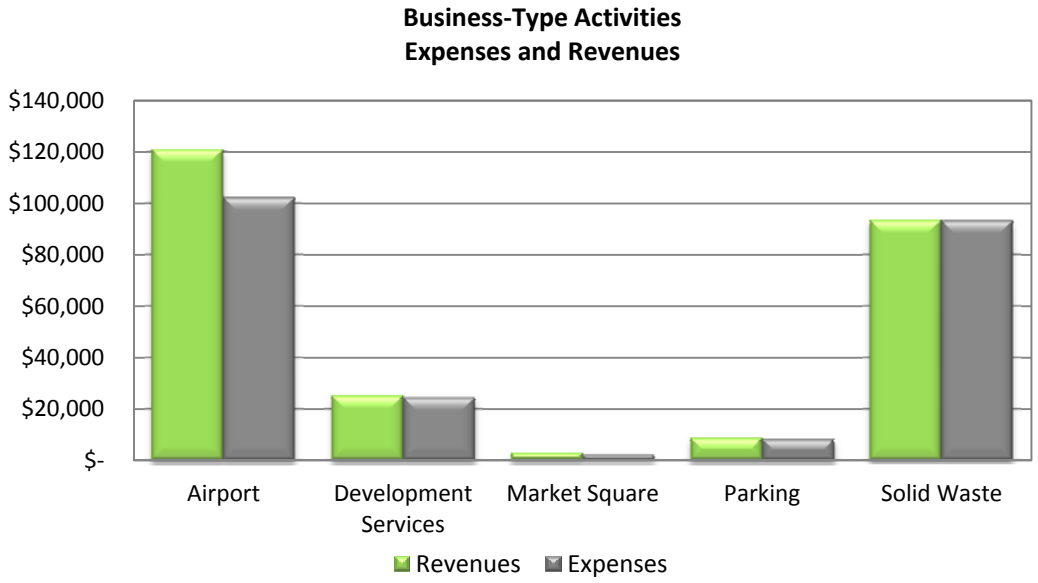


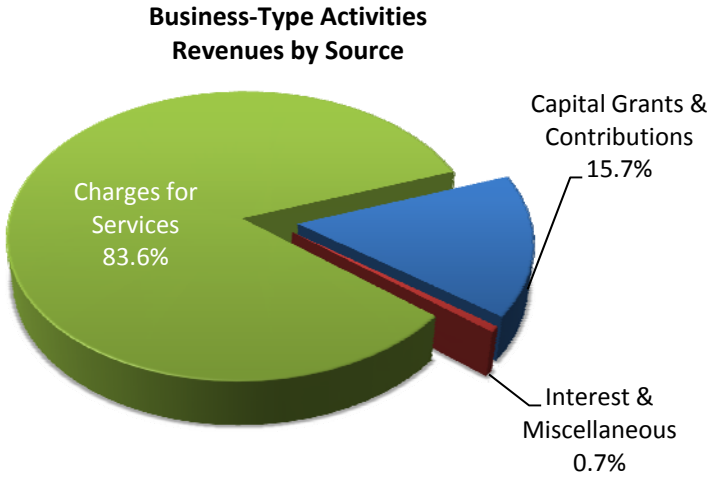
Governmental Activities decreased the City's net position by $59,120. The reason for the change is as follows:

- Charges for Services revenues increased by $3,261 due in large part to an increase in revenues from new events and concerts at the Alamodome and Convention Center.
- Operating Grants and Contributions decreased by a total of $8,358 in fiscal year 2013. $11,502 of this decrease was attributed to the conclusion of the City's ARRA grants. The decrease was mitigated by an increase of $3,891 in contributions from the State Comptroller's Office for the State Reimbursement Program.
- There was a decrease in Capital Grant and Contribution revenues of $4,732, which is mainly attributed to a one-time land donation for the Parman Library in fiscal year 2012.
- Property Tax Revenues increased by $6,675 due to the increase in the net taxable property value of San Antonio.
- Other Taxes Revenues increased by $33,317 mainly due to a continuous improvement in the local economy resulting in $11,322 more in General Sales and Use Tax, an uptick in tourism and convention business increasing Hotel Occupancy Taxes by $4,806 from the prior year, and the approved 2013 sales tax rate increase of 1/8th cent for Pre-K 4 SA, providing the City an additional $14,498 in revenue.
- Revenues from Utilities increased by $7,994 due to an adjustment to fuel revenues and a 7.0% increase in SAWS rate.
- Miscellaneous Revenues decreased by $18,682 due to a reduction in capital leases entered into by the City of $4,477 in FY 2013. In addition revenues for capital assets decreased by $6,087 from fiscal year 2012 due to a decrease in donated assets. Lastly the City will no longer receive CIED revenue for overhead conversion projects.
- General Government expenses decreased by $13,064 due to a decrease in depreciation expenses, General Fund Indirect Cost Allocation, and Debt Service letter of credit fees.
- The change in Public Safety expenses of $70,572 is primarily driven by the increase in personnel expenses for Fire and Police as required by the Collective Bargaining Agreement of $21,606. EMS moved from Health Services to Public Safety in fiscal year 2013 increasing Public Safety expenses $60,461.
- The increase of $4,591 in Public Works is due primarily to Categorical Grant-In-Aid receiving grants for intersection improvements, radar vehicle sensors, and improvements to the Stinson Air Field.
- Health Services expenses decreased $63,043 due to EMS moving from Health Services expenses to Public Safety expenses.
- Welfare expenses increased $4,337 due to increases in Contributions to Outside Agencies and the Department of Human Services as a result of increased efficiency and timeliness of processing invoices.

Business-Type Activities

Program revenues for the City's Business-Type Activities totaled $249,030, which is $2,199 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 $229,883 compared to prior year's expenses of $241,706.





Business-Type Activities increased the City's net position by $16,443 primarily because of the following:

- Charges for Services decreased by $2,616 primarily due to a reduction in Airport System revenues of $3,760 as Terminal 2 was closed for part of the 2013 fiscal year due to construction. The reduction in Airport System revenues was offset by an increase in Development Services revenues of $1,421, due to an increase in general fees and an 11.5% increase in residential permit values.
- Capital Grants and Contributions increased $4,815 due to a full year of customer facility charges, which increased Airport System revenues by $4,615.
- Airport System expenses decreased by $16,519 due to a one time impairment of construction in progress associated with Terminal C and Aviation Master Plans in fiscal year 2012.
- An increase in Solid Waste expenses of $3,651 is due to further implement the Organics Recycling Program and the hiring of 12 additional employees in fiscal year 2013 to handle providing services to 10,500 residents that had previously received contractual waste collection services.

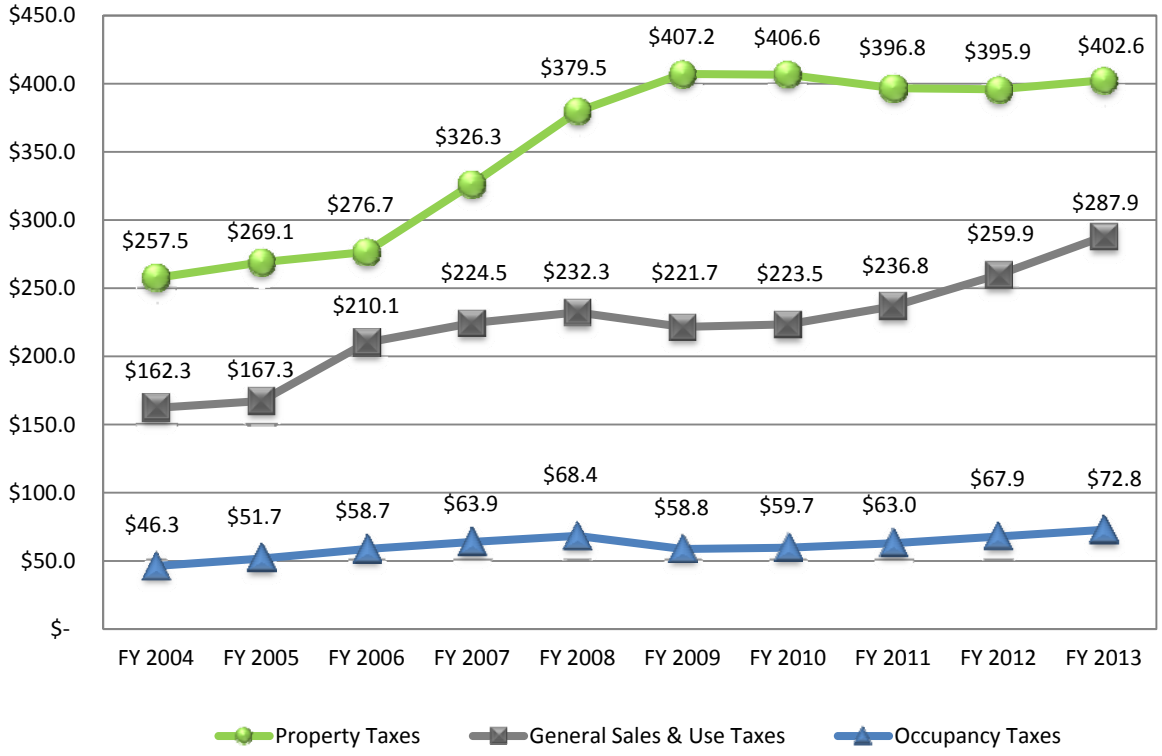
Financial Analysis of Governmental Funds

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 $39,992, which is primarily attributable to: (1) a $28,017 increase in sales and use tax revenues mainly in the General Fund ($11,322) and Early Education Development Fund ($14,498), (2) a $6,675 increase in property tax revenues in the General Fund ($2,819), the Debt Service Funds ($2,411), and in the Community Services Funds ($2,402), and (3) a $4,833 increase in occupancy taxes in the Community and Visitors' Facilities and Hotel/Motel 2% Revenue Funds. The increase in sales and use taxes and occupancy taxes are results of an upswing in the economy, increased activity associated with tourism and convention business, and the approval of an increase in sales tax rate for Pre-K 4 SA.

Revenues From Taxes ($ in millions)



The total fund balance of the General Fund at year-end was $185,164, a decrease of $31,349 from the total fund balance of $216,513 in fiscal year 2012. The total spendable General Fund balance for fiscal year 2013 is $178,926, which represents $718 in restricted, $39,603 in committed, $3,230 in assigned and $135,375 in unassigned fund balances. The unassigned fund balance represents financial reserve amounts held by the City as well as amounts available for additional appropriations at the end of the fiscal year.

The total fund balance of the Debt Service Fund at year-end was $53,980, a decrease of $32,380 from the total fund balance of $86,360 in fiscal year 2012. The entire fund balance is restricted for payment of debt service.

The Home Program Fund has a fund balance of $0 for both fiscal year 2013 and 2012. A core part of the Home Program Funds operations is the issuance, management, and repayment of loans to San Antonio citizens.

The City added two new funds in fiscal year 2013, both of which were major funds. Pre-K 4 SA and TPFC, both blended component units, had ending fund balances of $6,475 and $298,879, respectively. Pre-K 4 SA's fund balance is restricted for education. TPFC's fund balance is restricted for capital project expenditures.

The total fund balance of the 2007 General Obligation Bonds at year-end was $147,578, a decrease of $58,433 from the total fund balance of $206,011 in fiscal year 2012. This stems from continued capital expenditures associated with the $550,000 bond program approved by voters in fiscal year 2007.

The total fund balance of the 2012 General Obligation Bonds at year-end was $173,134, an increase of $101,288 from the total fund balance of $71,846 in fiscal year 2012. The increase is from the sale of General Obligation Bonds issue to support capital expenditures associated with the $596,000 bond program approved by voters in fiscal year 2012.

The General Obligation Project Fund had a negative fund balance of $17,731 at year-end. This was a reduction of $1,695 from the negative fund balance of $19,426 at the end of fiscal year 2012 as subsequent debt funding was received to assist in covering ongoing capital expenditures.

General Fund Budgetary Highlights

Variances in Budget Appropriations (Budgetary Basis) General Fund

	Original Budget	Final Budget	Actual Results
General Government	$ 103,306	$ 95,333	$ 93,374
Public Safety	633,263	640,483	642,221
Public Works	38,694	43,097	40,899
Sanitation	5,786	5,786	5,860
Health Services	16,233	16,630	16,422
Culture and Recreation	82,208	83,111	82,677
Welfare	44,691	47,228	46,052
Economic Development and Opportunity	9,233	10,190	15,406
Transfers to Other Funds	52,787	62,654	60,382
Total	$ 986,201	$ 1,004,512	$ 1,003,293

Changes in original budget appropriations to the final amended budget appropriations resulted in a net $18,311 increase in appropriations. This increase can be summarized by the following:

- General Government's appropriations were reduced $11,661 as a result of indirect cost reimbursements. This decrease was mitigated by a net $3,688 increase in appropriations for budget carryforwards for commitments not spent and budget adjustments moving from Non-Departmental to Public Safety for retiree payout and motor fuel.
- Public Safety contributed $7,220 to the overall increase, which was comprised of an increase of $1,810 in prior year budget carryforwards and $5,410 in budget adjustment increases primarily for retiree payout and motor fuel moved from Non-departmental and a transfer out reclass to expenditures for the Public Safety Answering Point (PSAP).
- The entire increase of $4,403 in Public Works was consisted of budget carryforwards.
- Of the $2,537 increase in Welfare, $2,265 came from budget carryforwards while the remaining $272 was reclassed from transfers out for contributing to the development of the Westside.
- The $9,867 increase in Transfers to Other Funds consisted of a $15,022 increase from budget carryforwards, a $1,154 increase in ordinance and other budget adjustments, and a $6,309 reduction from reclasses and intrafund transfer eliminations.

Final budgeted appropriations for the General Fund were $1,004,512, while actual expenditures on a budgetary basis were $1,003,293, creating an unfavorable variance of $1,219. Significant variances are as follows:

- General Government had a favorable variance of $1,959. The savings are primarily realized in One Time Projects with savings of $1,200 in the Incentive for Inner City Improvements (Merchants Ice House) and other projects due to approval delays. Municipal Elections had savings of $400 as a result of lower than expected number of run-off election races. The City Auditor's Office had $230 in savings due to two vacant positions throughout the year and unused funds reserved for special audit requests.
- Public Safety had an unfavorable variance of $1,738 primarily due to salary expenses comprised of higher than expected retirements, overtime, and sworn leave buy back.
- Public Works reported a favorable variance to budget of $2,198. The savings were seen in construction costs and capital outlay costs of $2,030 and were primarily due to operational savings in the pavement rating survey and in material for street repairs.
- Economic Development and Opportunity saw an unfavorable variance of $5,216 caused by the Economic Development Initiative Fund (EDIF), expending more for incentive projects than expected. EDIF is set up to provide cash incentives to businesses who move into San Antonio and is based on the number of new jobs the company creates, as well as the amount of investment into the community, such as infrastructure or equipment.
- Transfers reflected savings of $2,272 most of which were reported in fiscal year 2013 Street Maintenance Projects and Senior and Child Nutrition grant matches.

Financial Analysis of Proprietary Funds

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

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2013 amounts to $4,612,743 (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 $77,798, which comprises a $61,695 increase in governmental activities and a $16,103 increase in business-type activities.

Capital Assets Year-Ended September 30, 2013 (With Comparative Totals for September 30, 2012)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012 (Restated)*	2013	2012	2013	2012 (Restated)*
Land	$ 1,404,873	$ 1,380,515	$ 14,599	$ 14,599	$ 1,419,472	$ 1,395,114
Construction in Progress	308,352	286,687	64,212	31,489	372,564	318,176
Non-Depreciable Intangible Assets	97,847	82,740			97,847	82,740
Other Non-Depreciable Assets	2,548	2,548			2,548	2,548
Depreciable Intangible Assets	2,233	2,802			2,233	2,802
Buildings	518,365	528,678	279,056	281,116	797,421	809,794
Improvements	482,426	451,331	271,581	283,226	754,007	734,557
Infrastructure	962,595	960,212			962,595	960,212
Machinery and Equipment	182,440	204,471	21,616	24,531	204,056	229,002
Total	$ 3,961,679	$ 3,899,984	$ 651,064	$ 634,961	$ 4,612,743	$ 4,534,945

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

During fiscal year 2013, the City transferred $156,298 of construction in progress to non-depreciable and depreciable asset classes for completed capital projects which were mainly comprised of city-wide streets and drainage projects, terminal improvements at the San Antonio International Airport, improvements to the City's convention and sports facilities, two new Bulky Waste Collection Centers, and improvements to the City's information technology systems. The City additionally expensed $68,237 of construction in progress as a result of impairments, construction costs for Discretely Presented Component Units, and construction that didn't meet the City's capital threshold.

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

Change in Capital Assets Year-Ended September 30, 2013			
	Governmental Activities	Business-Type Activities	Total
Beginning Balance (restated)*	$ 3,899,984	$ 634,961	$ 4,534,945
Additions	295,300	49,622	344,922
Deletions	(80,281)	(1,639)	(81,920)
Accumulated Depreciation	(153,324)	(31,880)	(185,204)
Ending Balance	$ 3,961,679	$ 651,064	$ 4,612,743

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

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

Debt Administration

Long-Term Debt

At the end of the current fiscal year, the City had a total of $2,666,091 in bonds, certificates, and notes outstanding, an increase of 13.5% over last year. Additional information on the City's long-term debt, including descriptions of the new issues, can be found in Note 6 Long-Term Debt.

Outstanding Debt Year-Ended September 30, 2013 (With Comparative Totals for September 30, 2012)		
	Governmental Activities	
	2013	**2012**
Bonds Payable:		
Tax-Exempt General Obligation Bonds	$ 850,645	$ 810,275
Taxable General Obligation Bonds	191,550	191,550
Tax-Exempt Certificates of Obligation	328,140	332,685
Tax Notes	19,190	32,015
Revenue Bonds	878,564	564,371
Revenue Notes	18,460	
Capital Appreciation Bonds (CAB)	1,332	20,923
Total	$ 2,287,881	$ 1,951,819
	Business-Type Activities	
	2013	**2012**
Bonds Payable:		
Tax-Exempt General Obligation Bonds	$ 1,230	$ 1,270
Taxable General Obligation Bonds	13,600	14,900
Tax-Exempt Certificates of Obligation	1,830	1,935
Revenue Bonds	361,550	379,665
Total	$ 378,210	$ 397,770

Governmental Activities

In October 2012, the Texas Public Facilities Corporation issued $550,374 in Public Facilities Corporation Improvement and Refunding Lease Revenue Bonds, Series 2012 to refund all outstanding City indebtedness issued to finance or refinance the existing Convention Center, finance the acquisition, construction, and equipping of the Convention Center Expansion Project, pay capitalized interest on the Current Interest Bonds, and to pay the costs of issuing the Bonds.

In April 2013, the City issued $70,685 in Municipal Drainage Utility System Revenue Refunding Bonds, Series 2013 to refund certain outstanding Municipal Drainage obligations of the City and to pay the costs of issuing the Bonds.

In June 2013, the Starbright Industrial Development Corporation issued $20,890 in Starbright Industrial Development Corporation Contract Revenue Refunding Bonds, Series 2013 to refund certain outstanding Starbright obligations and to pay costs of issuing the Bonds.

In July 2013, the City issued $18,460 in Revenues Notes, Taxable Series 2013 to provide funds for fire station improvements, finance various infrastructure improvements in City Council districts, and to fund facilities developed pursuant to and in support of the Pre-K 4 SA program.

In July 2013, the City issued $114,435 in General Improvement Bonds, Series 2013 and $15,145 in Combination Tax and Revenue Certificates of Obligation, Series 2013. The General Obligation Bonds, Series 2013 were issued to finance improvements to streets, bridges, and sidewalks; drainage and flood control; parks, recreation, and open space; library, museum, and cultural arts facilities; and public safety facilities outlined in the 2012 Bond Program. The Combination Tax and Revenue Certificates of Obligation, Series 2013 were issued to provide funds for payments of contractual obligations incurred for making permanent, public improvements and for other public purposes. These issuances further paid for their costs of issuance.

Standard & Poor's, Moody's, and Fitch's underlying rating for City obligations during fiscal year 2013 were as follows:

Bond Ratings Year-Ended September 30, 2013			
	Standard & Poor's	Moody's	Fitch
General Obligation/Certificates of Obligation/Tax Notes	AAA	Aaa	AAA
Airport System	A+	A1	A+
Aiport PFC	A-	A2	A
Municipal Drainage Utility System Revenue Bonds	AA+	Aa2	AA

The Constitution of the State of Texas and the City Charter limit the amount of debt the City may incur. For more information related to these limits see Note 6 Long-Term Debt. The total gross assessed valuation for the fiscal year-ended 2013 was $83,494,323, which provides a debt ceiling of $8,349,432.

Currently Known Facts

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

Requests for Information

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

Basic Financial Statements

Statement of Net Position
As of September 30, 2013
(In Thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Assets:				
Current Assets:				
Cash and Cash Equivalents	$ 41,590	$ 5,657	$ 47,247	$ 456,058
Securities Lending Collateral	7,946	1,330	9,276	
Investments	301,970	50,423	352,393	80,460
Receivables, Net	110,940	10,103	121,043	308,678
Materials and Supplies, at Cost	8,193	852	9,045	191,648
Internal Balances	9,668	(8,699)	969	
Due From Other Governmental Agencies	5,216	76	5,292	2,016
Deposits	138		138	
Prepaid Expenses	925	24	949	107,888
Other Assets				691
Restricted Assets:				
Cash and Cash Equivalents	423,601	21,040	444,641	237,808
Securities Lending Collateral	13,246	2,965	16,211	11,209
Investments	553,166	130,433	683,599	1,057,475
Receivables, Net	105,770	1,690	107,460	56,717
Materials and Supplies, at Cost	1,107		1,107	
Deferred Charges				3,249
Deposits	1		1	
Prepaid Expenses	41		41	5,967
Due From Other Governmental Agencies	9,991		9,991	
Total Current Assets	1,593,509	215,894	1,809,403	2,519,864
Noncurrent Assets:				
Capital Assets:				
Non Depreciable	1,813,620	78,811	1,892,431	1,700,154
Depreciable, Net	2,148,059	572,253	2,720,312	10,382,496
Assets Held for Resale				5,009
Receivables, Net	4,144		4,144	11,821
Prepaid Expenses				817,735
Net OPEB Asset and Pension Asset				14,364
Other Noncurrent Assets				188,901
Unamortized Bond Issuance Costs	11,581	6,121	17,702	17,528
Total Noncurrent Assets	3,977,404	657,185	4,634,589	13,138,008
Total Assets	5,570,913	873,079	6,443,992	15,657,872
Deferred Outflows of Resources				
Accumulated Decrease in Fair Value of Hedging Derivatives				37,130
Derivative Instrument				2,594
Total Deferred Outflows of Resources:				39,724
Liabilities:				
Current Liabilities:				
Accounts Payable and Current Liabilities	106,060	7,056	113,116	359,062
Accrued Interest	14	79	93	
Securities Lending Obligation	7,946	1,330	9,276	
Unearned Revenue	7,225		7,225	6,945
Due To Other Governmental Agencies	164	2	166	5
Restricted Liabilities:				
Accounts Payable and Current Liabilities	58,727	12,474	71,201	44,544
Accrued Interest	15,275	4,525	19,800	30,248
Securities Lending Obligation	13,246	2,965	16,211	11,209
Unearned Revenue	98,734		98,734	
Due To Other Governmental Agencies	4,625		4,625	
Current Portion of Long-term Obligations	219,893	28,771	248,664	358,498
Total Current Liabilities	531,909	57,202	589,111	810,511
Noncurrent Liabilities:				
Noncurrent Portion of Long-term Obligations	2,588,850	414,093	3,002,943	9,330,751
Total Noncurrent Liabilities	2,588,850	414,093	3,002,943	9,330,751
Total Liabilities	3,120,759	471,295	3,592,054	10,141,262
Net Position:				
Net Investment in Capital Assets	2,304,579	292,278	2,596,857	4,306,216
Restricted for:				
Debt Service	48,177	24,426	72,603	45,229
Capital Projects	19,948	66,992	86,940	484,070
Operating and Other Reserves				98,255
Perpetual Care: Expendable	2		2	
Perpetual Care: Nonexpendable	4,516		4,516	
Unrestricted	72,932	18,088	91,020	622,564
Total Net Position	$ 2,450,154	$ 401,784	$ 2,851,938	$ 5,556,334

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

Amounts are expressed in thousands

Statement of Activities

Year-Ended September 30, 2013

(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	$ 127,697	$ 27,951	$ 7,621	$ 221	$ (91,904)	$ -	$ (91,904)	
Public Safety	684,547	12,278	12,120	1,304	(658,845)		(658,845)	
Public Works	257,395	44,706	20,522	31,647	(160,520)		(160,520)	
Sanitation	13,250	365	7,064		(5,821)		(5,821)	
Health Services	38,250	30,356	18,703	18	10,827		10,827	
Culture and Recreation	161,280	46,707	3,724	2,446	(108,403)		(108,403)	
Convention and Tourism	29,674		10,836	776	(18,062)		(18,062)	
Urban Redevelopment and Housing	9,111	584	6,755		(1,772)		(1,772)	
Welfare	162,015	2	109,844		(52,169)		(52,169)	
Education	6,381				(6,381)		(6,381)	
Economic Development and Opportunity	117,362	90	5,743	108,787	(2,742)		(2,742)	
Amortization of Bond Related Costs	4,558				(4,558)		(4,558)	
Interest on Long-Term Debt	110,458				(110,458)		(110,458)	
Total Governmental Activities	1,721,978	163,039	202,932	145,199	(1,210,808)		(1,210,808)	
Business-Type Activities:								
Airport System	102,041	80,635		39,218		17,812	17,812	
Development Services	24,437	24,813				376	376	
Market Square	2,135	2,477		362		704	704	
Parking System	8,214	8,654				440	440	
Solid Waste Management	93,056	92,871				(185)	(185)	
Total Business-Type Activities	229,883	209,450		39,580		19,147	19,147	
Total Primary Government	$ 1,951,861	$ 372,489	$ 202,932	$ 184,779	(1,210,808)	19,147	(1,191,661)	
Discretely Presented Component Units:								
CPS Energy	$ 2,292,701	$ 2,213,486	$ -	$ 32,777				$ (46,438)
San Antonio Water System	431,392	438,528		81,785				88,921
Brooks Development Authority	35,680	7,531	133					(28,016)
Port Authority of San Antonio	41,268	42,554						1,286
SA Energy Acquisition Corporation	54,170	53,223						(947)
SA Water System District Special Project	66,705	66,618		4,389				4,302
Total Component Units	$ 2,921,916	$ 2,821,940	$ 133	$ 118,951				19,108
General Revenues:								
Taxes:								
Property					402,619		402,619	
General Sales and Use					287,944		287,944	
Selective Sales and Use					5,799		5,799	
Gross Receipts Business					33,745		33,745	
Occupancy					72,770		72,770	
Penalties and Interest on Delinquent Taxes					3,302		3,302	
Revenues from Utilities					307,687		307,687	
Investment Earnings					5,192	1,026	6,218	78,822
Miscellaneous					35,500	621	36,121	6,100
Special Items								(7,132)
Adjustment for STP Pension Cost								(14,164)
Transfers, net					(2,871)	(4,351)	(7,222)	
Total General Revenues, Special Items, and Transfers					1,151,687	(2,704)	1,148,983	63,626
Change in Net Position					(59,121)	16,443	(42,678)	82,734
Net Position - Beginning of Fiscal Year (restated)					2,509,275	385,341	2,894,616	5,473,600
Net Position - End of Fiscal Year					$ 2,450,154	$ 401,784	$ 2,851,938	$ 5,556,334

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

Amounts are expressed in thousands

Balance Sheet
Governmental Funds
As of September 30, 2013
(In Thousands)

	MAJOR FUNDS									
	GENERAL	DEBT SERVICE	HOME PROGRAM	PRE-K 4 SA	TEXAS PUBLIC FACILITIES CORP.	2007 GENERAL OBLIGATION BONDS	2012 GENERAL OBLIGATION BONDS	GENERAL OBLIGATION PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets:										
Cash and Cash Equivalents	$ 9,209	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,300	$ 28,509
Securities Lending Collateral	2,289								2,576	4,865
Investments	87,507								97,673	185,180
Receivables, Net	104,452								5,966	110,418
Materials and Supplies, at Cost	6,190								144	6,334
Prepaid Expenditures	48									48
Due from:										
Other Funds	27,123								353	27,476
Other Governmental Agencies, Net	3,677								415	4,092
Restricted Assets:										
Cash and Cash Equivalents	152	14,256	431	1,690	304,060	14,890	17,553	10,684	59,885	423,601
Securities Lending Collateral	29		95			3,495	4,098		5,529	13,246
Investments	1,085	40,163	3,598			132,504	155,405		220,411	553,166
Receivables, Net	2	6,555	40,647		3	226	176		58,161	105,770
Materials and Supplies, at Cost									1,107	1,107
Deposits									1	1
Prepaid Expenditures									41	41
Due from:										
Other Funds		349		5,056		3			11,353	16,761
Other Governmental Agencies, Net								8,614	1,377	9,991
Total Assets	$ 241,763	$ 61,323	$ 44,771	$ 6,746	$ 304,063	$ 151,118	$ 177,232	$ 19,298	$ 484,292	$ 1,490,606
Liabilities and Fund Balances:										
Liabilities:										
Vouchers Payable	$ 10,730	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,427	$ 13,157
Accounts Payable - Other	5,008								4,982	9,990
Accrued Payroll	7,472								549	8,021
Accrued Leave Payable	8,745								15	8,760
Deferred Revenue	18,443									18,443
Securities Lending Obligation	2,289								2,576	4,865
Due To:										
Other Funds	3,719								706	4,425
Other Governmental Agencies	164									164
Restricted Liabilities:										
Vouchers Payable			58	13				11,173	15,048	26,292
Accounts Payable - Other			32	69				9,579	19,493	29,173
Accrued Payroll			7	11					815	833
Deferred Revenue		5,883	44,579					16,277	32,664	99,403
Securities Lending Obligation	29		95			3,495	4,098		5,529	13,246
Amounts Held in Trust									2,429	2,429
Due to:										
Other Funds		1,460		178	5,184	45			29,390	36,257
Other Governmental Agencies									4,625	4,625
Total Liabilities	56,599	7,343	44,771	271	5,184	3,540	4,098	37,029	121,248	280,083
Fund Balances:										
Nonspendable	6,238								4,943	11,181
Restricted	718	53,980		6,475	298,879	147,578	173,134		266,143	946,907
Committed	39,603								85,060	124,663
Assigned	3,230								19,866	23,096
Unassigned	135,375							(17,731)	(12,968)	104,676
Total Fund Balances	185,164	53,980	-	6,475	298,879	147,578	173,134	(17,731)	363,044	1,210,523
Total Liabilities and Fund Balances	$ 241,763	$ 61,323	$ 44,771	$ 6,746	$ 304,063	$ 151,118	$ 177,232	$ 19,298	$ 484,292	$ 1,490,606

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

Amounts are expressed in thousands

Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
As of September 30, 2013
(In Thousands)

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

Fund Balances - Total Governmental Funds		$	1,210,523
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Governmental Capital Assets:			
Land	1,404,873		
Other Non-Depreciable Assets	2,548		
Construction In Progress	308,352		
Non-Depreciable Intangible Assets	97,847		
Depreciable Intangible Assets	3,833		
Buildings	856,880		
Improvements	667,531		
Infrastructure	2,715,313		
Machinery and Equipment	295,334		
Less: Accumulated Depreciation	(2,460,255)		
Total Governmental Capital Assets			3,892,256
Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore, are not reported in the governmental funds as revenues, but as deferred revenues.			
Revenues previously recorded as deferred in the fund financial statements	24,388		
Unearned revenues previously recorded as income in the fund financial statements	(12,494)		
Net revenues recognized			11,894
Long-term receivables applicable in governmental activities are not anticipated to be received in the current year and, therefore, are not reported in the governmental funds.			4,349
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.			107,018
Long-term liabilities are not due and payable in the current year, neither are associated unamortized assets' available financial resources and, therefore, are not reported in the governmental funds.			
Governmental Bonds Payable	(2,287,881)		
Unamortized Discount/(Premium) on Bonds, Net	(102,110)		
Deferred Amount on Refunding	23,018		
Capital Lease Liability	(11,561)		
Notes Payable	(43,671)		
Unamortized Bond Issuance Costs	11,581		
Net OPEB Obligation	(149,073)		
Accrued Interest Payable	(15,275)		
Pollution Remediation Payable	(1,518)		
Accrued Leave Payable	(198,962)		
Other Payable	(434)		
			(2,775,886)
Net Position of Governmental Activities		$	2,450,154

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year-Ended September 30, 2013
(In Thousands)

	MAJOR FUNDS									
	GENERAL	DEBT SERVICE	HOME PROGRAM	PRE-K 4 SA	TEXAS PUBLIC FACILITIES CORP.	2007 GENERAL OBLIGATION BONDS	2012 GENERAL OBLIGATION BONDS	GENERAL OBLIGATION PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:										
Taxes:										
Property	$ 247,046	$ 147,498	$ -	$ -	$ -	$ -	$ -	$ -	$ 10,081	$ 404,625
General Sales and Use	230,971								56,973	287,944
Selective Sales and Use	5,799									5,799
Gross Receipts Business	30,840								2,905	33,745
Occupancy									72,770	72,770
Penalties and Interest on Delinquent Taxes	2,033	1,214							55	3,302
Licenses and Permits	8,343									8,343
Intergovernmental	6,892		3,926					22,482	197,056	230,356
Revenues from Utilities	307,300									307,300
Charges for Services	50,094								81,126	131,220
Fines and Forfeits	13,508								417	13,925
Miscellaneous	13,911	3,749	905					41	16,702	35,308
Investment Earnings	785	77	21	1	30	886	475		1,957	4,232
Contributions				135	776			517	126,584	128,012
Total Revenues	917,522	152,538	4,852	136	806	886	475	23,040	566,626	1,666,881
Expenditures:										
Current:										
General Government	85,324	739	4			195	85	1	8,625	94,973
Public Safety	641,991								17,958	659,949
Public Works	37,283								55,215	92,498
Health Services	16,352								20,273	36,625
Sanitation	5,827								7,363	13,190
Welfare	44,383								115,145	159,528
Culture and Recreation	81,385								64,885	146,270
Convention and Tourism									18,939	18,939
Urban Redevelopment and Housing			4,857						4,357	9,214
Education				923					2,577	3,500
Economic Development and Opportunity	10,998								105,840	116,838
Capital Outlay								117,302	173,736	291,038
Debt Service:										
Principal Retirement		109,780							7,815	117,595
Interest		67,065			18,557				17,343	102,965
Issuance Costs		677			4,384		863		541	6,465
Total Expenditures	923,543	178,261	4,861	923	22,941	195	948	117,303	620,612	1,869,587
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,021)	(25,723)	(9)	(787)	(22,135)	691	(473)	(94,263)	(53,986)	(202,706)
Other Financing Sources (Uses):										
Issuance of Long-Term Debt		70,685			550,374		114,435		58,177	793,671
Payments to Refunded Bond Escrow Agent		(335,132)							(21,837)	(356,969)
Premium/(Discount) on Long-Term Debt		12,350			17,308		12,022		1,566	43,246
Transfers In	17,341	245,598	17	7,262	8,502	14		96,034	319,691	694,459
Transfers Out	(42,669)	(158)	(8)		(255,170)	(59,138)	(24,696)	(76)	(317,064)	(698,979)
Total Other Financing Sources (Uses)	(25,328)	(6,657)	9	7,262	321,014	(59,124)	101,761	95,958	40,533	475,428
Net Change in Fund Balances	(31,349)	(32,380)		6,475	298,879	(58,433)	101,288	1,695	(13,453)	272,722
Fund Balances, October 1 (restated)	216,513	86,360				206,011	71,846	(19,426)	376,497	937,801
Fund Balances, September 30	$ 185,164	$ 53,980	$ -	$ 6,475	$ 298,879	$ 147,578	$ 173,134	$ (17,731)	$ 363,044	$ 1,210,523

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

Amounts are expressed in thousands

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

Year-Ended September 30, 2013

(In Thousands)

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

Net change in Fund Balances - Total Governmental Funds		$	272,722
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	276,786		
Pollution Remediation Capitalization	1,037		
Donated Capital Assets	1,608		
Less: Current Year Depreciation	(143,677)		
Less: Current Year Deletions	(69,168)		
			66,586
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			(4,456)
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 issuance costs, premiums, discounts and similar items when debt is first issued. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Bond, Note and Loan Amounts Issued	(793,671)		
(Premium)/Discount on Long-term Debt	(43,246)		
Bond Issuance Costs	6,465		
Payments to Escrow Agent	356,969		
Amortization of Bond Premiums/Discounts, Deferred Charges, and Cost of Issuance, Net	(4,558)		
Principal Payments	117,595		
			(360,446)
The following expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:			
Interest Expense	(7,493)		
Accrued Leave Payable	(6,950)		
Net OPEB Obligation	(19,860)		
Pollution Remediation	(130)		
Principal Amounts on Leases and Notes	1,033		
Other Expenses	(434)		
			(33,834)
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.			307
Change in Net Position of Governmental Activities		$	(59,121)

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

Statement of Net Position
Proprietary Funds
As of September 30, 2013
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Assets:				
Current Assets:				
Unrestricted Assets:				
Cash and Cash Equivalents	$ 3,045	$ 2,612	$ 5,657	$ 13,081
Securities Lending Collateral	717	613	1,330	3,081
Investments	27,173	23,250	50,423	116,790
Receivables, Net	2,173	7,930	10,103	317
Materials and Supplies, at Cost	798	54	852	1,859
Deposits				138
Prepaid Expenses	3	21	24	877
Due From:				
Other Funds	37	252	289	1,212
Other Governmental Agencies, Net	76		76	1,124
Total Unrestricted Assets	34,022	34,732	68,754	138,479
Restricted Assets:				
Debt Service Accounts:				
Cash and Cash Equivalents	6,006	854	6,860	
Securities Lending Collateral		126	126	
Investments	17,121	5,674	22,795	
Receivables, Net		8	8	
Construction Accounts:				
Cash and Cash Equivalents	5,897	476	6,373	
Securities Lending Collateral	797	70	867	
Investments	30,212	2,657	32,869	
Receivables, Net	56	6	62	
Improvement and Contingency Accounts:				
Cash and Cash Equivalents	6,656	1,150	7,806	
Securities Lending Collateral	1,702	270	1,972	
Investments	64,535	10,234	74,769	
Receivables, Net	1,604	16	1,620	
Due From:				
Other Funds	1,732		1,732	
Other Restricted Assets:				
Cash and Cash Equivalents	1		1	
Total Restricted Assets	136,319	21,541	157,860	
Total Current Assets	170,341	56,273	226,614	138,479
Noncurrent Assets:				
Capital Assets:				
Land	5,322	9,277	14,599	
Buildings	365,201	30,428	395,629	179
Improvements	399,430	22,341	421,771	244
Machinery and Equipment	17,054	38,865	55,919	199,335
Depreciable Intangible				250
Construction in Progress	62,523	1,689	64,212	
Total Capital Assets	849,530	102,600	952,130	200,008
Less: Accumulated Depreciation	261,543	39,523	301,066	130,585
Net Capital Assets	587,987	63,077	651,064	69,423
Unamortized Bond Issuance Costs	5,908	213	6,121	
Total Noncurrent Assets	593,895	63,290	657,185	69,423
Total Assets	$ 764,236	$ 119,563	$ 883,799	$ 207,902

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

Amounts are expressed in thousands

Statement of Net Position
Proprietary Funds
As of September 30, 2013
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Liabilities:				
Current Liabilities:				
Payable from Current Unrestricted Assets:				
Vouchers Payable	$ 1,310	$ 1,165	$ 2,475	$ 4,832
Accounts Payable-Other	853	2,144	2,997	2,604
Claims Payable				25,718
Accrued Payroll	542	1,042	1,584	1,133
Accrued Interest	17	62	79	14
Current Portion of Accrued Leave Payable	1,680	2,212	3,892	2,730
Securities Lending Obligation	717	613	1,330	3,081
Unearned Revenue				7
Current Portion of Capital Lease Liability	176	3,927	4,103	1,270
Current Portion of Accrued Landfill Postclosure Costs		142	142	
Due To Other Funds	1,739	3,420	5,159	627
Due To Other Governmental Agencies		2	2	
Total Payable from Current Unrestricted Assets	7,034	14,729	21,763	42,016
Payable from Restricted Assets:				
Vouchers Payable	12,329	145	12,474	
Accrued Interest	4,371	154	4,525	
Securities Lending Obligation	2,499	466	2,965	
Current Portion of Bonds and Certificates (net of premium/discount)	19,661	1,647	21,308	
Due to Other Funds		33	33	
Current Portion of Deferred Amount on Refunding	(494)	(180)	(674)	
Total Payable from Restricted Assets	38,366	2,265	40,631	
Total Current Liabilities	45,400	16,994	62,394	42,016
Noncurrent Liabilities:				
Bonds and Certificates (net of current portion & premium/discount)	354,384	15,191	369,575	
Deferred Amount on Refunding (net of current portion)	(2,787)	(1,192)	(3,979)	
Claims Payable				40,605
Accrued Leave Payable (net of current portion)	590	343	933	333
Capital Lease Liability (net of current portion)	2,742	9,260	12,002	2,454
Net OPEB and Pension Obligation	10,849	21,928	32,777	20,968
Pollution Remediation	1,040		1,040	36
Accrued Landfill Postclosure Costs (net of current portion)		1,745	1,745	
Total Noncurrent Liabilities	366,818	47,275	414,093	64,396
Total Liabilities	412,218	64,269	476,487	106,412
Net Position:				
Net Investment in Capital Assets	250,414	41,864	292,278	65,699
Restricted:				
Debt Service	18,053	6,373	24,426	
Capital Projects	63,037	3,955	66,992	
Unrestricted	20,514	3,102	23,616	35,791
Total Net Position	$ 352,018	$ 55,294	$ 407,312	$ 101,490
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(5,528)	
Net position of business-type activities			$ 401,784	

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

Amounts are expressed in thousands

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year-Ended September 30, 2013
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Operating Revenues:				
Charges for Services	$ 80,635	$ 128,815	$ 209,450	$ 275,555
Total Operating Revenues	80,635	128,815	209,450	275,555
Operating Expenses:				
Personal Services	29,918	57,479	87,397	63,402
Contractual Services	9,415	29,225	38,640	40,043
Commodities	2,387	7,348	9,735	2,856
Materials				26,464
Claims				107,595
Other	7,773	26,251	34,024	21,867
Depreciation	25,911	6,237	32,148	18,903
Total Operating Expenses	75,404	126,540	201,944	281,130
Operating Income (Loss)	5,231	2,275	7,506	(5,575)
Nonoperating Revenues (Expenses):				
Investment Earnings	774	252	1,026	913
Other Nonoperating Revenue	25,441	621	26,062	2,025
Gain (Loss) on Sale of Capital Assets	(327)	(13)	(340)	1,527
Interest and Debt Expense	(18,127)	(1,381)	(19,508)	(54)
Other Nonoperating Expense	(8,229)	(253)	(8,482)	(114)
Total Nonoperating Revenues (Expenses)	(468)	(774)	(1,242)	4,297
Change in Net Position Before Contributions and Transfers	4,763	1,501	6,264	(1,278)
Capital Contributions	14,104	362	14,466	
Transfers In (Out):				
Transfers In	1	5,570	5,571	4,010
Transfers Out	(165)	(9,757)	(9,922)	(2,361)
Total Transfers In (Out)	(164)	(4,187)	(4,351)	1,649
Change In Net Position	18,703	(2,324)	16,379	371
Net Position - October 1	333,315	57,618		101,119
Net Position - September 30	$ 352,018	$ 55,294		$ 101,490
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			64	
Change in Net Position of Business-Type Activities			$ 16,443	

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

Amounts are expressed in thousands

Statement of Cash Flows
Proprietary Funds
Year-Ended September 30, 2013
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	NONMAJOR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:				
Cash Received from Customers	$ 83,317	$ 128,495	$ 211,812	$ 275,226
Cash Payments to Suppliers for Goods and Services	(19,492)	(62,798)	(82,290)	(200,944)
Cash Payments to Employees for Service	(28,281)	(52,848)	(81,129)	(58,696)
Net Cash Provided by Operating Activities	35,544	12,849	48,393	15,586
Cash Flows from Noncapital Financing Activities:				
Transfers In from Other Funds	1	5,570	5,571	4,010
Transfers Out to Other Funds	(165)	(9,757)	(9,922)	(2,361)
Due to Other Funds	7	3,141	3,148	(4,196)
Due from Other Funds	580	(60)	520	7,776
Cash Received from Other Nonoperating Revenues	25,441	621	26,062	2,025
Net Cash Provided by (Used for) Noncapital Financing Activities	25,864	(485)	25,379	7,254
Cash Flows from Capital and Related Financing Activities:				
Contributed Capital	13,272	362	13,634	
Acquisitions and Construction of Capital Assets	(44,561)	(4,027)	(48,588)	(16,006)
Principal Payments on Long-Term Debt	(18,115)	(1,445)	(19,560)	
Interest and Fees Paid on Long-Term Debt	(19,435)	(1,417)	(20,852)	
Interest Paid on Notes and Leases				(5)
Principal Payments on Notes and Leases	(170)	(5,037)	(5,207)	(1,269)
Proceeds from Sale of Assets				3,520
Net Cash (Used for) Capital and Related Financing Activities	(69,009)	(11,564)	(80,573)	(13,760)
Cash Flows from Investing Activities:				
Purchases of Investment Securities	(186,975)	(45,143)	(232,118)	(119,248)
Maturity of Investment Securities	183,666	42,085	225,751	112,017
Purchases of Investments for Securities Lending	(2,267)	(560)	(2,827)	(2,533)
Proceeds from Cash Collected for Securities Lending Cash Collateral	2,267	560	2,827	2,533
Investments Earnings	558	248	806	724
Net Cash (Used for) Investing Activities	(2,751)	(2,810)	(5,561)	(6,507)
Net Increase (Decrease) in Cash and Cash Equivalents	(10,352)	(2,010)	(12,362)	2,573
Cash and Cash Equivalents, October 1	31,957	7,102	39,059	10,508
Cash and Cash Equivalents, September 30	$ 21,605	$ 5,092	$ 26,697	$ 13,081
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	$ 5,231	$ 2,275	$ 7,506	$ (5,575)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	25,911	6,237	32,148	18,903
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	2,884	(247)	2,637	164
(Increase) in Due from Other Governmental Agencies		(2)	(2)	(491)
(Increase) Decrease in Materials and Supplies	(31)	2	(29)	(140)
Decrease in Prepaid Expenses	3		3	264
Increase in Vouchers Payable	166	175	341	110
(Decrease) in Claims Payable				(1,926)
Increase (Decrease) in Accounts Payable - Other	(55)	7	(48)	(427)
Increase in Accrued Payroll	73	265	338	249
Increase (Decrease) in Accrued Leave Payable	(157)	71	(86)	181
(Decrease) in Landfill Postclosure Liability		(157)	(157)	
Increase in Net OPEB and Pension Obligation	1,721	4,296	6,017	4,275
(Decrease) in Unearned Revenue	(202)	(73)	(275)	(1)
Net Cash Provided by Operating Activities	$ 35,544	$ 12,849	$ 48,393	$ 15,586
Noncash Investing, Capital and Financing Activities				
Contributed Capital	$ 832			

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

Amounts are expressed in thousands

Statement of Fiduciary Net Position/Balance Sheet
Fiduciary Funds
As of September 30, 2013
(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	$ 63,366	$ 24	$ 9,938
Security Lending Collateral	121,119		67
Investments:			
Common Stock	1,082,804		
U.S. Government Securities	70,968		2,541
Corporate Bonds	384,892		
Mutual Funds	67,164		
Hedge Funds	377,810		
Real Estate	302,952		
Alternative	395,879		
Receivables:			
Accounts	12,665		207
Accrued Interest	5,110		4
Prepaid Expense	93		
Total Current Assets	2,884,822	24	12,757
Capital Assets:			
Machinery and Equipment	379		
Buildings	701		
Total Capital Assets	1,080		
Less: Accumulated Depreciation	261		
Net Capital Assets	819		
Total Assets	$ 2,885,641	$ 24	$ 12,757
Liabilities:			
Vouchers Payable	$ 4,146	$ -	$ -
Accounts Payable - Other	22,652		12,690
Claims Payable	2,725		
Accrued Payroll	248		
Securities Lending Obligation	121,119		67
Total Liabilities	150,890		$ 12,757
Net Position:			
Net Position Held in Trust for Pension, OPEB Benefits and Other Purposes	$ 2,734,751	$ 24	

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

Amounts are expressed in thousands

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year-Ended September 30, 2013
(In Thousands)

	FIRE AND POLICE PENSION AND HEALTH CARE FUNDS	PRIVATE PURPOSE TRUST FUND - SAN ANTONIO LITERACY PROGRAM
Additions:		
Contributions:		
Employer	$ 98,537	$ -
Employee	49,268	
Other Contributions	1,078	
Total Contributions	148,883	
Investment Earnings:		
Net Increase in Fair Value of Investments	218,745	
Real Estate Income, Net	11,157	
Interest and Dividends	50,418	
Securities Lending	433	
Other Income	265	
Total Investment Earnings	281,018	
Less: Investment Expenses		
Investment Management Fees and Custodian Fees	(13,189)	
Less: Securities Lending Expenses		
Borrower Rebates and Lending Fees	(58)	
Net Investment Earnings	267,771	
Total Additions	416,654	
Deductions:		
Benefits	140,859	
Refunds of Contributions	254	
Administrative Expense	4,725	
Total Deductions	145,838	
Change in Net Position	270,816	
Net Position - October 1	2,463,935	24
Net Position - September 30	$ 2,734,751	$ 24

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

Amounts are expressed in thousands

Statement of Net Position
Discretely Presented Component Units
As of September 30, 2013
(In Thousands)

	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNITS	TOTAL
Assets:				
Current Assets:				
Unrestricted Assets:				
Cash and Cash Equivalents	$ 271,895	$ 132,273	$ 51,890	$ 456,058
Investments	28,766	51,694		80,460
Receivables, Net	231,440	55,963	21,275	308,678
Materials and Supplies, at Cost	185,647	5,956	45	191,648
Due from Other Governmental Agencies			2,016	2,016
Prepaid Expenses	70,242	2,337	35,309	107,888
Other Assets			691	691
Total Unrestricted Assets	787,990	248,223	111,226	1,147,439
Restricted Assets:				
Debt Service Accounts:				
Cash and Cash Equivalents	1,231	2	20,523	21,756
Investments		47,913	11,341	59,254
Receivables - Accrued Interest			97	97
Capital Projects Accounts:				
Cash and Cash Equivalents	89,086	43,351		132,437
Investments		114,145		114,145
Ordinance Accounts:				
Cash and Cash Equivalents	56,554			56,554
Investments	316,149			316,149
Other Restricted Accounts:				
Cash and Cash Equivalents	23,188	578	3,295	27,061
Securities Lending Collateral	11,209			11,209
Investments	440,007	127,920		567,927
Receivables			56,620	56,620
Deferred Charges			3,249	3,249
Prepaid Expenses	5,967			5,967
Total Restricted Assets	943,391	333,909	95,125	1,372,425
Total Current Assets	1,731,381	582,132	206,351	2,519,864
Noncurrent Assets:				
Capital Assets:				
Land	148,867	94,971	50,272	294,110
Depreciable Intangible Assets	234,304	1,347		235,651
Infrastructure			60,875	60,875
Buildings			232,603	232,603
Utility Plant in Service	11,242,861	4,076,528	370,343	15,689,732
Machinery and Equipment		183,131	16,938	200,069
Construction in Progress	591,725	571,547	29,183	1,192,455
Water Rights and Other Non-Depreciable Intangible Assets		213,589		213,589
Nuclear Fuel	746,297			746,297
Total Capital Assets	12,964,054	5,141,113	760,214	18,865,381
Less: Accumulated Depreciation	5,168,014	1,369,885	244,832	6,782,731
Assets Held for Resale			5,009	5,009
Net Capital Assets	7,796,040	3,771,228	520,391	12,087,659
Other Noncurrent Assets:				
Receivables		6,985	4,836	11,821
Prepaid Expenses	357,864		459,871	817,735
Net OPEB and Pension Asset	14,364			14,364
Other Noncurrent Assets	166,616		22,285	188,901
Unamortized Bond Issuance Costs		17,528		17,528
Total Noncurrent Assets	8,334,884	3,795,741	1,007,383	13,138,008
Total Assets	$ 10,066,265	$ 4,377,873	$ 1,213,734	$ 15,657,872
Deferred Outflows of Resources				
Accumulated Decrease in Fair Value of Hedging Derivatives	$ 17,384	$ 19,746	$ -	$ 37,130
Derivative Instrument			2,594	2,594
Total Deferred Outflows of Resources	$ 17,384	$ 19,746	$ 2,594	$ 39,724

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

Statement of Net Position
Discretely Presented Component Units
As of September 30, 2013
(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	$ 300,832	$ 43,602	$ 14,628	$ 359,062
Unearned Revenue			6,945	6,945
Due to Other Governmental Agencies			5	5
Current Portion of Long-term Lease/Notes Payable			5,151	5,151
Current Portion of Deferred Lease/Leaseback	22,560			22,560
Current Portion of Other Payables	28,827	9,956	160	38,943
Total Payable from Current Unrestricted Assets	352,219	53,558	26,889	432,666
Payable from Restricted Assets:				
Accounts Payable and Other Current Liabilities		44,544		44,544
Securities Lending Obligation	11,209			11,209
Accrued Bond and Certificate Interest		13,661	16,587	30,248
Current Portion of Bonds and Certificates	208,810	47,315	31,705	287,830
Current Portion of Commercial Paper		2,970		2,970
Other Payables			1,044	1,044
Total Payable from Restricted Assets	220,019	108,490	49,336	377,845
Total Current Liabilities	572,238	162,048	76,225	810,511
Noncurrent Liabilities:				
Bonds and Certificates (Net of Current Portion)	4,756,925	1,940,495	805,671	7,503,091
Commercial Paper (Net of Current Portion)	296,500	167,775		464,275
Unamortized Premium/(Discount) on Bonds and Certificates	222,427	95,735	(97)	318,065
Deferred Amount on Refunding	(94,561)	(36,995)		(131,556)
Long-Term Lease/Notes Payable (Net of Current Portion)			49,984	49,984
Deferred Lease/Leaseback (Net of Current Portion)	407,970			407,970
Net Pension and OPEB Obligation		82,910		82,910
Other Payables (Net of Current Portion)	600,706	27,711	7,595	636,012
Total Noncurrent Liabilities	6,189,967	2,277,631	863,153	9,330,751
Total Liabilities	6,762,205	2,439,679	939,378	10,141,262
Net Position:				
Net Investment in Capital Assets	2,406,930	1,692,909	206,377	4,306,216
Restricted for:				
Debt Service	725	34,254	10,250	45,229
Capital Projects	470,928		13,142	484,070
Operating and Other Reserves		97,070	1,185	98,255
Unrestricted	442,861	133,707	45,996	622,564
Total Net Position	$ 3,321,444	$ 1,957,940	$ 276,950	$ 5,556,334

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

Statement of Activities
Discretely Presented Component Units
Year-Ended September 30, 2013
(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	$ 2,292,701	$ 2,213,486	$ -	$ 32,777	$ (46,438)	$ -	$ -	$ (46,438)
San Antonio Water System	431,392	438,528		81,785		88,921		88,921
Nonmajor Component Units	197,823	169,926	133	4,389			(23,375)	(23,375)
Total	$ 2,921,916	$ 2,821,940	$ 133	$ 118,951	(46,438)	88,921	(23,375)	19,108
General Revenues:								
Investment Earnings					69,963	6,149	2,710	78,822
Miscellaneous						430	5,670	6,100
Special Items					(7,132)			(7,132)
Adjustment for STP Pension Cost					(14,164)			(14,164)
Total General Revenues and Special Items					48,667	6,579	8,380	63,626
Change in Net Position					2,229	95,500	(14,995)	82,734
Net Position - Beginning of Fiscal Year					3,319,215	1,862,440	291,945	5,473,600
Net Position - End of Fiscal Year					$ 3,321,444	$ 1,957,940	$ 276,950	$ 5,556,334

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

Amounts are expressed in thousands

Comprehensive Annual Financial Report
Table of Notes to Financial Statements
Year-Ended September 30, 2013

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Note 1 Summary of Significant Accounting Policies

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

Reporting Entity

In the evaluation of how to define the City for financial reporting purposes, management considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus — an amendment of GASB Statements No. 14 and No. 34*. The underlying concept of the financial reporting entity is improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.

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

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

The following criteria (as set forth in GASB Statement No. 61) were used in the evaluation of potential component units of the City:

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

Note 1 Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

The criteria outlined on the previous page were excerpted from GASB Statement No. 39 and 61. For a more detailed explanation of the criteria established by the Statements, the reader is referred to the *Codification of Governmental Accounting and Financial Reporting Standards*, as of June 30, 2013, published by GASB, Section-2600. GASB Statement No. 39 further clarifies that a "not for profit" may not be financially accountable to the City, but may be considered a component unit based on the nature and significance of its relationship with the City. Predicated upon the application of the criteria outlined above, the following is a brief overview of component units included in the reporting entity.

Blended Component Units

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

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

City South Management Authority c/o City of San Antonio 1400 S. Flores San Antonio, TX 78204 Contact: Nina Nixon-Mendez Telephone No. (210) 207-2744	City South Management Authority (CSMA) is a political subdivision of the State of Texas established at the request of the City for the purposes of supporting economic development, creating sustainable communities, and promoting the unique historical, cultural and environmental assets of the City's southern edge. CSMA was established by the City in fiscal year 2005, with a fifteen-member board; six appointed by the City, six by Bexar County, and three appointed collectively by Southwest, East Central, and Southside Independent School Districts. The issuance of bonds or notes must be approved by the City Council of San Antonio. CSMA provides services entirely to the City and has met the financial benefit/burden criteria.
Convention Center Hotel Finance Corporation P.O. Box 839966 San Antonio, TX 78283-3966 Contact: Margaret Villegas Telephone No. (210) 207-5734	The Convention Center Hotel Finance Corporation (CCHFC) was established in fiscal year 2005 in accordance with state laws for the purposes of, and to act on behalf of the City in local economic development to stimulate business and commercial activity in the City. The CCHFC is governed by a board of directors, which is comprised of the City Council of San Antonio. CCHFC's governing board is substantially the same as the City's governing board and met the financial benefit/burden criteria.

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

HemisFair Park Area Redevelopment Corporation
c/o City of San Antonio
434 S. Alamo Street
San Antonio, TX 78205
Contact: Omar Gonzalez
Telephone No. (210) 560-5733

The HemisFair Park Area Redevelopment Corporation (HPARC) was established in fiscal year 2009 in accordance with state laws for the purposes of, and to act on behalf of the City in, assisting with acquiring property, planning, developing, constructing, managing and financing projects within HemisFair Park and its surrounding area in order to promote economic development, employment, and to stimulate business, housing, tourism, and commercial activity within the City. The HPARC is governed by eleven members appointed by the City Council of San Antonio and it provides services entirely to the City. The City has the ability to impose its will.

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

Municipal Golf Association – San Antonio (MGA-SA) was established in fiscal year 2007 in accordance with state laws for the purposes of, and to act on behalf of the City in, operating and promoting the City's municipal golf facilities. MGA-SA is governed by a fifteen member board of directors, which is comprised of seven members selected by MGA-SA according to the approved process contained in its by-laws; two ex-officio member positions from City staff who are appointed by the City Manager; and six members appointed by the City Council of San Antonio. MGA-SA provides services entirely 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: Kathleen Bruck
Telephone No. (210) 206-2752

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

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Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

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

The San Antonio Economic Development Corporation (EDC) was established in fiscal year 2010 as a nonprofit corporation to promote, assist, and enhance economic development activities for the City. EDC was organized for the purposes of undertaking any statute-authorized projects to benefit and accomplish the public purpose of promoting economic development in the City. The affairs of EDC are managed by a board of directors appointed by the City Council of San Antonio. The City Council may remove a director at any time without cause. EDC's budget is not effective until approved by the City Council. EDC provides services entirely to the City.

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

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

San Antonio Fire and Police Pension Fund
11603 W. Coker Loop, Ste 201
San Antonio, TX 78216
Contact: Warren Schott
Telephone No. (210) 534-3262

The San Antonio Fire and Police Pension Fund (Pension Fund) is a single employer defined benefit plan established in accordance with state law. The Pension Fund is administered by a nine-member board of trustees, including two members of the City Council of San Antonio, and the Mayor or his appointee. The City and Pension Fund participants are obligated to make all contributions to the Pension Fund in accordance with rates established by state laws. Benefit levels are also set by state laws. Services rendered by the Pension Fund are exclusively for the benefit of eligible firefighters and police officers, upon retirement. The Pension Fund provides services entirely to the City.

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Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

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

The City of San Antonio Firefighters' and Police Officers' Retiree Prefunded Group Health Plan was created in October 1989, in accordance with the provisions of the City's contracts with the local fire and police unions, respectively, to provide post-employment health care benefits to uniformed employees who retired on or after October 1, 1989. Pursuant to the passage of Senate Bill 1568 in 1997, a separate and distinct statutory trust, the San Antonio Fire and Police Retiree Health Care Fund (Health Fund), was created to provide these post-employment health care benefits for eligible uniformed employees of the City. The Health Fund is administered by a nine-member board of trustees, including two members of the City Council of San Antonio and the Mayor or his appointee. The City, active employees and retirees on behalf of their dependents are obligated to make all contributions to the Health Fund in accordance with rates established by state laws. Benefits are established pursuant to legislation enacted by the State with the Health Fund Board's ability to modify those benefits within certain parameters. The Health Care Fund provides services entirely to the City.

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

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

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

The San Antonio Housing Trust Finance Corporation (HTFC) was established in fiscal year 1997 under the Texas Housing Finance Corporations Act (the Act), in accordance with state laws for the purposes of, and to act on behalf of the City in, carrying out the purposes of the Act, including the issuance of single family and multi-family revenue bonds. HTFC's board of directors is appointed by the City Council of San Antonio, and consists of five City Council members. HTFC's governing board is substantially the same as the City's governing board and the City has the ability to impose its will. HTFC also meets the financial benefit/burden criteria.

Note 1 Summary of Significant Accounting Policies (Continued)

Blended 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 to provide administrative and other support for the operations of the City of San Antonio Housing Trust Fund, a Permanent Fund of the City. HTF is governed by an eleven-member board of directors appointed by the City Council of San Antonio. HTF administers the HTFC. The City has the ability to appoint, hire, reassign, or dismiss those persons responsible for the day-to-day operations of the HTF as it authorizes a contract for the administration and management of the operations on an annual basis, therefore the City has the ability to impose its will. HTF provides services almost entirely to the City.

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. The City has the ability to impose its will and has also met the financial benefit/burden criteria.

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

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, to effectuate the buyout of the City's existing Hotel Revenue Bonds and funding for the expansion of the City's Convention Center through issuance of 2012 Lease Revenue Bonds. The TPFC is governed by a board of directors, which is comprised of the City Council of San Antonio. The City has the ability to impose its will. TPFC meets the operational responsibility criteria.

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

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

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

The blended component unit with a different fiscal year-end from the City is Pre-K 4 SA with a fiscal year-end of June 30th.

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.

The City notes that WDC did not complete audits of their fiscal year 2013 activities in time for the City to include in its financial statements. It is management's belief that the exclusion of this component unit's statements does not materially misrepresent the City's financial statements. WDC was not reported in fiscal year 2012 either so a restatement is not needed.

The financial data disclosed in the City's financial statements for OUR SA and EDC are as of fiscal year 2012, as the City has not received their fiscal year 2013 audited financial statements.

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

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

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

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

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

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

The Port Authority of San Antonio dba Port San Antonio (the Port) is a special district and political subdivision of the State of Texas that was originally established in 1996 as a local development authority under the Development Corp Act of 1979 for the purpose of monitoring the proposed closing of Kelly; conducting comprehensive studies of all issues related to the closure, conversion, redevelopment, and future use of Kelly; reviewing all options relative to the most appropriate uses of Kelly and the surrounding area; formulating and adopting a comprehensive plan for the conversion and redevelopment of Kelly and submitting such plan to the appropriate agency or agencies of the federal government; and implementing such plan as it relates to Kelly and the surrounding area. The Port is governed by an eleven-member board of directors, appointed at will by the City Council of San Antonio. The Port is authorized to issue bonds which the City is not obligated in any manner, to finance projects as permitted by state laws.

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

San Antonio Water System District Special Project P.O. Box 2449 San Antonio, TX 78298-2449 Contact: Doug Evanson Telephone No. (210) 233-3803	On November 8, 2011, voters in the Bexar Metropolitan Water District (BexarMet) voted to dissolve the utility and transfer responsibility to SAWS. As authorized by Senate Bill 341 by the Texas Legislature and approved by the City Council of San Antonio, the San Antonio Water System District Special Project (DSP) will operate as a component unit of the City during the transition of BexarMet's operations into SAWS for a period lasting up to five years. The board of trustees includes the City's Mayor as an ex-officio member, along with six members appointed by the City Council for four-year staggered terms. The rates for user charges and bond issuance authorizations are approved by the City Council.
San Antonio Housing Trust Reinvestment Corp. 2515 Blanco Rd San Antonio, TX 78212 Contact: John Kenny Telephone No. (210) 735-2772	San Antonio Housing Trust Reinvestment Corporation (HTRC) was created to act as a duly constituted authority of the City and is authorized by the City Council of San Antonio to aid, assist, and act on behalf of the City to promote for the common good and general welfare of reinvestment zones. As HTRC had no activity through September 30, an audit is not deemed necessary in fiscal year 2013. The City appoints a majority of the board and can impose its will on HTRC's operations.

Discretely presented component units with different fiscal year-ends from the City are CPS Energy and SAEAPFC with fiscal year-ends of January 31, 2013 and SAWS and DSP with fiscal year-ends of December 31, 2012.

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

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

Related Organizations

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

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Note 1 Summary of Significant Accounting Policies (Continued)

Basic Financial Statements - GASB Statement No. 34

Government-Wide and Fund Financial Statements – The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The government-wide financial statements report information on all nonfiduciary activities of the primary government and its component units. MD&A introduces the basic financial statements and provides an analytical overview of the City's financial activities. Additionally, 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 and unamortized bond issuance costs, long-term obligations, such as debt, and any deferred inflow and outflow, are now reported in the governmental activities. The components of Net Position are presented in three separate components: (1) net invested in capital assets, (2) restricted, and (3) unrestricted. Interfund receivables and payables within governmental and business-type activities have been eliminated in the government-wide Statement of Net Position, which minimizes the duplication within the governmental and business-type activities. The net amount of interfund transfers between governmental, proprietary and fiduciary funds is the balance reported in the Statement of Net Position. Discretely Presented Component units are also reported in the Statement of Net Position.

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

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

The proprietary funds have a reconciliation presented in the proprietary funds' Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position related to the Internal Service Fund allocation.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting

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

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

The following is a brief description of the major governmental funds that are 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 HOME Program Fund, a special revenue fund, accounts for the receipt and disbursement of all federal grants, and manages the loan portfolio from previous disbursements, designated for HOME Investment Partnership Programs.
- The 2007 General Obligation Bonds Fund, a capital projects fund, accounts for the receipt and disbursement of $550,000 in bond sales for physical infrastructure development and improvement projects approved by a bond election held on May 12, 2007.
- 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.
- The Texas Public Facilities Corporation, accounts for the receipt and disbursement of $550,374 in revenue bonds issued to finance the acquisition, construction, and equipping of the Convention Center Expansion Project and refunding of the City's outstanding indebtedness related to the Convention Center.
- The City has designated Pre-K 4 SA as a major fund due to the high-profile nature and fiscal transparency for the program, which was funded by a voter-increased sales tax.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

- The Airport System accounts for the operation of the San Antonio International Airport and Stinson Municipal Airport. Financing for the Airport System's operations is provided by user fees, while financing for the Airport System's capital is primarily funded by City issued revenue bonds (repaid with user fees), grants and facility charges assessed to users.

Governmental Funds

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

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

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

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

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

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

Proprietary Funds

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

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Proprietary Funds (Continued)

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

Fiduciary Funds

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

Measurement Focus and Basis of Accounting

Primary Government (City)

The government-wide financial statements present information about the City as a whole. Government-wide financial statements exclude both fiduciary funds and fiduciary component units. The Statement of Net Position and the Statement of Activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The City recognizes revenue from property taxes in the period for which they were levied. Other taxes and fees are recognized as revenue in the year they are earned. Revenues from grants and similar items are recognized in the fiscal year the qualifying expenditures are made and all other eligibility requirements have been satisfied.

Program revenues are presented in the government-wide Statement of Activities. The City reports program revenues in three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. They are presented separately as a reduction of the total expense to arrive at the net expense of each functional activity. Program revenues are revenues generated by transactions with outside parties who purchase, use, or directly benefit from a program. They also include amounts such as grants and contributions received from outside parties that restrict the use of those resources to specific programs.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Primary Government (City) (Continued)

1) Charges for services are revenues generated by those who purchase goods or services from the City. Examples of charges for services include airport landing fees, solid waste collection and disposal fees, vacant lot clean up, and food establishment licenses. Fines and forfeitures, license and permits and intergovernmental revenues as reported in the General Fund are also reported under charges for services.
2) Operating grants and contributions are those revenues that are restricted in the way they may be spent for operations of a particular program.
3) Capital grants and contributions are also restricted revenues 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 deferred revenue until earned and available.

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

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Primary Government (City) (Continued)

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

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

CPS Energy

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

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

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Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

CPS Energy (Continued)

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

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

Nonoperating revenue consists primarily of investment income, including fair market value adjustments, and grant programs. The amortization of net gains from the lease/leaseback of J.K. Spruce Unit 1 is also included. Certain miscellaneous income amounts from renting general property and providing various services are also recorded as nonoperating revenue when they are not directly identified with the electric or gas systems. These amounts for fiscal year 2013 were recorded net of expenses.

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

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

To reflect funding methodology, the Allowance for Funds Used During Construction (AFUDC) rate includes both a debt and an equity component. The new 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.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

CPS Energy (Continued)

Federal stimulus funds have been made available to CPS Energy as a subrecipient for a portion of the grant funds allocated to the State of Texas for a number of programs under the American Recovery and Reinvestment Act of 2009. Used primarily for the weatherization of qualifying homes, grant receipts are recorded as nonoperating income and are to reimburse CPS Energy for costs, recorded as operating expenses, incurred in the administration of the program. This accounting treatment results in no impact to net position. Revenues associated with the stimulus programs are exempt from City payment. Grant funding received by the Company 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. Grant funding for the weatherization program was exhausted early in fiscal year 2013.

San Antonio Water System (SAWS)

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

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

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

Current Year GASB Statement Implementations

In fiscal year 2013, the City implemented the following GASB Statements:

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, improves financial reporting by addressing issues related to service concession arrangements (SCAs). The requirements of this Statement improve financial reporting by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. As a result of this statement, the contract for San Jose Cemetery with Mission Park and the contract with MGA-SA for the Golf Courses are considered SCAs. Note disclosures for these arrangements are provided in Note 17, Other Disclosures.

Note 1 Summary of Significant Accounting Policies (Continued)

Current Year GASB Statement Implementations (Continued)

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34,* improves financial reporting for a governmental financial reporting entity. The requirements of this Statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity. This Statement provides amendments to Statement No. 14, *The Financial Reporting Entity,* and Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* For component units that are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the government and the component unit have a financial benefit or burden relationship or (2) management of the primary government have operational responsibility for the activities of the component unit. Based on the criteria in GASB Statement No. 61, the classification of some of the component units was changed from that determined in fiscal year 2012, resulting in a restatement of beginning balances within the governmental activities and component unit financials.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, improves financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. This requirement brings the authoritative accounting and financial reporting literature together in one place eliminating the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, resulting in more consistent application of applicable guidance. This Statement did not change the City's existing accounting and financial reporting.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement amends the net asset reporting requirements in GASB Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments,* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. Consequently, the City's implementation of GASB 63 in fiscal year 2013 is limited to those transactions addressed by Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. Applying the use of deferred outflows and inflows of resources to derivative transactions for hedging does not impact the City's financial statements since the City does not invest in or use derivative instruments; however, its discretely presented component units do. The discretely presented component units' financial reporting included the changes and note disclosures as required by this Statement. The implementation of GASB 60 and 63 did not result in any reporting of deferred inflows or deferred outflows of resources related to service concession arrangements in fiscal year 2013.

Note 1 Summary of Significant Accounting Policies (Continued)

Future GASB Statement Implementations

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4, *Elements of Financial Statements*. The Statement also provides other financial reporting guidance related to the impact of the financial statement element changes to include changes in the determination of the major fund calculations and limiting the use of the term "deferred" in financial statement presentations. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The City will implement this Statement in fiscal year 2014.

GASB Statement No. 66, Technical Corrections—2012 (*an amendment of GASB Statements No. 10 and No. 62)*, improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* and No. 62, *Codification of Accounting and Financial Reporting Guidance.* This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments, (2) investments of purchased loan or group of loans, and (3) service fees related to mortgage loans. These changes clarify how to apply GASB Statement No. 13*, Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48*, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The City will implement this Statement in fiscal year 2014.

GASB Statement No. 67, *Financial Reporting for Pension Plans (an amendment of GASB Statement No. 25)* will improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures,* as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide post-employment benefits other than pensions. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. The City will implement this Statement in fiscal year 2014.

Note 1 Summary of Significant Accounting Policies (Continued)

Future GASB Statement Implementations (Continued)

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

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

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees,* requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units, and requires new information to be disclosed by governments that receive nonexchange financial guarantees. The provisions of GASB Statement No. 70 are effective for reporting periods beginning after June 15, 2013. The City will implement this Statement in fiscal year 2014.

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

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. As of September 30, 2013, the City's investment portfolio did not contain any derivative or alternative investment products, nor was it leveraged in any way, except as noted in the Pension Fund and Health Fund. For a listing of authorized investments, see Note 3 Cash and Cash Equivalents and Investments.

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

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

Materials and Supplies and Prepaid Items

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

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Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation

Primary Government (City)

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Capital assets recorded under capital leases are recorded at the present value of future minimum lease payments. Depreciation on all exhaustible capital assets of the City is charged as an expense with accumulated depreciation being reported in the Statement of Net Position. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

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

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

CPS Energy

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

CPS Energy (Continued)

Proceeds from customers to partially fund construction expenditures are reported as contributed capital in the Statement of Revenues, Expenses and Changes in Net Position increasing net position in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The amount reported for contributed capital was $32,777 for January 31, 2013, including donated assets of $5,219. The portion of these balances that represent contributions received from customers as payments for utility extensions and services was $27,558 at January 31, 2013.

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 2013.

The estimated useful lives of capital assets were as follows:

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

Thresholds contained in CPS Energy's capitalization policy for fiscal year 2013 were as follows:

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

Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation (Continued)

San Antonio Water System (SAWS)

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

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

General Bonded Debt Service

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

Note 1 Summary of Significant Accounting Policies (Continued)

Accrued Leave

Primary Government (City)

In the governmental fund financial statements, the City accrues annual leave and associated employee related costs when matured in accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements—an interpretation of NCGA Statements 1, 4, and 5; NCGA Interpretation 8; and GASB Statements No. 10, 16, and 18,* (payable from available resources) for both civilian and uniformed employees. In addition, the City accrues the matured portion of its uniformed employees' accrued sick leave, holiday, and bonus pay in accordance with the respective collective bargaining agreements, which state that uniformed employees must provide notice in writing ahead of the first pay period in October to be eligible for buyback. Because notice is provided to the City by fiscal year-end, the City accrues uniformed employees' eligible buyback, as it is due and payable by September 30, 2013.

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

CPS Energy

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

San Antonio Water System (SAWS)

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

Insurance

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

The City is insured for property loss on a primary basis through Factory Mutual Insurance Company. Excess liability coverage for casualty losses was provided by Starr Indemnity & Liability Company until October 1, 2013 when the policy was cancelled. 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.

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Note 1 Summary of Significant Accounting Policies (Continued)

Insurance (Continued)

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

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

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

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

Fund Balance

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

Allocation of Indirect Expenses

The City recovers indirect costs in the General Fund through the application of departmental indirect cost rates. These rates are developed and documented in the City's departmental indirect cost rate plan. In this plan, each department is classified by function. Indirect costs are budgeted by department and are used as a basis for the City's actual indirect cost allocation. Base rates are then applied to actual indirect costs recovered and indirect costs are reclassified to reduce general government expenditures. For fiscal year 2013, general government expenditures were reduced by $11,661, resulting in increased expenditures/expenses in other governmental functions and in business-type activities in the amounts of $9,111 and $2,550, respectively.

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are amortized over the life of the debt. Debt refundings (carrying value of the debt net of any unamortized costs of the old debt) are deferred and amortized over the shorter of the life of the original bonds or the life of the refunding bonds.

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

Bond Issuance Costs

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Elimination of Internal Activity

Elimination of internal activity, particularly related to Internal Service Fund and blended component unit transactions, is needed to make the transition from governmental funds to government-wide activities. The overriding objective in eliminating the effects of Internal Service Fund activity is to adjust the internal charges to cause a break-even result. While the main objective in eliminating the effect of funding and reimbursement of costs between the primary government and blended component unit is to remove duplication of same activities. Eliminating the effect of Internal Service Fund activity requires the City to look back and adjust the Internal Service Funds' internal charges. Net income derived from Internal Service Fund activity would cause a pro rata reduction in the charges made to the participating funds/functions. Conversely, an Internal Service Fund net loss would require a pro rata increase in the amounts charged to the participating funds/functions. Therefore, eliminations made to the Statement of Activities remove the doubling up effect of Internal Service Fund activity. The residual internal balances between the governmental and business-type activities are reported in the Statement of Net Position and the internal balance amounts that exist within the governmental funds or within business-type funds are eliminated. The City reports Internal Service Fund balances in both governmental and business-type activities, based on the pro rata share of the amounts charged to the participating funds/functions.

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

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

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

Use of Estimates

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

Application of Restricted and Unrestricted Net Position

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

Note 2 Property Taxes

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

The City is permitted by the Municipal Finance Law of the State of Texas to levy taxes up to $2.50 per $100 of taxable valuation (note amounts are not reflected in thousands). The tax rate approved by City ordinance for the fiscal year-ended September 30, 2013, was $0.56569 per $100 taxable valuation, which means that the City has a tax margin of $1.93431 per $100 taxable valuation (note that tax rate amounts are not reflected in thousands). This could raise an additional $1,381,077 per year based on the net taxable valuation of $71,398,956 before the limit is reached.

The City has approved a “TIF Manual” for the utilization of Tax Increment Financing (TIF) and the creation of Tax Increment Reinvestment Zones (TIRZ) pursuant to Chapter 311 of the Texas Tax Code. The City has utilized TIF as a vehicle to fund in whole or in part eligible capital costs for public infrastructure related to economic development, commercial, and residential projects. As of September 30, 2013, there are 19 existing TIRZ with a total taxable captured value of $1,163,571. For fiscal year 2013, this total taxable captured value produced $6,244 in tax increment revenues for use by the City to fund capital costs of certain public infrastructure improvements in the TIRZ. The existing TIRZ have initial terms ranging from 13 years to 30 years which are anticipated to expire starting in fiscal year 2014 through fiscal year 2037. It is estimated that the City will contribute approximately $355,352 in tax increment revenues in aggregate over the life of these TIRZ projects.

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Note 3 Cash and Cash Equivalents, Securities Lending and Investments

Summary of Cash and Cash Equivalents, Securities Lending and Investments

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:

Totals from Statement of Net Position

	City [1]	Fire and Police Pension Fund [2]	Fire and Police Retiree Health Care Fund [2]	CPS Energy [3]	SAWS [4]
Unrestricted:					
Cash and Cash Equivalents	$ 47,247	$ 57,764	$ 5,602	$ 271,895	$ 132,273
Security Lending Collateral	9,276	118,106	3,013		
Investments	352,393	2,415,385	267,084	28,766	51,694
Total Unrestricted	408,916	2,591,255	275,699	300,661	183,967
Restricted:					
Cash and Cash Equivalents	454,603			170,059	43,931
Security Lending Collateral	16,278			11,209	
Investments	686,140			756,156	289,978
Total Restricted	1,157,021			937,424	333,909
Total Cash and Cash Equivalents, Securities Lending Collateral and Investments	$ 1,565,937	$ 2,591,255	$ 275,699	$ 1,238,085	$ 517,876

[1] Private Purpose Trust and Agency Funds security lending collateral and investments are included in the City's pooled cash, security lending collateral and investments but are not available for City activities and are excluded from the primary government's Statement of Net Position. The Private Purpose Trust and Agency assets are presented above as Restricted Cash and Cash Equivalents of $9,962, Security Lending Collateral of $67, and Investments of $2,541.

[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, 2013.

[4] For the fiscal year ended December 31, 2012.

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	$ 70,945	$ 257	$ 16	$ 21,975	$ 122,244
Investments with Original Maturities of Less than Ninety Days	424,937	57,507	5,586	419,871	53,930
Cash with Other Financial Agents	5,800				
Petty Cash Funds	81			108	
Cash on Hand	87				30
Total Cash and Cash Equivalents	$ 501,850	$ 57,764	$ 5,602	$ 441,954	$ 176,204

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	$ 1,461,253	$ 57,507	$ 5,586	$ 920,805	$ 395,602
Repurchase Agreements	2,217				
Fixed Income Securities					
Corporate Bonds		384,892		91,709	
Foreign Bonds				15,418	
Government & Agency Notes		70,968			
Common Stock		1,054,452	17,178	131,049	
Mutual Funds			67,164		
Real Estate		252,719	50,233	45,059	
Preferred Stock				753	
Hedge Funds		370,025	7,785		
International Equities - Common Stock			11,174		
Alternative Investment		282,329	113,550		
Total Investments	1,463,470	2,472,892	272,670	1,204,793	395,602
Less: Investments with Original Maturities of Less than Ninety Days included in Cash and Cash Equivalents	(424,937)	(57,507)	(5,586)	(419,871)	(53,930)
Total	$ 1,038,533	$ 2,415,385	$ 267,084	$ 784,922	$ 341,672

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, 2013.

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 $305 for the year-ended September 30, 2013.

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

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

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

City Investments

	Carrying Amount [1]	Fair Value [1]	Allocation [2]	Rating [3]	WAM
U.S. Government Agency Securities	$ 877,680	$ 877,761	59.7%	AA+/A-1+	.60 years
U.S. Treasuries	162,675	162,899	11.5%	N/A	.39 years
Money Market Mutual Fund	369,241	369,241	25.2%	AAAm	1 day
Government Investment Pool	51,352	51,352	3.5%	AAAm	1 day
Fixed Income Securities	-	-	0.0%		
Repurchase Agreement	2,217	2,217	0.1%	N/A	1 day
Total City Investments	$ 1,463,165	$ 1,463,470	100.0%		

[1] The Carrying Amount and Fair Value include blended component unit investments for SIDC, TMFC, CCHFC, HTF, and SATPFC, which total $321,422.

[2] The allocation is based on fair value.

[3] Standard & Poors Rating

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

Primary Government (City) (Continued)

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

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

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

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

Credit Risk – The City's Investment Policy requires the purchase of securities that are of the highest credit quality, based on current ratings provided by nationally recognized credit rating agencies. The City deems investments in U.S. Treasury securities and U.S. government agency securities that are guaranteed to be without credit risk. To limit the City's credit risk, investments in other debt securities will consist of securities rated 'A' or better by at least two nationally recognized rating agencies. As of September 30, 2013, the City's investment portfolio, with the exception of the repurchase agreement, the money market mutual fund investments, and the government investment pool consisted only of U.S. Treasury securities and U.S. government agency securities. Investments in U.S. government agency securities, including Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Bank, Federal Agricultural Mortgage Corporation and Federal Farm Credit Bank were rated 'AA+' (Long-term) and 'A-1+' (Short-term) by Standard & Poor's. The investments in the money market mutual fund and governmental investment pool were rated 'AAAm' by Standard & Poor's, and the repurchase agreement were greater than 100.0% collateralized with U.S. government agency securities.

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

Primary Government (City) (Continued)

Concentration of Credit Risk – Although the City's Investment Policy does not limit the amount of the portfolio invested in any one U.S. government agency, the City manages exposure to concentration of credit risk through diversification. As of September 30, 2013, the U.S. government agency's 59.7% securities allocation was as follows: Federal National Mortgage Association 12.8%, Federal Home Loan Mortgage Corporation 24.9%, Federal Home Loan Bank 12.8%, Federal Agricultural Mortgage Corporation 7.5%, and Farm Federal Credit Bank 1.7%.

Securities Lending – The City engages in securities lending transactions under a contract with its lending agent, Frost Bank. Authority to engage in these transactions is authorized under the Texas Public Funds Investment Act (the Act) and the City's Investment Policy. The City has authorized Frost Bank to loan up to 100.0% of the par value of its investments in the Pooled Operating Funds Portfolio, consisting of agency and treasury securities, in securities lending transactions for fiscal year 2013.

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

In securities lending transactions, the City, through its lending agent, transfers securities to approved borrowers in exchange for collateral and simultaneously agrees to return the collateral for the same securities in the future. Cash collateral received from borrowers may be invested in 'AAA'-rated money market mutual funds or investments that adhere to the Act and the City's Investment Policy. The liquidity provided by the money market mutual funds allows for the easy return of collateral upon termination of a security loan. As of September 30, 2013, all cash collateral was invested in next day money market funds. The money market mutual funds' overnight liquidity is a shorter maturity than the term of the securities lending loan which can vary for one day to the length of the maturity of the security.

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

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

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

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

Primary Government (City) (Continued)

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

At September 30, 2013, the City had no custodial credit risk exposure to borrowers because the amount of collateral held by the City exceeded the amount of the securities loaned to the borrowers. There were no violations of legal or contractual provisions nor were there any borrower or lending agent default losses related to securities lending in fiscal year 2013.

As of September 30, 2013, the City had no credit risk exposure to borrowers because the amounts the City owed to borrowers exceeded the amounts the borrowers owed.

At September 30, 2013, there was a total of $915,446 in securities, or 94.4% of the market value of the City's Pooled Operating Funds Portfolio, plus accrued interest, on loan. In exchange, the City received $25,554 in cash collateral and $908,493 in securities collateral, or 102.1% of the market value of the corresponding securities loaned. Income generated from securities lending transactions, net of rebates to borrowers of $39, amounted to $3,895 in fiscal year 2013, of which 30.0% was paid as fees to the lending agent totaling $1,169.

Fire and Police Pension Fund

Investments of the Fire and Police Pension Fund (Pension Fund), a blended component unit, are administered by the Fire and Police Pension Fund Board of Trustees. Investments of the Pension Fund are reported at fair value and include corporate bonds, common stock, U.S. Treasury securities, U.S. government agency securities, notes, mortgages, hedge funds, contracts and real estate. Equity and fixed income securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Notes, mortgages, and contracts are valued on the basis of future principal and interest payments discounted at prevailing interest rates. The fair value of real estate investments is based on independent appraisals and on the equity position of real estate partnerships in which the Pension Fund has invested. The fair values of private equity investments are estimated by the General Partners based on consideration of various factors, including current net position valuations of underlying investments in limited partnerships, the financial statements of investee limited partnerships prepared in accordance with GAAP, and other financial information provided by the General Partners of investee-limited partnerships. Investment income is recognized as earned. Net appreciation/(depreciation) in fair value of investments includes gains and losses that are being recognized based on the change in the market value of the investments, but have not been realized because the assets have not been sold or exchanged as of the balance sheet date. The Pension Fund's assets are invested as authorized by Texas state law. The fair value of the Pension Fund's cash and investments are $2,591,255. A summary of the Pension Fund's cash, cash equivalents, and investments can be found at the beginning of Note 3.

Credit Risk – Using Standard and Poor's rating system for fixed income securities as of September 30, 2013, 4.0% of the Pension Fund's bonds were rated 'AAA', 4.0% were rated 'AA', 8.0% were rated 'A', 16.0% were rated 'BBB', 18.0% were rated 'BB', 22.0% were rated 'B', 2.0% were rated 'CCC', and 26.0% were unrated or not rated.

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Pension Fund will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. As of September 30, 2013, the Pension Fund had cash deposits held by investment managers in the amount of $1,099 that were uninsured and uncollateralized.

Interest Rate Risk – Only the fixed income securities of the Pension Fund are subject to interest rate risk due to the possibility that prevailing interest rates could change before the securities reach maturity. Securities that are subject to interest rate risk as of September 30, 2013 amount to $455,860 and have a weighted-average maturity (WAM) of 7.95 years. Securities that are subject to interest rate risk are shown in the following table.

Investment Type	Fair Value	Weighted-Average Maturity WAM (Years)
Corporate Bonds	$ 60,082	6.36
Government Agencies	10,834	3.12
Government Bonds	54,955	14.39
Municipal/Provincial bonds	5,179	9.32
Non-Government Backed C.M.O.s	12,695	22.50
Bank Loans	134,598	5.54
Ashmore[1]	60,112	6.76
GoldenTree[2]	40,661	
Wellington Emerging Market Debt[3]	76,744	
Total Interest Rate Sensitive Securities	$ 455,860	

[1] Ashmore is a commingled fund invested in emerging market debt.

[2] GoldenTree is a commingled fund invested in high-yield corporate bonds. They report their portfolio effective duration in lieu of WAM as 2.94 as of September 30, 2013.

[3] Wellington, a commingled fund, also invests in emerging market debt. They report the effective duration of the portfolio in lieu of WAM. The effective duration for Wellington was 6.68 as of September 30, 2013.

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Foreign Currency Risk – The Pension Fund's investments include investments in equities, bonds, and cash in foreign currency denominations. Equities denominated in foreign currencies as of September 30, 2013 amounted to $481,117 in equities, $79,678 in bonds and $1,096 in cash, detailed as follows:

Country	Equities	Bonds	Cash	Total
Australian Dollar	$ 18,952	$ 7,714	$ 97	$ 26,763
Bermuda Dollar	11			11
Brazilian Real	21,950	6,595		28,545
Canadian Dollar	12,121			12,121
Swiss Franc	21,414			21,414
Chinese Yuan	20,234	1,455		21,689
Chilean Peso	763	813		1,576
Colombian Peso		1,742		1,742
Czech Republic Krona	254			254
Danish Krone	1,070		1	1,071
Euro	107,830	10,439	422	118,691
British Pound	61,829	6,197	479	68,505
Hong Kong Dollar	8,128		21	8,149
Hungarian Forint	56	3,507		3,563
Indonesian Rupiah	955	1,298		2,253
Israeli New Shekel	3,159		23	3,182
Indian Rupee	6,833			6,833
Japanese Yen	77,077			77,077
South Korean Won	29,458	3,908		33,366
Mexican Peso	9,323	15,310		24,633
Malaysian Ringgit	4,438	2,020		6,458
Nigerian Naira		906		906
Norwegian Krone	4,883			4,883
New Zealand Dollar	3,405			3,405
Peruvian Nuevo Sol	127	54		181
Philippine Peso	127			127
Polish Zloty	3,052	5,670		8,722
Russian Ruble	6,409	4,729		11,138
Swedish Krona	7,134			7,134
Singapore Dollar	5,702		22	5,724
Thai Baht	9,538	1,749		11,287
Turkish Lira	7,542			7,542
Taiwan Dollar	20,563			20,563
South African Rand	6,780	5,572	31	12,383
	$ 481,117	$ 79,678	$ 1,096	$ 561,891

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Securities Lending – State statutes and Pension Fund policies allow for securities lending transactions. The Pension Fund has entered into an agreement with its custodial bank to lend the Pension Fund's securities to one or more borrowers for a fee. It is the policy of the Pension Fund and the custodial bank to require that collateral equal to 102.0% and 105.0% for domestic and international securities, respectively, of the loaned securities be maintained by the custodial bank. Collateral may be in the form of cash, U.S. government securities, or irrevocable letters of credit. Until such time as the loan is terminated, the borrower retains all incidents of ownership with respect to the collateral. In the event that the borrower fails to repay the borrowed securities, the Pension Fund may suffer a loss. Management of the Pension Fund considers the possibility of such a loss to be remote. Cash open collateral is invested in a short-term investment pool with an average weighted maturity of 44 days at September 30, 2013.

As of September 30, 2013, the Pension Fund had lending arrangements outstanding with a total market value of $115,239 which were fully collateralized with cash and securities. Cash collateral of $118,106 is recorded in the accompanying Statements of Plan Net Position. Net income for the year-ended September 30, 2013, under the securities lending arrangement, was $371.

Cash Collateral Pool	
U.S. Asset Backed Securities	$ 3,332
U.S. Corporate Notes	1,296
U.S. Repo Agreements	37,322
U.S. Sweep Vehicle	971
U.S. Agencies Bonds	9,956
U.S. Certificates of Deposit	3,837
U.S. Commercial Paper	1,318
International Commercial Paper	6,028
International Certificates of Deposit	40,112
International Time Deposits	13,685
International Asset Backed Securities	249
Total	$ 118,106

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Derivatives and Structured Investments – The Pension Fund has only limited involvement with derivatives and other structured financial instruments. The Pension Fund's investment philosophy regarding the use of derivatives and other structured financial instruments is to use derivatives to replicate exposures to equity or fixed income securities. The fair value of structured financial instruments held by the Pension Fund at September 30, 2013, was approximately $1,831 in commercial mortgage obligations and is included with investments in the Statement of Plan 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 $370,025 as of September 30, 2013.

As of September 30, 2013, the Pension Fund held foreign currency forward contracts as follows:

Currency	Market Value	Nominal Amount USD	Maturity Date
Australian Dollar	$ (297)	$ (7,645)	11/12/2013
British Pound	96	4,030	12/16/2013
Chilean Peso	21	1,693	11/8/2013
Chilean Peso	17	1,534	10/17/2013
Chilean Peso	8	956	12/12/2013
Euro	(220)	(9,531)	11/7/2013
Indian Rupee	128	4,142	12/18/2013
South Korea Won	(110)	(1,995)	10/18/2013
South Korea Won	(71)	(1,827)	11/15/2013
New Zealand Dollar	(34)	(3,273)	1/17/2014
Poland Zloty	(274)	(3,634)	10/10/2013
Turkish Lira	15	(896)	10/11/2013
Turkish Lira	13	2,235	10/11/2013
Total	$ (708)	$ (14,211)	

Fire and Police Retiree Health Care Fund

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

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

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

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

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

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

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

The fair value of the Health Fund's cash and investments at September 30, 2013 is $275,699. A summary of the Health Fund's cash, cash equivalents, and investments can be found at the beginning of Note 3.

Custodial Credit Risk (Deposits) – The Health Fund's deposits that are held with Frost Bank in non-interest bearing demand accounts are covered under the new FDIC Transaction Account Guarantee Program. Under this program, through December 31, 2013, all non-interest bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Coverage under this program is in addition to and separate from the coverage available under the FDIC's general deposit rules. It does not appear that deposits the Health Fund holds in demand accounts are exposed to custodial credit risk as of September 30, 2013.

The Health Fund does not have deposit or investment policies related to custodial credit risk as of September 30, 2013. The Health Fund is aware of these risks and monitors such risks, if any, as part of its day-to-day operations and through its daily dealings with the custodian bank.

Custodial Credit Risk (Investments) – The custodial credit risk for investments is the risk that, in the event of failure of the counterparty to an investment transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At September 30, 2013, the Health Fund's common stock investments are held at Frost Bank's third-party custodian, Bank of New York. Since the investments are maintained separately from the bank's assets, in the event of failure of the bank, the investments held in trust would not be affected.

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

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 investments in Mutual Funds – Fixed Income are not rated by a nationally recognized statistical ranking organization.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Health Fund's Investment Policy limits the maturities of money market mutual funds to 2 years at time of purchase. At September 30, 2013, the money market fund weighted average to maturity is 46 days.

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

At September 30, 2013, the Health Fund was not exposed to credit risk to borrowers because the amounts owed to borrowers exceeded the amount the borrowers owed. There were no violations of legal or contractual provisions nor were there any borrower or lending agent default losses in fiscal year 2013.

At September 30, 2013, there was a total of $2,930 in securities out on loan to borrowers. In exchange, the Health Fund received $3,013 in securities collateral invested in open-ended money market type mutual funds, or 102.8% of the market value of the corresponding securities loaned.

Subscribed Capital Commitments – As of September 30, 2013, the Fund had non-binding commitments to invest capital in 23 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 $92,746. As of September 30, 2013, $24,436 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.

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

CPS Energy (Continued)

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

The Repair and Replacement Account is restricted in accordance with CPS Energy's bond ordinances. In compliance with a bond ordinance, CPS Energy's board of trustees authorized that a portion of the Repair and Replacement Account be designated a Community Infrastructure and Economic Development (CIED) Fund.

CPS Energy's cash deposits at January 31, 2013 were either insured by federal depository insurance or collateralized by banks. All noninterest-bearing cash deposits were fully insured by the FDIC in accordance with the Dodd-Frank financial reform legislation that was enacted in the summer of 2010. CPS Energy's Investment Policy was revised effective March 1, 2011, to allow for a reduction in collateral to the extent of FDIC coverage. For deposits that were collateralized, the securities were U.S. government, U.S. government agency, or U.S. government-guaranteed obligations held in book entry form by the Federal Reserve Bank of New York in CPS Energy's name.

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

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

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

Cash, Cash Equivalents and Securities Lending Cash Collateral as of January 31, 2013	
Cash and Cash Equivalents:	
Petty Cash funds on hand	$ 108
Deposits with financial institutions:	
Unrestricted CPS Energy Deposits	21,120
Restricted CPS Energy Deposits:	
Capital Projects	13
Debt Service	685
Project Warm	157
Investments with original maturities of less than 90 days:	
CPS Energy unrestricted (current)	250,667
CPS Energy restricted (noncurrent)	146,187
Decommissioning Trusts - restricted (noncurrent)	23,017
Total Cash and Cash Equivalents	$ 441,954

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

CPS Energy (Continued)

Summary of Cash, Cash Equivalents, and Security Lending Along with Current and Noncurrent Investments as of January 31, 2013	
Cash and Cash Equivalents:	
CPS Energy unrestricted and restricted	$ 418,937
Decommissioning Trusts - restricted	23,017
Total Cash and Cash Equivalents	441,954
Securities Lending Decommissioning Trusts - Restricted	11,209
Gross Investments - current and noncurrent:	
CPS Energy - unrestricted and restricted	749,277
Decommissioning Trusts - restricted	455,516
Total Gross Investments	1,204,793
Investments with original maturities of less than 90 days also included in Cash Equivalents:	
CPS Energy unrestricted and restricted	(396,854)
Decommissioning Trusts - restricted	(23,017)
Total Investments also included in Cash Equivalents	(419,871)
Net Current and Noncurrent Investments	784,922
Total Cash, Cash Equivalents, Security Lending and Investments	$ 1,238,085

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

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

CPS Energy's investments in the Decommissioning Trusts are held by an independent trustee. Investments are limited to those defined by CPS Energy Board Resolution, the South Texas Project Decommissioning Trust Investment Policy, the Investment Strategy Committee, the Trust Agreements and State law, as well as PUCT and Nuclear Regulatory Commission (NCR) guidelines. Allowable investments for the Decommissioning Trusts include those directly permissible for CPS Energy, as well as equities and corporate bonds (including international securities traded in U.S. dollars and on U.S. stock exchanges). In accordance with the Decommissioning Trusts' Investment Policy, total investments can include a maximum of 60.0% equity securities. During calendar year 2012, an asset allocation change was executed in the Trusts in a strategic effort to reduce risk. The result of the change was a new target allocation of 40.0% equities and 60.0% fixed-income investments.

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

CPS Energy (Continued)

Permissible Investments		
Investment Description	**CPS Energy Direct Investments**	**Decommissioning Trusts**
U.S. Government, Government Agency, or U.S. Government-guaranteed obligations	✓	✓
Collateralized mortgage obligation issued by the U.S. Government	✓	✓
Fully secured certificates of deposit issued by a state, national or savings bank domiciled in the State of Texas	✓	✓
Direct repurchase agreements	✓	✓
Reverse repurchase agreements	✓	✓
Defined bankers' acceptances and commercial paper	✓	✓
No-load money market mutual funds	✓	✓
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	✓	✓

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

CPS Energy (Continued)

Cash, Cash Equivalents and Investments by Fund as of January 31, 2013	
Unrestricted	
Cash and Cash Equivalents	$ 271,895
Investments	28,766
Total Unrestricted (current)	300,661
Restricted	
Debt Service	
Cash and Cash Equivalents	1,231
Total Debt Service	1,231
Capital Projects	
Cash and Cash Equivalents	89,086
Total Capital Projects	89,086
Ordinance	
Cash and Cash Equivalents	56,554
Investments	316,149
Total Ordinance	372,703
Other	
Project Warm	
Cash and Cash Equivalents	171
Investments	7,508
Total Project Warm	7,679
Decommissioning Trusts	
Cash and Cash Equivalents	23,017
Securities Lending	11,209
Investments	432,499
Total Decommissioning Trusts	466,725
Total Other	474,404
Total Restricted	
Cash and Cash Equivalents	170,059
Securities Lending	11,209
Investments	756,156
Total Restricted (noncurrent)	937,424
Total Cash, Cash Equivalents and Investments (unrestricted and restricted)	$ 1,238,085

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

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

CPS Energy (Continued)

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

Summary of Investments (Including Cash Equivalents) by Organizational Structure and Type as of January 31, 2013	
CPS Energy Investments	
U.S. Treasury, Government Agencies and Money Market Funds	$ 749,277
Decommissioning Trusts	
U.S. Treasury, Government Agencies and Money Market Funds	171,528
Corporate Bonds	91,709
Foreign Bonds	15,418
Subtotal	278,655
Common Stock	131,049
Real Estate Investment Trusts	45,059
Preferred Stock	753
Total Decommissioning Trusts	455,516
Grand Total - all Investments	$ 1,204,793

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

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

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

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

CPS Energy (Continued)

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

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

Investment Type	Carrying Value	Market Value	Allocation	Weighted-Average Maturity (Years)
U.S. Treasuries	$ -	$ -	0.0%	0.0
U.S. Agencies:				
Federal Home Loan Mortgage Corp.	96,795	96,795	12.9%	4.6
Federal National Mortgage Assn.	98,825	98,825	13.2%	5.9
Federal Home Loan Bank	29,115	29,115	3.9%	1.5
Federal Farm Credit Bank	15,799	15,799	2.1%	9.6
Small Business Administration	8,646	8,646	1.2%	7.5
Municipal Bonds	61,542	61,542	8.2%	1.5
Certificates of Deposit	1,738	1,738	0.2%	1.3
Commercial Paper	39,963	39,963	5.3%	0.1
Money Market Mutual Funds	396,854	396,854	53.0%	N/A
Total Fixed-Income Investments	$ 749,277	$ 749,277	100.0%	1.9

Credit Risk – In accordance with its Investment Policy, CPS Energy manages exposure to credit risk by limiting its fixed-income investments to a credit rating of "A-" or better. Due to the Standard & Poor's (S&P) downgrade of U.S. government debt securities in August 2011, the Investment Policy was revised effective September 1, 2011. This revision removed the requirement that all investments in securities issued by the U.S. Government Agencies, the State of Texas, and Texas Agencies must be rated "AAA." As of January 31, 2013, 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+."

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

CPS Energy (Continued)

Credit Rating	Carrying Value	Market Value	Allocation
U.S. Treasuries	$ -	$ -	0.0%
AAA / Aaa	420,064	420,064	56.1%
AA+ / Aa1	246,990	246,990	33.0%
AA / Aa2	11,807	11,807	1.6%
AA- / Aa3	12,402	12,402	1.7%
A+ / A1	996	996	0.1%
A / A2	1,177	1,177	0.2%
A- / A3	2,010	2,010	0.3%
Short-term:			
S-P1+ / MIG 1	12,130	12,130	1.6%
A-1+ / P-1 / F-1+	39,963	39,963	5.3%
Not rated	1,738	1,738	0.2%
Total Fixed-Income Investments	$ 749,277	$ 749,277	100.0%

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

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

To mitigate this interest rate risk, a limitation is placed on the weighted-average duration of the fixed-income portfolio. Weighted-average duration is defined as the weighted-average time to return a dollar of principal and interest and also incorporates potential changes in the timing of principal and interest return that may occur as a result of changes in interest rates. It makes assumptions regarding the most likely timing and amounts of variable cash flows and is used as an estimate of the interest rate risk of a fixed-income investment – especially those with payment terms dependent on market interest rates. The overall portfolio duration should not deviate from the weighted-average duration of the Investment Strategy Committee's specified fixed-income index by more than +/- 1.5 years. The Investment Strategy Committee's fixed-income index is based on the Barclays Capital Aggregate Index, which is 5.06 for 2012.

Concentration of Credit Risk – In accordance with the Investment Policy, exposure to concentration of credit risk is managed through diversification and by limiting investments in each government-sponsored entity to 30.0% and investments in any nongovernment-sponsored issuer to 5.0% of the total fixed-income portfolio (excluding cash collateral from securities lending). At December 31, 2012, total other debt securities (corporate and foreign issuers) amounted to 45.7% of the fixed-income portfolio for the 28% Decommissioning Trust and 18.2% for the 12% Decommissioning Trust.

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

CPS Energy (Continued)

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

	28% Interest			12% Interest		
Investment Type	Market Value [1]	Allocation	Weighted-Average Duration (Years)	Market Value [1]	Allocation	Weighted-Average Duration (Years)
U.S. Treasuries	$ 26,779	13.0%	2.9	$ 28,110	38.5%	5.7
U.S. Agencies:						
Federal National Mortgage Assn.	32,328	15.7%	3.2	10,268	14.1%	3.2
Federal Home Loan Mortgage Corp.	20,132	9.8%	3.2	9,075	12.4%	3.9
Small Business Admin	3,164	1.5%	5.7			
Government National Mortgage Assn.	2,958	1.4%	2.4	1,736	2.4%	5.0
Municipal Bonds - Texas	535	0.3%	9.1	330	0.4%	8.4
Municipal Bonds - Other States	10,425	5.1%	9.8	2,671	3.7%	7.5
Corporate Bonds	78,446	38.2%	6.5	13,263	18.2%	6.4
Foreign Bonds	15,418	7.5%	6.7			
Money Market Mutual Funds	15,460	7.5%	N/A	7,557	10.3%	N/A
Total Fixed-income Investments	$ 205,645	100.0%	5.2	$ 73,010	100.0%	5.3
Cash Collateral - Securities Lending	8,950			2,259		
Total Fixed-income Portfolio	$ 214,595			$ 75,269		
Combined Decommissioning Trust Funds Total	$ 289,864					

[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 2.3% of the fixed-income portfolio for the 28% Trust at December 31, 2012. There were no securities with a credit rating below BBB- held in the 12% Trust at December 31, 2012. Standard & Poor's (S&P) ratings are provided when available; if no S&P rating is available, the Moody's rating is listed.

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

CPS Energy (Continued)

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

Credit Rating	28% Interest		12% Interest	
	Market Value [1]	Allocation	Market Value [1]	Allocation
U.S. Treasuries (AA+)	$ 26,779	12.5%	$ 28,110	37.4%
AAA / Aaa	32,939	15.4%	11,060	14.7%
AA+ / Aa1	62,284	29.0%	21,465	28.5%
AA	1,609	0.8%	993	1.3%
AA- / Aa3	1,925	0.9%	-	0.0%
A+ / A1	8,808	4.1%	1,568	2.1%
A	12,095	5.6%	749	1.0%
A-	27,482	12.8%	6,003	8.0%
BBB+	9,013	4.2%	2,392	3.2%
BBB / Baa	19,973	9.3%	2,503	3.3%
BBB-	6,609	3.1%	426	0.6%
BB+	2,811	1.3%	-	0.0%
B+	245	0.1%	-	0.0%
CCC	462	0.2%	-	0.0%
CC	41	0.0%	-	0.0%
D	63	0.0%	-	0.0%
Not rated	1,457	0.7%		0.0%
Total Fixed-income Portfolio	$ 214,595	100.0%	$ 75,269	100.0%

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

Foreign Currency Risk – With the exception of dedicated foreign-equity portfolios, all investments authorized for purchase by the Decommissioning Trusts are U.S. dollars. This reduces the potential foreign currency risk exposure to the portfolio. All foreign bonds outstanding were issued in the U.S. and amounted to $15,418 as of December 31, 2012. In accordance with the Investment Policy, investments in international portfolios are limited to international commingled funds, American Depository Receipts and Exchange Traded Funds that are diversified across countries and industries. The international portfolio will be limited to 20.0% of the total portfolio. At December 31, 2012, total foreign equity securities held by the 12% Trust amounted to 5.1% of the Trust's portfolio.

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

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

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

CPS Energy (Continued)

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

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

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

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

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

At January 31, 2013, neither CPS Energy nor the Decommissioning Trusts had any credit risk exposure to borrowers because the amounts CPS Energy and the Decommissioning Trusts owed to borrowers exceeded the amounts the borrowers owed. There were no violations of legal or contractual provisions nor were there any borrower or lending agent default losses related to securities lending in fiscal year 2013.

Direct Investments – At January 31, 2013, there was a total of $124,016 in securities, or 16.6% of CPS Energy's direct investments, out on loan to brokers/dealers. In exchange, CPS Energy received $126,685 in securities collateral, or 102.2% of the market value of the corresponding securities loaned. Income generated from securities lending transactions amounted to $760 in fiscal year 2013, of which 30.0% was paid as fees to the lending agent.

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

CPS Energy (Continued)

Decommissioning Trusts – For the 28% Decommissioning Trust at December 31, 2012, there was a total of $33,623 in securities, or 10.0% of the Decommissioning Trust's investments, out on loan to brokers/dealers. In exchange, the Trust received $8,950 in cash collateral and $25,278 in securities collateral, or a total of 101.8% of the market value of the corresponding securities loaned. Income generated from securities lending transactions for the Decommissioning Trust amounted to $106 in calendar year 2012, of which 30.0% was paid as fees to the lending agent.

For the 12% Decommissioning Trust at December 31, 2012, there was a total of $15,374 in securities, or 13.0% of the Decommissioning Trust's investments, out on loan to brokers/dealers. In exchange, the Trust received $2,259 in cash collateral and $13,413 in securities collateral, or a total of 101.9% of the market value of the corresponding securities loaned. Income generated from securities lending transactions for this Decommissioning Trust amounted to $50 in calendar year 2012, of which 30.0% was paid as fees to the lending agent.

San Antonio Water System (SAWS)

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

Custodial Credit Risk (Deposit) – All funds are deposited in demand and savings accounts or certificates of deposit at Frost Bank, SAWS' general depository bank. Additionally funds have been deposited in certificates of deposit at BBVA-Compass Bank and JPMorgan Chase Bank. As required by state law, all deposits are fully collateralized and/or are covered by federal depository insurance. At December 31, 2012, 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, 2012, the bank balance of demand and savings account was $49,620 and the reported amount was $47,274 which included $30 of cash on hand, and certificates of deposits totaled $75,000.

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

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

San Antonio Water System (SAWS) (Continued)

As of December 31, 2012, 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	$ 9,979	$ 32,400	$ -	$ -	$ 42,379	$ 42,368
U.S. Agency Discount Notes		61,062			61,062	61,056
U.S. Agency Coupon Notes	137,981	33,114	28,947	38,215	238,257	238,248
Money Market Funds:						
Bank of New York Mellon	10,662				10,662	10,662
Frost National Bank	29,583				29,583	29,583
U.S. Bank	2,568				2,568	2,568
Wells Fargo Bank	11,117				11,117	11,117
	$ 201,890	$ 126,576	$ 28,947	$ 38,215	$ 395,628	$ 395,602
Percentage of Portfolio	51.0%	32.0%	7.3%	9.7%	100.0%	

Interest Rate Risk – As a means of limiting its exposure to fair value losses due to rising interest rates, SAWS' Investment Policy limits its investment maturities to no more than five years. As indicated in the table above, 90.3% of SAWS' investment portfolio is invested in maturities less than one year.

Credit Risk – In accordance with its Investment Policy, SAWS manages exposure to credit risk by limiting its investments in long-term obligations of other states and cities to those with a credit rating of 'A' or better. Additionally, any short-term investments require a rating of at least 'A-1' or 'P-1'. As of December 31, 2012, SAWS held no direct investments with a credit rating below 'AA+'.

Credit Rating	Carrying Value	Market Value	Allocation	Investment Policy Limit
A-1/AAA	$ 114,986	$ 114,992	29.1%	Max. = 100.0%
AA+	280,616	280,636	70.9%	
Total Portfolio	$ 395,602	$ 395,628	100.0%	

Concentration of Credit Risk – SAWS' Investment Policy does not limit the amount it may invest in U.S. Treasury securities, government-guaranteed securities, or government-sponsored entity securities. However, in order to manage its exposure to concentration of credit risk, SAWS' Investment Policy does limit the amount that can be invested in any one government-sponsored issuer to no more than 50.0% of the total investment portfolio, and no more than 20.0% of the total investment portfolio on any non-government issuer unless it is fully collateralized. As of December 31, 2012, the following investments in any one organization that represent more than 5.0% of total SAWS investments are: 30.0% in Federal Home Loan Bank, 7.0% in Federal National Mortgage Association, and 16.0% in Federal Home Loan Mortgage Corporation.

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

San Antonio Water System (SAWS) (Continued)

The following is a reconciliation of deposits and investments disclosed in the Note to the amounts presented for cash and cash equivalents and investments in the balance sheet for 2012:

	December 31, 2012
Reported amounts in Note for:	
Deposits, including certificates of deposit	$ 122,274
Investments	395,602
Total Deposits and Investments	$ 517,876
Totals for Balance Sheet:	
Cash and Cash Equivalents:	
Unrestricted cash and cash equivalents	$ 132,273
Restricted cash and cash equivalents:	
Debt Service Fund	2
Capital Projects Accounts	43,351
Other Restricted Accounts:	
Reserve Fund	578
Total Cash and Cash Equivalents	$ 176,204
Investments:	
Unrestricted current investments	$ 51,694
Restricted current investments:	
Debt Service Accounts	47,913
Capital Project Accounts	19,135
Other Restricted Accounts:	
Operating reserve	38,389
Customer deposits	9,265
Total Other Restricted Accounts	47,654
Total Current Investments	$ 166,396
Restricted noncurrent investments:	
Capital Project Accounts	$ 95,010
Other Restricted Accounts:	
Reserve Fund	80,266
Total Cash, Cash Equivalents and Investments	$ 517,876

Note 4 Capital Assets

Primary Government (City)

Impairments of $459 were identified and reduced in capital assets for governmental activities. As a part of the City's continued diligence and review of CIP the City expensed $43,630 for construction costs that did not meet capitalization thresholds or were costs associated and funded by third parties for their assets. Additionally, $24,193 in Land was reduced from CIP and capitalized. Capital asset activity for governmental activities, to include Internal Service Funds, for the year-ended September 30, 2013 is as follows:

Capital Assets - Governmental Activities

Governmental Activities	Beginning Balance (Restated)	Increases	Decreases	Transfers	Ending Balance
Non-Depreciable Assets:					
Land	$ 1,380,515	$ 24,371	$ (13)	$ -	$ 1,404,873
Construction in Progress	286,687	233,323	(67,823)	(143,835)	308,352
Non-Depreciable Intangible Assets	82,740	15,107			97,847
Other Non-Depreciable Assets	2,548				2,548
Total Non-Depreciable Assets	1,752,490	272,801	(67,836)	(143,835)	1,813,620
Depreciable Assets:					
Intangible Assets	3,877	206			4,083
Buildings	844,755		(48)	12,352	857,059
Improvements	605,782	102	(13)	61,904	667,775
Infrastructure	2,646,757		(28)	68,584	2,715,313
Machinery and Equipment	483,839	22,191	(12,356)	995	494,669
Total Depreciable Assets	4,585,010	22,499	(12,445)	143,835	4,738,899
Accumulated Depreciation:					
Intangible Assets	(1,075)	(775)			(1,850)
Buildings	(316,077)	(22,620)	3		(338,694)
Improvements	(154,451)	(30,900)	2		(185,349)
Infrastructure	(1,686,545)	(66,174)	1		(1,752,718)
Machinery and Equipment	(279,368)	(42,111)	9,250		(312,229)
Total Accumulated Depreciation	(2,437,516)	(162,580)	9,256		(2,590,840)
Total Depreciable Assets, net	2,147,494	(140,081)	(3,189)	143,835	2,148,059
Total Capital Assets, net	$ 3,899,984	$ 132,720	$ (71,025)	$ -	$ 3,961,679

Depreciation expense was charged to governmental functions as follows:	
General Government	$ 21,228
Public Safety	11,042
Public Works	84,810
Health Services	963
Sanitation	76
Welfare	1,189
Culture and Recreation	14,875
Convention and Tourism	9,217
Urban Redevelopment and Housing	152
Economic Development and Opportunity	125
Depreciation on Capital Assets Held by City's Internal Service Funds are Charged to Various Functions Based on Asset Usage	18,903
Total Depreciation Expense for Governmental Activities	$ 162,580

The capital assets of Internal Service Funds are included in governmental activities. In fiscal year 2013, Internal Service Funds capital assets increased by $15,869, and decreased by $8,856, of which $422 are impairments, resulting in an ending balance of $200,008. Depreciation expense of $18,903, less the $7,000 in previously depreciated assets disposed of during the current year, resulted in an ending accumulated depreciation balance of $130,585. Net book value is $69,423.

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 2013, the City capitalized construction period interest for the Airport System in the amount of $923. Interest costs for nonmajor enterprise funds were not capitalized as construction in progress in these funds during fiscal year 2013 were funded by capital contributions from governmental funds. Impairments of $668 were identified for the Airport System and $21 for nonmajor funds, resulting in a $689 reduction in capital assets for business-type activities.

Capital asset activity for business-type activities for the year-ended September 30, 2013, is as follows:

Capital Assets - Business-Type Activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Non-Depreciable Assets:					
Land:					
Airport System	$ 5,322	$ -	$ -	$ -	$ 5,322
Nonmajor Enterprise Fund	9,277				9,277
Total Land	14,599				14,599
Construction in Progress:					
Airport System	27,810	43,141	(414)	(8,014)	62,523
Nonmajor Enterprise Fund	3,679	2,459		(4,449)	1,689
Total Construction in Progress	31,489	45,600	(414)	(12,463)	64,212
Total Non-Depreciable Assets	46,088	45,600	(414)	(12,463)	78,811
Depreciable Assets:					
Buildings:					
Airport System	359,346			5,855	365,201
Nonmajor Enterprise Fund	27,217			3,211	30,428
Total Buildings	386,563			9,066	395,629
Improvements:					
Airport System	396,830	1,369	(928)	2,159	399,430
Nonmajor Enterprise Fund	21,103			1,238	22,341
Total Improvements	417,933	1,369	(928)	3,397	421,771
Machinery and Equipment:					
Airport System	15,192	2,077	(215)		17,054
Nonmajor Enterprise Fund	38,371	576	(82)		38,865
Total Machinery and Equipment	53,563	2,653	(297)		55,919
Total Depreciable Assets	858,059	4,022	(1,225)	12,463	873,319
Accumulated Depreciation:					
Buildings:					
Airport System	(93,841)	(10,350)			(104,191)
Nonmajor Enterprise Fund	(11,606)	(776)			(12,382)
Total Buildings	(105,447)	(11,126)			(116,573)
Improvements:					
Airport System[1]	(130,072)	(14,679)	120		(144,631)
Nonmajor Enterprise Fund	(4,635)	(924)			(5,559)
Total Improvements	(134,707)	(15,603)	120		(150,190)
Machinery and Equipment:					
Airport System	(11,925)	(1,002)	206		(12,721)
Nonmajor Enterprise Fund	(17,107)	(4,537)	62		(21,582)
Total Machinery and Equipment	(29,032)	(5,539)	268		(34,303)
Total Accumulated Depreciation	(269,186)	(32,268)	388		(301,066)
Total Depreciable Assets, net	588,873	(28,246)	(837)	12,463	572,253
Total Capital Assets, net	$ 634,961	$ 17,354	$ (1,251)	$ -	$ 651,064

[1] Airport System decrease of $120 in improvements is a reduction of current year depreciation expense due to an asset reduction.

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 23 generating units at these four power stations—four are coal-fired and 19 are gas-fired. The following is a list of power stations and relative generating units in service at January 31, 2013:

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

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

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

Included in the general plant are: the Energy Management Center; the main office complex; the construction and customer service centers; the Villita Assembly Building; and a fleet of automobiles, trucks, and work equipment. On January 31, 2012, CPS Energy purchased approximately eight acres of land and a shell building in northwest San Antonio to serve as the site of a new data and control center and other customer and support staff functions.

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

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

As part of the acquisition, 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.

Note 4 Capital Assets (Continued)

CPS Energy (Continued)

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

Impairments – No capital asset impairments were identified for fiscal year 2013.

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

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

STP Capital Investment, Net		
		January 31, 2013
STP Capital Assets, net		
Land	$	5,701
Construction in progress, STP Units 1&2		24,890
Construction in progress, STP Units 3&4		391,322
Electrical and general plant		1,040,360
Software		15
Nuclear Fuel		103,329
Total STP Capital Assets, net	$	1,565,617
Total CPS Energy Capital Assets, net	$	7,796,040
STP Capital Investments as a percentage of total CPS Energy Capital Assets, net		20.1%

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Note 4 Capital Assets (Continued)

CPS Energy (Continued)

The following tables provide more detailed information on the activity of CPS Energy's net capital assets as presented on the balance sheet, including capital asset activity for fiscal year 2013:

Capital Assets - CPS Energy					
	Beginning Balance (Restated)	Increases	Transfers	Decreases	Ending Balance
Non-Depreciable Assets:					
Land	$ 53,566	$ 2,649	$ 4,459	$ -	$ 60,674
Land Easements	78,000	2,608	7,585		88,193
Construction in Progress	595,994	300,198	(304,467)		591,725
Total Non-Depreciable Assets	727,560	305,455	(292,423)		740,592
Depreciable Capital Assets:					
Utility Plant in Service:					
Electric Plant	9,144,448	523,278	213,093	(42,179)	9,838,640
Gas Plant	720,379	4,397	22,599	(1,067)	746,308
General Plant	648,914	21,841	42,761	(55,603)	657,913
Software	191,368	262	13,970		205,600
Other	3,200	25,504			28,704
Nuclear Fuel	701,735	44,562			746,297
Total Depreciable Capital Assets	11,410,044	619,844	292,423	(98,849)	12,223,462
Accumulated Depreciation and Amortization:					
Utility Plant in Service:					
Electric Plant	(3,634,407)	(303,537)		46,008	(3,891,936)
Gas Plant	(273,994)	(16,410)		2,226	(288,178)
General Plant	(240,394)	(43,180)		54,541	(229,033)
Software	(103,215)	(11,433)			(114,648)
Other[1]	(446)	(880)		75	(1,251)
Nuclear Fuel	(606,997)	(35,971)			(642,968)
Total Accumulated Depreciation Depletion and Amortization	(4,859,453)	(411,411)		102,850	(5,168,014)
Total Capital Assets, net	$ 7,278,151	$ 513,888	$ -	$ 4,001	$ 7,796,040

[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 $886,353. This included $880,737 in additions to construction in progress and electric, gas and general plant, and excludes $5,054 in AFUDC and $5,219 in donated assets.

Other – The increases in electric plant included the purchase of the Rio Nogales plant, an 800-MW combined-cycle natural gas electric generating plant. Associated with this purchase, the Tax Exemption Settlement is reflected in the additions under Other Intangible Assets. Of the total additions to accumulated depreciation and amortization for the period, $375,440 was reported as depreciation and amortization expense, while amortization of nuclear fuel of $35,971 was reported as fuel expense on the Statements of Revenues, Expenses and Changes in Net Position.

Note 4 Capital Assets (Continued)

San Antonio Water System (SAWS)

SAWS' interest expense during the construction period is capitalized as part of the cost of capital assets. For the year-ended December 31, 2012, interest capitalized was $9,140. 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	$ 93,331	$ -	$ 1,640	$ -	$ 94,971
Intangible Assets:					
Acquisition of Water Rights	205,163		8,056		213,219
Other	370				370
Construction in Progress	522,438	292,456	(241,136)	(2,211)	571,547
Total Non-Depreciable Assets	821,302	292,456	(231,440)	(2,211)	880,107
Depreciable Assets:					
Utility Plant in Service:					
Structures and Improvements	504,963	12,653	38,155	(886)	554,885
Pumping and Purification	146,376	158	6,430	(496)	152,468
Distribution and Transmission System	1,667,250	2,439	114,898	(3,405)	1,781,182
Treatment Facilities	1,524,826		63,167		1,587,993
Total Utility Plant in Service	3,843,415	15,250	222,650	(4,787)	4,076,528
Machinery and Equipment:					
Machinery and Equipment	116,314	13,932	8,683	(31)	138,898
Furniture and Fixtures	5,052	48			5,100
Computer Equipment	13,293	2,085	81	(762)	14,697
Software	23,780	630	26		24,436
Total Machinery and Equipment	158,439	16,695	8,790	(793)	183,131
Intangible Assets	1,347				1,347
Total Depreciable Assets	4,003,201	31,945	231,440	(5,580)	4,261,006
Accumulated Depreciation:					
Utility Plant in Service:					
Structures and Improvements	(120,137)	(11,420)		497	(131,060)
Pumping and Purification	(34,175)	(3,718)		450	(37,443)
Distribution and Transmission System	(482,560)	(40,245)		2,849	(519,956)
Treatment Facilities	(550,058)	(33,666)			(583,724)
Machinery and Equipment:					
Machinery and Equipment	(56,965)	(9,955)		31	(66,889)
Furniture and Fixtures	(4,338)	(200)			(4,538)
Computer Equipment	(7,192)	(2,300)		760	(8,732)
Software	(15,912)	(1,463)			(17,375)
Intangible Assets	(101)	(67)			(168)
Total Accumulated Depreciation	(1,271,438)	(103,034)		4,587	(1,369,885)
Total Depreciable Assets, net	2,731,763	(71,089)	231,440	(993)	2,891,121
Total Capital Assets, net	$ 3,553,065	$ 221,367	$ -	$ (3,204)	$ 3,771,228

Note 4 Capital Assets (Continued)

San Antonio Water System (SAWS) (Continued)

Asset Impairment – SAWS periodically reviews its capital assets for possible impairment. As part of SAWS' capital improvement program, SAWS incurs costs to design capital improvement projects. These costs are included in capital assets as Construction in Progress. Periodically the actual construction of these projects may not occur due to changes in plans. Once it has been determined that construction will not proceed, any capitalized costs are charged off to operating expenses. Design costs were charged off totaling $2,211 in 2012.

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Note 5 Receivables and Payables

Primary Government (City)

Disaggregation of Receivables

Net receivables at September 30, 2013 are as follows:

	Accounts	Taxes	Note and Loans	Accrued Interest	Other	Total Net Receivables
Governmental Activities	$ 123,007	$ 22,683	$ 62,585	$ 1,397	$ 11,182	$ 220,854
Business-Type Activities:						
Airport System	$ 2,958	$ -	$ 667	$ 208	$ -	$ 3,833
Nonmajor Enterprise Funds	7,887			73		7,960
Total Business-Type Activities	$ 10,845	$ -	$ 667	$ 281	$ -	$ 11,793

The receivable balances for Governmental Activities have been reduced by estimated allowances for doubtful accounts of $31,712 against customer accounts, $6,276 against property and occupancy taxes, and $54,177 against other receivables. The receivable balances for Business-Type Activities have been reduced by estimated allowances for doubtful accounts of $928 against customer accounts.

The only receivables not expected to be collected within one year are $62,512 for notes and loans receivables, net of allowance for doubtful accounts of $14,847, related to Urban Redevelopment and Housing and Economic Development and Opportunity. These notes and loans have a corresponding deferred revenue balance recorded within the respective funds. $11,329 of the notes and loans receivable balance is non-interest bearing, and relate to Urban Redevelopment and Housing and Economic Development and Opportunity functions.

Disaggregation of Payables

Payables at September 30, 2013 are as follows:

	Accounts	Accrued Payroll	Claims Payable	Total Payables
Governmental Activities	$ 88,298	$ 10,166	$ 66,323	$ 164,787
Business-Type Activities:				
Airport System	$ 14,492	$ 542		$ 15,034
Nonmajor Enterprise Funds	3,454	1,042		4,496
Total Business-Type Activities	$ 17,946	$ 1,584	$ -	$ 19,530

Note 5 Receivables and Payables (Continued)

Primary Government (City) (Continued)

Interfund Receivable and Payable Balances

As of September 30, 2013, 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 $27,123 due from other funds in the General Fund, $22,658 is a result of overdraws of pooled cash. Except for internal loan from the Other Internal Service Fund of $70 to the General Fund, all interfund balances are expected to be paid within one year.

Different fiscal year ends exist between the City and Pre-K 4 SA component unit, September 30 and June 30, therefore interfund receivables and payables do not eliminate by $969. 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, 2013. 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, 2013:

Summary Table of Interfund Receivables and Payables
As of September 30, 2013

	Due from Other Funds	Due To Other Funds
General Fund:		
Debt Service Fund	$ 1,460	$ 349
2007 General Obligation	45	
Airport System Fund		37
Internal Service Funds	264	369
Nonmajor Governmental Funds	23,730	2,737
Nonmajor Enterprise Funds	1,624	227
Total General Fund	27,123	3,719
Debt Service Fund:		
General Fund	349	1,460
Total Debt Service Fund	349	1,460
Pre-K 4 SA Fund:		
Nonmajor Governmental Funds	5,056	178
Total Pre-K 4 SA Fund	5,056	178
Texas Public Facility Corporation Fund:		
Nonmajor Governmental Funds		5,184
Total Texas Public Facility Corporation Fund		5,184
2007 General Obligation Bonds:		
General Fund		45
Nonmajor Governmental Funds	3	
Total 2007 General Obligation Bonds	3	45
Nonmajor Governmental Funds:		
General Fund	2,737	23,730
2007 General Obligation Bonds		3
Texas Public Facility Corporation	5,184	
Nonmajor Governmental Funds	677	677
Nonmajor Enterprise Funds	1,781	
Internal Service Funds	343	793
Pre-K 4 SA	984	4,893
Total Nonmajor Governmental Funds	11,706	30,096

Note 5 Receivables and Payables (Continued)

Primary Government (City) (Continued)

Interfund Receivable and Payable Balances (Continued)

Summary Table of Interfund Receivables and Payables (Continued) As of September 30, 2013		
	Due from Other Funds	Due To Other Funds
Airport System Fund:		
General Fund	37	
Internal Service Funds		7
Airport System Fund	1,732	1,732
Total Airport System Fund	1,769	1,739
Nonmajor Enterprise Funds:		
General Fund	227	1,624
Nonmajor Governmental Funds		1,781
Nonmajor Enterprise Funds	25	25
Internal Service Funds		23
Total Nonmajor Enterprise Funds	252	3,453
Internal Service Funds:		
General Fund	369	264
Airport System Fund	7	
Nonmajor Governmental Funds	793	343
Nonmajor Enterprise Funds	23	
Internal Service Funds	20	20
Total Internal Service Funds	1,212	627
Total	$ 47,470	$ 46,501

CPS Energy

Disaggregation of Receivables – Net customer accounts receivable as of January 31, 2013, included $45,369 for unbilled revenue receivables and $153,691 for billed utility services. Interest and other receivables included $5,398 for regulatory-related receivables; $94 for interest receivable; and $26,888 for other miscellaneous receivables.

Disaggregation of Payables – At January 31, 2013, accounts payable and accrued liabilities included $153,275 related to standard operating supplier and vendor payables, including fuels payable; $45,133 for employee-related payables; and $102,424 for other miscellaneous payables and accrued liabilities.

San Antonio Water System (SAWS)

Disaggregation of Receivables – Gross customer accounts receivables as of December 31, 2012, included $29,574 from customers, $23,202 in unbilled revenue, $3,158 receivable from SAWS DSP, $978 in interest receivable, and $8,356 receivable from other governmental agencies, less an allowance of $2,320.

Disaggregation of Payables – At December 31, 2012, accounts payable and other current liabilities included $35,928 in accounts payable, $5,516 in vacation payable, $2,158 in accrued payroll and benefits, $35,279 in construction contracts, and $9,265 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 2013:

On October 11, 2012, the TPFC issued $550,374 in Public Facilities Corporation Improvement and Refunding Lease Revenue Bonds, Series 2012 (Convention Center Refinancing and Expansion Project) to refund outstanding City indebtedness issued to finance or refinance the Convention Center, to finance the acquisition, construction, and equipping of the Convention Center Expansion Project, to pay capitalized interest on the Current Interest Bonds (CIBs), and to pay the costs of issuing the Bonds. Through this defeasance, the City realized a loss of $3,509 in total deferred charges. The Bonds have maturities ranging from 2017 to 2042, with interest rates ranging from 3.0% to 5.1%.

On April 24, 2013, the City issued $70,685 in Municipal Drainage Utility System Revenue Refunding Bonds, Series 2013 to refund certain outstanding Municipal Drainage obligations of the City and to pay the costs of issuing the Bonds. The net proceeds from the sale of the Municipal Drainage Utility System Revenue Refunding Bonds, Series 2013, which included a premium of $12,350, 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 $13,932 in debt service payments and total deferred charges of $3,676. Through this defeasance, the City obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of $28,703. The Bonds have maturities ranging from 2014 to 2030, with interest rates ranging from 3.0% to 5.0%.

On June 4, 2013, the SIDC issued $20,890 in Starbright Industrial Development Corporation Contract Revenue Refunding Bonds, Series 2013 (Starbright Project). The Bonds were issued to refund certain outstanding obligations and to pay the costs of issuing the Bonds. The net proceeds from the sale of the Starbright Industrial Development Corporation Contract Revenue Refunding Bonds, Series 2013, which included a premium of $211, were used to fund an escrow account for the redemption, discharge, and defeasance of the refunded obligations. As a result of defeasing the debt, SIDC will realize a total decrease of $3,056 in debt service payments and total deferred charges of $1,845. Through this defeasance, SIDC obtained an economic gain (difference between the present values of the debt service payments on the old and new debt) of $10,969. The Bonds have maturities ranging from 2016 to 2033, with interest rates ranging from 1.1% to 4.8%.

On July 3, 2013, the City issued $18,460 in Revenue Notes, Taxable Series 2013. The Revenue Notes, Taxable Series 2013 were issued to fund facilities development pursuant to and in support of Pre-K 4 SA, various City Council District infrastructure improvements, and fire station improvements. The Notes have maturities ranging from 2014 to 2015, with an interest rate of 0.9%.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

On July 16, 2013, the City issued $114,435 in General Improvement Bonds, Series 2013 and $15,145 in Combination Tax and Revenue Certificates of Obligation, Series 2013. The General Improvement Bonds, Series 2013 were issued to finance improvements to: streets, bridges, and sidewalks; drainage and flood control; parks, recreation, and open space; library, museum, and cultural arts facilities; and public safety facilities; and to pay the costs of issuing the Bonds. The Bonds have maturities ranging from 2014 to 2033, with interest rates ranging from 2.0% to 5.0%.

The Combination Tax and Revenue Certificates of Obligation, Series 2013 were issued to provide funds for the payment of contractual obligations to be incurred for making permanent public improvements and for other public purposes, to include designing, acquiring, constructing, improving, renovating, and equipping of a new fire station facility; street lighting improvements, including the LED streetlights program; and other expenses necessary, incidental, or related to the foregoing. The Certificates have maturities ranging from 2014 to 2028, with interest rates ranging from 2.0% to 5.0%.

Pledges

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

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

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

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

CCHFC Contract Revenue Empowerment Zone Bonds are secured by net operating revenues to be received from the Convention Center Hotel operations. In the event the net operating revenues are insufficient to pay all debt service, City tax revenues will be pledged in the following order of priority: first, from the Convention Center Hotel State HOT revenues; second, from Convention Center Hotel State sales tax revenues; third, from Convention Center Hotel 7.0% local HOT revenues; and fourth, from available 2% Expansion HOT revenues on a subordinate basis.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

The Revenue Notes, Taxable Series 2013 are secured by a commitment of the City to pay principal and interest on the Notes when due from any and all lawful and available sources, subject to annual appropriation by the City Council of the City.

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

Prior Years' Defeased Debt

In prior years, the City advance refunded, prior to maturity, certain general obligation bonds, revenue bonds, certificates of obligation and tax notes. The refunding bonds were utilized to purchase securities, which are direct obligations of the United States of America (the Purchased Securities). The Purchased Securities plus cash were deposited into irrevocable escrow accounts in amounts scheduled to mature in principal amounts that, when added to interest earned on the Purchased Securities plus remaining balances in the escrow fund, are fully sufficient to make timely payment on the principal, premium if any, and interest scheduled to come due on the refunded obligations. The refunded obligations represent a legal defeasance and are no longer a liability of the City; therefore, they are not included in the City's financial statements. On September 30, 2013, $158,970 of previously defeased bonds was outstanding.

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Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

The following table is a summary of changes for the year-ended September 30, 2013 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, 2012	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2013
Tax-Exempt General Obligation Bonds:							
Series 2002 Forward Refunding	$ 251,280	2013	4.000-5.250	$ 9,425	$ -	$ (9,425)	$ -
Series 2003	40,905	2014	2.750-5.000	9,680		(4,410)	5,270
Series 2003A	56,515	2016	2.000-5.000	22,825		(8,265)	14,560
Series 2004	33,570	2024	2.375-4.750	1,665		(1,665)	
Series 2005	116,170	2025	3.500-5.250	92,785		(6,785)	86,000
Series 2006 Forward Refunding	33,090	2016	5.250-5.500	16,755		(6,420)	10,335
Series 2006 Refunding	170,785	2026	3.500-5.000	126,605		(5,015)	121,590
Series 2007 Refunding	121,220	2028	4.000-5.000	77,805		(4,325)	73,480
Series 2008	75,060	2028	4.000-5.500	69,545		(2,925)	66,620
Series 2010 Refunding	156,255	2023	2.000-5.000	135,035		(18,470)	116,565
Series 2010A	8,800	2020	5.000	8,800			8,800
Series 2011	59,485	2031	2.000-5.000	57,340		(2,150)	55,190
Series 2012 Refunding	33,410	2024	2.000-5.000	33,410		(2,210)	31,200
Series 2012	148,600	2032	2.000-5.000	148,600		(2,000)	146,600
Series 2013	114,435	2033	2.000-5.000		114,435		114,435
Total Tax-Exempt General Obligation Bonds	$ 1,419,580			$ 810,275	$ 114,435	$ (74,065)	$ 850,645
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 2004	$ 29,525	2024	2.000-5.000	$ 2,575	$ -	$ (2,575)	$ -
Series 2005	10,535	2025	4.000-5.250	9,985		(575)	9,410
Series 2006	73,155	2026	3.500-4.370	56,740		(3,055)	53,685
Series 2007	106,755	2028	4.000-5.000	55,365		(7,640)	47,725
Series 2008	85,005	2028	3.500-5.500	73,190		(3,220)	69,970
Series 2010	38,375	2019	4.000-5.000	38,375			38,375
Series 2011	79,780	2031	2.000-5.000	77,115		(2,625)	74,490
Series 2012	19,340	2032	1.000-5.000	19,340			19,340
Series 2013	15,145	2028	2.000-5.000		15,145		15,145
Total Tax-Exempt Certificates of Obligation	$ 457,615			$ 332,685	$ 15,145	$ (19,690)	$ 328,140
Tax Notes:							
Series 2008	$ 15,320	2013	3.500-5.000	$ 3,415	$ -	$ (3,415)	$ -
Series 2010A	9,655	2013	2.000-4.000	3,300		(3,300)	
Series 2011	9,445	2016	2.000-4.000	7,665		(1,805)	5,860
Series 2012	17,635	2016	1.500-2.000	17,635		(4,305)	13,330
Total Tax Notes	$ 52,055			$ 32,015	$ -	$ (12,825)	$ 19,190
Revenue Bonds:							
Series 1996 Hotel Occupancy Tax [1]	$ 182,012	2017	4.500-6.200	$ 12,391	$ -	$ (12,391)	$ -
Series 2004A Hotel Occupancy Tax	10,390	2029	5.000	10,390		(10,390)	
Series 2006 Hotel Occupancy Tax Ref	72,620	2026	4.000-4.500	70,485		(70,485)	
Series 2008 Hotel Occupancy Tax Ref	135,000	2034	Variable	128,600		(128,600)	
Series 2003 Municipal Drainage	44,150	2028	2.000-5.000	33,380		(33,380)	
Series 2005 Municipal Drainage	61,060	2030	3.500-5.250	50,785		(47,015)	3,770
Series 2013 Municipal Drainage	70,685	2030	3.000-5.000		70,685		70,685
Series 2010 Municipal Facility Corp Ref	9,090	2020	1.000-3.250	7,920		(920)	7,000
Series 2011 Municipal Facility Corp	27,925	2041	2.000-5.000	27,925		(565)	27,360
Convention Series 2005A	129,930	2039	4.750-5.000	129,930			129,930
Convention Series 2005B	78,215	2028	4.500-5.310	71,245		(2,690)	68,555
Starbright Industrial Dev Corp Series 2003	24,685	2033	2.180-5.110	21,320		(21,320)	
Starbright Industrial Dev Corp Series 2013	20,890	2033	1.078-4.750		20,890		20,890
Series 2012 Public Facilities Corp[2]	550,374	2042	3.000-5.100		550,374		550,374
Total Revenue Bonds	$ 1,417,026			$ 564,371	$ 641,949	$ (327,756)	$ 878,564
Revenue Notes:							
Series 2013	$ 18,460	2015	0.850	$ -	$ 18,460	$ -	$ 18,460
Total Revenue Notes	$ 18,460			$ -	$ 18,460	$ -	$ 18,460
Total	$ 3,556,286			$ 1,930,896	$ 789,989	$ (434,336)	$ 2,286,549

[1] A portion of the Hotel Occupancy Tax Revenue Bonds Series 1996 was sold as Capital Appreciation Bonds (CABS). The 1996 Series was refunded and $27,420 in accreted interest was defeased in fiscal year 2013.

[2] A portion of the Public Facilities Corporation Improvement and Refunding Lease Revenue Bonds, Series 2012 was sold as Capital Appreciation Bonds (CABS). Interest on the CABS accrete from date of delivery and will be payable only at maturity or redemption. The Interest accreted has resulted in an increase of $1,332 in revenue bonds payable and is reflected in the combined Statement of Net Position but is not reflected in this table.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Annual Requirements

The annual requirement to amortize all general obligation bonds, certificates of obligation, revenue notes, tax notes, and all revenue bonds outstanding as of September 30, 2013 are as follows:

Principal and Interest Requirements											
	General Obligation Bonds [2]			Certificates of Obligation		Tax Notes		Revenue Bonds		Revenue Notes	
Year Ending September 30,	Principal	Interest	Direct Subsidy[1]	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	$ 74,720	$ 50,462	$ (3,825)	$ 26,145	$ 15,024	$ 6,230	$ 427	$ 7,645	$ 36,631	$ 9,000	$ 124
2015	57,955	47,417	(3,825)	31,495	13,887	6,400	264	8,050	36,318	9,460	40
2016	58,045	44,681	(3,825)	21,575	12,470	6,560	96	9,260	36,009		
2017	55,235	41,876	(3,825)	22,530	11,507			12,555	35,667		
2018	59,555	38,920	(3,825)	21,265	10,495			13,130	35,163		
2019-2023	309,015	149,061	(18,615)	83,975	40,523			78,395	166,391		
2024-2028	218,785	85,818	(15,684)	98,570	18,446			135,610	142,708		
2029-2033	127,470	41,558	(11,584)	22,585	2,088			188,775	108,540		
2034-2038	55,880	18,090	(6,331)					191,994	139,056		
2039-2043	25,535	2,328	(816)					233,150	23,458		
Total	$ 1,042,195	$ 520,211	$ (72,155)	$ 328,140	$ 124,440	$ 19,190	$ 787	$ 878,564	$ 759,941	$ 18,460	$ 164

[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 2013, the City collected $3,665 in Direct Subsidies.

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

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.

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Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Annual Requirements (Continued)

Authorized but Unissued General Obligation Debt				
Authorization Date	Purpose	Amount Authorized	Bonds Previously Issued [1, 2]	Bonds Authorized but Unissued
5/12/2012	Streets, Bridges, and Sidewalks	$ 337,441	$ 96,474	$ 240,967
5/12/2012	Drainage and Flood Control	128,031	36,817	91,214
5/12/2012	Parks, Recreation and Open Space	87,150	39,061	48,089
5/12/2012	Library, Museum and Cultural Art Facilities	29,032	19,423	9,609
5/12/2012	Public Safety Facilities	14,346	5,987	8,359
Total		$ 596,000	$ 197,762	$ 398,238

[1] Includes, from prior bond issues sold pursuant to this voted authority, a portion of the net reoffering premium in the amount of $9,401 allocated against voter authorization.

[2] Includes a portion of the net reoffering premium on the General Improvement Bonds, Series 2013 issuance in the amount of $11,129 allocated against voter authorization.

Debt Limitation

The amount of debt that the City may incur is limited by City Charter and by the Constitution of the State of Texas. The City Charter establishes a limitation on the general obligation debt supported by ad valorem taxes to an amount not to exceed 10.0% of the total assessed valuation. The total assessed valuation for the fiscal year 2013 was $83,494,323, which provides a debt ceiling of $8,349,432. The total outstanding debt that is secured by an ad valorem tax pledge is $1,406,185 including $16,660 that is reported in business-type activities.

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

Notes Payable

In September 2004, City Council authorized the submission of a $57,000 HUD 108 loan application to HUD, which was received August 2006. Proceeds of the loan have been utilized to fund various capital improvement projects including streets and drainage projects, and to fund improvements to public health facilities, parks, libraries, and community recreation and cultural facilities. The City is required to transfer any funds unspent as of December 31, 2013 to a loan repayment account. The loan amount outstanding as of September 30, 2013 was $43,640.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Notes Payable (continued)

In May 2008, a loan was authorized from the City's Other Internal Service Fund to the City's Tax Increment Reinvestment Zone to finance the purchase of the draft River North Master Plan, in an amount not to exceed $650. The principal amount of the loan was $648, with quarterly interest to be calculated at the City's pooled investment portfolio rate. The City's average rate for the fiscal year-ended September 30, 2013 was 0.2%, resulting in interest of $1. Cumulative interest incurred through fiscal year 2013 was $17. Repayment of the principal and interest on this loan from the City's Other Internal Service Fund was made in March 2013.

Interfund Borrowings

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

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

The HemisFair Fountain uses an estimated 36,000 gallons of water each year which equates to an annual estimated cost of $130 to the General Fund. These savings, along with the one-time rebate and interest earnings, will be transferred to the Other Internal Service Fund to reimburse the Other Internal Service Fund for its loan for the capital project. Interest earned in fiscal year 2013 using the City's average rate for the fiscal year-ended September 30, 2013 of 0.2% was $1. Cumulative interest incurred through fiscal year 2013 was $12.

The following is a summary of changes in the loan for the fiscal year-ended September 30, 2013:

Balance October 1, 2012	Additions	Reductions	Balance September 30, 2013
$ 118	$ -	$ 48	$ 70

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, 2013 is $995.

Balance October 1, 2012	Additions	Reductions	Balance September 30, 2013
$ 1,060	$ -	$ 65	$ 995

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Leases

The City leases property and equipment from others. Leased property having elements of ownership are recorded in the government-wide financial statements. The related obligations, in amounts equal to the present value of minimum lease payments payable during the remaining term of the leases, are also recorded in the government-wide financial statements. Other leased property, not having elements of ownership, are classified as operating leases. Both capital and operating lease payments are recorded as expenditures when matured in the governmental fund financial statements. Total expenditures for operating leases for the fiscal year-ended September 30, 2013 were approximately $10,895.

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

Machinery and Equipment	$ 33,174
Less: Accumulated Depreciation	(22,114)
Total	$ 11,060

As of September 30, 2013, 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:			
2014	$ 3,241	$ 8,195	$ 11,436
2015	2,889	6,942	9,831
2016	2,769	5,834	8,603
2017	1,416	4,326	5,742
2018	1,085	3,863	4,948
2019-2023	3,765	6,520	10,285
2024-2028	2,447	568	3,015
2029-2033		318	318
Future Minimum Lease Payments	17,612	$ 36,566	$ 54,178
Less: Interest	(2,327)		
Present Value of Future Minimum Lease Payments	15,285		
Less: Current Portion	(2,811)		
Capital Lease, Net of Current Portion	$ 12,474		

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

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

The City had no Business-Type Activity issuances during fiscal year 2013.

Pledges

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

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

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

Capitalized Interest Costs – Interest costs incurred on revenue bonds and other borrowing totaled $18,270 for the Airport System. For fiscal year 2013, the amount of $923 was capitalized for the Airport System and included as an addition to construction in progress. Nonmajor enterprise funds' interest costs were expensed during fiscal year 2013 as construction in progress and funded by capital contributions from governmental funds.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Business-Type Activity Long-Term Debt (Continued)

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, 2013, $18,435 of previously defeased bonds was outstanding.

The following table is a summary of changes in debt obligations for the fiscal year ended September 30, 2013:

Business-Type Long-Term Debt							
	Time of Original Issuance						
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding October 1, 2012	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2013
Airport System:							
Revenue Bonds:							
Series 2003 Refunding	$ 50,230	2013	5.500-6.000	$ 4,900	$ -	$ (4,900)	$ -
Series 2005 PFC	38,085	2030	3.375-5.250	31,590		(1,100)	30,490
Series 2006	17,850	2014	5.000	6,500		(2,800)	3,700
Series 2007	82,400	2032	4.950-5.250	76,205		(2,275)	73,930
Series 2007 PFC	74,860	2032	5.000-5.250	65,780		(1,960)	63,820
Series 2010A Refunding	42,220	2040	2.000-5.250	42,220			42,220
Series 2010B Refunding	20,885	2018	3.197-4.861	20,885			20,885
Series 2010 PFC Refunding	37,335	2040	2.000-5.375	35,660		(730)	34,930
Series 2012 Refunding	70,135	2027	2.000-5.000	70,135		(3,215)	66,920
Series 2012 PFC Refunding	25,790	2027	2.000-5.000	25,790		(1,135)	24,655
Subtotal	$ 459,790			$ 379,665	$ -	$ (18,115)	$ 361,550
Parking System:							
Taxable General Obligation Bonds:							
Series 2004 Refunding	$ 13,245	2016	1.400-4.650	$ 4,780	$ -	$ (1,300)	$ 3,480
Series 2008 Refunding	10,120	2024	5.820-6.570	10,120			10,120
Subtotal	$ 23,365			$ 14,900	$ -	$ (1,300)	$ 13,600
Solid Waste Management:							
Tax-Exempt General Obligation Bonds:							
Series 2006 Refunding	$ 1,000	2026	3.500-5.000	$ 725	$ -	$ (40)	$ 685
Series 2010 Refunding	545	2021	2.000-5.000	545			545
Tax-Exempt Certificate of Obligations:							
Series 2006	400	2026	3.500-5.000	320		(15)	305
Series 2007	2,500	2028	4.000-5.000	1,615		(90)	1,525
Subtotal	$ 4,445			$ 3,205	$ -	$ (145)	$ 3,060
Total	$ 487,600			$ 397,770	$ -	$ (19,560)	$ 378,210

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Business-Type Activity Long-Term Debt (Continued)

The annual requirements to amortize long-term debt for the City's Enterprise Funds related to general obligation bonds, certificates of obligation, and revenue bonds outstanding at September 30, 2013 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
2014	$ 18,665	$ 17,483	$ 36,148	$ 1,480	$ 750	$ 2,230	$ 150	$ 145	$ 295
2015	16,710	16,696	33,406	1,000	694	1,694	165	137	302
2016	17,400	16,018	33,418	1,000	648	1,648	165	129	294
2017	18,195	15,225	33,420	1,025	625	1,650	180	120	300
2018	19,060	14,374	33,434	1,080	565	1,645	185	109	294
2019-2023	82,205	60,255	142,460	6,470	1,767	8,237	1,065	404	1,469
2024-2028	95,570	38,076	133,646	1,545	102	1,647	1,150	143	1,293
2029-2033	62,400	16,861	79,261						
2034-2038	21,710	5,950	27,660						
2039-2040	9,635	774	10,409						
Total	$ 361,550	$ 201,712	$ 563,262	$ 13,600	$ 5,151	$ 18,751	$ 3,060	$ 1,187	$ 4,247

Leases

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

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

Machinery and Equipment	$ 20,720
Less: Accumulated Depreciation	(10,176)
Total	$ 10,544

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Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Business-Type Activity Long-Term Debt (Continued)

As of September 30, 2013 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,			
2014	$ 4,529	$ 595	$ 5,124
2015	4,481	542	5,023
2016	3,083	428	3,511
2017	1,202	371	1,573
2018	1,107	95	1,202
2019-2023	2,213	68	2,281
2024-2028	898		898
Future Minimum Lease Payments	17,513	$ 2,099	$ 19,612
Less: Interest	(1,408)		
Present Value of Future Minimum Lease Payments	16,105		
Less: Current Portion	(4,103)		
Capital Leases, Net of Current Portion	$ 12,002		

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Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental and Business-Type Activities Long-Term Debt

Long-term obligations and amounts due within one year:

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Tax-Exempt General Obligation Bonds	$ 810,275	$ 114,435	$ (74,065)	$ 850,645	$ 74,720
Taxable General Obligation Bonds	191,550			191,550	
Tax-Exempt Certificates of Obligation	332,685	15,145	(19,690)	328,140	26,145
Tax Notes	32,015		(12,825)	19,190	6,230
Revenue Bonds	564,371	641,949	(327,756)	878,564	7,645
Revenue Notes		18,460		18,460	9,000
Gross Bonds Payable	1,930,896	789,989	(434,336)	2,286,549	123,740
Unamortized (Discount) / Premium	91,602	43,246	(32,738)	102,110	17,530
Deferred Amount on Refunding	(21,492)	(5,521)	3,995	(23,018)	(2,660)
Net Bonds Payable	2,001,006	827,714	(463,079)	2,365,641	138,610
Other Payables:					
Capital Lease Liability	15,320	3,682	(3,717)	15,285	2,811
Accrued Leave Payable	202,867	21,541	(13,623)	210,785	76,121
Notes Payable	46,544		(2,873)	43,671	2,351
Pollution Remediation Liability [4]	1,533	1,127	(1,106)	1,554	
Net Pension / OPEB Obligation [1, 2]	145,906	24,135		170,041	
Other Payable		434		434	
Total Other Payables	412,170	50,919	(21,319)	441,770	81,283
Total Governmental Activities Long-Term Liabilities	$ 2,413,176	$ 878,633	$ (484,398)	$ 2,807,411	$ 219,893
Business-Type Activities:					
Bonds Payable:					
Tax-Exempt General Obligation Bonds	$ 1,270	$ -	$ (40)	$ 1,230	$ 45
Taxable General Obligation Bonds	14,900		(1,300)	13,600	1,480
Tax-Exempt Certificates of Obligation	1,935		(105)	1,830	105
Revenue Bonds	379,665		(18,115)	361,550	18,665
Gross Bonds Payable	397,770		(19,560)	378,210	20,295
Unamortized (Discount) / Premium	16,026		(3,353)	12,673	1,013
Deferred Amount on Refunding	(5,738)		1,085	(4,653)	(674)
Net Bonds Payable	408,058		(21,828)	386,230	20,634
Other Payables:					
Capital Lease Liability	21,312		(5,207)	16,105	4,103
Accrued Leave Payable	4,910	3,804	(3,889)	4,825	3,892
Accrued Landfill Postclosure Costs [3]	2,044		(157)	1,887	142
Pollution Remediation Liability [4]	1,040			1,040	
Net OPEB Obligation [2]	26,760	6,017		32,777	
Total Other Payables	56,066	9,821	(9,253)	56,634	8,137
Total Business-Type Activities Long-Term Liabilities	$ 464,124	$ 9,821	$ (31,081)	$ 442,864	$ 28,771

NOTE: Interest accreted increased by $1,332 due to the bond payment's maturity schedule, resulting in an ending balance of $1,332, 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. The Hotel Occupancy Tax Revenue Bonds Series 1996 were refunded and $27,420 in accreted interest was defeased in fiscal year 2013.

[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 Payable

The following is a summary of accrued leave payable for the fiscal year-ended September 30, 2013:

Governmental Activities					
Fund Type	Short-Term Available	Short-Term Remaining	Total Short-Term	Long-Term	Total
Governmental Funds	$ 8,760	$ 64,631	$ 73,391	$ 134,331	$ 207,722
Internal Service Funds		2,730	2,730	333	3,063
Total Governmental Activities	$ 8,760	$ 67,361	$ 76,121	$ 134,664	$ 210,785

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

Business-Type Activities			
Fund	Short-Term	Long-Term	Total
Airport System	$ 1,680	$ 590	$ 2,270
Nonmajor Enterprise Funds	2,212	343	2,555
Total Business-Type Activities	$ 3,892	$ 933	$ 4,825

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, 2013, the aggregate principal amounts payable are as follows: five series of EFC Revenue Bonds in the amount of $41,585; two series of IDA Revenue Bonds in the amount of $10,400; and two series of EZDC Revenue Bonds in the amount of $39,900.

The City also facilitates the issuance of tax-exempt revenue bonds to enable the HFC to provide financing of residential developments for persons of low and moderate income. The bonds are secured by the property financed and are payable solely from, and secured by, a pledge of rental receipts. As of September 30, 2013, 22 series of tax-exempt revenue bonds were outstanding, with an aggregate principal amount payable of $239,063 and an aggregate principal amount issued of $253,009.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

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

To provide for the acquisition and construction of certain airport facilities, the City has issued Special Airport Facilities Revenue Refunding Bonds, Series 1995. The bond is payable pursuant to lease agreements, which stipulate that various commercial entities are obligated to pay amounts to a third-party trustee in lieu of lease payments to the City. These payments are sufficient to pay for the principal, premium, interest, and purchase price of the bond when they become due. The aggregate principal amount outstanding for the Special Airport Facilities Revenue Refunding Bonds, Series 1995 at September 30, 2013 was $2,400.

The City entered into an agreement with the Port to fund renovations at the Port, in the amount of $20,000. The Department of Housing and Urban Development (HUD) provides the funding for the loan through a Section 108 Loan. The loan is secured by pledged Port revenues and property and is payable solely from payments received by the Port. As of September 30, 2013, the aggregate amount of the outstanding loan totaled $7,539.

The City has authorized HTFC to issue single family and multi-family mortgage revenue bonds used to provide affordable housing to the citizens of San Antonio. The bonds are payable solely out of the revenues and receipts derived from any residential development or home mortgage financed by the bonds. As of September 30, 2013, the amount of conduit debt was $41,447.

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, 2013, SAEAPFC has one series of tax-exempt revenue bonds with an aggregate principal amount outstanding of $407,205.

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

CPS Energy

To support its long-term capital financing needs, CPS Energy uses several types of debt instruments. As of January 31, 2013 these included fixed-rate and variable-rate bonds, as well as commercial paper. Relative to the bond instruments, provisions may be included that allow for refunding after specified time periods during the bond term.

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

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Current refundings involve issuing new debt (refunding bonds) to redeem existing debt (refunded bonds) that can be called within 90 days of 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.

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

As of January 31, 2013, the bond ordinances for New Series Bonds issued on and after February 1, 1994 contained, among others, the following provisions:

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

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

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

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

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

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

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

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

Revenue Bonds

On March 29, 2012, CPS Energy issued $521,000 of taxable New Series 2012 Revenue Bonds. The true interest cost for this issue, which matures in 2026 through 2030 and in 2042, is 4.4%. Bond proceeds were primarily used to fund the purchase of an existing natural gas combined-cycle power plant.

On June 28, 2012, CPS Energy issued $655,370 of New Series 2012 Revenue Refunding Bonds. Proceeds, including the premium associated with the bonds, were used to refund $716,300 par value of the 2005A Revenue Refunding Bonds, 2005 Revenue Bonds and the majority of the 2006A Revenue Bonds. This refunding transaction resulted in a net present value debt service savings of $68,400, or 9.6% of the par amount of the bonds being refunded. The true interest cost for this issue, which consists of a serial bond maturing in 2025, is 2.6%.

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

On November 29, 2012, CPS Energy issued a total of $143,645 of Series 2012A, Series 2012B and Series 2012C Variable-Rate Junior Lien Revenue Refunding Bonds. Proceeds, including the premium associated with the bonds, were used to refund $147,600 par value of the 2004 Variable-Rate Demand Obligations. This refunding transaction resulted in a net present value debt service savings of $2,000, or 1.3% of the par amount of the bonds being refunded. The bonds have maturities in 2024 through 2028. The coupon rate for these bonds is 2.0%, with current yields of 0.6%, 0.8%, and 1.0% for the Series 2012A, 2012B and 2012C Junior Lien Bonds, respectively. These bonds will be remarketed in two, three and four years, respectively, and at that time will likely reset at different rates of interest.

On January 17, 2013, Moody's Investors Service Inc. downgraded the Insurance Financial Strength rating of Assured Guaranty Municipal Corp. ("AGM") to "A2" from "Aa3." AGM is the legal successor in interest to Financial Security Assurance, Inc., the original provider of a municipal bond insurance policy relating to the 2013 and 2014 maturities of the New Series 2002 Revenue and Refunding Bonds and the 2016 maturity of the New Series 2005 Revenue Refunding Bonds. Exceptions to the downgrade were Moody's-rated securities with equal or higher published underlying ratings, which includes the aforementioned bonds. As a result, the Moody's downgrade did not affect the rating on these obligations; the obligations are and remain rated "Aa1" by Moody's.

CPS Energy Revenue Bond Summary

Issuance	Maturities	Weighted-Average Yield on Outstanding Bonds at January 31, 2013	January 31, 2013
Tax Exempt new series bonds 2002-2012	2014-2034	4.6%	$ 2,770,890
Taxable new series bonds[1] 2009C, 2010A and 2012	2026-2042	4.0%	1,276,000
Total New Series Bonds		4.4%	4,046,890
Taxable series bonds[1] 2010A-2010B	2037-2041	3.9%	500,000
Tax Exempt Variable-Rate Series Bonds 2003, 2004, 2012A, 2012B, and 2012-C	2024-2033		393,645
Total series bonds			893,645
Total Long-Term Revenue Bonds Outstanding			4,940,535
Less: Current Maturities of Bonds			183,610
Total Revenue Bonds Outstanding, Net of Current Maturities			$ 4,756,925

[1] Direct Subsidy Build America Bonds

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

As of January 31, 2013, 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
2014	$ 183,610	$ 239,405	$ (24,995)	$ 398,020
2015	157,035	229,672	(26,132)	360,575
2016	155,115	224,035	(26,132)	353,018
2017	166,135	218,715	(26,132)	358,718
2018	163,955	212,980	(26,132)	350,803
2019-2023	960,535	933,825	(130,659)	1,763,701
2024-2028	842,715	680,487	(130,659)	1,392,543
2029-2033	759,471	516,089	(130,659)	1,144,901
2034-2038	926,393	334,378	(96,381)	1,164,390
2039-2042	625,571	71,212	(18,645)	678,138
Totals	$ 4,940,535	$ 3,660,798	$ (636,526)	$ 7,964,807

The above table includes senior lien and junior lien bonds. Interest on the senior lien bonds and the junior lien fixed-rate bonds are based upon the stated coupon rates of each series of bonds outstanding. The direct subsidy associated with the BABs has been presented in a separate column. BABs subsidy received in 2013 totaled $636,526. CPS Energy has taken the position that the BABs direct subsidy should be deducted when calculating total debt service since the subsidy is received directly by the trustee to be used solely for debt service payments.

The 2003 Junior Lien Bonds were issued as variable-rate bonds and as such have interest rates that reset on a weekly basis. The 2004 Junior Lien Bonds, which were remarketed on December 1, 2010, for a two-year term at an interest rate of 1.2%, were refunded in November 2012 by the Series 2012A, 2012B, and 2012C Junior Lien Bonds. The Series 2012A, 2012B, and 2012C Junior Lien Bonds were also issued as variable-rate bonds with interest rates that will be remarketed in two, three, and four years, respectively, and at that time will likely reset at different interest rates. The interest on all variable-rate bonds computes to a blended rate of 0.4% at January 31, 2013.

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

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, 2012	Additions During Year	Decreases During Year	Balance Outstanding January 31, 2013
Revenue and Refunding Bonds:							
2002 Tax Exempt	$ 436,090	2017	4.055	$ 209,340	$ -	$ (67,915)	$ 141,425
2002 Tax Exempt	140,615	2015	4.751	10,525			10,525
2003 Tax Exempt Junior Lien	250,000	2033	Variable	250,000			250,000
2003A Tax Exempt	93,935	2014	3.675	72,530		(9,055)	63,475
2003 Tax Exempt	350,490	2013	3.081	50,325		(50,325)	
2004 Tax Exempt Junior Lien	160,000	2027	Variable	147,615		(147,615)	
2005 Tax Exempt	294,625	2020	4.381	294,625			294,625
2005 Tax Exempt	240,675	2025	4.683	239,800		(239,800)	
2005A Tax Exempt	197,335	2025	4.571	195,215		(195,215)	
2006A Tax Exempt	384,185	2025	4.555	329,670		(296,635)	33,035
2006B Tax Exempt	128,845	2021	3.974	86,010		(9,625)	76,385
2007 Tax Exempt	46,195	2018	4.159	46,195			46,195
2007 Tax Exempt	403,215	2032	4.575	402,130			402,130
2008 Tax Exempt	287,935	2032	4.582	287,935			287,935
2008A Tax Exempt	158,030	2016	3.736	84,220		(17,910)	66,310
2009A Tax Exempt	442,005	2034	4.863	439,500			439,500
2009C Taxable	375,000	2039	3.944	375,000			375,000
2009D Tax Exempt	207,940	2021	3.72	203,065			203,065
2010A Taxable	380,000	2041	3.834	380,000			380,000
2010A Taxable Junior Lien	300,000	2041	3.806	300,000			300,000
2010B Taxable Junior Lien	200,000	2037	4.101	200,000			200,000
2011 Tax Exempt	50,915	2017	1.600	50,915			50,915
2012 Taxable	521,000	2042	4.420		521,000		521,000
2012 Tax Exempt	655,370	2025	5.027		655,370		655,370
2012A Tax Exempt Junior Lien	48,170	2028	Variable		48,170		48,170
2012B Tax Exempt Junior Lien	47,815	2028	Variable		47,815		47,815
2012C Tax Exempt Junior Lien	47,660	2028	Variable		47,660		47,660
Bonds Outstanding				4,654,615	1,320,015	(1,034,095)	4,940,535
Bond Current Maturities				(170,175)	(13,435)	-	(183,610)
Bond (Discount)/Premium				106,527	160,081	(44,181)	222,427
Bond Reacquisition Costs				(32,688)	(94,641)	32,768	(94,561)
Revenue Bonds, Net				4,558,279	1,372,020	(1,045,508)	4,884,791
Tax Exempt Commercial Paper (TECP)			Variable	130,000	166,500		296,500
Total Long-Term Debt, Net				$ 4,688,279	$ 1,538,520	$ (1,045,508)	$ 5,181,291

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Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Flexible Rate Revolving Note

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

On May 10, 2010, CPS Energy issued a $25,200 taxable Flexible Rate Revolving Note, Series A, under its taxable Note Purchase Agreement with JPMorgan Chase Bank, N.A., which currently serves as the note purchaser under the program. On May 11, 2010, the proceeds from the note, along with cash, were used to defease $25,700 in principal amounts of the allocable portion of the debt associated with the common facilities of STP Units 1 and 2 that were assigned to NINA in March 2010 when CPS Energy reduced its ownership share of STP Units 3 and 4 to 7.6%. The outstanding FRRN balance at January 31, 2013 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, 2013, 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, 2013, but through an annual renewal process may be extended through November 1, 2028.

Compensated Absences

Employees earn vacation benefits based upon their employment status and years of service. As of January 31, 2013 the accruals for employee vested benefits were $17,429. These accruals are reported under Accounts Payable and Other Current Liabilities.

San Antonio Water System (SAWS)

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

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

Note 6 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

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

Revenue Bonds

On February 29, 2012, SAWS issued $225,255 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2012. The proceeds from the sale of the bonds were used to (i) refund $265,885 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2002 (the "Series 2002 Bond"), and (ii) pay the cost of issuance. The refunding of the Series 2002 Bonds reduced total debt service payments over the next seventeen years by approximately $71,000 and resulted in an economic gain of approximately $56,400.

On April 11, 2012, SAWS issued $31,890 City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Series 2012 (No Reserve). The proceeds from the sale of the bonds were used to (i) refund the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2001; the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2001-A; the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2002; and the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2002-A; (together the "Refunded Bonds") and (ii) pay the cost of issuance. The refunding of the Refunded Bonds reduced total debt service payments over the next eleven years by approximately $3,400 and resulted in an economic gain of approximately $3,000.

On August 28, 2012, SAWS issued $19,630 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2012 through the Texas Water Development Board. The bonds were sold under the State Revolving Fund (SRF) Program. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board program 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 October 2, 2012, SAWS issued $163,435 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2012A. The proceeds from the sale of the bonds were used to (i) refund $175,000 in outstanding commercial paper notes and (ii) pay the cost of issuance. The bonds are secured together with other currently outstanding Senior Lien Obligations solely by a lien on a pledge of net revenues. There was no economic gain or loss on this transaction.

Senior Lien Water System Revenue Bonds, comprised of Series 2004, Series 2005, Series 2007, Series 2009, Series 2009A, Series 2009B, Series 2010B, Series 2011, Series 2011A, Series 2012, and Series 2012A outstanding in the amount of $1,605,165 at December 31, 2012, are collateralized by a senior lien and pledge of the gross revenues of SAWS after deducting and paying the current expenses of operation and maintenance of SAWS and maintaining a two-month operating reserve for such expenses. Interest rates range from 1.5% to 6.2%, exclusive of any federal interest subsidy on the Series 2009B and 2010B Build America Bonds.

Note 6 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

Junior Lien Water System Revenue Bonds, comprised of Series 2003, Series 2004, Series 2004-A, Series 2007, Series 2007A, Series 2008, Series 2008A, Series 2009, Series 2009A, Series 2010, Series 2010A, Series 2011, Series 2011A, Series 2012 (No Reserve Fund), and Series 2012 outstanding in the amount of $382,645 at December 31, 2012, are collateralized by a junior lien and pledge of the gross revenues of SAWS after deducting the current expenses of operation and maintenance of SAWS, maintaining a two-month operating reserve for such expenses, and paying debt service on senior lien debt. Interest rates range from 0.0% to 5.0%.

The following summarizes transactions of the Revenue Bonds for the year-ended December 31, 2012:

	Beginning Balance Jan. 1, 2012	Additions	Reductions	Ending Balance Dec. 31, 2012	Due Within One Year
Bonds Payable	$ 1,894,230	$ 440,210	$ 346,630	$ 1,987,810	$ 47,315
Deferred Amounts for Issuance (Discounts)/Premiums	(2,910)	67,034	5,384	58,740	
Total Bonds payable, Net	$ 1,891,320	$ 507,244	$ 352,014	$ 2,046,550	$ 47,315

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Note 6 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

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

Annual Debt Service Requirements Revenue and Refunding Bonds						
	Senior Lien				Junior Lien	
Year Ended December 31,	Principal	Interest Expense	Direct Subsidy[1]	Net Interest	Principal	Interest Expense
2013	$ 27,210	$ 78,882	$ (4,006)	$ 74,876	$ 20,105	$ 10,746
2014	29,165	76,890	(3,997)	72,893	20,635	10,226
2015	30,415	75,609	(3,969)	71,640	21,180	10,021
2016	31,740	74,209	(3,920)	70,289	24,070	9,742
2017	36,070	72,613	(3,863)	68,750	24,545	9,055
2018-2022	227,215	334,215	(18,234)	315,981	108,785	34,392
2023-2027	326,375	265,068	(15,865)	249,203	66,920	21,653
2028-2032	281,485	186,926	(12,650)	174,276	41,335	13,515
2033-2037	387,045	106,598	(6,283)	100,315	36,450	6,927
2038-2042	228,445	18,620	(734)	17,886	18,620	894
Total	$ 1,605,165	$ 1,289,630	$ (73,521)	$ 1,216,109	$ 382,645	$ 127,171

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

In 2012, SAWS received a total of $4,014 in BABs subsidy.

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

Prior Years' Defeased Debt

In current and prior years, SAWS defeased certain revenue bonds by placing revenues or proceeds of new bond issues in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in SAWS' financial statements. At December 31, 2012, 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.

Year-Ended	Liability Beginning Balance	Current-Year Accruals	Payments	Liability Ending Balance	Estimated Due Within One Year
December 31, 2012	$ 7,495	$ 6,099	$ (5,516)	$ 8,078	$ 5,516

Note 7 Commercial Paper Programs

Primary Government (City)

The City had no Commercial Paper debt during fiscal year 2013.

CPS Energy

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

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

Eligible projects include fuel acquisition, capital improvements to the Systems, and refinancing or refunding any outstanding obligations which are secured by and payable from a lien and/or a pledge of net revenues of the Systems. Pledge of net revenues is subordinate and inferior to the pledge securing payment of existing New Series Bonds and junior lien obligations.

As of January 31, 2013, the Tax-Exempt Commercial Paper (TECP) Ordinance contains, among others, the following provisions:

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

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

CPS Energy issued a total of $166,500 in new tax-exempt commercial paper during fiscal year 2013 to help fund construction costs.

TECP Outstanding at 1/31/2013	$ 296,500
TECP New Money Issues	166,500
Weighted Average Interest Rate of Outstanding TECP	0.2%
Average Life of Outstanding TECP (Approximate Number of Days)	71

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. Under the terms of these revolving credit agreements, which are effective from October 17, 2012, through December 31, 2014, CPS Energy may borrow up to an aggregate amount not to exceed $450,000 for the purpose of paying principal due under the commercial paper program. At January 31, 2013, there was no amount outstanding under the revolving credit agreement. Further, there have been no borrowings under the agreement since inception.

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

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

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

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

Commercial paper notes of $170,745 are outstanding as of December 31, 2012. Of this balance, $100,970 relates to the refunding of the Series 2003 Bonds; $18,655 relates to the purchase of a water treatment plant from Bexar Metropolitan Water Development Corporation; while the remaining $51,120 proceeds were used solely for financing of capital improvements. Interest rates on the notes outstanding at December 31, 2012 range from 0.1% to 0.2% and maturities range from 57 to 124 days. The outstanding notes had an average rate of 0.2% and averaged 99 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 $400,000 revolving credit agreement described above, SAWS has classified nearly all outstanding commercial paper notes as long-term debt. In accordance with the amortization schedule of the interest rate swap agreement, SAWS intends to redeem $2,970 of commercial paper in 2013. 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, 2012.

	Beginning Balance January 1, 2012	Additions	Reductions	Ending Balance December 31, 2012
Tax Exempt Commercial Paper Notes	$ 214,930	$ 133,655	$ 177,840	$ 170,745

Note 8 Pension and Retirement Plans

Primary Government (City)

General Plan Information

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

Contributory Pension and Retirement Plans						
Entity	Title	Type of Plan	Covered Payroll [3]	Employee Contribution	Employer Contribution	Total Contribution
City	Fire and Police Pension Plan	Single Employer Defined Benefit Plan	$ 293,665	$ 36,629	$ 73,256	$ 109,885
	Texas Municipal Retirement System (TMRS) - Civilian	Nontraditional Hybrid Defined Benefit Agent Plan	$ 288,246	$ 17,296	$ 30,416	$ 47,712
Component Units:						
SAWS	Texas Municipal Retirement System (TMRS)[1]	Nontraditional Hybrid Defined Benefit Agent Plan	$ 87,098	$ 2,613	$ 3,641	$ 6,254
	SAWSRP Contract[1]	Single Employer Defined Benefit Plan	$ 89,542	$ -	$ 10,396	$ 10,396
CPS Energy	CPS All Employee Plan[2]	Single Employer Defined Benefit Plan	$ 237,823	$ 12,361	$ 39,016	$ 51,377

[1] Fiscal year ended December 31, 2012.

[2] Fiscal year ended January 31, 2013.

[3] Covered payroll presented in this table for the City is as of September 30, 2013.

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Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan

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

At September 30, 2013, membership of the Pension Fund consisted of:

Retirees and beneficiaries receiving benefits	2,273
Active participants	3,955
Total	6,228

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

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

There is also a provision for a 13th and 14th pension check. At the end of each fiscal year, the Board may authorize the disbursement of a 13th monthly pension check if the annualized yield on the Pension Fund's investments exceeds the actuarial projections for the preceding five year period by at least 100 basis points. In the same way, the Board may authorize a 14th monthly pension check if the annualized yield on the Pension Fund's investments exceeds the actuarial projections for the preceding five year period by at least 300 basis points. The 13th and 14th pension checks are paid to each retiree and beneficiary receiving a pension at the end of the fiscal year and are in an amount equal to the pension check paid in the last month of the preceding fiscal year of the Pension Fund (retirees/beneficiaries with less than one year of benefits will receive a prorated check, and no check will be paid to members who retired after the end of the fiscal year). Authorization for one year does not obligate the Board to authorize a 13th and 14th check for any other year. The Pension Fund did not meet the criteria for the 13th and 14th checks for the year ended September 30, 2013.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

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

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

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

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

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

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

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The Pension Fund is funded in accordance with Texas state statues and is not actuarially determined. The City was required to contribute 24.6% of salary, excluding overtime pay, in 2013. The employee contribution rate was 12.3% in 2013. New fire fighters and police officers are immediately eligible for membership after they receive state certification and complete all other requirements. The new member contributes to the Pension Fund upon becoming eligible.

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

The annual required contributions for fiscal year 2013 were determined as part of the October 2012 actuarial valuations, using the entry-age actuarial cost method. The actuarial assumptions included (a) an 7.5% investment rate of return and (b) a projected annual salary increase of 3.5%. Both (a) and (b) include inflation components of 3.5%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at October 1, 2012 was 7.1 years which, as reported under GASB guidelines, does not consider the assumption of payroll growth rate. The amounts of the actuarial value of assets represent estimates based upon the assumptions described above. Changes in those assumptions will result in changes in such estimates in the future. The amounts of benefits ultimately to be paid could differ materially from the current estimates.

Contributions for the year-ended September 30, 2013 were as follows:

	Amount	Percentage of Covered Payroll
Employer	$ 73,256	24.6%
Employee	36,629	12.3%
Total	$ 109,885	

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

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

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS)

The City provides benefits for all eligible employees (excluding firefighters and police officers) through a nontraditional, joint contributory, hybrid defined benefit plan in TMRS. TMRS is a statewide agent multiple-employer public employee retirement system created by law in 1948 to provide retirement and disability benefits to city employees. TMRS as of December 31, 2012, is the agent for 849 participating entities. It is the opinion of the TMRS management that the plans in TMRS are substantially defined benefit plans, but they have elected to provide additional voluntary disclosure to help foster a better understanding of some of the nontraditional characteristics of the TMRS plan.

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

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

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

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

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

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

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

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

In addition to the restructuring, the actuarial assumptions were updated based on an actuarial experience study that was adopted by the TMRS board at its May 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). The City's UAAL as of December 31, 2010 prior to restructuring was calculated at $201,451 with a funded ratio of 73.0%. The City's UAAL using the new rate structure was calculated to $100,426 with a funded ratio of 90.6%. Further, the amortization periods differed; prior to restructuring the period was 25.6 years; after restructuring the period was 24.1 years, resulting in a reduction to the contribution rate from 12.6% to 10.0% for the first quarter of calendar year 2012. TMRS permitted the City to early implement this contribution rate reduction in the first quarter of fiscal year 2012, resulting in a first quarter difference of 2.6%, or $1,810 in ARC, not being funded. The NPO balance at September 30, 2013 is $1,825, and this NPO will be funded through future TMRS contribution rate changes. The General Fund will be the primary contributer to this NPO.

In the fiscal year 2013 budget, City Council adopted a one-time annuity increase that was provided to retired employees and to beneficiaries of deceased employees. The amount of the increase is computed as the sum of the prior service and current service annuities on the effective date of retirement of the person on whose service the annuities are based. This number was multiplied by 70.0% of the percentage change in the Consumer Price Index for All Urban Consumers, from December of the year immediately preceding the effective date of the person's retirement to the December that is 13 months before the effective date of the increase. This one-time annuity increase caused the contribution rate to increase from 10.3% to 10.7%, effective January 1, 2013.

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

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

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

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Contribution requirements are actuarially determined by TMRS' actuary (see summary of TMRS Actuarial Assumptions and Methods at the end of Note 8). The contribution rate for the City's employees is 6.0% and the matching percent was 10.7% for calendar year 2013, both as adopted by the governing body of the City (see summary of contribution information at the beginning of Note 8). Under the state law governing TMRS, the employer's contribution rates are annually determined by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percentage of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortized the unfunded (overfunded) actuarial liability (asset) over the applicable period for the City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The normal cost contribution finances the currently accruing monetary credits due to the City matching percentage, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percentage of payroll necessary to satisfy the obligation of the City to each employee at the time the employee's retirement becomes effective. The prior service contribution rate amortizes the UAAL over the remainder of the plan's 19.4 year amortization period. When the City periodically adopts updated service credits and increases annuities in effect, the increased UAAL is being amortized over a new 19.4-year period. Currently, the UAAL is amortized over a constant 19.4-year period as a level percentage of payroll. Contributions are made monthly by both the employees and the City. All current year required contributions of the employees and the City were made to TMRS. Due to the fact that the City requires the contribution rates in advance for budget purposes, there is a one-year lag between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect.

Membership as of the Valuation Date	12/31/2012
Number of :	
Active Members	6,091
Retirees and beneficiaries	3,707
Inactive members	2,002
Total	11,800

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

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

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

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% of base salary to eligible executives who participate in the plan. The City has no liability for losses under this plan but does have the usual fiduciary responsibilities of a plan sponsor.

San Antonio Water System (SAWS)

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

Texas Municipal Retirement System (TMRS)

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

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

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

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

SAWS contributes to the TMRS Plan at the actuarially determined rate. Both the employees and SAWS make monthly contributions. These rates are provided on an annual basis, following the completion of the actuarial valuation. There is a delay in the valuation and when the rate becomes effective – for example the 2012 contribution rate is based on the December 31, 2010 valuation results. The actuarially determined rate for 2011 employer contributions was 5.9%. Due to a significant increase in the employer contribution rate resulting from a change in funding method adopted by TMRS in 2007, SAWS actual contributions for 2011 were based on a TMRS approved phase-in rate of 4.6% of employee compensation. In 2012, the actuarially determined rate for employer contributions was reduced to 4.2% of employee compensation due to a restructuring of TMRS' internal account structure. This restructuring transferred certain assets and liabilities from TMRS accounts to SAWS accounts within the TMRS system related to retired employees' accumulated contributions. Employee contributions to the plan for 2012 was equal to 3.0% of compensation.

TMRS
Schedule of Contributions

	2012
Employer Contribution	$ 3,641
Employee Contribution	$ 2,613
Employer Contribution Rate	4.2%

San Antonio Water System Retirement Plan (SAWSRP)

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

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

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

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

SAWSRP membership consisted of:

	January 1, 2012
Active Employees	1,617
Retirees and beneficiaries currently receiving benefits[1]	561
Terminated employees entitled to benefits but not yet receiving them	414
Total	2,592

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

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

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

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

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

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

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

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

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

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

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

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

SAWSRP Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal - Frozen Initial Liability Period
Amortization Method	Level Dollar
Remaining Amortization Period	30 Years - Closed Period
Asset Valuation Method	Smoothed Market Value (4 years)
Investment Rate of Return	7.5%
Inflation Rate	None
Salary Scale	Table S-5 from the Actuary's Pension Handbook plus 3.4%
Cost of Living Adjustments	None

San Antonio Water System Deferred Compensation Plan (SAWSDCP)

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

CPS Energy

All Employee Plan

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

Note 8 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

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

The Plan reports results on a calendar-year basis, and the separately audited financial statements, which contain historical trend information, may be obtained by contacting Benefit Trust Administration at CPS Energy. Plan net assets had a market value of $1,146,874 at December 31, 2012.

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 $81 for fiscal year 2013. These costs were recorded when paid.

Funding Policy – The current policy of CPS Energy is to use each actuarial valuation as the basis for determining monthly employer contributions to the Plan during the fiscal year beginning in the calendar year after the valuation year. The January 1, 2011, valuation was the basis for contributions in fiscal year 2013. CPS Energy establishes funding levels, considering annual actuarial valuations and recommendations of the Administrative Committee, which is composed of a cross-functional group of active and retired CPS Energy employees, using both employee and employer contributions. Generally, participating employees contribute 5.0% of their total compensation and are typically fully vested in CPS Energy's matching contribution after completing seven years of credited service or upon reaching age 40. Employee contributions commence with the effective date of participation and continue until normal or early retirement, completion of 44 years of benefit service, or termination of employment. The employee contribution interest crediting rate was 5.8% for fiscal year 2013.

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 2013, the amount to be funded was established using a general target near the 30-year funding contribution level as determined by the Plan's actuary. CPS Energy's contributions in relation to the annual required contribution (ARC) amounted to 16.4% of covered payroll in fiscal year 2013.

Annual Pension Cost and Net Pension Obligation – CPS Energy's annual pension cost (APC) and net pension obligation (NPO) for fiscal year 2013 is presented at the end of this Note. The NPO may be either positive, reflecting a liability, or negative, reflecting an asset. The term net pension obligation, as used in this note, refers to either situation.

Note 8 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

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

Actuarial Methods and Assumptions – Actuarial valuation methods used included: (a) the five-year smoothed market method for asset valuation, (b) the projected-unit-credit actuarial cost method for the AAL, and (c) the 20-year level-dollar open method for amortization of prior service costs. Beginning with the 2010 Plan year, January 1 valuation results are used to determine the contributions for the fiscal year commencing in the succeeding calendar year. There was no change in actuarial valuation methods for the 2011 Plan year.

Significant actuarial assumptions used for the January 1, 2011, actuarial valuation for FY 2013 included: (a) a rate of return on the investment of present and future assets of 7.8%, (b) projected salary increases averaging 5.2%, and (c) post retirement cost-of-living increases of 1.5%. The projected salary increases included an inflation rate of 3.0%.

Three-Year Trend Information

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

Three-Year Trend Information

Pension Plan	Fiscal Year	Annual Required Contribution (ARC)	Interest on Net Pension Obligation (NPO)	Adjustment To ARC	Annual Pension Cost (APC)	Contributions In Relation to ARC	Increase (Decrease) in NPO	Net Pension Obligation (Asset) at Beginning of Year	Net Pension Obligation (Asset) at End of Year	Percentage of APC Contributed
Fire and Police	2011	$ 67,328	$ -	$ -	$ 67,328	$ (67,328)	$ -	$ -	$ -	100.0%
Pension Plan City	2012	70,389			70,389	(70,389)				100.0%
of San Antonio	2013	73,256			73,256	(73,256)				100.0%
TMRS -	2011	$ 33,883	$ -	$ -	$ 33,883	$ (33,883)	$ -	$ -	$ -	100.0%
City of	2012	29,981			29,981	(28,171)	1,810		1,810	93.9%
San Antonio	2013	30,416	127	(111)	30,432	(30,417)	15	$ 1,810	$ 1,825	100.0%
CPS All	2011	$ 33,921	$ (169)	$ 205	$ 33,957	$ (32,400)	$ 1,557	$ (2,173)	$ (616)	95.4%
Employee Plan [1]	2012	39,703	(54)	58	39,707	(37,687)	2,020	(616)	1,404	94.9%
	2013	41,128	109	(130)	41,107	(39,016)	2,091	1,404	3,495	94.9%
TMRS -	2010	$ 4,703	$ 80	$ (64)	$ (4,719)	$ (4,703)	$ 1,247	$ 1,066	$ 2,313	100.0%
SAWS [2]	2011	4,967	173	(143)	4,997	(4,997)	1,071	2,313	3,384	100.0%
	2012	3,641	237	(204)	3,674	(3,674)	33	3,384	3,417	100.0%
SAWRP -	2010	$ 7,849	$ -	$ -	$ 7,849	$ (7,849)	$ -	$ -	$ -	100.0%
SAWS [2]	2011	9,171			9,171	(9,171)				100.0%
	2012	10,396			10,396	(10,396)				100.0%

[1] Fiscal year-ended January 31, 2013.
[2] Fiscal year-ended December 31, 2012.

Note 8 Pension and Retirement Plans (Continued)

Three-Year Trend Information (Continued)

Funded Status and Funding Progress					
	Fire and Police Pension Plan [1]	City of San Antonio TMRS [2]	SAWS TMRS	SAWS SAWSRP	CPS Energy
Actuarial value of plan assets (a)	$ 2,447,588	$ 1,091,706	$ 135,354	$ 107,242	$ 1,146,039
Actuarial accrued liability (b)	2,662,264	1,190,339	156,661	160,674	1,298,936
Unfunded actuarial accrued liability (funding excess) (b) - (a)	$ 214,676	$ 98,633	$ 21,307	$ 53,432	$ 152,897
Funded ratio (a) / (b)	91.9%	91.7%	86.4%	66.7%	88.2%
Covered payroll (c)	$ 293,665	$ 279,728	$ 87,098	$ 89,542	$ 237,823
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(b) - (a)] / (c))	73.1%	35.3%	24.5%	59.7%	64.3%

[1] Covered payroll presented in this table is as of 10/1/2012.

[2] Covered payroll presented in this table is as of 12/31/2012.

Significant TMRS Actuarial Assumptions and Methods

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

TMRS Actuarial Assumptions and Methods	
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period - SAWS	28 Years - Closed Period
Remaining Amortization Period - City	19.4 Years - Closed Period
Asset Valuation Method	Amortization Cost
Investment Return - City	7.0%
Investment Return - SAWS	7.5%
Projected Salary Increases	Varies by Age and Service
Includes Inflation At	3.0%

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Note 9 Post-employment Retirement Benefits

Primary Government (City)

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

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

As of September 30, 2013, there are 6,234 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, 2013, there were 376 retirees and surviving spouses participating in this program.

The second program with 1,037 participating retirees and surviving spouses is available to eligible retirees who have Medicare coverage. All retirees and dependents are required to apply for and maintain Medicare Parts A & B coverage once they reach age 65 or otherwise become eligible for Medicare in order to participate in the Medicare Advantage PPO or HMO Plan. Of the current 1,037 participating Medicare retirees and surviving spouse, 148 participate in a fully insured Medicare Advantage HMO and the remaining 889 participate in a fully insured Medicare Advantage PPO.

Participant data disclosed above is not expressed in thousands.

Note 9 Post-employment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Funding Policy – The cost of the program is reviewed annually, and the costs of medical claims are funded jointly by the City and retirees on a pay-as-you-go basis, based on the allocations described above. No contributions were made in fiscal year 2013 to prefund benefits. For the fiscal year-ended September 30, 2013, total contributions were as follows:

Total Contributions	
City	$ 5,561
Retiree Premiums	2,022
Total Contributions	$ 7,583

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, 2013, 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.

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Note 9 Post-employment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. 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, 2013:

Assumptions	
Actuarial Valuation Date	1/1/2013
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar, Open
Remaining Amortization Period	30.0 years
Asset Valuation Method	N/A
General Inflation Rate	2.00%
Actuarial Assumptions:	
Investment Rate of Return	3.0%
Projected Salary Increase	N/A
Healthcare Inflation Rate - Medical and Prescription	9.0% initial (2014) 5.0% ultimate (2018)

Below is the health care cost trend assumptions used for the City's January 1, 2013 actuarial study reviewed and updated for the fiscal year-ended September 30, 2013.

City's Health Care Cost Trend Assumptions	
Year	Medical & Prescription Drugs
2014	9.0%
2015	8.0%
2016	7.0%
2017	6.0%
2018+	5.0%

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

Note 9 Post-employment Retirement Benefits (Continued)

Primary Government (City) (Continued)

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

Fire and Police Retiree Health Care Fund

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

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

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

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Note 9 Post-employment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

The contribution amounts for each fiscal year, beginning October 1, 2007, are based on a statutory contribution rate that is applied to the average member salary expected for that fiscal year, which is to be determined by the Health Fund's actuary. For the year ending September 30, 2013, and years thereafter, the specified employee contribution rate was 4.7%. The City's contributions will be set at 9.4% of the specified wage base. The table below summarizes the actuary's determinations of the contribution amount for the fiscal year-ended September 30, 2013 (not expressed in thousands):

Biweekly Contributions:		
Active Fire and Police Members	$	124.44
City for Each Active Fire and Police Member	$	248.89
Monthly Contributions:		
Retirees with less than 30 years of service	$	269.62
Dependent Children	$	320.50

Total contributions by active firefighters and police officers were $12,639 for the year ended September 30, 2013.

Membership in the Plan consisted of the following at September 30, 2013 (not expressed in thousands):

Retirees and Beneficiaries Receiving Benefits	3,122
Active Plan Members	3,901
Total Membership	7,023

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

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the Plan by the City in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. A NPO in the amount of $46,538 is outstanding as of September 30, 2013. This NPO will be funded through future contributions from the City's Fire and Police department, reported in the General Fund.

Note 9 Post-employment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

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

Assumptions	
Valuation Date	10/1/2012
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Projected Pay, Open
Amortization Period	30 Years
Asset Valuation Method	Market Value Smoothed by a 5 year Deferred Recognition Method with a 80%/120% Corridor on Market
Actuarial Assumptions:	
Investment Rate of Return Net of Expense	8.0%
Annual Inflation Rate	4.0%
Projected Annual Salary Increases	4.0% to 14.5%
Health Care Cost Rate Trend	8.0% in FY2013 declining to 5.5% in FY2018
Annual Payroll Growth Rate	4.0%

CPS Energy

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

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

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

Note 9 Post-employment Retirement Benefits (Continued)

CPS Energy (Continued)

The Employee Benefit Plans' assets are segregated from CPS Energy's assets and are separately managed by an Administrative Committee whose members are appointed by the Oversight Committee. The plans report results on a calendar-year basis and issue separately audited financial statements that may be obtained by contacting Benefit Trust Administration at CPS Energy. The Health Plan's net assets had a market value of $213,251 at December 31, 2012. The Life Plan's net assets had a market value of $44,457 at December 31, 2012. The Disability Plan's net assets had a market value of $4,051 at December 31, 2012.

Funding Policy – The funding requirements for both the plan participants and the employer are established by and may be amended by CPS Energy. Funding is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by CPS Energy. The current policy of CPS Energy is to use each actuarial valuation as the basis for determining monthly employer contributions to the plans during the fiscal year beginning in the calendar year after the valuation year. The January 1, 2011 valuation was the basis for contributions in fiscal year 2013.

Retired employees contribute to the Health Plan in varying amounts depending upon an equity formula that considers age and years of service. Individuals who retired before February 1, 1993, contribute a base rate plus 2.3% of the difference between that amount and the aggregate rate for each year that the sum of age and service is less than 95. Those who retired on or after February 1, 1993, contribute a base rate plus a percentage of the CPS Energy contribution, based on the number of years of service, if they retired with less than 35 years of service. Retirees and covered dependents contributed $5,230 in fiscal year 2013 for their health insurance benefits.

CPS Energy's contributions in relation to the ARC were 0.5% of covered payroll in fiscal year 2013.

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 $955 for fiscal year 2013. 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 the CPS Energy's Health Plan.

Employees who retired prior to February 1, 1993, contribute to the Life Plan at a rate of $0.13 per $1 of insurance per month on amounts in excess of $20 plus 2.3% of the difference between that amount and the aggregate rate for retiree coverage for each year the sum of retirement age and service is less than 95 (amounts not expressed in thousands). 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 (amounts not expressed in thousands). Retirees and covered dependents contributed $200 in fiscal year 2013 for their life insurance benefits. Based on the funded status of the Life Plan, CPS Energy made no contributions in relation to the ARC in fiscal year 2013.

The Disability Plan is funded completely by CPS Energy. CPS Energy's contributions in relation to the ARC were 0.2% of covered payroll in fiscal year 2013.

Note 9 Post-employment Retirement Benefits (Continued)

CPS Energy (Continued)

Annual OPEB Cost and Net OPEB Obligation – CPS Energy's annual OPEB cost is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The annual OPEB cost consists of the ARC, interest on the net OPEB obligation and adjustments to the ARC for the Health, Life and Disability Plans. The annual OPEB cost was $7,481 for fiscal year 2013. The net OPEB obligation may be either positive, reflecting a liability, or negative, reflecting an asset. The term net OPEB obligation, as used in this Note, refers to either situation.

Actuarial Methods and Assumptions – Actuarial valuations of ongoing plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plans and the ARCs of the employer are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting are based on the substantive plans (the plans as understood by the employer and plan member) and include the types of benefits provided for at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

The amortization method used for all three Plans was the level-dollar open method, with an amortization period of 20 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.

Significant actuarial assumptions used in the calculations for the January 1, 2011 actuarial valuation included (a) a rate of return on the investment of present and future assets of 7.8% for the Health, Life and Disability Plans, (b) a Consumer Price Index increase of 3.0% for the Disability Plan, (c) projected salary increases for the Health Plan ranging from 3.6% to 9.9% depending on age for base and other salaries and an inflation rate for salary increases of 3.0% for the Life and Disability Plans, and (d) medical cost increases projected at 8.0% for 2012, decreasing annually to 5.5% in 2017 and thereafter.

San Antonio Water System (SAWS)

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

Note 9 Post-employment Retirement Benefits (Continued)

San Antonio Water System (SAWS) (Continued)

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

The following is the participant summary as of January 1, 2013 (the most recent actuarial valuation date, not expressed in thousands):

Active employees	1,680
Retired employees	706
Total	2,386

Funding Policy – The contribution requirements of plan members and SAWS are established and may be amended by the SAWS Board of Trustees. Prior to 2012, SAWS funded all obligations arising under these plans on a pay-as-you-go basis. In March 2012, SAWS established the OPEB Trust and contributed $12,000 to the trust. Funds in the trust must be used for the exclusive purpose of providing benefits to eligible retirees and their dependents. SAWS intends to make subsequent annual contributions to the OPEB Trust in accordance with a plan that results in fully funding the actuarially determined annual required contributions for these benefits over a period of time.

Plan members' required contributions vary depending on the health plan selected by the retiree as well as the number of years of service at the time of retirement. For the year-ended December 31, 2012, plan members receiving benefits contributed $570. In addition to the $12,000 contributed to the OPEB Trust in 2012, SAWS contributed the remainder of the pay-as-you-go cost of $6,753. In 2011, the SAWS Board of Trustees approved increases in the required contributions by plan members beginning in 2012. These increases will be phased in over eight years. The expected long-term impact of these increases will result in the plan members eventually contributing one-third of the annual premiums for retiree health insurance.

Annual OPEB Cost and Net OPEB Obligation – For the year-ended December 31, 2012, 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, 2013 actuarial valuation, the projected unit credit funding method was used. The investment return assumption used in the calculation of the AAL was 4.8%, which is a blended rate of the estimated long-term investment return on the investments that are expected to be used to finance the payment of benefits. The investment return assumes SAWS will phase-in fully funding the ARC over the years. There is not an inflation rate projected for this actuarial valuation. As of December 31, 2012, the UAAL is being amortized as a level dollar amount over a 30 year closed period.

Note 9 Post-employment Retirement Benefits (Continued)

San Antonio Water System (SAWS) (Continued)

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

	Annual Rate of Increase	
Year Beginning January 1	Pre-Medicare Medical and Prescription	Medicare Eligible Medical and Prescription
2013	8.5%	6.9%
2014	8.3%	6.7%
2015	8.0%	6.6%
2016	7.8%	6.4%
2017	7.5%	6.2%
2018	7.3%	6.1%
2019	7.0%	5.9%
2020	6.8%	5.8%
2021	6.5%	5.6%
2022	6.3%	5.4%
2023	6.0%	5.3%
2024	5.8%	5.1%
2025	5.5%	5.0%
2026	5.3%	4.8%
2027	5.0%	4.7%
2028	4.5%	4.5%
2029 +	4.5%	4.5%

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Note 9 Post-employment Retirement Benefits (Continued)

Three-Year Trend Information

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

Three-Year Trend Information

OPEB Plan	Fiscal Year	Annual Required Contribution (ARC)	Interest on Net OPEB Obligation	Adjustment To ARC	Annual OPEB Cost	Contributions In Relation to ARC	Increase (Decrease) in Net OPEB	Net OPEB Obligation (Asset) at Beginning of Year	Net OPEB Obligation (Asset) at End of Year	Percentage of OPEB cost Contributed
City of San Antonio	2011	$ 36,012	$ 2,168	$ (3,685)	$ 34,495	$ (7,624)	$ 26,871	$ 76,416	$ 103,287	22.1%
	2012	36,012	2,928	(4,980)	33,960	(6,227)	27,733	103,287	131,020	18.3%
	2013	31,652	3,930	(6,586)	28,996	(5,561)	23,435	131,020	154,455	19.2%
Fire and Police Retiree	2011	$ 29,733	$ 2,140	$ (1,462)	$ 30,411	$ (23,896)	$ 6,515	$ 26,754	$ 33,269	78.6%
Health Care Fund[3]	2012	30,233	2,662	(1,818)	31,077	(24,510)	6,567	33,269	39,836	78.9%
	2013	30,973	3,187	(2,177)	31,983	(25,281)	6,702	39,836	46,538	79.0%
CPS - Health Plan[1]	2011	$ 6,507	$ (3,012)	$ 3,551	$ 7,046	$ -	$ 7,046	$ (37,650)	$ (30,604)	0.0%
	2012	8,152	(2,372)	2,839	8,619		8,619	(30,604)	(21,985)	0.0%
	2013	6,843	(1,704)	2,040	7,179	(1,100)	6,079	(21,985)	(15,906)	15.3%
CPS - Life Plan[1]	2011	$ -	$ (55)	$ 65	$ 10	$ (140)	$ (130)	$ (685)	$ (815)	1400.0%
	2012		(63)	75	12	(137)	(125)	(815)	(940)	1141.7%
	2013		(74)	87	13	-	13	(940)	(927)	0.0%
CPS - Disability Plan[1]	2011	$ 341	$ (40)	$ 47	$ 348	$ (617)	$ (269)	$ (359)	$ (628)	177.3%
	2012	425	(43)	52	434	(735)	(301)	(628)	(929)	169.4%
	2013	275	(72)	86	289	(386)	(97)	(929)	(1,026)	133.6%
SAWS - OPEB[2]	2011	$ 20,722	$ 3,087	$ (4,108)	$ 19,701	$ (6,840)	$ 12,861	$ 64,989	$ 77,850	34.7%
	2012	21,619	3,698	(4,921)	20,396	(18,753)	1,643	77,850	79,493	91.9%
	2012	21,869	3,776	(5,025)	20,620	(12,465)	8,155	79,493	87,648	60.5%

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

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)	$ -	$ 250,718	$ 255,261	$ 218,555	$ 47,386	$ 4,342
Actuarial accrued liability (b)	332,943	664,425	584,902	222,472	39,076	5,744
Unfunded actuarial accrued liability (funding excess) (b) - (a)	$ 332,943	$ 413,707	$ 329,641	$ 3,917	$ (8,310)	$ 1,402
Funded ratio (a) / (b)	0.0%	37.7%	43.6%	98.2%	121.3%	75.6%
Covered payroll (c)	$ 288,246	$ 268,551	$ 89,542	$ 237,823	$ 206,643	$ 206,643
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(b) - (a)] / (c))	115.5%	154.1%	368.1%	1.6%	(4.0%)	0.7%

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Note 10 CPS Energy South Texas Project (STP)

Joint Operations

Units 1 and 2 – CPS Energy is one of three participants in STP, currently a two-unit nuclear power plant with each unit having a nominal output of approximately 1,350 MW. The other participants in STP Units 1 and 2 are NRG South Texas LLP, a wholly owned subsidiary of NRG Energy, Inc. ("NRG") and the City of Austin. The units, along with their support facilities and administrative offices, are located on a 12,220-acre site in Matagorda County, Texas. In-service dates for STP were August 1988 for Unit 1 and June 1989 for Unit 2. CPS Energy's 40.0% ownership in STP Units 1 and 2 represents approximately 1,080 MW of total plant capacity.

Effective November 17, 1997, the Participation Agreement among the owners of STP was amended and restated. At that time, the South Texas Project Nuclear Operating Company ("STPNOC"), a Texas nonprofit, nonmember corporation created by the participants, assumed responsibility as the licensed operator of STP. The participants share costs in proportion to ownership interests, including all liabilities and expenses of STPNOC. STPNOC is financed and controlled by the owners pursuant to an operating agreement among the owners and STPNOC. Currently, a four-member board of directors governs STPNOC, with each owner appointing one member to serve with STPNOC's chief executive officer.

On October 28, 2010, STP submitted license renewal applications to the NRC to extend the operating licenses of STP Units 1 and 2 to 2047 and 2048, respectively. The NRC issued a revision to STPNOC's license renewal application schedule due to a scheduling request from the Advisory Committee on Reactor Safeguards and due to continued work on one of the open items. This schedule change lists milestones associated with issuance of the Safety Evaluation Report as "to be determined." In a separate action, a recent decision by the United States Court of Appeals for the District of Columbia vacated the NRC's waste confidence rule update. In response, the Commission issued an order stating that final approval of licenses dependent on the waste confidence rule, such as new reactor licenses and license renewals, would not be granted until the court ruling had been addressed. Subsequently, the Commission directed NRC staff to issue a final Environmental Impact Statement and waste confidence rule by September 2014. CPS Energy expects that STPNOC's license renewal applications will be approved in late 2014. Upon approval of these applications, STP Units 1 and 2 will be licensed for a total of 60 years of operation.

CPS Energy amortizes its share of nuclear fuel for STP to fuel expense on a units-of-production method. Under the Nuclear Waste Policy Act of 1982, the federal government assumed responsibility for the permanent disposal of spent nuclear fuel. CPS Energy is charged a fee for disposal of spent nuclear fuel, which is based upon CPS Energy's share of STP generation that is available for sale to CPS Energy customers. This charge is included in fuel expense monthly. On August 31, 2000, in Maine Yankee Atomic Power Company, et. al. v. US, the United States Court of Appeals for the Federal Circuit affirmed that the United States Department of Energy ("DOE") had breached its obligations to commercial nuclear power plant owners for failing to live up to its obligations to dispose of used nuclear fuel. Subsequent to that decision, the DOE has settled with certain commercial nuclear power plant owners and agreed to provide funds to pay for storage costs while the DOE continues to develop a permanent high-level waste repository. In early February 2013, STPNOC, on behalf of the owners of STP, entered into a similar settlement with the DOE. Under the terms of the settlement, the DOE will reimburse STP for certain costs that will be incurred in continuing onsite storage of all of its used nuclear fuel. As with similar settlements throughout the nuclear industry, the settlement will expire at the end of calendar year 2013. In early November 2013, STPNOC and its outside counsel received notice from the Department of Justice that the DOE was offering to extend the terms of the settlement to allow for DOE to reimburse costs incurred through December 2016. CPS Energy expects the settlement extension to be executed by February 2014.

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

Joint Operations (Continued)

On March 11, 2011, a region of Japan sustained significant loss of life and destruction as a result of a major earthquake and resulting tsunami. Included in the damaged areas were the Fukushima Daiichi nuclear units, which lost power to components of the backup and safety control systems and began emitting radiation into the surrounding environment. Following the incident, the NRC convened a Near-Term Task Force to conduct a review of the Commission's processes and regulations in light of the events at Fukushima. The Near-Term Task Force's 90-day report confirmed the safety of U.S. nuclear power plants and included twelve recommendations to the NRC to enhance readiness to safely manage severe events. The NRC Commissioners have directed the staff to implement several of the recommendations that were identified as those that should be implemented without unnecessary delay. In addition, the Commissioners have directed the staff to identify the schedule and resource needs associated with those Near-Term Task Force recommendations that were identified as long-term actions and/or that require additional staff study to inform potential regulatory changes. On March 12, 2012, the NRC issued three Orders and one Request for Information letter. These actions represented the first regulatory activity initiated as a result of the lessons learned from the events at Fukushima. The Orders outline actions that must be taken and also provide a compliance deadline. License holders must complete the actions within two refueling outages or by December 31, 2016 (whichever comes first). The Request for Information letter required specific responses from license holders. To date, STPNOC has submitted the requested information in a timely manner to comply with all deadlines that have come due.

STP Unit 2 Forced Outages – STP Unit 2 completed a scheduled refueling outage in November 2011, returning to full power operation on November 24, 2011. On November 29, 2011, the main generator experienced a fault that resulted in a reactor trip and a forced outage to repair the main generator. STP Unit 2 was returned to 100% power on April 24, 2012. Insurance covered substantially all repairs in excess of the deductible.

On January 4, 2013, STP Unit 2 experienced an outage caused by a failed electrical switch. On January 8, 2013, the unit was returned to 100% power. Approximately 2½ hours after reaching 100% power, the unit experienced an automatic trip due to a Main Transformer lockout associated with an internal fault that ultimately resulted in damage to the turbine (primarily low pressure turbine blades and bearings). STP Unit 2 was returned to 100% power on April 23, 2013. Insurance is expected to cover the majority of the repairs in excess of the deductible and certain non-recoverable costs such as root-cause analysis. At January 31, 2013, insurance proceeds receivable related to both outage claims totaled $4,555.

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% 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% 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.

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

Joint Operations (Continued)

On September 24, 2008, STPNOC, on behalf of CPS Energy and NINA, filed with the NRC an updated COLA naming TANE as the provider of STP Units 3 and 4. Receipt of the NRC-approved combined operating license is a condition precedent to starting significant project construction.

On November 5, 2008, STPNOC and the DOE executed a Standard Contract in which the DOE undertook the obligation to provide for permanent disposal of used nuclear fuel from the proposed STP Units 3 and 4.

On January 20, 2009, the Board authorized CPS Energy to work with STPNOC to enter into an engineering, procurement and construction ("EPC") agreement with TANE for STP Units 3 and 4. The EPC agreement did not commit CPS Energy to build the new nuclear units. Instead, it enabled CPS Energy to lock in favorable terms and conditions with the contractor prior to a final construction decision once the NRC issues a license for the project. The agreement was subsequently signed by all parties on February 24, 2009.

Following notice published on February 21, 2009, three individuals and three groups joined to file one Petition to intervene against the STP Units 3 and 4 COLA. This initial petition, filed on April 21, 2009, contained 28 contentions. Interveners subsequently filed seven additional contentions. As a result of NRC Atomic Safety and Licensing Board ("ASLB") decisions, most of the contentions were dismissed. However, two contentions were admitted for further consideration.

On October 13, 2009, the Board approved selection of STP Units 3 and 4 as the next baseload generation resource and approved a request for $400,000 in bonds to support the project. However, amid reports that CPS Energy had knowledge that costs of the project might be significantly higher than previously reported, the San Antonio City Council's vote on the bonds was postponed. This higher project cost estimate prompted the City Council to reevaluate CPS Energy's stake in the project and members of CPS Energy's management to engage in negotiations with representatives from TANE in November 2009. Following the postponement of the City Council's vote, the Board undertook an investigation to determine whether CPS Energy's management had knowledge of an increase in the preliminary cost estimate for STP Units 3 and 4 and why that information was not previously communicated to the Board. The results of this investigation were reported to the Board in late 2009 and, based on the report, the Board adopted a resolution finding that there was a failure of communication from certain members of CPS Energy executive management to the Board and the City Council regarding a revised cost estimate. The investigation report also concluded that there was no malicious intent on the part of any member of the management team in connection with the failure of communication. Further, the report found that no member of management instructed any other employee to conceal or withhold any information from the Board.

On December 6, 2009, the Company 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 the Company 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. The Company specified actual and exemplary damages of $32,000,000.

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

Joint Operations (Continued)

On February 17, 2010, CPS Energy and NINA announced that a proposed settlement had been reached that ended the parties' legal disagreement and allowed the proposed expansion of STP Units 3 and 4 to proceed. As a result of the settlement, CPS Energy's ownership stake in STP Units 3 and 4 was reduced from 50% to 7.6%, while NINA retained 92.4% ownership. CPS Energy is not liable for any project development costs incurred after January 31, 2010. However, once the new units reach commercial operation, CPS Energy will be responsible for its 7.6% share of ongoing costs to operate and maintain the units. Also as a result of the settlement, NINA agreed to pay CPS Energy $80,000, in two $40,000 payments, upon DOE issuance of a conditional loan guarantee. NINA also agreed to make a contribution of $10,000 over a four-year period to the Residential Energy Assistance Partnership ("REAP"), which provides emergency bill payment assistance to low-income customers in San Antonio and Bexar County. The settlement agreement was finalized on March 1, 2010. As of January 31, 2013, CPS Energy had received $7,500 from NINA for REAP.

On March 21, 2011, NINA announced that it was reducing the scope of development in STP Units 3 and 4 to allow time for the NRC to assess the lessons learned from the events in Japan. They further stated that current ongoing work would be limited to activities associated with NRC licensing and with securing a DOE loan guarantee. On April 19, 2011, NRG announced that it would continue to support its current partners but that it would not invest additional capital in the STP Units 3 and 4 development effort. NRG wrote off the entire value of its investment in the project while continuing to own a legal interest. Since then, TANE has funded ongoing costs to move the application process forward for the combined operating and construction license.

In April 2011, interveners filed a contention related to foreign ownership following NRG's announcement that it planned to write down its full investment in the STP Units 3 and 4 project. Subsequently, the ASLB agreed to admit the contention of foreign ownership for further consideration. In August 2011, interveners filed a contention related to the NRC's Fukushima Near-Term Task Force report issued in July 2011. In separate actions, the ASLB subsequently dismissed both of the two original contentions and determined the contention on the Fukushima Near-Term Task Force report to be inadmissible, leaving the foreign ownership contention as the only admitted contention.

On December 13, 2011, the NRC issued a letter to NINA stating that its COLA does not meet the requirements of 10 CFR 50.38 (Ineligibility of Certain Applicants). This section of federal regulation contains restrictions associated with foreign ownership, control and domination. The letter stated that NRC staff is suspending its review of the foreign ownership section of the STP Units 3 and 4 COLA until this matter is resolved by NINA. The NRC letter also stated that review of all remaining portions of the COLA would continue. NINA is currently working with the NRC to resolve this issue.

On January 30, 2013, the NRC issued a letter to NINA providing an updated review schedule for the STP Units 3 and 4 COLA. The revised schedule includes a target date of April 30, 2015, for the release of the final Safety Evaluation Report. As such, CPS Energy expects that the STP Units 3 and 4 COLA could be approved in the late 2015 timeframe.

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

Joint Operations (Continued)

In February 2013, the ASLB issued an order establishing the "trigger date" for the evidentiary hearing related to the foreign ownership contention as the earlier of April 30, 2013, or the date on which the NRC makes known the results of its foreign ownership, control, and domination review. On April 29, 2013, as part of this review, the NRC staff issued a determination that NINA "continue[s] to be under foreign ownership, control or domination." NINA's management believes that this initial ruling by the NRC staff was a necessary first step in order to move the process forward to an evidentiary hearing by the ASLB and continues to remain optimistic that an evidentiary hearing will result in a determination that NINA is not under foreign ownership, control or domination. Acknowledging that these developments and plans facilitate constructive momentum to continue the project and create a pathway to obtaining more clarity for the project participants, CPS Energy's Management takes no exception to the process being pursued and will continue to monitor NINA's progress along the way. Accordingly, this most recent development is deemed to have no impact on the Company's assessment of the reported value of STP Units 3 and 4.

CPS Energy performed a thorough re-evaluation of its investment in the STP Units 3 and 4 project to reassess the ongoing viability of the project and the appropriateness of continuing to report the cost of the project on its Statements of Net Position. CPS Energy again in fiscal year 2013 reached the conclusion that its investment in the project remains valuable and that the most appropriate treatment is to continue to report this investment on its Statements of Net Position at full historical cost. If it is determined at some point in the future that a full or partial write-down is appropriate, due to the unusual and/or infrequent nature of the circumstances that have to be considered, the impact of writing down the project is expected to be treated as an extraordinary or special item on its Statements of Revenues, Expenses and Changes in Net Position. The write-down would be a noncash transaction that would have no impact on the CPS Energy's debt service coverage ratio; however, it would affect the debt to debt and net position ratio. At January 31, 2013, the impact of a write-down would have been an increase in the debt to debt and net position ratio from 61.3% to 64.1%. CPS Energy continues to maintain regular communication with all stakeholders regarding ongoing assessment of the viability of the project and the impact to its financial position.

Including AFUDC of $20,975, project costs incurred by CPS Energy to date of $391,322 are included on the Statements of Net Position as construction-in-progress. Effective as of FY 2012, AFUDC is not being recorded for the STP Units 3 and 4 project since efforts have been limited primarily to licensing-related activities.

See Note 4, Capital Assets, for more information about CPS Energy's capital investment in STP.

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

Nuclear Insurance

The Price-Anderson Act is a comprehensive statutory arrangement for providing limitations on liability and governmental indemnities with respect to nuclear accidents or events. The maximum amount that each licensee may be assessed following a nuclear incident at any insured facility is $111,900, subject to adjustment for inflation, for the number of operating nuclear units and for each licensed reactor, payable at $17,500 per year per reactor for each nuclear incident. CPS Energy and each of the other participants of STP are subject to such assessments, which will be borne on the basis of their respective ownership interests. For purposes of these assessments, STP has two licensed reactors. The participants have purchased the maximum limits of nuclear liability insurance, as required by law, and have executed indemnification agreements with the NRC in accordance with the financial protection requirements of the Price-Anderson Act. A Master Worker Nuclear Liability policy, with a maximum limit of $375,000 for the nuclear industry as a whole, provides protection from nuclear-related claims. A Master Worker Certificate policy, also with a maximum limit of $375,000 for the nuclear industry as a whole, provides protection from radiation tort claims of workers at nuclear facilities.

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

The owners of STP Units 1 and 2 currently maintain approximately $2,800,000 of nuclear property insurance, which is above the legally required amount of $1,100,000. The $2,800,000 of nuclear property insurance consists of $500,000 in primary property damage insurance and $2,300,000 of excess property damage insurance, both subject to a retrospective assessment being paid by all members of Nuclear Electric Insurance Limited (NEIL). A retrospective assessment could occur if property losses, as a result of an accident at any nuclear plant insured by NEIL, exceed the accumulated funds available to NEIL.

During fiscal year 2013, business interruption insurance coverage was afforded as a rider in STP's property insurance at no additional premium cost. This coverage was triggered by the November 29, 2011, outage incident at STP Unit 2 and provided indemnity proceeds totaling $13,000, of which CPS Energy's 40.0% portion totaled $5,200. CPS Energy's proceeds were allocated to partially offset the incremental fuel and related unit variable operation and maintenance costs incurred as a result of the STP Unit 2 outage.

Effective April 1, 2013, a change in STP's insurance program occurred involving the discontinuation of a business interruption coverage endorsement under NEIL's primary property insurance policy. In conjunction with this change, CPS Energy purchased an accidental outage insurance policy through NEIL affording similar indemnity coverage resulting from an accidental outage of a nuclear unit. The accidental outage coverage was purchased 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 28.0% 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 12.0% 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 conducted by the owners, dated March 2008, showed that decommissioning costs for CPS Energy's 28.0% ownership in STP Units 1 and 2 were estimated at $386,300 in 2007 dollars. Included in the cost study was a 10.0% contingency component as required to comply with the PUCT. Based on the level of funds accumulated in the 28.0% Trust and an analysis of this cost study, CPS Energy determined that no further decommissioning contributions will be required to be deposited into the Trust.

In fiscal year 2009, CPS Energy determined that some preshutdown decommissioning and spent fuel management activities would be required prior to shutdown of STP Units 1 and 2. As a result, separate trust accounts were created to pay for preshutdown decommissioning activities. Additionally, funds in the Trusts applicable to spent fuel management were transferred to separate spent fuel accounts so that they were not commingled with funds allocable to preshutdown decommissioning costs. Based on projected costs, the spent fuel management accounts are currently fully funded; therefore, no contributions were made to these accounts in fiscal year 2012. Contributions to fund preshutdown decommissioning costs for CPS Energy's 28% ownership in STP amounted to $2,211 in fiscal year 2012, preshutdown decommissioning expenses for the 28% ownership totaled $1,500 for fiscal year 2012. For the 12% ownership, preshutdown costs were funded by AEP's ratepayers; preshutdown decommissioning expenses for this ownership totaled $636 for fiscal year 2012.

Excluding securities lending cash collateral, as of December 31, 2012, CPS Energy had accumulated approximately $340,700 in the 28% Trust. Total funds are allocated to decommissioning costs, spent fuel management and site restoration. Based on the most recent annual calculation of financial assurance required by the NRC, the 28% Trust funds allocated to decommissioning costs totaled $218,700, which exceeded the calculated financial assurance amount of $168,700.

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

Nuclear Decommissioning (Continued)

The March 2008 cost study estimated decommissioning costs for the 12.0% ownership in STP Units 1 and 2 at $165,600 in 2007 dollars. Excluding securities lending cash collateral, as of December 31, 2012, approximately $119,400 had been accumulated in the 12% Trust. Total funds are allocated to decommissioning costs, spent fuel management and site restoration. Based on the most recent annual calculation of financial assurance required by the NRC, the 12% Trust funds allocated to decommissioning costs totaled $75,800, which exceeded the calculated financial assurance amount of $72,300 at December 31, 2012, the date of the most recent calculation.

CPS Energy accounts for decommissioning by recognizing a liability and expense for a pro rata share of projected decommissioning costs as determined by the most recent cost study. A new cost study is performed every five years, and in years subsequent to the latest study, estimated annual decommissioning expense and an increase in the liability is calculated by applying the effects of inflation and the ratio of years of plant usage to total plant life. Additionally, guidance pertaining to regulated operations provided in GASB Statement No. 62 has been followed to retain the zero net position approach for the Decommissioning Trusts.

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

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 $34,200 were made in STP's fiscal year 2012 of which $13,200 related to the 2012 plan year, while $21,000 related to the 2011 plan year. A final contribution of $27,700 for plan year 2012 will be made during STP's fiscal year 2013 in order to meet or exceed minimum funding requirements and maintain the targeted adjusted funding target attainment percentage.

STPNOC also maintains a defined-benefit postretirement plan that provides medical, dental and life insurance benefits for substantially all retirees and eligible dependents. The cost of these benefits is recognized in the project statements during an employee's active working career. STPNOC has a trust to partially meet the obligations of the plan.

Employees whose eligible compensation exceeds the limitations established under the 1974 Employee Retirement Income Security Act, $250 for 2012 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.

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

STP Pension Plan and Other Postretirement Benefits (Continued)

STPNOC approved a change to the pension plan, effective January 1, 2007, to preclude the eligibility of employees hired after December 31, 2006, in the plan. Employees hired after this date 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 $(14,200) for CPS Energy's fiscal year 2013, respectively.

The schedule of funding progress, presented as required supplementary information presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Schedule of Funding Status (RSI-Unaudited)
Calendar Year 2012

	Pension Benefits	Other Benefits
Change in Benefit Obligation:		
Benefit Obligation - Beginning	$ 354,417	$ 121,454
Service Cost	10,810	10,886
Interest Cost	18,158	6,131
Actuarial Loss	54,170	2,905
Benefits Paid	(6,328)	(3,333)
Benefit Obligation - Ending	431,227	138,043
Change in Plan Assets:		
Fair Value of Plan Assets - Beginning	202,129	10,613
Actual Return on Plan Assets	27,512	1,144
Employer Contributions	34,200	3,006
Benefits Paid	(6,328)	(3,333)
Fair Value of Plan Assets - Ending	257,513	11,430
Funded Status - Ending	(173,714)	(126,613)
Unrecognized Net Actuarial Loss	168,845	44,620
Unrecognized Prior Service Cost	3,239	(7,818)
Unrecognized Transition Obligation		86
Cumulative difference between recognized and unrecognized net expense and funding	$ (1,630)	$ (89,725)
Amount recognized in other liabilities	$ (173,714)	$ (126,613)
Weighted-Average Assumptions:		
Discount Rate	4.4%	4.4%
Expected Return on Plan Assets	7.8%	7.8%
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, 2013. Grant funding received from federal, state, and other governmental agencies but not yet earned as of September 30, 2013 were $76,471.

Capital Improvement Program

The City will be undertaking various capital improvements during fiscal year 2014. The estimated cost of these improvements is $569,826, which consist of the following:

Function/Program	FY 2014
General Government	
Municipal Facilities	$ 140,790
Total General Government	$ 140,790
Public Health & Safety	
Drainage	$ 62,513
Fire Protection	8,757
Law Enforcement	1,950
Total Public Health & Safety	$ 73,220
Recreation & Culture	
Libraries	$ 13,675
Parks	81,602
Total Recreation & Culture	$ 95,277
Transportation	
Air Transportation	$ 87,109
Street	173,430
Total Transportation	$ 260,539
Total Capital Plan	$ 569,826

These projects are scheduled to be funded with a combination of grants, contributions from others, bonds, certificates, notes and other designated City resources.

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation

The City is a party to various claims and lawsuits alleging personal and property damages, wrongful death, breach of contract, environmental matters, civil rights violations, and employment matters. The estimated liability, including an estimate of incurred but not reported claims, is recorded in the Insurance Reserve Fund in the amount $23,710. The City estimates the amounts of unsettled claims under its self-insurance program and believes that the self-insurance reserves recorded as appropriations in the Insurance Reserve Fund are adequate to cover losses for which the City may be liable. Whether additional claims or revisions to estimates required for settlement on existing claims could have a material effect on the basic financial statements cannot be determined.

Kopplow Development, Inc. v. City of San Antonio Plaintiff contends that the construction of a regional stormwater detention facility was an inverse condemnation of its property by increasing the flood plain elevation on its property. The City also filed a statutory condemnation to acquire an easement involving Plaintiff's property to construct and maintain part of the facility. This matter was tried in July 2008 with a favorable ruling to Plaintiff; but the City's motion for new trial was granted. After a retrial, the jury awarded approximately $600 to Plaintiff for the inverse condemnation and statutory condemnation. The City and Plaintiff have appealed. The Fourth Court of Appeals issued its opinion affirming the trial court's ruling awarding Plaintiff $5 as compensation for the land taken, but reversed the other portion of the judgment for the remainder of the damages. Plaintiff's motion for rehearing was denied on December 29, 2010. Plaintiff filed its brief on the merits in October 2011 and the City filed its reply in December 2011. On March 8, 2012, the Texas Supreme Court issued their opinion, reversing the Fourth Court’s opinion and remanding the matter back to state district court for further proceedings consistent with their opinion. The City’s Motion for Rehearing was denied in June 2013. On February 5, 2014, the Fourth Court of Appeals issued an opinion finding that the trial court erred in excluding evidence of Kopplow’s vested rights status and remanded the case to the trial court for a new trial on the issue of damages.

KGME, Incorporated v. City of San Antonio Plaintiff entered into a contract with the City to provide construction services. The parties determined that work on portions of the contract had become impracticable and further work would cease. Plaintiff sued for breach of contract and violations of the Prompt Payment Act. Damages could exceed $250. The City filed a plea to the jurisdiction, which was denied by the trial court. The Fourth Court of Appeals issued its opinion on February 16, 2011, affirming the trial court's denial of the City's plea to the jurisdiction. The case was remanded back to State Court. This case is set for trial on May 12, 2014.

Abilmelch Garcia v. City of San Antonio Plaintiff claims he was operating his wheelchair at the intersection of East Commerce and Soledad when he was struck by a City of San Antonio Waste Management truck. As a result, he alleges serious and permanent bodily injuries, including loss of both legs. Plaintiff sued under the Texas Tort Claims Act and for violation of Section 552.003 of the Texas Transportation Code (failure to yield right-of-way to a pedestrian). Plaintiff sued for an unknown amount of money for damages to include past and future medical expenses, physical pain, mental anguish and physical impairment which allegations exceed $250. Damages are capped by the Texas Tort Claims Act at $250. This case is set for trial on March 3, 2014.

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation (Continued)

Maria Elena Rodriguez v. City of San Antonio Plaintiffs sued under the Texas Tort Claims Act for negligence, gross negligence, and wrongful death alleging that a San Antonio police officer negligently struck and killed the driver, Plaintiff Davila, in a motor vehicle accident on Loop 1604 on March 7, 2010. Plaintiff Rodriguez was riding as a passenger with Plaintiff Davila. Plaintiff Rodriguez allegedly sustained injuries to both knees and her back, and alleges damages in excess of $250. Damages are capped by the Texas Tort Claims Act at $250. This matter was set for trial in February 2012. After unsuccessfully seeking another continuance of the trial, Plaintiff non-suited the case and refiled as a new matter a week later. Additionally, Plaintiff Rodriguez has filed a separate lawsuit against the manufacturer of the automobile in which she was a passenger. This case is set for trial on June 9, 2014.

Barbara Webb, et. al. v. City of San Antonio Plaintiffs sued under the Texas Tort Claims Act for injuries sustained in a motor vehicle accident. A San Antonio police officer was en route to an emergency call when a vehicle turned into the street in front of her. The officer swerved to avoid that vehicle and lost control of her car, moving into the oncoming traffic. The patrol vehicle struck Plaintiffs' car head on. Plaintiff suffered life threatening injuries. This case is in the discovery stages. Damages could reach $250. In May 2013, an insurance company covering one of the non-City defendants was declared insolvent and entered into bankruptcy pleadings. This case has been automatically stayed pending resolution of the bankruptcy proceedings.

Melissa Hopkins, et. al. v. William Karman, et. al Plaintiff's decedent was the victim of armed-robbery. A San Antonio Police Officer arrived on the scene. Shots were exchanged with suspects and Plaintiffs' decedent was killed. Plaintiffs filed suit against the officer and the City alleging violations of civil rights under 42 U.S.C. §1983. Damages could exceed $250. In June 2013, the Court granted summary judgment in favor of the City and the defendant officers, dismissing all claims. Plaintiffs filed an appeal to the Fifth Circuit. On December 24, 2013, the Fifth Circuit issued its opinion upholding the summary judgment in favor of the City and the defendant officers.

Valemas v. City of San Antonio (Valemas I) In 2005, Plaintiff entered into a construction contract with the City for work at the City's Brackenridge Park. Plaintiff alleges that it experienced delays in the work due to actions of the City, resulting in damages to Plaintiff. Plaintiff filed suit alleging breach of contract. The City sought to have some of the claims dismissed for want of jurisdiction which was denied. The City appealed to the Fourth Court of Appeals, which upheld the denial. The City filed a petition for review with the Texas Supreme Court, which was denied. The case has been returned to the trial court, but no trial date has been set. Damages could exceed $250.

Valemas, et. al. v. City of San Antonio (Valemas II) Valemas and subcontract L. Payne performed construction work for the City on W.W. White Road, but there have been issues with subsidence. The City withheld payment of the final invoice and retainage payments, totaling approximately $400. Plaintiffs also allege delay damages. The City accepted the completed project but requires proof of payment to all subs and vendors prior to releasing final payment. The City denies delay damages are owing. This case is not currently set for trial.

L. Payne Construction v. City of San Antonio Plaintiff was a subcontractor to Valemas, Inc. on a construction contract for work on Clark Avenue in San Antonio. Plaintiff alleges that it did not receive final payment and that it is entitled to delay damages in excess of $500. This case is set for trial on September 15, 2014.

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation (Continued)

Silverado Brothers v. AT&T, et. al Plaintiff contracted to perform street and sidewalk work for the City. In the contract, the City indicated that utility lines had been identified and marked. When construction began, it was discovered that information from AT&T as to line location was incorrect. Work was delayed while AT&T's contractor, Bay Builders, re-located lines. When work commenced, it was discovered that the lines had not been properly relocated, and work was again delayed. Plaintiff originally filed suit against AT&T and Bay Builders for $800 in delay damages. Plaintiff amended its suit to include the City as a responsible party, based on representations that the lines would be properly marked. Bay Builders was dismissed from suit on a motion for summary judgment. AT&T has settled with Plaintiff. Plaintiff asserts a claim of $600 against the City, which the City denies. This case is set for trial on April 14, 2014.

Shavonda Bailey, et. al. v. City of San Antonio, et. al Defendant San Antonio Police Officers were involved in an altercation with Plaintiffs' decedent, Pierre Abernathy, requiring the use of tasers. Mr. Abernathy suffered an episode of "excited delirium" and died. Plaintiffs' sued the City, one identified and six unidentified police officers under 42 U.S.C. Section 1983, alleging excessive use of force. This case is not yet set for trial.

Anthony Ortega, et. al. v. City of San Antonio, et. al An SAPD police officer was involved in a motor vehicle accident while allegedly in pursuit of a stolen vehicle. Plaintiffs' decedent, Laura Zepeda, was killed as a result of the incident. This lawsuit was recently filed and served on the City. Damages could be at the maximum cap of $250. This case is not yet set for trial.

Pletz Construction L.L.C. v. City of San Antonio, et. al City entered into two contracts with Plaintiff related to work at the Nelson Brush site. Plaintiff claims that the City has caused delays on both contracts preventing their completion and resulting in damages to Plaintiff. Plaintiff claims a total of $630 in damages for both contracts as well as attorneys fees. This case is set for trial on November 3, 2014.

Texas Auto Salvage, et. al. v. City of San Antonio, et. al Plaintiffs operate a salvage yard in the city limits subject to City codes. Plaintiffs allege that the City has not been properly enforcing the code and specifically allege selective enforcement. Plaintiffs have asserted a claim for violation of their civil rights under the Equal Protection Clause of the United States Constitution. If successful, damages as well as attorneys' fees could exceed $250. This case was recently moved to Federal Court and is not yet set for trial.

Cheryl Clancey v. D&R Towing, et. al Plaintiff, in a wheelchair, was attempting to cross the street at Presa and Commerce Streets when she was struck by a tow truck. Plaintiff sued the towing company and driver. She also filed suit against the City, alleging that the crosswalk and ramps were not in conformity with state law accessibility requirements. Plaintiff suffered significant physical injuries including amputation of a portion of her left leg. If Plaintiff is successful, damages could be $250. This case is set for trial on October 20, 2014.

Northern Hills Management Corp. v. City of San Antonio Plaintiff purchased property that had been previously used as a golf course, but which was zoned MF-33, multi-family residential. After their purchase of the property, it was rezoned G-AHOD, limiting its use to golf or recreational related purposes. Plaintiff claims the rezoning of the property was an inverse condemnation or taking of the property without compensation. They allege that the loss in property value is approximately $7,900. This case is currently set for trial on March 24, 2014; however, the parties are considering a continuance.

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation (Continued)

Rogers Shavano Ranch, Ltd., et. al. v. City of San Antonio Plaintiffs are the developers of property known as Rogers Shavano Ranch. They claim this property has been under development since 1993, and claim that the City has violated their vested right to develop this property pursuant to ordinances and regulations existing in 1993. The parties have filed cross motions for summary judgment, which have been continued until further depositions are completed. Plaintiffs could recoup attorneys' fees in excess of $250. The City filed a Plea to the Jurisdiction, contesting the Court's jurisdiction to assess attorneys' fees in this case. That plea was denied and this issue is currently on appeal to the Fourth Court of Appeals. This case is not currently set for trial.

Jane Doe v. City of San Antonio, et. al Plaintiff asserts claims against Defendants for violation of her Fourth Amendment Rights of the United States Constitution and for failure to comply with the Civil Rights Act, 42 U.S.C. §1983. Plaintiff alleges that while she was in her automobile in route to a friend's house a San Antonio Police Officer, in uniform, stopped her vehicle and then sexually assaulted her. Plaintiff alleges in her Complaint that the Defendant has been criminally charged with sexual assault, civil right violation, and official oppression. Plaintiff also seeks damages against the City and Police Chief for alleged failure to train its officers and for retaining in its employment an individual not suitable to be a police officer. Plaintiff seeks to recover damages against the Defendant in the amount of $10,000 for violation of her Fourth Amendment Rights and to recover attorney fees and cost of court.

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, 2013 was $12,603 for Governmental Activities and $50,365 for Business-Type Activities, which consisted of $43,376 for the Airport System and $6,989 for Nonmajor Enterprise. As of September 30, 2013, the leases provide for the following future minimum rentals:

Leases Revenues				
	Governmental Activities	Airport System	Nonmajor Enterprise	Total
Fiscal year ending September 30:				
2014	$ 10,961	$ 36,820	$ 6,657	$ 54,438
2015	9,718	28,940	5,763	44,421
2016	3,684	9,502	2,731	15,917
2017	2,678	9,104	2,392	14,174
2018	2,456	7,662	2,006	12,124
2019-2023	5,661	22,037	6,309	34,007
2024-2028	3,501	11,496	3,121	18,118
2029-2033	2,860	2,987	284	6,131
2034-2038	2,622	1,054		3,676
2039-After	23,100			23,100
Future Minimum Lease Rental	$ 67,241	$ 129,602	$ 29,263	$ 226,106

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Landfill Postclosure Care Costs

In October 1993, the City Council approved closure of the Nelson Gardens Landfill, which immediately stopped accepting solid waste. Subsequent to landfill closure, federal and state laws required the City to incur certain postclosure care costs over a period of 30 years. As of September 30, 1994, the City estimated these costs for postclosure of the Nelson Gardens Landfill at $3,825. The estimate was based on projected costs for installation of a leachate and groundwater collection system, installation of a methane recovery system, geotechnical and environmental engineering services, and monitoring and maintaining the facility for a 30-year period. In accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Cost*, the estimated postclosure cost for the Nelson Gardens Landfill is recorded as a liability and expensed in the Solid Waste Management Fund. This cost is an estimate and is subject to changes resulting from inflation/deflation, advances in technology, or changes in applicable laws or regulations. Each fiscal year, the City performs an annual re-evaluation of the postclosure care costs associated with the Nelson Gardens Landfill. The annual re-evaluation conducted for the fiscal year-ended September 30, 2013 resulted in an estimated postclosure care liability for the Nelson Gardens Landfill of $1,887. This represents a decrease of $157 from the prior fiscal year for expenses incurred for geotechnical and environmental engineering services.

Texas Commission on Environmental Quality (TCEQ) Financial Assurance

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

Brooks City-Base – Electric and Gas Utilities

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

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

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

In fiscal year 2003, CPS Energy entered into a 20-year agreement with BDA to upgrade the electric and gas utility systems located within the Brooks City-Base. CPS Energy and BDA have each committed to invest $6,300 ($4,200 in year 2002 dollars, which accumulates interest at the rate of 3.7% compounded annually) to upgrade the infrastructure at that location. Annual reductions to BDA's obligation are 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 are also made in accordance with contract terms for economic development at Brooks City-Base that benefits CPS Energy's systems.

To the extent that the capital renewals and upgrades do not total $12,600 by September 2022, BDA's and CPS Energy's committed investments each will be reduced equally. To date, investment totals of $13,300 have been received; CPS Energy has invested $9,100 and BDA has met its $4,200 obligation, net of annual interest.

Arbitrage

The City has issued certain tax-exempt obligations that are subject to IRS arbitrage regulations. Noncompliance with these regulations, which pertain to the utilization and investment of proceeds, can result in penalties, including the loss of the tax-exempt status of the applicable obligations retroactive to the date of original issuance. In addition, the IRS requires that interest income earned on proceeds in excess of the arbitrage rate on applicable obligations be rebated to the federal government. The City monitors its bond proceeds in relation to arbitrage regulations, and "arbitrage rebate" is estimated and recorded in the government-wide and proprietary financial statements when susceptible to accrual, and in the governmental fund type when matured. As of September 30, 2013, the City has no arbitrage liability for its governmental or proprietary funds.

CPS Energy

Litigation

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

Leases

Capital Leases – CPS has no capital leases for fiscal year 2013.

Operating Leases – CPS Energy has entered into operating lease agreements to secure the usage of railroad cars, natural gas storage facilities, land, a building, office space, parking lot space and engineering equipment. The building lease was terminated in February 2012 when CPS Energy purchased the building. The lease for the parking lot space and several of the leases for office space contain a provision for a slight escalation in the monthly payment amount after the first year of each lease.

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Leases (Continued)

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

Year Ended January 31,	Operating Lease Payments
2014	$ 9,521
2015	5,900
2016	1,520
2017	239
2018	199
Later years	1,162
Total future minimum lease payments	$ 18,541

CPS Energy's minimum lease payments for all operating leases for which CPS Energy was the lessee amounted to $9,083 in fiscal year 2013. There were no contingent lease or sublease payments in fiscal year 2013.

CPS Energy has entered into operating lease agreements allowing cable and telecommunication companies to attach telephone, cable and fiber-optic lines to CPS Energy's electric poles. Operating leases also exist between CPS Energy and telecommunication companies allowing the companies to attach communication equipment to CPS Energy's communication towers. New leases pertaining to the use of CPS Energy's communication towers contain an escalation clause whereby the annual lease payments will increase by 4.0% per year after the first year of each lease.

Additionally, CPS Energy has three operating leases for the use of land that CPS Energy owns, and it has entered into multiple agricultural leases allowing the lessees to use CPS Energy's land for sheep and cattle grazing. The majority of the operating leases pertaining to the use of CPS Energy's communication towers contain a provision for contingent lease receipts that will equal the lesser of a 15.0% increase in the prior five-year lease payment or the percentage increase in the Consumer Price Index over the same five-year period. Furthermore, the three land leases also contain a provision for contingent lease receipts based on the Consumer Price Index.

The future minimum lease receipts to CPS Energy for noncancelable operating leases with terms in excess of one year were as follows:

Year Ended January 31,	Operating Lease Receipts
2014	$ 3,269
2015	2,940
2016	2,941
2017	3,001
2018	2,548
Later years	6,110
Total future minimum lease receipts	$ 20,809

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Leases (Continued)

CPS Energy's minimum lease receipts for all operating leases for which CPS Energy was the lessor amounted to $9,648 in fiscal year 2013. Contingent lease receipts amounted to $1,151 for fiscal year 2013. There were no sublease receipts in fiscal year 2013.

Lease/Leaseback – In June 2000, CPS Energy entered into a lease/leaseback transaction with an affiliate of Exelon involving CPS Energy's Spruce 1 coal-fired electric generating unit. The transaction included a lease for a term of approximately 65 years in combination with a leaseback of the facility by CPS Energy for approximately 32 years.

CPS Energy retains fee simple title to, and operating control of, the facility and retains all revenues generated from sales of electricity produced from the facility. CPS Energy received the appraised fair value of the unit, $725,000, which is being amortized over 381 months. The transaction expenses and leaseback costs of $628,300 were recorded as prepaid items in 2001 and are being amortized over 381 months.

CPS Energy has the option to cancel the leaseback after it expires by making a payment to Exelon's affiliate. CPS Energy entered into a collateralization payment-undertaking agreement that will generate amounts sufficient to fund the cancellation option.

CPS Energy's net benefits associated with the transaction were approximately $88,000. The City was paid $12,300 in accordance with the provisions of the New Series Bond Ordinance that permit 14.0% of this net benefit to be distributed. The distribution was recorded as a prepayment in 2001 and is being amortized over 381 months. As a result, net proceeds from the transaction of approximately $75,700 are being reported over the 32-year leaseback term. In fiscal year 2013, the net amount recorded as income by CPS Energy was $2,800.

On January 17, 2013, Moody's Investors Service, Inc. downgraded the Insurance Financial Strength rating of Assured Guaranty Municipal Corp. ("AGM") to "A2" from "Aa3." AGM is the legal successor in interest to Financial Security Assurance Inc., the original provider of the surety policy covering any out-of-pocket early termination amounts not covered under the agreements associated with the lease/leaseback transaction ("Transaction Documents"). As a result of the ratings downgrade, CPS Energy had until February 28, 2013, by which to replace the surety policy. CPS Energy has entered into two letter agreements with the other parties to the applicable Transaction Documents to extend the period of time allowed for CPS Energy to meet its obligations under those agreements with respect to the surety policy. CPS Energy anticipated that the parties would agree to a mutual resolution with respect to the downgrade-related noncompliance by November 30, 2013. Please see Note 19 Subsequent Events for further information.

Other

Purchase and construction commitments amounted to approximately $9,343,515 at January 31, 2013. This amount includes construction commitments, provisions for coal purchases through December 2021, coal transportation through December 2014 and natural gas purchases through June 2027; the actual amount to be paid will depend on CPS Energy's actual requirements during the contract period and the price of gas. Also included, are provisions for wind power through December 2037, solar power through December 2040, landfill power through December 2028 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. To be sustainable, CPS Energy has to balance its financial viability, environmental commitments and social responsibility as a community-owned provider. Further, the objective of sustainable energy development is to meet current needs without compromising the ability of future generations to meet their needs.

In fiscal year 2008, CPS Energy entered into a Natural Gas Supply Agreement with the SA Energy Acquisition Public Facility Corporation ("PFC"), a component unit of the City, to purchase, to the extent of its gas utility requirements, all natural gas to be delivered under a Prepaid Natural Gas Sales Agreement. Under the Prepaid Natural Gas Sales Agreement between the PFC and a third-party gas supplier, the PFC has prepaid the cost of a specified supply of natural gas to be delivered over 20 years. CPS Energy's 20-year commitment under the Natural Gas Supply Agreement is included in the aforementioned purchase and construction commitments amount.

Refer to Note 19, Subsequent Events for additional information regarding CPS Energy's agreement with the PFC.

In December 2007, CPS Energy and Exelon signed an agreement granting CPS Energy an option to participate in a possible joint investment in a nuclear-powered electric generation facility in Southeast Texas (the "Exelon Project"). Preliminary plans indicated that the Exelon Project would be located in Victoria County, Texas, and would involve the development of two Economic Simplified Boiling Water Reactors ("ESBWR"), nominally rated at 1,520 MW each. Under this agreement, CPS Energy had the option to acquire between a 25% and a 40% ownership in the Exelon Project. On August 28, 2012, Exelon announced that it had notified the NRC that it will withdraw its Early Site Permit application for this project. Exelon cited that the action was in response to low natural gas prices and economic and market conditions that have made construction of new merchant nuclear power plants uneconomical in competitive markets. As a result, CPS Energy's total investment in the Exelon Project of $2,700 was written off in fiscal year 2013.

In fiscal year 2003, CPS Energy entered into a 20-year agreement with BDA to upgrade the electric and gas utility systems located within the Brooks City-Base. CPS Energy and BDA have each committed to invest $6,300 ($4,200 in year 2002 dollars, which accumulates interest at the rate of 3.7% compounded annually) to upgrade the infrastructure at that location. Annual reductions to BDA's obligation are 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 are also made in accordance with contract terms for economic development at Brooks City-Base that benefits CPS Energy's systems. To the extent that the capital renewals and upgrades do not total $12,600 by September 2022, BDA's and CPS Energy's committed investments each will be reduced equally. To date, investment totals of $13,300 have been received; CPS Energy has invested $9,100 and BDA has met its $4,200 obligation, net of annual interest.

On June 8, 2010, CPS Energy committed to partner in the Texas Sustainable Energy Research Institute at the University of Texas at San Antonio for sustainable energy research. The agreement calls for CPS Energy to invest up to $50,000 over 10 years in the institute. The investment made through January 31, 2013 was $2,900 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.

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. CPS Energy currently has agreements with six public power entities to provide either full or partial energy requirements. These agreements have varying terms expiring in 2016, 2021 and 2023. The volumes committed under these agreements represent approximately 6.5% of current capacity. CPS Energy regularly monitors the market values of these transactions to manage contract provisions with the counterparties.

CPS Energy entered into two contractual obligations, referred to as heat rate call options ("HRCO"), with Morgan Stanley Group Inc ("Morgan Stanley"). The HRCOs give Morgan Stanley the right to purchase specified amounts of MW per hour generated from the Rio Nogales plant, based on a pricing schedule set forth in each. One of these agreements expired in December 2012, and the remaining HRCO will expire in September 2015. The volumes committed under the remaining agreement represent approximately 31.3% of the Rio Nogales plant's generating capacity.

On June 20, 2011, CPS Energy announced its New Energy Economy initiative. The program is designed to focus on more clean energy sources rather than traditional energy sources and includes several major initiatives to which CPS Energy has committed (current commitments are included in the aforementioned $9,343,515):

- CPS Energy's customers will have the opportunity to manage their home energy use through a Home Area Network system referred to as Home Manager. A program was launched in fiscal year 2012 with plans to enroll up to 140 homes and businesses by 2015. Home area networks work with smart meters to provide up-to-the-minute energy use information and allow demand-side management to reduce energy consumption on the customer premise. The deployment may be partially funded through the Save for Tomorrow Energy Program (STEP) and has the potential to reduce electrical demand by 250 megawatts ("MW") over a four-year period that began in fiscal year 2012.

- CPS Energy will replace 25 San Antonio street lights with light-emitting diode ("LED") street lights. The lights have been purchased from GreenStar, a worldwide supplier of LED lighting. The street lights use 60.0% less energy than standard sodium lights and are designed to last 12 to 15 years, reducing maintenance costs. Approximately $2,200 of the deployment costs will be funded through STEP, with the remainder funded by the City.

- In November 2011, CPS Energy entered into a $77,000 prepaid agreement with SunEdison for purchased power equal to approximately 60.0% of the anticipated output from 30 MW of solar energy facilities in the San Antonio area. The purchase of the balance of the output will be on a pay-as-you-go basis. As part of the agreement, CPS Energy has the right to purchase the facilities in the future. Construction was completed in fiscal year 2013.

- In December 2011, a contract was entered into with Summit Texas Clean Energy, LLC to provide CPS Energy with 200 MW of clean-coal power utilizing integrated gasification combined cycle technology along with 90.0% carbon capture from the first-of-its-kind power plant in West Texas. Construction on the power plant is expected to begin in 2013 and is projected to reach commercial operation in late 2016.

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

- In July 2012, CPS Energy and OCI Solar Power entered into an agreement for CPS Energy to purchase solar power produced by OCI. OCI created a consortium of partners to deliver 400 MW of solar energy, produced at solar farms primarily in and around San Antonio, to CPS Energy throughout the life of the 25-year power purchase agreement. Also as part of the agreement, Nexolon America, LLC, the anchor manufacturer in the consortium, will build a high-tech manufacturing facility to produce components for solar power generation and will relocate its headquarters to San Antonio, in total creating over 400 jobs. The first 50 MW hours are expected to be on line in fiscal year 2014.

Save for Tomorrow Energy Program (STEP)

CPS Energy has projected to spend approximately $849,000 over a 12-year period on energy efficiency and conservation through STEP. Contributing towards its goal to save 771 MW by 2020, CPS Energy's programs include home weatherization, higher efficiency light bulbs, solar rebates, peak saver thermostats, home area networks and other such initiatives.

Annually, approximately $8,000 of the STEP expenses are funded through the electric base rate and reported as CPS Energy operation and maintenance expenses. STEP expenses over this initial amount per year are recovered through the fuel adjustment factor over a 12-month period beginning in the subsequent fiscal year after they are incurred and have been independently validated. These STEP recoveries are accrued as a regulatory asset referred to as STEP net costs recoverable in accordance with guidance provided by GASB Statement No. 62. This guidance requires that certain costs be capitalized as a regulatory asset until they are recovered through future rates.

San Antonio Water System (SAWS)

Litigation

SAWS is the subject of various claims and potential litigation, which arise in the ordinary course of its operations. Management, in consultation with legal counsel, makes an estimate of potential costs that are expected to be paid in the future as a result of known claims and potential litigation and records this estimate as a contingent liability.

In connection with a desalination injection well permit obtained by SAWS from the Texas Commission on Environmental Quality (TCEQ), SAWS has an obligation to plug the injection well once the well is no longer in service. At December 31, 2012, SAWS has recorded a liability of $198 related to this post-closure obligation.

Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other

In March 2007, SAWS was notified by the Environmental Protection Agency (EPA) of alleged failures to comply with the Clean Water Act due to the occurrence of sanitary sewer overflows. The EPA subsequently referred the matter to the United States Department of Justice (the "DOJ") for an enforcement action. On June 4, 2013, the Board approved a Consent Decree between SAWS and the United States of America and the State of Texas. On September 13, 2013, the United States of America filed its Motion for Entry of the Consent Decree, requesting the Court to approve the Consent Decree by signing and entering it. The Consent Decree was signed and entered by the Court on October 15, 2013.

During the course of the Consent Decree negotiations, SAWS increased its level of investment in the wastewater collection system with the intent to decrease the number of sanitary sewer overflows. Over the five year period 2008–2012, SAWS operating and capital expenditures associated with the reduction of sewer overflows averaged approximately $60,000 per year. The cost to perform the requirements of the Consent Decree are anticipated to be approximately $500,000 more than the total of the average annual expenditures SAWS would have made in its sewer system to reduce sanitary sewer overflows during the 10 to 12 year term of the Consent Decree. In addition, the Consent Decree required SAWS to pay a civil penalty of $2,600 which was included in Accrued Claims Payable at December 31, 2012.

As of December 31, 2012, 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 2013 and others continuing until 2022. Some of the leases include price escalations and the average annual cost per acre foot ranges from $115 to $140 (these figures are not in thousands). The future commitments under these leases are as follows:

	2013	2014	2015	2016	2017	Thereafter
Lease obligations	$ 3,534	$ 2,947	$ 2,953	$ 2,857	$ 2,999	$ 11,609
Lease obligations (acre feet)	30,676	24,933	24,733	23,157	23,157	82,812

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

	2013	2014	2015	2016	2017	Thereafter
Firm purchased water obligations	$ 5,009	$ 5,106	$ 5,205	$ 5,544	$ 5,644	$ 114,303
Firm purchased water obligations (acre feet)	6,700	6,700	6,700	6,700	6,700	93,500
Variable purchased water obligations	$ 6,349	$ 9,460	$ 13,164	$ 13,638	$ 13,920	$ 193,167
Variable purchased water obligations (acre feet)	8,475	12,850	15,525	15,500	15,500	187,050

SAWS' firm and variable purchased water obligations relate to the contractual commitments made in connection with SAWS' wholesale water contracts with Guadalupe Blanco River Authority (GBRA) and three other wholesale agreements for the supply of raw water from the Trinity Aquifer. All water provided under these contracts is subject to availability. Under the contract with GBRA, SAWS will receive between 4,000 and 10,000 acre feet of water annually during the years 2013-2037 at prices ranging from $904 to approximately $1,377 per acre foot. SAWS has an option to extend this contract until 2077 under new payment terms. (Figures in this paragraph are not in thousands.)

Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

Under a contract with the Massah Development Corporation, SAWS has a minimum take or pay commitment to purchase 100 acre-feet per month or 1,200 acre-feet per year of raw water from the Lower Glen Rose/Cow Creek formations of the Trinity Aquifer in northern Bexar County at prices ranging from $591 to $847 per acre foot. This agreement expires in 2025 and SAWS has an option to extend the contract for 10 years. (Figures in this paragraph are not in thousands.)

Under a contract with Sneckner Partners, Ltd., SAWS has a take or pay commitment to purchase 1,500 acre-feet of water annually from the Trinity Aquifer at a minimum annual cost of $225 per acre-foot through 2020 (figures in this sentence are not in thousands.) SAWS has an option to extend the contract through 2026. As part of this contract, SAWS agreed to make quarterly defined payments for any residential customers that are connected to the system within a defined geographical area that begin taking water service from SAWS. SAWS began making these payments during 2012 as the area has begun to experience some development. While it is impossible to estimate the exact amount of any potential future payments associated with this provision of the agreement, management estimate of this potential contingent liability is less than $5,000.

In July 2012, SAWS entered into an agreement with Water Exploration Company, Ltd. (WECO) to purchase groundwater produced by WECO from the Trinity Aquifer. In connection with this agreement, two water purchase agreements between SAWS DSP and WECO were terminated. The new agreement has a term of 15 years, with two optional 5 year extensions. The purchase obligation is limited to 3,750 acre-feet during the first twelve months of the agreement. Beginning in July 2013 SAWS was obligated to purchase up to 17,000 acre-feet per year in monthly increments not to exceed 1,417 acre-feet if water is available to be produced. SAWS only pays for delivered water meeting all state and federal drinking water standards. Pumping by WECO may not reduce the Trinity Aquifer below 600 feet Mean Sea Level at test wells on the tracts. The price paid for the raw water is $685 per acre-foot until January 2014, when the price increases to $880 per acre-foot. The cost will escalate annually thereafter by the greater of two percent or the percentage increase in the Producer Price Index for Commodities Finished Goods. (Figures in this paragraph are not in thousands.)

In July 2010, SAWS was granted a permit by the Gonzales County Underground Water Conservation District (the District) to produce 11,688 acre feet from the Carrizo Aquifer. Although initially contested by third parties, SAWS permit was finalized in May 2012 upon a ruling of the 13th District Court of Appeals. SAWS has entered into 23 separate agreements to produce up to a maximum of 11,688 acre feet of water from the Carrizo Aquifer. SAWS is currently making minimum water payments under the terms of these agreements until such time as the necessary infrastructure to produce and transport the water has been completed. Minimum water payments range from 20.0% - 30.0% of the applicable water rate assuming full production of the contracted water rights. Once water production begins, SAWS must make payments equal to the greater of the applicable water rate for the actual water produced or the minimum water payment due under the agreement. These agreements remain in force indefinitely as long as SAWS continues to make payments in accordance with the terms of the agreements. SAWS expects to begin producing water under these agreements in 2014. The minimum water payments due under these agreements are estimated to be $847 in 2013 assuming no water is produced and payments for producing the full amount of permitted water in 2014 are estimated to be $1,155. The agreements include annual price escalations based on the average of the increase in the Consumer Price Index and Producers Price Index.

Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

SAWS is also committed under various contracts for completion of construction or acquisition of utility plant totaling approximately $309,000 as of December 31, 2012. Funding of this amount will come from excess revenues, contributions from developers, restricted assets and available commercial paper capacity.

Arbitrage

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. A liability is recorded once payment appears to be probable. As of December 31, 2012, 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, improvements to technology, etc.

	Balance at 10/1/2012	Additions	Deletions	Balance at 9/30/2013
Governmental Activities:				
Liabilities	$ 1,533	$ 1,127	$ (1,106) `	$ 1,554
Construction in Progress	1,183	781	(923)	1,041
Business-Type Activities:				
Liability	$ 1,040	$ -	$ -	$ 1,040

The Governmental Activities' liabilities were a result of cost estimates to clean existing pollution found on land acquired by the City's Capital Improvement Management Services and Parks Departments for the construction of streets and drainage and parks, respectively. Any net changes in the Governmental Activities pollution liability that was not capitalized under Construction in Progress was expensed under the City's public works activities.

The City foresees receiving $40 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 as of September 30, 2013.

CPS Energy

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, requires that a liability be recognized for expected outlays for remediating existing pollution when certain triggering events occur. The general nature of existing pollution that has been identified at CPS Energy sites is consistent with that experienced within the electric and gas utilities industry. Under most circumstances, the triggering event most relevant to CPS Energy is the voluntary commencement of activities to clean up pollution.

Note 12 Pollution Remediation Obligation (Continued)

CPS Energy (Continued)

Under the FERC guidance, reserves have been established for dismantling and closure costs. In fiscal year 2008, in preparation for implementation of GASB Statement No. 49, a portion of those reserves were reclassified to remediation and dismantling reserve accounts reported on the balance sheet within other liabilities and deferred credits. When a triggering event occurs, those reserves will be reclassified as a pollution remediation liability also reported within other liabilities and deferred credits.

The pollution remediation liability was $2,815 as of January 31, 2013. 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, 2012.

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Note 13 Risk Financing

Primary Government (City)

Property and Casualty Liability

FM Global Insurance Company provides coverage for the City's real property and contents. The City's deductible for property damage is $100 and the insurance will reimburse up to $1,000,000. There was a reduction in the policy limit for property coverage of $1,500,000. The risk of a loss exceeding $1,000,000 in one year was deemed negligible and was balanced by the more advantageous terms and conditions offered by this carrier.

As of September 30, 2013, the City maintains excess liability insurance coverage through Starr Indemnity & Liability Company. The policy provides coverage in excess of the City's self-insured retention of $2,000 for general liability, law enforcement legal liability, public official's liability, and employee benefits liability. The City utilizes a third-party administrator to adjust its claims. Obligations for claims under these programs are accrued in the City's Self-Insurance Reserve Fund based on the City's estimates of the aggregate liability for claims made and claims incurred but not reported. The departments are assessed contributions to cover expenditures.

As of October 1, 2013 the City will no longer have excess coverage for General Liability. The City has not carried auto liability excess coverage since the end of 2008.

Workers' Compensation

As of May 1, 2013, the City is completely self insured for workers' compensation claims. The City utilizes a third-party administrator to adjust its claims.

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

Employee Health Benefits

The City offers employees and their eligible dependents a comprehensive employee benefits program including medical, dental, vision and basic and supplemental life insurance. Employees may also participate in healthcare or dependent care spending accounts through our Section 125 Cafeteria Plan. The City's health program is self-insured and the City's vision plan is fully-insured. The City offers two dental plans: one is self-insured and one is fully-insured. Obligations for benefits are accrued in the Employee Health Benefits Fund based upon the City's estimates of the aggregate liability for unpaid benefits.

Retiree Health Benefits

The City offers medical coverage for its retirees and their dependents. The City offers both self insured and fully insured plans to participating employees who are eligible to retire from the TMRS Pension Plan immediately following severance from the City. Self-Funded obligations for benefits are accrued in the City's Retiree Health Benefits Insurance Fund (a subfund of the Employee Health Benefits Fund) based upon the City's estimates of the aggregate liability for unpaid benefits. The City additionally, determined and accrued OPEB liabilities based on an actuarial assessment of historical self-funded claims data performed bi-annually and reviewed annually. Current year unpaid benefit liabilities for retirees are netted against the OPEB liability as additional contributions.

Note 13 Risk Financing (Continued)

Primary Government (City) (Continued)

Unemployment Compensation Program

The Unemployment Compensation Program provides a central account for payment of unemployment compensation claims. As of the fiscal year-end, claims were being administered externally and are paid to the Texas Workforce Commission on a reimbursement basis. All costs incurred are recorded on a claim paid basis in the Employee Health Benefits Fund.

Extended Sick Leave Program

The Extended Sick Leave Program is used to pay benefits associated with short term disability, long term disability and continued long term disability. Benefits are administered by the City. Actual costs are incurred when extended leave is taken. The Extended Sick Leave Program is currently administered out of the Employee Health Benefits Fund.

Employee Wellness Program

The Employee Wellness Program is designed to mitigate future health and productivity loss costs by creating awareness of health risks and providing education about healthy lifestyle choices. In 2008, the City opened the City's Health and Wellness Center in partnership with Gonzaba Medical Group. The Wellness Center is available to provide primary care, pre-employment and promotional exams to active employees. Additionally, the City provides every employee and member of their household an Employee Assistance Program to assist employees with basic situational and behavioral counseling, as well as, financial counseling and legal referral services. The Employee Wellness Program is managed out of the Employee Health Benefits Fund.

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, 2013:

Fund	October 1,	Change in Estimate	Claims Incurred	Claims Payments	September 30,
Insurance Reserve[1]:					
Fiscal Year 2012	$ 21,545	$ 5,454	$ 2,308	$ (3,252)	$ 26,055
Fiscal Year 2013	26,055	(80)	1,374	(3,639)	23,710
Employee Health Benefits[2]:					
Fiscal Year 2012	$ 7,869	$ 1,704	$ 90,138	$ (90,751)	$ 8,960
Fiscal Year 2013	8,960	946	95,719	(96,832)	8,793
Workers' Compensation:					
Fiscal Year 2012	$ 29,454	$ 3,936	$ 8,782	$ (8,938)	$ 33,234
Fiscal Year 2013	33,234	431	8,870	(8,715)	33,820

[1] Fiscal Year 2013 fund financial claims expense reflects an additional $51 paid for claims handled outside of reserves.
[2] Fiscal Year 2013 fund financial claims expense reflects an additional $284 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 $6,800,000 of replacement-value coverage for property and boiler machinery loss, including comprehensive automobile coverage, fire damage coverage for construction equipment, and valuable papers coverage. The deductible for the property insurance policy is $5,000 per occurrence with a secondary deductible of $1,000 per occurrence applicable to non-power-plant property locations. The liability insurance program includes:

- $100,000 of excess general liability coverage over a retention amount of $3,000;
- $25,000 of fiduciary liability coverage;
- $100,000 of employment practice liability coverage; and
- Other property and liability insurance coverage, which includes commercial crime, employee travel and event insurance.

CPS Energy also manages its own workers' compensation program. Additionally, to support this program, $35,000 of excess workers' compensation coverage over a retention amount of $3,000 is maintained. No claims settlements exceeded insurance coverage and there were no decreases in the last three fiscal years.

Actuarial studies are performed periodically to assess and determine the adequacy of CPS Energy insurance reserve retentions. Actuarial valuations include nonincremental claims expenses. An actuarial study was performed during the fourth quarter of fiscal year 2013.

Note 13 Risk Financing (Continued)

CPS Energy (Continued)

In the following table, the remaining balance under the property reserves column at January 31, 2013, relates to estimated obligations for the cleanup, closure, and post-closure care requirements of CPS Energy's landfills. CPS Energy has seven landfill sites, four of which are at full capacity. The estimates for landfill liability are based upon capacity to date and are subject to change due to inflation or deflation, as well as new developments in technology, applicable laws or regulations.

Under CPS Energy's reserve program, all claims are recorded against the reserve.

Schedule of Changes in Claims Liability				
Fund	Liability February 1,	Claims Adjustments	Claims Payments	Liability January 31,
Property Reserves:				
Fiscal Year 2012	$ 4,248	$ 258	$ -	4,506
Fiscal Year 2013	4,506	304		4,810
Employee and Public Liability Claims:				
Fiscal Year 2012	$ 12,279	$ 7,549	$ (5,413)	$ 14,415
Fiscal Year 2013	14,415	3,281	(2,831)	14,865

Counterparty Risk – CPS Energy is exposed to counterparty risk associated with various transactions primarily related to debt, investments, fuel hedging, a lease/leaseback transaction, suppliers and wholesale power. Counterparty risk is the risk that a counterparty will fail to meet its obligations in accordance with the terms and conditions of its contract with CPS Energy. CPS Energy has policies and practices in place to ensure the solvency of counterparties is assessed accurately, monitored regularly and managed actively through its Enterprise Risk Management & Solution Division.

Fuel Hedging – The 1999 Texas utility deregulation legislation, Senate Bill 7, contained provisions modifying the Texas PFIA to allow municipal utilities the ability to purchase and sell energy-related financial instruments in order to hedge or mitigate the effect of market price fluctuations of natural gas, fuel oil, and electric energy. In 2002, CPS Energy began hedging its exposure to changes in natural gas prices, with the goal of controlling fuel costs to native load customers and stabilizing the expected cash flows associated with wholesale power transactions.

In fiscal year 2010, CPS Energy implemented GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which addresses recognition, measurement and disclosures related to derivative instruments. CPS Energy does not use derivative instruments for speculative purposes. The only derivative instruments entered into are for the purposes of risk mitigation; therefore, these instruments are considered potential hedging derivative instruments under GASB Statement No. 53.

On April 30, 2012, 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 balance sheet at fair value. The fair value of option contracts is determined using New York Mercantile Exchange (NYMEX) closing settlement prices as of the last day of the reporting period. For futures and basis swap contracts, the fair value is calculated by deriving the difference between the closing futures prices on the last day of the reporting period and the futures or basis swap purchase prices at the time the positions were established, less applicable commissions.

All potential hedging derivative instruments were evaluated for effectiveness at January 31, 2013, and were determined to be effective in substantially offsetting the changes in cash flows of the hedgeable items. These hedging derivative instruments utilize natural gas forwards and options that are priced based on the underlying Henry Hub natural gas price, while the physical gas is typically purchased at prices based on either the Western Area Hub Association (WAHA) or the Houston Ship Channel (HSC). Therefore, effectiveness testing was based on the extent of correlation between the first of the month index prices of natural gas at each of these locations and the settlement price at Henry Hub. The correlation coefficient was established at the critical term to be evaluated, with 0.89 established as the minimum standard tolerated. The testing, based on two different location hubs (WAHA and HSC), demonstrated a substantial offset in the fair values, as evidenced by their calculated R values, 0.97 and 0.99, respectively, indicating that the changes in cash flows substantially offset the changes in cash flows of the hedgeable item. Additionally, the substantive characteristics of the hedge have been considered, and the evaluation of this effectiveness measure has been sufficiently completed and documented such that a different evaluator, using the same method and assumptions, would reach substantially similar results.

In the second category, hedges utilize both Henry Hub based natural gas forwards and locational basis swaps to the appropriate natural gas hub (WAHA or HSC) with volumes matching the underlying expected physical transaction. Considering the substantive characteristics of these hedge transactions, these instruments were determined to be effective utilizing the consistent critical terms method prescribed under GASB Statement No. 53.

As of January 31, 2013, the total fair value of outstanding hedge instruments was a net liability of $9,058. Fuel hedging instruments with a fair value of $(10,102) are reported as a current liability and classified on the balance sheet as a component of accounts payable and accrued liabilities. Long-term fuel hedging instruments with a fair value of $1,044 are reported as a noncurrent liability and classified as a component of other liabilities and deferred credits.

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 $17,384 at January 31, 2013.

Note 13 Risk Financing (Continued)

CPS Energy (Continued)

Following is information related to CPS Energy's outstanding fuel hedging derivative instruments:

Type of Transaction		Duration	Volumes in MMBTU	Fair Value	Changes in Fair Value
Long	Call	Apr 2013 - Mar 2016	9,329,064	$ 2,580	$ (528)
Long	Fixed Price Natural Gas	Feb 2013 - Mar 2016	15,939,424	(15,325)	25,480
Long	Put	Feb 2013 - Mar 2014	7,892,215	3,696	(8,764)
Long	Basis Swap	Feb 2013 - Oct 2013	1,054,465	(9)	(9)
				$ (9,058)	$ 16,179

In the event purchased options are allowed to expire, the related premiums paid to acquire those options will be lost. When a short position is established and options are sold, premiums are received and an obligation to honor the terms of the option contract, if exercised, is created. The decision to exercise the options or let them expire rests with the purchasing party.

Futures contracts represent a firm obligation to buy or sell the underlying asset. If held to expiration, the contract holder must take delivery of, or deliver, the underlying asset at the established contract price. Basis swap contracts represent a financial obligation to buy or sell the underlying delivery point basis. If held to expiration, the financial difference determined by mark-to-market valuation must be settled on a cash basis. Only if expressly requested in advance may an exchange for physical assets take place.

Preassigned Congestion 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, 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 balance sheets 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 2013, gains on the sale of PCRRs totaled $1,000.

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Note 13 Risk Financing (Continued)

CPS Energy (Continued)

Credit Risk – CPS Energy began executing over-the-counter hedge transactions directly with approved counterparties in April 2010. These counterparties are generally highly rated entities that are leaders in their respective industries. CPS Energy monitors the creditworthiness of these entities on a daily basis and manages the resulting financial exposure via a third-party, vertically integrated risk system. Contractual terms with each existing counterparty vary, but each is structured so that should the counterparty's credit rating fall below investment grade, no unsecured credit would be granted and the counterparty would be required to post collateral for any calculated credit exposure. In the event of default or nonperformance by counterparties, brokers or NYMEX, the operations of CPS Energy could be materially affected. However, CPS Energy does not expect these entities to fail to meet their obligations given the level of their credit ratings and the monitoring procedures in place with which to manage this risk. As of January 31, 2013, the exposure to all hedge-related counterparties was such that no counterparty credit risk existed.

Termination Risk – For CPS Energy's fuel hedges that are executed over the counter directly with approved counterparties, the possibility exists that one or more of these derivative instruments may end earlier than expected, thereby depriving CPS Energy of the protection from the underlying risk that was being hedged or potentially requiring CPS Energy to make a significant termination payment. This termination payment between CPS Energy and its counterparty is determined based on current market prices. In the event a transaction is terminated early, CPS Energy would likely be able to replace the transaction at current market prices with similar, although not exact, terms with one of its other approved counterparties.

Basis Risk – CPS Energy is exposed to basis risk on its fuel hedges because the expected commodity purchases being hedged will price based on a pricing point (HSC or WAHA) different than that at which the contracts are expected to settle (Henry Hub). For January 2013, the HSC price was $3.32 per MMBtu, the WAHA price was $3.28 per MMBtu, and the Henry Hub price was $3.35 per MMBtu.

San Antonio Water System (SAWS)

Risk Management – SAWS provides health care benefits to eligible employees and retirees through a self-insured plan that includes medical, prescription drug and dental benefits. The payment of claims associated with these benefits is handled by third party administrators. Plan participants contribute a portion of the cost of providing these benefits through payroll deductions or monthly premiums, annual deductibles and other co-payments. SAWS was self-insured for the first $200 of medical claims per person during 2012.

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 $500 of each workers' compensation, general liability, automobile liability and public official's liability claim and for the first $250 for each pollution remediation, legal liability and commercial property claim. Claims that exceed the self-insured retention limit are covered through SAWS' comprehensive commercial insurance program. For the year-ended December 31, 2012, there were no reductions in insurance coverage from the previous year. Settled claims during the last three years have not exceeded the insurance coverage in any year.

Note 13 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

The claims liability for health care benefits and other risks, including incurred but not reported claims, is based on the estimated ultimate cost of settling the claims. Changes in the liability amount for the last two fiscal years were as follows:

San Antonio Water System
Schedule of Changes in Claims Liability

Year Ended	Balance at Beginning of Fiscal Year	Estimates	Claims and Payments	Balance at End of Fiscal Year	Estimated Due Within One Year
December 31, 2012	$ 10,565	$ 23,506	$ (24,115)	$ 9,956	$ 9,956
December 31, 2011	$ 8,526	$ 24,691	$ (22,650)	$ 10,567	$ 10,565

Pay-Fixed, Receive-Variable Interest Rate Swap – In 2003, SAWS entered into an interest rate swap agreement in connection with its City of San Antonio, Texas, Water System Subordinate Lien Revenue and Refunding Bonds, Series 2003-A and 2003-B (the "Series 2003 Bonds") issued in a variable interest rate mode. The Series 2003 Bonds were issued to provide funds for SAWS' Capital Improvements Program and to refund certain outstanding commercial paper notes.

The swap was used to hedge interest rates on the Series 2003 Bonds to a synthetic fixed rate that produced a lower interest rate cost than a traditional long term fixed rate bond issued at that time. In August 2008, SAWS used commercial paper notes to redeem $110,615 of the $111,615 outstanding principal of the Series 2003 Bonds due to unfavorable market conditions relating to the ratings downgrade of the 2003 Bond insurer, MBIA Insurance Corporation. In 2009, SAWS redeemed the remaining $1,000 of the Series 2003 Bonds through the issuance of additional commercial paper. The interest rate swap agreement was not terminated upon the redemption of the 2003 Bonds and instead serves as an off-market hedge for that portion of the commercial paper notes outstanding which pertain to the redemption of the 2003 Bonds. SAWS currently intends to maintain a portion of its outstanding commercial paper in amounts matching the notional amounts of the swap. SAWS did not recognize any economic gain or loss as a result of this refunding since the debt service requirements of the commercial paper notes are expected to closely match the debt service requirements of the refunded debt. At December 31, 2012 $100,970 of commercial paper notes are hedged by the interest rate swap agreement.

Terms – The swap agreement contains scheduled reductions to the outstanding notional amounts that are expected to follow the original scheduled reductions in the Series 2003 Bonds. The Series 2003 Bonds were issued on March 27, 2003, with a principal amount of $122,500. The swap agreement matures on May 1, 2033. At the time the swap was entered into, the counterparty was Bear Stearns Financial Products, Inc. (Bear Stearns FPI), with the index for the variable rate leg of the swap being the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index.

Note 13 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

In March 2008, JP Morgan Chase & Co. announced its acquisition of The Bear Stearns Companies, Inc., the parent of Bear Stearns FPI. JP Morgan Chase & Co. has guaranteed the trading obligations of Bear Stearns and its subsidiaries. Effective June 16, 2009, the swap agreement was amended between SAWS, JP Morgan Chase & Co. , and MBIA to provide for JP Morgan Chase Bank N.A. to become the swap counterparty and allow for the remainder of outstanding Series 2003 Bonds to be redeemed, while maintaining the swap agreement as an obligation to all parties. The amendment provides for the conditional release of MBIA's swap insurance policy upon the occurrence of certain future events. The combination of commercial paper notes and a floating-to-fixed swap creates a synthetic fixed-rate of 4.2%. The synthetic fixed-rate protects against the potential of rising interest rates.

Fair Value – The swap had a negative fair value of approximately $25,100 at December 31, 2012. This value was calculated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

The swap agreement meets the criteria of an effective hedge under GASB Statement 53 and therefore qualifies for hedge accounting treatment. Since the fair value is negative, the fair value is recorded as a non-current liability. Changes in the swap's fair value are recorded as a deferred outflow. At the time the 2003 Bonds were redeemed in 2008, the fair value of the swap was $6,200. The deferred outflow at the time of redemption was included in the carrying value of the 2003 Bonds and resulted in a loss on redemption of $6,200. This loss is amortized over the remaining life of the 2003 Bonds.

Credit Risk – As of December 31, 2012, SAWS was not exposed to credit risk on its outstanding swap because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, SAWS would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, JP Morgan Chase Bank, N.A. was rated 'Aa3' by Moody's Investors Service, 'A+' by Standard & Poor's, and 'A+' by Fitch Ratings as of December 31, 2012. The amended swap agreement contains a credit support annex which will become effective upon the release of MBIA from the swap insurance policy. Collateralization would be required by either party should the fair market value of the swap reach applicable thresholds as stated in the amended swap agreement.

Basis Risk – SAWS is exposed to basis risk to the extent that the interest payments on its hedged commercial paper notes do not match the variable-rate payments received on the associated swap. SAWS attempts to mitigate this risk by (a) matching the outstanding hedged commercial paper notes associated with the redemption of the variable-rate debt to the notional amount and amortization schedule of the swap and (b) selecting an index for the variable-rate leg of the swap that is reasonably expected to closely match the interest rate on the hedged commercial paper notes.

Termination Risk – SAWS may terminate the swap at any time for any reason. JP Morgan Chase may terminate the swap if SAWS fails to perform under the terms of the agreement. The ongoing payment obligations under the swap are insured as provided for in the swap amendment and JP Morgan Chase cannot terminate as long as the insurer does not fail to perform. Also, if at the time of the termination the swap has a negative fair value, SAWS would be liable to the counterparty for a payment equal to the swap's fair value.

Note 13 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

Market-access Risk – SAWS is subject to market-access risk as $100,970 of variable-rate debt hedged by the swap is outstanding commercial paper notes with current maturities less than 100 days. As previously noted, SAWS intends to reissue the commercial paper notes in amounts matching the notional amounts.

Swap Payments and Associated Debt – As of December 31, 2012, 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
2013	$ 2,970	$ 190	$ 4,009	$ 7,169
2014	3,105	184	3,885	7,174
2015	3,245	178	3,755	7,178
2016	3,395	172	3,620	7,187
2017	3,550	165	3,478	7,193
2018-2022	20,320	713	15,032	36,065
2023-2027	25,405	493	10,386	36,284
2028-2032	31,740	217	4,580	36,537
2033	7,240	5	98	7,343
Total	$ 100,970	$ 2,317	$ 48,843	$ 152,130

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Note 14 Interfund Transfers

The following is a summary of interfund transfers for the City for the fiscal year-ended September 30, 2013:

Summary Table of Interfund Transfers for Fiscal Year-Ended September 30, 2013

	Transfers From Other Funds	Transfers To Other Funds
General Fund:		
General Obligation Project Fund	$	$ 112
Nonmajor Governmental Funds	13,163	33,513
Airport System Fund	165	
Nonmajor Enterprise Funds	3,340	5,119
Internal Service Funds	673	3,925
Total General Fund	**17,341**	**42,669**
Debt Service Fund:		
Texas Public Facility Corporation	228,975	
2007 General Obligation Bonds	37	
2012 General Obligation Bonds	40	
Nonmajor Governmental Funds	15,506	158
Internal Service Funds	1,040	
Total Debt Service Fund	**245,598**	**158**
Home Program Fund:		
Nonmajor Governmental Funds	17	8
Total Home Program Fund	**17**	**8**
Pre K 4 SA Fund:		
Nonmajor Governmental Funds	7,262	
Total Pre K 4 SA Fund	**7,262**	
Texas Public Facility Corporation Fund:		
Debt Service Fund		228,975
Nonmajor Governmental Funds	8,502	26,195
Total Texas Public Facility Corporation Fund	**8,502**	**255,170**
2007 General Obligation Bonds:		
Debt Service Fund		37
General Obligation Project Fund		55,528
Nonmajor Governmental Funds	14	3,573
Total 2007 General Obligation Bonds	**14**	**59,138**
2012 General Obligation Bonds:		
Debt Service Fund		40
General Obligation Project Fund		24,656
Total 2012 General Obligation Bonds		**24,696**

(Continued)

Note 14 Interfund Transfers (Continued)

Summary Table of Interfund Transfers (Continued) Year-Ended September 30, 2013	Transfers From Other Funds	Transfers To Other Funds
General Obligation Project Fund:		
General Fund	112	
2007 General Obligation Bonds	55,528	
2012 General Obligation Bonds	24,656	
Nonmajor Governmental Funds	15,738	76
Total General Obligation Project Fund	**96,034**	**76**
Nonmajor Governmental Funds:		
General Fund	33,513	13,163
Debt Service Fund	158	15,506
2007 General Obligation Bonds	3,573	14
Home Program Fund	8	17
Pre K 4 SA		14,484
Texas Public Facility Corporation Fund	26,195	8,502
General Obligation Project Fund	76	15,738
Nonmajor Governmental Funds	249,503	249,503
Airport System Fund		1
Nonmajor Enterprise Funds	6,129	136
Internal Service Funds	536	
Total Nonmajor Governmental Funds	**319,691**	**317,064**
Airport System Fund:		
General Fund		165
Nonmajor Governmental Funds	1	
Total Airport System Fund	**1**	**165**
Nonmajor Enterprise Funds:		
General Fund	5,119	3,340
Nonmajor Governmental Funds	136	6,129
Nonmajor Enterprise Funds	288	288
Internal Service Funds	27	
Total Nonmajor Enterprise Funds	**5,570**	**9,757**
Internal Service Funds:		
General Fund	3,925	673
Debt Service Fund		1,040
Nonmajor Governmental Funds		536
Nonmajor Enterprise Funds		27
Internal Service Funds	85	85
Total Internal Service Funds	**4,010**	**2,361**
Total	**$ 704,040**	**$ 711,262**

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

Note 14 Interfund Transfers (Continued)

Different fiscal year ends exist between the City and Pre-K 4 SA, September 30 and June 30, therefore interfund transfers do not eliminate by $7,222. 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, 2013; 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, 2013. 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	HOME Program	Pre-K 4SA	Texas Public Facilities Corp.	2007 General Obligation Bonds	2012 General Obligation Bonds	General Obligation Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:										
Nonspendable:										
In nonspendable form:										
Materials and Supplies	$ 6,190	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,251	$ 7,441
Prepaid, Deposits and Other	48								42	90
Legally or contractually intact:										
Permanent Fund Corpus									3,650	3,650
Total Nonspendable	6,238								4,943	11,181
Restricted for:										
Education				6,475					19,319	25,794
Social Services									64	64
Parks & Recreation	463								67,389	67,852
Health Services	134								1,409	1,543
Welfare	14								200	214
Convention and Tourism									13,806	13,806
Urban Redevelopment and Housing	30								-	30
Economic Development & Opportunity	77								9,921	9,998
Law Enforcement									2,863	2,863
Debt Service		53,980							6,248	60,228
Other Purposes									3,787	3,787
Drainage - Capital Projects						61,342	33,964		43,853	139,159
Municipal Facilities - Capital Projects					298,879	65	19,268		23,544	341,756
Parks - Capital Projects						1,260	32,532		8,561	42,353
Streets - Capital Projects						84,911	87,370		26,916	199,197
Other Capital Projects									38,263	38,263
Total Restricted	718	53,980		6,475	298,879	147,578	173,134		266,143	946,907
Committed:										
Parks & Recreation	1,441								929	2,370
Health Services	101									101
Welfare	5,376									5,376
Convention and Tourism	22								61,329	61,351
Economic Development & Opportunity	1,157								1,119	2,276
Law Enforcement	66								71	137
Fire Protection	7									7
Other Purposes	6,175								88	6,263
Municipal Facilities - Capital Projects									12,567	12,567
Parks - Capital Projects	49									49
Streets - Capital Projects	24,642									24,642
Other Capital Projects	567								8,957	9,524
Total Committed	39,603								85,060	124,663
Assigned:										
Education									66	66
Parks & Recreation	6								495	501
Library									321	321
Health Services	506								7	513
Welfare	16									16
Convention and Tourism									4,653	4,653
Urban Redevelopment and Housing									12,102	12,102
Economic Development & Opportunity	6								1,226	1,232
Law Enforcement	4									4
Fire Protection	11									11
Other Purposes	7									7
Streets - Capital Projects									996	996
Other Capital Projects	2,674									2,674
Total Assigned	3,230								19,866	23,096
Unassigned	135,375							(17,731)	(12,968)	104,676
Total Fund Balance	$ 185,164	$ 53,980	$ -	$ 6,475	$ 298,879	$ 147,578	$ 173,134	$ (17,731)	$ 363,044	$ 1,210,523

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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	2007 General Obligation Bonds	2012 General Obligation Bonds	General Obligation Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 37,081	$ 112,775	$ 172,886	$ 201,267	$ 216,552	$ 740,561

The City further maintains a 9.0% of General Fund expenditures' Budgeted Financial Reserve which was adopted by City Council. This Reserve is reviewed and adopted by City Council annually in the City's Budget Ordinance. Additions to the balance are considered annually as part of the City's overall budget adoption process and are contingent upon the General Fund's overall estimated expenditures and related funding.

The Reserve may be utilized to meet one of more of the following events upon subsequent adoption by the City Council.

- Unforeseen operational or capital requirements which arise during the course of the fiscal year;
- Unforeseen or extraordinary occurrence such as a natural disaster, catastrophic change in the City's financial position, or the occurrence of a similar event; or
- To assist the City in managing fluctuations in available General Fund resources from year to year in stabilizing the budget.

The balance within the Budgeted Financial Reserve as of September 30, 2013 was $88,166. This Reserve balance is presented in the General Fund under the unassigned fund balance classification. The City does not have a minimum fund balance policy.

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Note 16 Deficits in Fund Balances / Net Position

Capital Projects Funds

As of September 30, 2013, deficit fund balances are reported in the General Obligation Projects Fund, Certificates of Obligation Projects Fund, Improvement Projects, and Convention Center Expansion Fund in the amounts of $17,731, $5,333, $6,117 and $1,137 respectively. The deficit balances in these funds are a result of a one year reimbursement clause allowing departments to spend up to one year in advance of debt obligations being sold and proceeds transferred in to fund the work efforts. Another contribution to this deficit is the timing of invoices billed to third party contributors. The deficits will be addressed by identifying the appropriate funding source and transferring funds from a debt authorization (when sold), operating funds, grants, and/or by billing and collecting contributions from third party contributors.

Internal Service Funds

As of September 30, 2013, a deficit fund balance is reported in the CIMS Fund in the amount of $5,220. The deficit in CIMS is due to the fund not including long-term liabilities (OPEB and Accrued Leave) in its rate assessments. Due to the fund's GASB Statement No. 54 reclassification, the long-term liabilities not previously recorded in the fund are now included, and resulted in a negative net position. Reevaluation of assessments, fees, and other funding sources will be reviewed to determine future capacity.

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Note 17 Other Disclosures

Primary Government (City)

Donor Restricted Endowment

The City has five Permanent Funds: the City Cemeteries Fund, the Carver Cultural Center Endowment Fund, the San Antonio Housing Trust Fund, the William C. Morris Endowment Fund, and the Boza Becica Endowment Fund. The City is only allowed to spend interest proceeds generated from the principal amount for each of these funds. The City's endowments' spending policy for authorizing and spending investment income is a total return policy. Income will include not only interest and dividends, but also include increase and/or decreases in the market value of the endowed assets, if applicable. Market value fluctuations are included as an integral part of investment returns. The net assets from these endowment funds are reported in the government-wide financial statements.

The City Cemeteries Fund generated $14 in investment earnings to be expended for specified purposes. Chapter 713 of the Texas Health and Safety Code governs what expenditures the City may incur when spending the interest income. Per Chapter 713, the revenue can be spent for the maintenance and care of the graves, lots, and burial places, and to beautify the entire cemetery. The principal amount of this fund is increased each year by sales of lots from the San Jose Cemetery. The principal is required to be retained in perpetuity.

The Carver Cultural Center Endowment Fund generated $2 in investment earnings. These earnings can be used for the Carver Community Cultural Center's operating program, or reinvestment expenses (as detailed in the grant agreement). This fund is managed in accordance with the Uniform Prudent Management of Institutional Funds Act, which is codified as Section 163.001 in the Texas Property Code. The principal portion of the fund came from a one-time grant from the National Endowment for the Arts.

The San Antonio Housing Trust Fund generated $27 in investment earnings. These earnings may be disbursed to projects with particular emphasis on housing programs as grants or secured loans. All distributions or disbursements of San Antonio Housing Trust shall be made for the primary purpose of providing additional and continuing housing opportunities for low and moderate income families. This trust shall at all times be governed, regulated, and administered in all respects under the laws of the State of Texas.

The William C. Morris Endowment Fund generated $2 in investment earnings. These earnings are used on an annual basis to enhance the City Library's Educational Programming and Services for Children. The earnings of the funds will be expended in accordance with the spending policy of the Library's board of directors or trustees.

The Boza Becica Endowment Fund generated $3 in investment earnings. These earnings will be used for the acquisition of books and materials for the San Antonio Public Library in accordance with the terms and conditions of the Last Will and Testament of Boza Becica. The principal is required to be retained in perpetuity.

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Note 17 Other Disclosures (Continued)

Primary Government (City) (Continued)

Service Concession Agreements

The City has a fixed term agreement with Mission Park in which Mission Park pays the City a percentage of the gross revenue 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 book valued at $1,820. The City received an upfront payment of $130 in fiscal year 2011. In fiscal year 2013, the City received $216 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 2013. All permanent structures existing on the Golf Courses and those added during the term of the agreement are property of the City. The City determines and/or approves of the services provided to the public. The assets include seven golf courses book valued at $19,601.

CPS Energy

Special Items

CPS Energy distributed $7,132 of Community Infrastructure and Economic Development Fund (CIED) funds to multiple municipalities. The CIED fund was restricted funds that were to be used for qualified capital projects. In February 2012, CPS Energy's board found that the objectives underlying the establishment of the CIED Fund had been successfully accomplished and authorized termination of the policy providing for annual contributions to the fund. Balances remaining in the CIED Fund at January 31, 2012, could continue to be earmarked to support qualified capital projects for up to three years. Any funds designated for use by a municipality that cannot be used for approved projects were paid to the respective municipality following execution of an Agreement Incident to Termination. CPS Energy expects the remaining undesignated funds in the program to be distributed by January 31, 2014.

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Note 18 Prior Period Restatement

Primary Government (City)

San Antonio Library Foundation

San Antonio Library Foundation was a blended component unit in fiscal year 2012. With the implementation of GASB 61 in fiscal year 2013, San Antonio Library Foundation was removed from the City's financials. The City adjusted the beginning net position by $(7,203) and the beginning fund balance by $(2,884).

City South Management Authority

CSMA was a discretely presented component unit in fiscal year 2012. With the implementation of GASB 61 in fiscal year 2013, CSMA was reclassified as a blended component unit. As a result the City restated the beginning balance for fiscal year 2013 by $(1,781) to include CSMA in the governmental financials as a blended component unit.

Municipal Golf Association-San Antonio

MGA-SA was a discretely presented component unit in fiscal year 2012. With the implementation of GASB 61 in fiscal year 2013, MGA-SA was reclassified as a blended component unit. The City restated the beginning net position and fund balance for fiscal year 2013 by $2,785 and $525, respectively, to include MGA-SA in the governmental financials. This includes an increase in capital assets and accumulated depreciation of $5,111 and $1,723, respectively. In addition there is also an increase in capital leases payable of $1,127. To eliminate the intergovernmental loan from the City to MGA-SA, net position for MGA-SA was increased $1,060, as well.

San Antonio Housing Trust Foundation, Inc.

HTF was a discretely presented component unit in fiscal year 2012. With the implementation of GASB 61 in fiscal year 2013, HTF was reclassified as a blended component unit. The City restated the beginning net position and fund balance for fiscal year 2013 by $5,316 and $1,108, respectively, to include HTF in the governmental financials. This includes an increase in capital assets and accumulated depreciation of $62 and $62, respectively.

Urban Renewal Agency (OUR SA)

OUR SA was a discretely presented component unit in fiscal year 2012. With the implementation of GASB 61 in fiscal year 2013, OUR SA was reclassified as a blended component unit. The City restated the beginning net position and fund balance for fiscal year 2013 by $397 and $46, respectively, to include OUR SA in the governmental financials. This includes an increase in assets held for sale and notes payable of $382 and $31, respectively.

San Antonio Economic Development Corporation

EDC is a blended component unit. In fiscal year 2012, the City received draft financials from EDC which changed subsequent to release of the City's CAFR when the final report was issued. The City restated its beginning net position by $104 in the governmental financials. This includes an increase in accounts receivable of $175 and an increase in accounts payable of $71.

Note 18 Prior Period Restatement (Continued)

Primary Government (City) (Continued)

Main Plaza Conservancy

Main Plaza Conservancy was a discretely presented component unit in fiscal year 2012. With the implementation of GASB 61 in fiscal year 2013, Main Plaza Conservancy was removed from the City's financials. The City removed $680 from the beginning balance for component units.

SAWS District Special Project

DSP was created when Bexar Metropolitan Water District was dissolved. The audit for the new unit was not completed until December 31, 2012. The net position restatement of $82,227 was the beginning balance at February 1, 2012.

Brooks Development Authority

BDA restated the beginning net position for $438 to correct lease income that was not recognized when previously earned.

The City's Statement of Net Position and Fund Balance restatements for the Governmental Funds are as follows:

	Net Position	Fund Balance
Fiscal Year 2013 Beginning Balances, as previously reported	$ 2,509,657	$ 940,683
San Antonio Library Foundation	(7,203)	(2,884)
City South Management Authority	(1,781)	(1,781)
Municipal Golf Association-San Antonio	2,785	525
San Antonio Housing Trust Foundation, Inc.	5,316	1,108
Urban Renewal Agency (OUR SA)	397	46
San Antonio Economic Development Corporation	104	104
Restated Fiscal Year 2013 Beginning Balances	$ 2,509,275	$ 937,801

The Discretely Presented Component Units' Statement of Net Position restatements are as follows:

	Net Position
Fiscal Year 2013 Beginning Balances, as previously reported	$ 5,397,272
City South Management Authority	1,781
Municipal Golf Assocociation-San Antonio	(1,725)
San Antonio Housing Trust Foundation, Inc.	(5,316)
Urban Renewal Agency (OUR SA)	(397)
Main Plaza Conservancy	(680)
SAWS District Special Project	82,227
Brooks Development Authority	438
Restated Fiscal Year 2013 Beginning Balances	$ 5,473,600

CPS Energy

Capital assets, net were restated from $7,275 to $7,278 because of an intangible asset related to the CIED fund that was previously included in other deferred costs that was reclassified to capital assets.

Note 19 Subsequent Events

Primary Government (City)

Long-Term Debt

On October 17, 2013, the City issued $17,500 in Public Property Finance Contractual Obligations, Series 2013. The Obligations were issued for the purpose of funding the acquisition of personal property and equipment for the Fire, Police, Library Departments, as well as City vehicles for various departments. The Obligations have maturities ranging from 2015 to 2016, with an interest rate of 0.5%.

On December 5, 2013, the City issued $20,900 in Revenue Notes, Taxable Series 2013A. The Notes were issued for the purpose of funding the acquisition, improvement, and equipping of certain facilities for Pre-K 4 SA program. The Notes have maturities ranging from 2014 to 2020, with an interest rate of 2.3%.

Conduit Debt

On December 2, 2013, the City of San Antonio, Texas Empowerment Zone Development Corporation issued $39,900 in aggregate in Contract Revenue Empowerment Zone Refunding Bonds (Drury Southwest Hotel Project), Series 2013A and Series 2013B. The proceeds of the Bonds were loaned to Alamo National Building Development, LP to provide funds to refund the Corporation's outstanding Contract Revenue Empowerment Zone Bonds (Drury Southwest Hotel Project), Series 2005 and Series 2007, which were issued to finance the redevelopment of the former Alamo National Bank Building into a hotel. The Bonds are not debt of the City, and will mature in 2035 and 2037, respectively. The bonds are multimodal instruments and will be initially issued in a variable rate mode, with interest rates set monthly.

On January 7, 2014, the City of San Antonio, Texas Education Facilities Corporation issued $48,540 in Higher Education Revenue Improvement Bonds (Trinity University Project), Series 2014. The proceeds of the Bonds were loaned to Trinity University, and will be used to finance a portion of the costs to construct and equip new science facilities, generally known as the Center for Science and Innovation complex, at Trinity University's campus located in the City. The Bonds are not debt of the City, and have maturities ranging from 2015 to 2043, with interest rates ranging from 3.0% to 5.0%.

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 8.7% for payments to be made during the period beginning March 1, 2013, through the end of their fiscal year (September 30, 2013). There is still uncertainty regarding whether or not the reduction will continue after that date. The subsidy reduction for fiscal year 2014 will result in an approximate $333 increase in the City's debt-related interest expense.

City South Management Authority

The City South Management Authority (CSMA), a political subdivision of the State of Texas, was established by the City in 2005 in order to encourage balanced growth by promoting sustainable development and economic growth in the 63 square mile City South area, located in the southernmost part of San Antonio as well as in unincorporated Bexar County. CSMA was dissolved effective January 19, 2014, through Council action in conjunction with the City's modified annexation program.

Note 19 Subsequent Events (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Fund

The Pension Fund had their actuarial study as of October 1, 2013 completed and issued in January 2014. The results of the study include an increase in the Fund's Unfunded Actuarially Accrued Liability (UAAL) from $214,677 as of October 1, 2013 to $232,889. The years to amortize the UAAL are at 7.3 years as a level percent of payroll.

As is the case with most public pension plans, the Pension Fund has incurred substantial investment losses due to financial market conditions. The actuarial valuation includes a smoothed market approach for the value of assets which provides for asset gains or losses to be smoothed over a five-year period. Smoothing of the Pension Fund's investment returns as of September 30, 2013 resulted in the deferral of $123,629 in investment losses. These investment losses will be recognized in future year's actuarial valuations to the extent they are not offset by recognition of investment gains above the Fund's assumed investment return of 7.5% or other actuarial gains.

Contribution rates for the members of the Pension Plan and the City are established under Texas state statutes and do not change with the results of the annual actuarial valuations. Staff of the Pension Fund and the City will continue to monitor the situation closely. Please see Note 8 Pension and Retirement Plans for more information on the Fire and Police Pension Plan.

Fire and Police Retiree Health Care Fund

The Health Fund's actuarial study as of October 1, 2013 was not completed as of release of the City's CAFR. The Health Fund's actuarial study dated October 1, 2012, included an increase in the Fund's Unfunded Actuarially Accrued Liability (UAAL) from $403,614 as of October 1, 2011 to $413,707. In order to maintain an amortization of the UAAL over a period of 30 years, contribution and benefit rates would have to increase beyond those currently included in the Fund's governing statue. However, these contribution and benefit rates would only be required to be implemented if the amortization period of the UAAL exceeds 30 years with the actuarial valuation to be conducted in 2017.

Fire and Police Collective Bargaining Agreement

In 2014, the City and the International Association of Fire Fighters Local 624 and the San Antonio Police Officers' Association will begin negotiations on their respective collective bargaining agreements. The current agreements expire September 30, 2014, and both agreements contain an evergreen clause effective through September 30, 2024.

CPS Energy

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 8.7% for payments to be made during the period beginning March 1, 2013, through the end of their fiscal year (September 30, 2013). The federal government will reduce the BABs subsidy by 7.2% for payments made during the period beginning October 1, 2013, through their fiscal year ended September 30, 2014. The subsidy reduction for fiscal year 2014 will result in an approximate $1,100 increase in CPS Energy's debt-related interest expense.

Note 19 Subsequent Events (Continued)

CPS Energy (Continued)

Purchase Commitments Related to the PFC Prepaid Gas Transaction

On February 25, 2013, CPS Energy's commitment to purchase natural gas under a Natural Gas Supply Agreement with the PFC was reduced due to the surrender for cancellation of $111,100 aggregate principal amount of the SA Energy Acquisition Public Facility Corporation Gas Supply Revenue Bonds, Series 2007 owned by J. Aron & Company; Goldman, Sachs & Co.; or affiliates. On that date, the PFC executed 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 between the PFC and J. Aron. Under the amendments, the PFC has agreed to reduce future required natural gas delivery volumes from 104.6 million MMBtu to 81.3 million MMBtu, thus reducing CPS Energy's natural gas purchase commitment. In conjunction with the transaction, a portion of the savings related to the purchase of natural gas from the PFC that would have been realized by CPS Energy over the 20-year life of the original agreement is being accelerated and will instead be realized over the next three years.

Leases

Due to a rating downgrade in January 2013 CPS Energy replaced the surety policy by entering into five letter agreements with the other parties to the applicable Transaction Documents to extend the period of time allowed for CPS Energy to meet its obligations under those agreements with respect to the surety policy. In January 2014, the parties agreed in principle on the necessary terms to terminate the transaction in its entirety. Although approvals by all parties were obtained in January 2014, the transaction will not be closed and finalized until the actual documentation is executed, which is expected to occur in the February/March 2014 timeframe. The termination agreement is expected to specify the final agreed upon payment amount and thus is not subject to market fluctuations prior to final document execution. Once such documentation has been completed and executed, CPS Energy should be released from all scheduled payment and security obligations under the Lease transaction, including any obligation to replace the AGM financial guarantee. Further, CPS Energy does not anticipate incurring any material negative financial consequences as a result of the lease termination.

Rate Increase

In November 2013, the City Council approved an approximately 4.3% rate increase for CPS Energy. The rate increase will be used to address customer growth, environmental compliance, and system maintenance. Additionally, CPS Energy is undertaking infrastructure projects over the next five years that includes capital investments in the following areas: (1) upgrade and modernization of several power plant facilities; (2) expansion of and upgrades to the electrical transmission and distribution systems; (3) grid optimization; (4) expansion of the gas distribution system; and (5) investment in civic improvements, pole replacements, and cable rehabilitation.

San Antonio Water System (SAWS)

Long-Term Debt

On February 21, 2013, the City Council approved three ordinances authorizing SAWS to issue additional bonds. The first ordinance authorized SAWS to issue $2,975 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2013 to be sold to the Texas Water Development Board through the Clean Water State Revolving Fund Program. This bond was not issued, as the project was postponed.

Note 19 Subsequent Events (Continued)

San Antonio Water System (SAWS) (Continued)

The second ordinance authorized SAWS to issue $50,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2013A to be sold to the Texas Water Development Board through the Water Infrastructure Fund Program. In May 2013, SAWS issued the bonds, the proceeds from which were used to finance certain qualified capital improvement projects and pay the cost of issuance.

The third ordinance authorized SAWS to issue $99,265 City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Series 2013B (No Reserve Fund). SAWS issued $82,885 in June 2013. The proceeds of the bonds were used to refund the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003, advance refund the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series, 2004, and pay the cost of issuance. The refunding reduced SAWS' total debt service payments over the next 21 years by approximately $15,700.

On September 19, 2013, the City Council approved four ordinances authorizing SAWS to issue additional bonds. The first ordinance authorized SAWS to issue $26,370 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2013C to be sold to the Texas Water Development Board through the Clean Water State Revolving Fund. In December 2013, SAWS issued the bonds, the proceeds from which were used to finance certain qualified capital improvement projects and pay the cost of issuance.

The second ordinance authorized SAWS to issue $60,100 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2013D to be sold to the Texas Water Development Board through the Drinking Water State Revolving Fund. In October 2013, SAWS issued the bonds, the proceeds from which were used to finance certain qualified capital improvement projects and pay the cost of issuance.

The third and fourth ordinances authorized SAWS to issue City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2013E (No Reserve Fund), (the "Series 2013E Bonds") and City of San Antonio, Texas Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2013F (No Reserve Fund), (the "Series 2013F Bonds") in a combined par amount not to exceed $185,000. In November 2013, SAWS issued $79,350 in fixed-rate Series 2013E Bonds to fund capital improvements, refund outstanding tax-exempt commercial paper notes, and pay the cost of issuance. In November 2013, SAWS issued $100,000 in variable rate Series 2013F Bonds to fund capital improvements, refund outstanding tax-exempt commercial paper notes, and pay the cost of issuance. The Series 2013 F Bonds were issued as multi-model variable rate bonds, initially issued in a SIFMA Index Mode for a term of three years, expiring October 31, 2016. At the end of the term, the Series 2013F Bonds will be remarketed or refunded for another term or will be converted into another mode as provided for in the ordinance. A delay or failed remarketing will result in an increase in interest rates up to a maximum of 8.0%.

Rate Increase

In November 2013, City Council approved a two year rate increase for SAWS. A 5.1% rate increase will begin in January 2014. In January 2015, the next rate increase will not exceed 5.3%. Approximately 84.0% of the new revenues generated will be used to bring non-Edwards Aquifer water supplies to San Antonio, and will ensure SAWS is compliant with wastewater regulations required by the Environmental Protection Agency.

Required Supplementary Information

Budgetary Comparison Schedule
General Fund
Year-Ended September 30, 2013
(In Thousands)

	2013			
	BUDGETED AMOUNTS		BUDGETARY BASIS	VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
Resources (Inflows):				
Taxes	$ 504,712	$ 510,442	$ 516,689	$ 6,247
Licenses and Permits	8,463	8,139	8,343	204
Intergovernmental	6,725	6,651	6,892	241
Revenues from Utilities	296,711	296,134	307,300	11,166
Charges for Services	49,615	50,114	50,094	(20)
Fines and Forfeits	14,455	14,271	13,508	(763)
Miscellaneous	10,978	11,179	13,911	2,732
Investment Earnings	1,045	761	785	24
Transfers from Other Funds	31,678	14,824	17,341	2,517
Amounts Available for Appropriation	924,382	912,515	934,863	22,348
Charges to Appropriations (Outflows):				
General Government	103,306	95,333	93,374	1,959
Public Safety	633,263	640,483	642,221	(1,738)
Public Works	38,694	43,097	40,899	2,198
Health Services	16,233	16,630	16,422	208
Sanitation	5,786	5,786	5,860	(74)
Welfare	44,691	47,228	46,052	1,176
Culture and Recreation	82,208	83,111	82,677	434
Economic Development and Opportunity	9,233	10,190	15,406	(5,216)
Transfers to Other Funds	52,787	62,654	60,382	2,272
Total Charges to Appropriations:	986,201	1,004,512	1,003,293	1,219
Surplus (Deficiency) of Resources Over (Under) Charges to Appropriations	(61,819)	(91,997)	(68,430)	23,567
Fund Balance Allocation	61,819	91,997	68,430	(23,567)
Excess (Deficiency) of Resources Over (Under) Charges to Appropriations	$ -	$ -	$ -	$ -

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

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 934,863
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(17,341)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 917,522
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 1,003,293
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	(19,368)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(60,382)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 923,543

General Fund Budgetary Information

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

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

The City noted budget violations within Public Safety, Sanitation, and Economic Development and Opportunity. However, as sufficient fund balances covered individual functional excesses these were not deemed to be material violations.

(unaudited - see accompanying auditors' report)

Budgetary Comparison Schedule

Pre-K 4 SA

Year-Ended June 30, 2013

(In Thousands)

	2013		
Revenues:	**FINAL BUDGET**	**ACTUAL**	**VARIANCE WITH FINAL BUDGET**
Sales & Use Tax [1]	$ 7,262	$ 7,262	$ -
Miscellaneous		135	135
Investment Earnings		1	1
Total Revenues	7,262	7,398	136
Expenditures:			
Education:			
Administration	207	97	110
Pre-K Centers	575	818	(243)
Professional Development	46	8	38
Total Expenditures	828	923	(95)
Excess of Revenues Over Expenditures	6,434	6,475	41
Fund Balances, July 1			
Fund Balances, June 30	$ -	$ -	

[1] For financial reporting presentation the revenue is reported as transfers in; however the above schedule reflects the fund schedule from the City's 2013 Adopted Budget.

Pension and Post-employment Schedules

Required Supplementary Information - (Unaudited)
Pension Schedules
Schedules of Funding Progress
Last Three Fiscal Years
(In Thousands)

FIRE AND POLICE PENSION PLAN - CITY OF SAN ANTONIO

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
10-01-12	$ 2,447,588	$ 2,662,264	$ 214,676	91.9%	$ 293,665	73.1%
10-01-11	2,330,520	2,573,262	242,742	90.6%	286,327	84.8%
10-01-10	2,250,549	2,481,624	231,075	90.7%	271,533	85.1%

TEXAS MUNICIPAL RETIREMENT SYSTEM - CITY OF SAN ANTONIO

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
12-31-12	$ 1,091,706	$ 1,190,339	$ 98,633	91.7%	$ 279,728	35.3%
12-31-11	1,031,749	1,126,876	95,127	91.6%	264,088	36.0%
12-31-10	973,554	1,073,980	100,426	90.6%	259,455	38.7%

CPS ENERGY - ALL EMPLOYEE PLAN

ACTUARIAL VALUATION DATE[1]	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-11	$ 1,146,039	$ 1,298,936	$ 152,897	88.2%	$ 237,823	64.3%
01-01-10	1,097,147	1,243,118	145,971	88.3%	228,525	63.9%
01-01-09	1,067,841	1,183,961	116,120	90.2%	227,427	52.2%

[1] Beginning with the 2010 Plan year, the January 1 valuation results were used to determine the contributions for the fiscal year commencing in the succeeding calendar year.

(unaudited - see accompanying auditor's report)

Required Supplementary Information - (Unaudited)
Pension Schedules
Schedules of Funding Progress
Last Three Fiscal Years
(In Thousands)

SAN ANTONIO WATER SYSTEM - TMRS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
12-31-12	$ 135,354	$ 156,661	$ 21,307	86.4%	$ 87,098	24.5%
12-31-11	125,424	149,640	24,216	83.8%	84,611	28.6%
12-31-10	116,123	140,565	24,442	82.6%	83,660	29.2%

SAN ANTONIO WATER SYSTEM - SAWSRP

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-13	$ 107,242	$ 160,674	$ 53,432	66.7%	$ 89,542	59.7%
01-01-12	90,496	144,552	54,056	62.6%	85,394	63.3%
01-01-11	83,320	128,700	45,380	64.7%	83,505	54.3%

(unaudited - see accompanying auditor's report)

Required Supplementary Information - (Unaudited)
Post-employment Schedules
Schedules of Funding Progress
Last Three Fiscal Years
(In Thousands)

CPS ENERGY - HEALTH PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-11	$ 218,555	$ 222,472	$ 3,917	98.2%	$ 237,823	1.6%
01-01-10	209,894	219,929	10,035	95.4%	228,525	4.4%
01-01-09	199,195	198,286	(909)	100.5%	222,427	(0.4)%

CPS ENERGY - DISABILITY PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) [1]	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-11	$ 4,342	$ 5,744	$ 1,402	75.6%	$ 206,643	0.7%
01-01-10	3,902	6,567	2,665	59.4%	200,649	1.3%
01-01-09	3,631	6,945	3,314	52.3%	200,342	1.7%

CPS ENERGY - LIFE PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) [1]	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-11	$ 47,386	$ 39,076	$ (8,310)	121.3%	$ 206,643	(4.0)%
01-01-10	47,092	37,266	(9,826)	126.4%	200,649	(4.9)%
01-01-09	46,815	36,091	(10,724)	129.7%	200,342	(5.4)%

[1] CPS Energy has selected the aggregate cost method for determining Disability and Life Plans' funding amounts. Since this method does not identify or separately amortize unfunded actuarial liabilities, information about the funded status and funding progress has been prepared using the entry age actuarial cost method, which approximates the funding progress of the Plan.

(unaudited - see accompanying auditor's report)

Required Supplementary Information - (Unaudited)
Post-employment Schedules
Schedules of Funding Progress
Last Three Fiscal Years
(In Thousands)

CITY OF SAN ANTONIO RETIREE HEALTH BENEFITS FUND

ACTUARIAL VALUATION DATE [1]	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-13	$ -	$ 332,943	$ 332,943	0.0%	$ 288,246	115.5%
01-01-11		324,516	324,516	0.0%	276,095	117.5%
01-01-09		342,018	342,018	0.0%	259,224	131.9%

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
10-01-12	$ 250,718	$ 664,425	$ 413,707	37.7%	$ 268,551	154.1%
10-01-11	236,239	639,853	403,614	36.9%	259,797	155.4%
10-01-10	219,404	606,861	387,457	36.2%	255,010	151.9%

SAN ANTONIO WATER SYSTEM - OPEB PLAN

ACTUARIAL VALUATION DATE [2]	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-13	$ 255,261	$ 584,902	$ 329,641	43.6%	$ 89,542	368.1%
01-01-12	215,920	536,580	320,660	40.2%	85,394	375.5%
01-01-11		242,388	242,388	0.0%	83,505	290.3%

[1] City will perform actuarial studies bi-annually and review annually assumptions and changes in plan design to compute OPEB liability for the Retiree Health Benefits Fund.

[2] SAWS will perform actuarial studies bi-annually and review annually assumptions and changes in plan design to compute OPEB liability.

(unaudited - see accompanying auditor's report)

Amounts are expressed in thousands

Combining Financial Statements

Nonmajor Governmental Funds

Special Revenue Funds

GRANTS

AMERICAN RECOVERY REINVESTMENT ACT – to accept, receipt, and disburse federal funds designated as part of the American Recovery Reinvestment Act.

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.

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 revenues and expenditures associated with the administration and project delivery of the Advanced Transportation District Program (ATD).

COMMUNITY AND VISITOR FACILITIES – to account for revenues and expenditures generated from Convention and Tourism activities relating to the promotion of City of San Antonio owned facilities to be used for conventions, community and entertainment venues.

COMMUNITY SERVICES – to account for funds that provide various services to the community, such as health, housing, education, safety, employment, golfing, and economic development.

HOTEL/MOTEL 2% REVENUE – to account for funds derived from and capital improvement activity relating to the additional 2.0% Municipal Hotel/Motel Occupancy Tax.

PARKS DEVELOPMENT AND EXPANSION – to account for the additional ⅛ cent sales tax that funds the purchase and maintenance of new parkland in the Edwards Aquifer Recharge Zones, as well as linear parks along Leon Creek and Salado Creek.

EARLY EDUCATION DEVELOPMENT – to account for revenues and expenditures relating to the remaining 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.

STORMWATER OPERATIONS – to account for the administrative and operational activities of the Stormwater Program. Financing is provided by a storm water fee.

TAX INCREMENT REINVESTMENT ZONE – to account for all revenues and expenditures associated with the operations of Tax Increment Reinvestment Zones (TIRZ) and the Tax Increment Financing Fund (TIF).

BLENDED COMPONENT UNITS

CONVENTION CENTER HOTEL FINANCE CORPORATION (CCHFC) – was established in accordance with state laws for the purpose of, and to act on behalf of the City in local economic development to stimulate business and commercial activity in the City.

CITY SOUTH MANAGEMENT AUTHORITY (CSMA) – was established for supporting economic development, creating sustainable communities, and promoting the unique historical, cultural and environmental assets of the City's southern edge.

Nonmajor Governmental Funds

Special Revenue Funds (continued)

BLENDED COMPONENT UNITS (continued)

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 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 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.

SAN ANTONIO HOUSING TRUST FOUNDATION CORPORATION (SAHTF) – is a nonprofit corporation established in 1990 for the purpose of supporting charitable, educational, and scientific undertakings, specifically for providing housing for low- to middle-income families. In addition, SAHTF provides administrative and other support for the operations of the San Antonio Housing Trust Fund, a Permanent Fund of the City.

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.

HEMISFAIR PARK AREA REDEVELOPMENT CORPORATION (HPARC) – was established by the City of San Antonio in August 2009 for the purpose of aiding and acting on behalf of the City assist with acquiring property, planning, developing, constructing, managing, maintaining, and financing projects within Hemisfair and adjacent to or near Hemisfair.

URBAN RENEWAL AGENCY (OUR SA) – OUR SA is responsible for implementing the City's Urban Renewal Program. A majority of the financing is provided from the sale of existing properties.

Nonmajor Governmental Funds

Capital Projects Funds

GENERAL OBLIGATION BONDS

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

PRE-1999 GENERAL OBLIGATION BONDS – consist of six bond elections from 1980 to 1994 held on January 26, 1980, April 2, 1983, April 6, 1985, November 3, 1987, May 6, 1989, and May 7, 1994, respectively, for development and improvement projects. These six bond elections covered projects within seven areas: libraries, fire protection, crime prevention, parks, San Antonio River flood control, drainage and flood control, and street, bridge and related improvements.

1999 GENERAL OBLIGATION BONDS – a bond election held on May 1, 1999 approved $140.2 million in physical infrastructure development and improvement projects. These projects were within six areas: streets and pedestrian, drainage improvements, flood control with park improvements, parks and recreation, library system and public safety.

2003 GENERAL OBLIGATION BONDS – a bond election held on November 4, 2003 approved $115.0 million in physical infrastructure development and improvement projects. These projects were within five areas: streets and pedestrian, drainage improvements, library improvements, parks and recreation and public safety.

CERTIFICATES OF OBLIGATION

CERTIFICATES OF OBLIGATION – to account for permanent public improvements and/or construction of municipal facilities, streets, drainage, and emergency fire protection projects. Financing is derived from the sale of Certificates of Obligation.

PRE-2006 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold between the years of 1985 to 2005 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2006 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2006 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2007 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2007 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2008 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2008 for construction of municipal facilities, library, streets, drainage, parks, police and emergency fire protection projects.

2010 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2010 for construction of municipal facilities, library, streets, drainage, parks, police and emergency fire protection projects.

2011 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2011 for construction of municipal facilities, library, streets, drainage, parks, police and emergency fire protection projects.

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.

Nonmajor Governmental Funds

Capital Projects Funds (continued)

CERTIFICATES OF OBLIGATION (continued)

2013 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2013 for construction of a new fire station facility, various street lighting improvements, and the equipment and management related to these projects.

CERTIFICATES OF OBLIGATION PROJECTS FUND – to account for the acquisition or construction of major capital facilities such as streets, drainage, library and park improvements, where funding is primarily derived from the sale of Certificates of Obligation.

OTHER CAPITAL PROJECTS

CONVENTION CENTER EXPANSION – to account for financial resources to be used in the Convention Center Expansion Project. Financing is derived from a 2.0% Hotel/Motel tax, and proceeds from the sale of debt.

EDWARDS AQUIFER PROTECTION VENUE – to account for the acquisition and development of land in the Edwards Aquifer Recharge Zones. Financing is derived from a 1/8 cent sales tax approved by voters on May 7, 2007 and a portion from the sale of sales tax revenue commercial paper notes.

EQUIPMENT ACQUISITION – to account for the lease financing of large or bulk capital assets for the City to include a mainframe computer, fire trucks, police video equipment, various medical emergency services equipment, etc.

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

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

PARKS DEVELOPMENT AND EXPANSION – to account for the acquisition and development of new parkland in the Edwards Aquifer Recharge Zones, as well as linear parks along Leon Creek and Salado Creek. Financing is derived from a 1/8 cent sales tax approved by voters on May 6, 2000, extended by voters on May 7, 2005, again on November 2, 2010, and a portion from the prior sale of sales tax revenue commercial paper notes.

RESIDUAL CAPITAL PROJECTS – to account for residual investment earnings generated from Pre-1999 General Obligation Bonds and Pre-2006 Certificates of Obligation project fundings. These residual earnings were primarily used for the debt service of the 2009 Tax Notes, and to fund specific municipal facilities and street projects.

TAX & REVENUE NOTES – to account for capital projects where funding is derived from the sale of short-term tax and revenue notes.

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Nonmajor Governmental Funds

Permanent Funds

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

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

CITY CEMETERIES – to account for operation of the City's burial park. Financing for operations is provided by user fees and investment earnings. The principal portion is required to be retained in the Fund's Corpus.

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

BOZA BECICA ENDOWMENT – to account for funds donated to the City of San Antonio by the estate of Boza Becica for the purpose of developing and sustaining the San Antonio Public Library's material purchases.

Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2013
(In Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Assets:				
Cash and Cash Equivalents	$ 18,392	$ 908	$ -	$ 19,300
Securities Lending Collateral	2,364	212		2,576
Investments	89,633	8,040		97,673
Receivables, Net	5,957	9		5,966
Materials and Supplies, at Cost	144			144
Due From:				
Other Funds	353			353
Other Governmental Agencies, Net	415			415
Restricted Assets:				
Cash and Cash Equivalents	38,215	20,859	811	59,885
Securities Lending Collateral	3,196	2,239	94	5,529
Investments	122,223	84,306	13,882	220,411
Receivables, Net	57,792	295	74	58,161
Materials and Supplies, at Cost	1,107			1,107
Deposits	1			1
Prepaid Expenditures	10	31		41
Due From:				
Other Funds	3,723	7,630		11,353
Other Governmental Agencies, Net	346	1,031		1,377
Total Assets	$ 343,871	$ 125,560	$ 14,861	$ 484,292
Liabilities and Fund Balances:				
Liabilities:				
Vouchers Payable	$ 2,427	$ -	$ -	$ 2,427
Accounts Payable - Other	4,982			4,982
Accrued Payroll	549			549
Accrued Leave Payable	15			15
Securities Lending Obligation	2,364	212		2,576
Due To:				
Other Funds	706			706
Restricted Liabilities:				
Vouchers Payable	4,852	10,171	25	15,048
Accounts Payable - Other	6,513	12,980		19,493
Accrued Payroll	815			815
Deferred Revenue	31,982	682		32,664
Securities Lending Obligation	3,196	2,239	94	5,529
Amounts Held in Trust	2,429			2,429
Due To:				
Other Funds	25,664	3,726		29,390
Other Governmental Agencies	4,443	182		4,625
Total Liabilities	90,937	30,192	119	121,248
Fund Balances:				
Nonspendable	1,262	31	3,650	4,943
Restricted	167,145	98,998		266,143
Committed	76,103	8,957		85,060
Assigned	8,774		11,092	19,866
Unassigned	(350)	(12,618)		(12,968)
Total Fund Balances	252,934	95,368	14,742	363,044
Total Liabilities and Fund Balances	$ 343,871	$ 125,560	$ 14,861	$ 484,292

Amounts are expressed in thousands

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year-Ended September 30, 2013
(In Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:				
Taxes:				
Property	$ 10,081	$ -	$ -	$ 10,081
General Sales and Use	56,973			56,973
Gross Receipts Business	2,905			2,905
Occupancy	72,770			72,770
Penalties and Interest on Delinquent Taxes	55			55
Intergovernmental	194,288	2,768		197,056
Charges for Services	80,910		216	81,126
Fines and Forfeits	417			417
Miscellaneous	13,660	3,042		16,702
Investment Earnings	1,338	571	48	1,957
Contributions	125,659	925		126,584
Total Revenues	559,056	7,306	264	566,626
Expenditures:				
Current:				
General Government	8,409	211	5	8,625
Public Safety	17,091	867		17,958
Public Works	55,215			55,215
Health Services	20,273			20,273
Sanitation	7,363			7,363
Welfare	115,145			115,145
Culture and Recreation	64,792		93	64,885
Convention and Tourism	18,939			18,939
Urban Redevelopment and Housing	4,187		170	4,357
Education	2,577			2,577
Economic Development and Opportunity	105,840			105,840
Capital Outlay	414	173,322		173,736
Debt Service:				
Principal Retirement	7,815			7,815
Interest	17,343			17,343
Issuance Costs	318	223		541
Total Expenditures	445,721	174,623	268	620,612
Excess (Deficiency) of Revenue Over (Under) Expenditures	113,335	(167,317)	(4)	(53,986)
Other Financing Sources (Uses):				
Issuance of Long-Term Debt	23,115	35,062		58,177
Payments to Refunded Bond Escrow Agent	(21,837)			(21,837)
Premium/(Discount) on Long-Term Debt	211	1,355		1,566
Transfers In	135,074	183,822	795	319,691
Transfers Out	(207,469)	(108,845)	(750)	(317,064)
Total Other Financing Sources (Uses)	(70,906)	111,394	45	40,533
Net Change in Fund Balances	42,429	(55,923)	41	(13,453)
Fund Balances, October 1 (restated)	210,505	151,291	14,701	376,497
Fund Balances, September 30	$ 252,934	$ 95,368	$ 14,742	$ 363,044

Amounts are expressed in thousands

Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds
As of September 30, 2013
(In Thousands)

	GRANTS	OTHER SPECIAL REVENUES	BLENDED COMPONENT UNITS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Assets:				
Cash and Cash Equivalents	$ -	$ 16,561	$ 1,831	$ 18,392
Securities Lending Collateral		2,364		2,364
Investments		89,633		89,633
Receivables, Net		5,454	503	5,957
Materials and Supplies, at Cost		144		144
Due From:				
Other Funds		353		353
Other Governmental Agencies		415		415
Restricted Assets:				
Cash and Cash Equivalents	6,554	12,453	19,208	38,215
Securities Lending Collateral	231	2,965		3,196
Investments	15,005	107,218		122,223
Receivables, Net	41,108	16,542	142	57,792
Materials and Supplies, at Cost	349	553	205	1,107
Deposits	1			1
Prepaid Expenditures		1	9	10
Due From:				
Other Funds	209	1,733	1,781	3,723
Other Governmental Agencies, Net	1	345		346
Total Assets	$ 63,458	$ 256,734	$ 23,679	$ 343,871
Liabilities and Fund Balances:				
Liabilities:				
Vouchers Payable	$ -	$ 2,427	$ -	$ 2,427
Accounts Payable - Other		4,982		4,982
Accrued Payroll		549		549
Accrued Leave Payable		15		15
Securities Lending Obligation		2,364		2,364
Due To:				
Other Funds		706		706
Restricted Liabilities:				
Vouchers Payable	3,961	750	141	4,852
Accounts Payable - Other	4,701	425	1,387	6,513
Accrued Payroll	457	358		815
Deferred Revenue	31,892		90	31,982
Securities Lending Obligation	231	2,965		3,196
Amounts Held in Trust			2,429	2,429
Due To:				
Other Funds	16,958	8,706		25,664
Other Governmental Agencies	2,650		1,793	4,443
Total Liabilities	60,850	24,247	5,840	90,937
Fund Balances:				
Nonspendable	350	698	214	1,262
Restricted	2,608	150,037	14,500	167,145
Committed		76,103		76,103
Assigned		5,649	3,125	8,774
Unassigned	(350)			(350)
Total Fund Balances	2,608	232,487	17,839	252,934
Total Liabilities and Fund Balances	$ 63,458	$ 256,734	$ 23,679	$ 343,871

Amounts are expressed in thousands

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Year-Ended September 30, 2013
(In Thousands)

	GRANTS	OTHER SPECIAL REVENUES	BLENDED COMPONENT UNITS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Revenues:				
Taxes:				
Property	$ -	$ 10,081	$ -	$ 10,081
General Sales and Use		56,973		56,973
Gross Receipts Business		2,905		2,905
Occupancy		72,770		72,770
Penalties and Interest on Delinquent Taxes		55		55
Intergovernmental	181,295	12,993		194,288
Charges for Services	385	69,791	10,734	80,910
Fines and Forfeits		417		417
Miscellaneous	4,642	7,963	1,055	13,660
Investment Earnings	63	1,171	104	1,338
Contributions	14,106	2,249	109,304	125,659
Total Revenues	200,491	237,368	121,197	559,056
Expenditures:				
Current:				
General Government	2,364	5,875	170	8,409
Public Safety	14,616	2,475		17,091
Public Works	19,318	35,897		55,215
Health Services	18,257	2,016		20,273
Sanitation	7,363			7,363
Welfare	114,313	832		115,145
Culture and Recreation	3,124	49,047	12,621	64,792
Convention and Tourism		18,427	512	18,939
Urban Redevelopment and Housing	4,072	13	102	4,187
Education		2,577		2,577
Economic Development and Opportunity	3,756	9,235	92,849	105,840
Capital Outlay			414	414
Debt Service:				
Principal Retirement	2,225		5,590	7,815
Interest	2,516		14,827	17,343
Issuance Costs			318	318
Total Expenditures	191,924	126,394	127,403	445,721
Excess (Deficiency) of Revenue Over (Under) Expenditures	8,567	110,974	(6,206)	113,335
Other Financing Sources (Uses):				
Issuance of Long-Term Debt			23,115	23,115
Payments to Refunded Bond Escrow Agent			(21,837)	(21,837)
Premium/(Discount) on Long-Term Debt			211	211
Transfers In	12,640	114,630	7,804	135,074
Transfers Out	(20,195)	(186,225)	(1,049)	(207,469)
Total Other Financing Sources (Uses)	(7,555)	(71,595)	8,244	(70,906)
Net Change in Fund Balances	1,012	39,379	2,038	42,429
Fund Balances, October 1 (restated)	1,596	193,108	15,801	210,505
Fund Balances, September 30	$ 2,608	$ 232,487	$ 17,839	$ 252,934

Amounts are expressed in thousands

Combining Balance Sheet
Nonmajor Governmental Funds - Grants
As of September 30, 2013
(In Thousands)

	AMERICAN RECOVERY REINVESTMENT ACT	CATEGORICAL GRANT-IN AID	COMMUNITY DEVELOPMENT PROGRAM	CONFISCATED PROPERTY	HUD 108 LOAN PROGRAM	TOTAL NONMAJOR GRANTS
Assets:						
Restricted Assets:						
Cash and Cash Equivalents	$ 98	$ 1,102	$ 2,622	$ 270	$ 2,462	$ 6,554
Securities Lending Collateral	20	66		66	79	231
Investments	748	2,506	1,228	2,486	8,037	15,005
Receivables, Net	3,733	18,988	18,376	6	5	41,108
Materials and Supplies, at Cost		349				349
Deposits	1					1
Due From:						
Other Funds		209				209
Other Governmental Agencies, Net		1				1
Total Assets	$ 4,600	$ 23,221	$ 22,226	$ 2,828	$ 10,583	$ 63,458
Liabilities and Fund Balances:						
Liabilities:						
Restricted Liabilities:						
Vouchers Payable	$ 337	$ 3,219	$ 359	$ 46	$ -	$ 3,961
Accounts Payable - Other	93	4,126	378	1	103	4,701
Accrued Payroll	8	398	49	2		457
Deferred Revenue	4,134	1,368	21,239		5,151	31,892
Securities Lending Obligation	20	66		66	79	231
Due To:						
Other Funds	8	14,044	201	86	2,619	16,958
Other Governmental Agencies				19	2,631	2,650
Total Liabilities	4,600	23,221	22,226	220	10,583	60,850
Fund Balances:						
Nonspendable	1	349				350
Restricted				2,608		2,608
Unassigned	(1)	(349)				(350)
Total Fund Balances				2,608		2,608
Total Liabilities and Fund Balances	$ 4,600	$ 23,221	$ 22,226	$ 2,828	$ 10,583	$ 63,458

Amounts are expressed in thousands

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Grants
Year-Ended September 30, 2013
(In Thousands)

	AMERICAN RECOVERY REINVESTMENT ACT	CATEGORICAL GRANT-IN AID	COMMUNITY DEVELOPMENT PROGRAM	CONFISCATED PROPERTY	HUD 108 LOAN PROGRAM	TOTAL NONMAJOR GRANTS
Revenues:						
Taxes:						
Intergovernmental	$ 14,025	$ 148,556	$ 13,842	$ -	$ 4,872	$ 181,295
Charges for Services			385			385
Miscellaneous	453	201	775	1,436	1,777	4,642
Investment Earnings	6	15	6	13	23	63
Contributions		13,927	22	157		14,106
Total Revenues	14,484	162,699	15,030	1,606	6,672	200,491
Expenditures:						
Current:						
General Government	1	842	1,515	3	3	2,364
Public Safety	757	11,850	129	1,880		14,616
Public Works		19,152	166			19,318
Health Services	758	17,499				18,257
Sanitation	6,400	963				7,363
Welfare		113,471	842			114,313
Culture and Recreation	803	638	1,683			3,124
Urban Redevelopment and Housing	1,067	1,011	1,994			4,072
Economic Development and Opportunity			368		3,388	3,756
Debt Service:						
Principal Retirement					2,225	2,225
Interest					2,516	2,516
Total Expenditures	9,786	165,426	6,697	1,883	8,132	191,924
Excess (Deficiency) of Revenue Over (Under) Expenditures	4,698	(2,727)	8,333	(277)	(1,460)	8,567
Other Financing Sources (Uses):						
Transfers In	420	6,900	579		4,741	12,640
Transfers Out	(2,746)	(5,181)	(8,609)	(378)	(3,281)	(20,195)
Total Other Financing Sources (Uses)	(2,326)	1,719	(8,030)	(378)	1,460	(7,555)
Net Change in Fund Balances	2,372	(1,008)	303	(655)		1,012
Fund Balances, October 1	(2,372)	1,008	(303)	3,263		1,596
Fund Balances, September 30	$ -	$ -	$ -	$ 2,608	$ -	$ 2,608

Amounts are expressed in thousands

Combining Balance Sheet
Nonmajor Governmental Funds - Other Special Revenues
As of September 30, 2013
(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	STORMWATER OPERATIONS	TAX INCREMENT REINVESTMENT ZONE	TOTAL OTHER NONMAJOR SPECIAL REVENUES
Assets:										
Cash and Cash Equivalents	$ -	$ 14,512	$ 1,972	$ -	$ -	$ -	$ 77	$ -	$ -	$ 16,561
Securities Lending Collateral		1,883	463				18			2,364
Investments		71,408	17,544				681			89,633
Receivables, Net		4,635	766				53			5,454
Materials and Supplies, at Cost		144								144
Due From:										
Other Funds		5	348							353
Other Governmental Agencies		124					291			415
Restricted Assets:										
Cash and Cash Equivalents	1,092		1,422	75	6,250			2,672	942	12,453
Securities Lending Collateral	256		240	17	1,466	138		626	222	2,965
Investments	9,726		9,091	659	55,595			23,742	8,405	107,218
Receivables, Net	2,336		353	1,130	4,985	4,893		2,828	17	16,542
Materials and Supplies, at Cost								553		553
Prepaid Expenditures			1							1
Due From:										
Other Funds			726			984		23		1,733
Other Governmental Agencies, Net			325						20	345
Total Assets	$ 13,410	$ 92,711	$ 33,251	$ 1,881	$ 68,296	$ 6,015	$ 1,120	$ 30,444	$ 9,606	$ 256,734
Liabilities and Fund Balances:										
Liabilities:										
Vouchers Payable	$ -	$ 1,882	$ 475	$ -	$ -	$ -	$ 70	$ -	$ -	$ 2,427
Accounts Payable - Other		4,966	4				12			4,982
Accrued Payroll		527					22			549
Accrued Leave Payable		15								15
Securities Lending Obligation		1,883	463				18			2,364
Due To:										
Other Funds		361	343				2			706
Restricted Liabilities:										
Vouchers Payable	17		387			190		151	5	750
Accounts Payable - Other	16		84					147	178	425
Accrued Payroll	32		64					255	7	358
Securities Lending Obligation	256		240	17	1,466	138		626	222	2,965
Due To:										
Other Funds			3,017			5,685		3	1	8,706
Total Liabilities	321	9,634	5,077	17	1,466	6,013	124	1,182	413	24,247
Fund Balances:										
Nonspendable		144	1					553		698
Restricted	13,089	4,384	25,966	1,864	66,830	2		28,709	9,193	150,037
Committed		73,896	2,207							76,103
Assigned		4,653					996			5,649
Total Fund Balances	13,089	83,077	28,174	1,864	66,830	2	996	29,262	9,193	232,487
Total Liabilities and Fund Balances	$ 13,410	$ 92,711	$ 33,251	$ 1,881	$ 68,296	$ 6,015	$ 1,120	$ 30,444	$ 9,606	$ 256,734

Amounts are expressed in thousands

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Other Special Revenues
Year-Ended September 30, 2013
(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	STORMWATER OPERATIONS	TAX INCREMENT REINVESTMENT ZONE	TOTAL OTHER NONMAJOR SPECIAL REVENUES
Revenues:										
Taxes:										
Property	$ -	$ -	$ 2,402	$ -	$ -	$ -	$ -	$ -	$ 7,679	$ 10,081
General Sales and Use	13,573				28,902	14,498				56,973
Gross Receipts Business			2,905							2,905
Occupancy		56,626		16,144						72,770
Penalties and Interest on Delinquent Taxes		22		33						55
Intergovernmental		10,836	2,157							12,993
Charges for Services		20,761	5,132				1,501	42,357	40	69,791
Fines and Forfeits			417							417
Miscellaneous		202	4,169		9	3,516		67		7,963
Investment Earnings	64	461	151	7	299		4	129	56	1,171
Contributions			2,249							2,249
Total Revenues	13,637	88,908	19,582	16,184	29,210	18,014	1,505	42,553	7,775	237,368
Expenditures:										
Current:										
General Government	13	84	5,683		57		1	26	11	5,875
Public Safety			2,475							2,475
Public Works	2,699						1,651	31,547		35,897
Health Services			2,016							2,016
Welfare			832							832
Culture and Recreation		46,660	1,815		572					49,047
Convention and Tourism		18,416		11						18,427
Urban Redevelopment and Housing			13							13
Education						2,577				2,577
Economic Development and Opportunity			2,543						6,692	9,235
Total Expenditures	2,712	65,160	15,377	11	629	2,577	1,652	31,573	6,703	126,394
Excess (Deficiency) of Revenue Over (Under) Expenditures	10,925	23,748	4,205	16,173	28,581	15,437	(147)	10,980	1,072	110,974
Other Financing Sources (Uses):										
Transfers In	644	69,964	2,106	41,883				33		114,630
Transfers Out	(13,306)	(52,596)	(931)	(74,913)	(15,972)	(15,435)		(11,692)	(1,380)	(186,225)
Total Other Financing Sources (Uses)	(12,662)	17,368	1,175	(33,030)	(15,972)	(15,435)		(11,659)	(1,380)	(71,595)
Net Change in Fund Balances	(1,737)	41,116	5,380	(16,857)	12,609	2	(147)	(679)	(308)	39,379
Fund Balances, October 1	14,826	41,961	22,794	18,721	54,221		1,143	29,941	9,501	193,108
Fund Balances, September 30	$ 13,089	$ 83,077	$ 28,174	$ 1,864	$ 66,830	$ 2	$ 996	$ 29,262	$ 9,193	$ 232,487

Amounts are expressed in thousands

Combining Balance Sheet
Nonmajor Governmental Funds - Blended Component Units
As of September 30, 2013
(In Thousands)

	CONVENTION CENTER HOTEL FINANCE CORP.	CITY SOUTH MANAGEMENT AUTHORITY	SAN ANTONIO EDUCATION FACILITIES CORP.	SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORP.	SAN ANTONIO HOUSING TRUST FINANCE CORP.	SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY
Assets:						
Cash and Cash Equivalents	$ -	$ -	$ 66	$ 7	$ 394	$ 6
Receivables, net						
Restricted Assets:						
Cash and Cash Equivalents	16,186					
Receivables, Net						
Materials and Supplies, at Cost						
Prepaid Expenditures						
Due From:						
Other Funds		1,781				
Total Assets	$ 16,186	$ 1,781	$ 66	$ 7	$ 394	$ 6
Liabilities and Fund Balances:						
Restricted Liabilities:						
Vouchers Payable	$ -	$ -	$ -	$ -	$ -	$ -
Accounts Payable - Other						
Deferred Revenue						
Amounts Held in Trust	2,429					
Due To:						
Other Governmental Agencies		1,781				
Total Liabilities	2,429	1,781				
Fund Balances:						
Nonspendable						
Restricted	13,757					
Assigned			66	7	394	6
Total Fund Balances	13,757		66	7	394	6
Total Liabilities and Fund Balances	$ 16,186	$ 1,781	$ 66	$ 7	$ 394	$ 6

Combining Balance Sheet
Nonmajor Governmental Funds - Blended Component Units
As of September 30, 2013
(In Thousands)

MUNICIPAL GOLF ASSOCIATION SAN ANTONIO	SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORP.	STARBRIGHT INDUSTRIAL DEVELOPMENT CORP.	SAN ANTONIO ECONOMIC DEVELOPMENT CORP.	SAN ANTONIO HOUSING TRUST FOUNDATION INC.	SAN ANTONIO HOUSING TRUST PUBLIC FACILITIES CORP.	HEMISFAIR PARK AREA REDEVELOPMENT CORP.	URBAN RENEWAL AGENCY (OUR SA)	TOTAL NONMAJOR BLENDED COMPONENT UNITS
$ -	$ -	$ -	$ 486	$ -	$ 720	$ 81	$ 71	$ 1,831
			175			328		503
530	603	140		1,749				19,208
55				87				142
205								205
	6	2				1		9
								1,781
$ 790	$ 609	$ 142	$ 661	$ 1,836	$ 720	$ 410	$ 71	$ 23,679
$ -	$ -	$ -	$ 71	$ -	$ -	$ 57	$ 13	$ 141
512				875				1,387
					90			90
								2,429
							12	1,793
512			71	875	90	57	25	5,840
205	6	2				1		214
	603	140						14,500
73			590	961	630	352	46	3,125
278	609	142	590	961	630	353	46	17,839
$ 790	$ 609	$ 142	$ 661	$ 1,836	$ 720	$ 410	$ 71	$ 23,679

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Blended Component Units
Year-Ended September 30, 2013
(In Thousands)

	CONVENTION CENTER HOTEL FINANCE CORP.	CITY SOUTH MANAGEMENT AUTHORITY	SAN ANTONIO EDUCATION FACILITIES CORP.	SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORP.	SAN ANTONIO HOUSING TRUST FINANCE CORP.	SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY
Revenues:						
Charges for Services	$ -	$ -	$ -	$ -	$ 28	$ -
Miscellaneous						
Investment Earnings	2					
Contributions	108,787					
Total Revenues	108,789				28	
Expenditures:						
Current:						
General Government	$ -	$ 169	$ 1	$ -	$ -	$ -
Public Safety						
Public Works						
Health Services						
Sanitation						
Welfare						
Culture and Recreation						
Convention and Tourism						
Urban Redevelopment and Housing					9	
Education						
Economic Development and Opportunity	92,637					
Capital Outlay						
Debt Service:						
Principal Retirement	2,690					
Interest	12,812					
Arbitrage						
Issuance Costs						
Total Expenditures	108,139	169	1		9	
Excess (Deficiency) of Revenue Over (Under) Expenditures	650	(169)	(1)		19	
Other Financing Sources (Uses):						
Issuance of Long-Term Debt						
Payments to Refunded Bond Escrow Agent						
Issuance of Notes and Loans						
Issuance of Commercial Paper						
Premium/(Discount) on Long-Term Debt						
Transfers In		1,950				
Transfers Out						
Total Other Financing Sources (Uses)		1,950				
Net Change in Fund Balances	650	1,781	(1)		19	
Fund Balances, October 1 (restated)	13,107	(1,781)	67	7	375	6
Fund Balances, September 30	$ 13,757	$ -	$ 66	$ 7	$ 394	$ 6

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Blended Component Units
Year-Ended September 30, 2013
(In Thousands)

MUNICIPAL GOLF ASSOCIATION SAN ANTONIO	SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORP.	STARBRIGHT INDUSTRIAL DEVELOPMENT CORP.	SAN ANTONIO ECONOMIC DEVELOPMENT CORP.	SAN ANTONIO HOUSING TRUST FOUNDATION INC.	SAN ANTONIO HOUSING TRUST PUBLIC FACILITIES CORP.	HEMISFAIR PARK AREA REDEVELOPMENT CORP.	URBAN RENEWAL AGENCY (OUR SA)	TOTAL NONMAJOR BLENDED COMPONENT UNITS
$ 10,031	$ -	$ -		$ 308	$ 367	$ -	$ -	$ 10,734
825		230						1,055
				102				104
35						482		109,304
10,891		230		410	367	482		121,197
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 170
11,694						927		12,621
				512				512
					93			102
		212						92,849
	414							414
1,415	1,485							5,590
	1,410	605						14,827
		318						318
13,109	3,309	1,135		512	93	927		127,403
(2,218)	(3,309)	(905)		(102)	274	(445)		(6,206)
2,225		20,890						23,115
		(21,837)						(21,837)
		211						211
	3,205	1,399		750		500		7,804
(254)				(795)				(1,049)
1,971	3,205	663		(45)		500		8,244
(247)	(104)	(242)		(147)	274	55		2,038
525	713	384	590	1,108	356	298	46	15,801
$ 278	$ 609	$ 142	$ 590	$ 961	$ 630	$ 353	$ 46	$ 17,839

Amounts are expressed in thousands

Combining Balance Sheet
Nonmajor Governmental Funds - Capital Projects
As of September 30, 2013
(In Thousands)

	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	OTHER CAPITAL PROJECTS	TOTAL CAPITAL PROJECTS
Assets:				
Cash and Cash Equivalents	$ -	$ -	$ 908	$ 908
Securities Lending Collateral			212	212
Investments			8,040	8,040
Receivables, Net			9	9
Restricted Assets:				
Cash and Cash Equivalents	679	11,835	8,345	20,859
Securities Lending Collateral	142	1,339	758	2,239
Investments	5,385	50,844	28,077	84,306
Receivables, Net	12	246	37	295
Prepaid Expenditures			31	31
Due From:				
Other Funds	66		7,564	7,630
Other Governmental Agencies, Net		294	737	1,031
Total Assets	$ 6,284	$ 64,558	$ 54,718	$ 125,560
Liabilities and Fund Balances:				
Liabilities:				
Securities Lending Obligation	$ -	$ -	$ 212	$ 212
Restricted Liabilities:				
Vouchers Payable	172	5,022	4,977	10,171
Accounts Payable - Other		3,505	9,475	12,980
Deferred Revenue		432	250	682
Securities Lending Obligation	142	1,339	758	2,239
Due To:				
Other Funds	109		3,617	3,726
Other Governmental Agencies			182	182
Total Liabilities	423	10,298	19,471	30,192
Fund Balances:				
Nonspendable			31	31
Restricted	5,861	59,593	33,544	98,998
Committed			8,957	8,957
Unassigned		(5,333)	(7,285)	(12,618)
Total Fund Balances	5,861	54,260	35,247	95,368
Total Liabilities and Fund Balances	$ 6,284	$ 64,558	$ 54,718	$ 125,560

Amounts are expressed in thousands

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects
Year-Ended September 30, 2013
(In Thousands)

	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	OTHER CAPITAL PROJECTS	TOTAL CAPITAL PROJECTS
Revenues:				
Intergovernmental	$ -	$ 458	$ 2,310	$ 2,768
Miscellaneous	1	694	2,347	3,042
Investment Earnings	52	306	213	571
Contributions		863	62	925
Total Revenues	53	2,321	4,932	7,306
Expenditures:				
Current:				
General Government	20	86	105	211
Public Safety			867	867
Capital Outlay		61,391	111,931	173,322
Debt Service:				
Issuance Costs		171	52	223
Total Expenditures	20	61,648	112,955	174,623
Excess (Deficiency) of Revenue Over (Under) Expenditures	33	(59,327)	(108,023)	(167,317)
Other Financing Sources (Uses):				
Issuance of Long-Term Debt		15,145	19,917	35,062
Premium/(Discount) on Long-Term Debt		1,355		1,355
Transfers In	52	61,818	121,952	183,822
Transfers Out	(6,334)	(53,630)	(48,881)	(108,845)
Total Other Financing Sources (Uses)	(6,282)	24,688	92,988	111,394
Net Change in Fund Balances	(6,249)	(34,639)	(15,035)	(55,923)
Fund Balances, October 1	12,110	88,899	50,282	151,291
Fund Balances, September 30	$ 5,861	$ 54,260	$ 35,247	$ 95,368

Amounts are expressed in thousands

Combining Balance Sheet
Nonmajor Governmental Funds - General Obligation Bonds
As of September 30, 2013
(In Thousands)

	PRE-1999 GENERAL OBLIGATION BONDS	1999 GENERAL OBLIGATION BONDS	2003 GENERAL OBLIGATION BONDS	TOTAL GENERAL OBLIGATION BONDS
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	$ 20	$ 173	$ 486	$ 679
Securities Lending Collateral	4	28	110	142
Investments	170	1,053	4,162	5,385
Receivables, Net	1	2	9	12
Due From:				
Other Funds			66	66
Total Assets	$ 195	$ 1,256	$ 4,833	$ 6,284
Liabilities and Fund Balances:				
Liabilities:				
Restricted Liabilities:				
Vouchers Payable	$ 160	$ -	$ 12	$ 172
Securities Lending Obligation	4	28	110	142
Due To:				
Other Funds		108	1	109
Total Liabilities	164	136	123	423
Fund Balances:				
Restricted	31	1,120	4,710	5,861
Total Fund Balances	31	1,120	4,710	5,861
Total Liabilities and Fund Balances	$ 195	$ 1,256	$ 4,833	$ 6,284

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - General Obligation Bonds
Year-Ended September 30, 2013
(In Thousands)

	PRE-1999 GENERAL OBLIGATION BONDS	1999 GENERAL OBLIGATION BONDS	2003 GENERAL OBLIGATION BONDS	TOTAL GENERAL OBLIGATION BONDS
Revenues:				
Miscellaneous	$ 1	$ -	$ -	$ 1
Investment Earnings	1	6	45	52
Total Revenues	2	6	45	53
Expenditures:				
Current:				
General Government		4	16	20
Total Expenditures		4	16	20
Excess of Revenue Over Expenditures	2	2	29	33
Other Financing Sources (Uses):				
Transfers In	25	27		52
Transfers Out		(47)	(6,287)	(6,334)
Total Other Financing (Uses):	25	(20)	(6,287)	(6,282)
Net Change in Fund Balances	27	(18)	(6,258)	(6,249)
Fund Balances, October 1	4	1,138	10,968	12,110
Fund Balances, September 30	$ 31	$ 1,120	$ 4,710	$ 5,861

Combining Balance Sheet
Nonmajor Governmental Funds - Certificates of Obligation
As of September 30, 2013
(In Thousands)

	PRE-2006 CERTIFICATES OF OBLIGATION	2006 CERTIFICATES OF OBLIGATION	2007 CERTIFICATES OF OBLIGATION	2008 CERTIFICATES OF OBLIGATION	2010 CERTIFICATES OF OBLIGATION	2011 CERTIFICATES OF OBLIGATION	2012 CERTIFICATES OF OBLIGATION	2013 CERTIFICATES OF OBLIGATION	CERTIFICATES OF OBLIGATION PROJECTS FUND	TOTAL CERTIFICATES OF OBLIGATION
Assets:										
Restricted Assets:										
Cash and Cash Equivalents	$ 682	$ 1,315	$ 1,756	$ 517	$ 661	$ 1,229	$ 860	$ 1,659	$ 3,156	$ 11,835
Securities Lending Collateral	7	61	120	121	155	287	202	386		1,339
Investments	274	2,318	4,554	4,599	5,875	10,899	7,678	14,647		50,844
Receivables, Net	3	2	7	7	9	14	16	12	176	246
Due From:										
Other Governmental Agencies, Net									294	294
Total Assets	$ 966	$ 3,696	$ 6,437	$ 5,244	$ 6,700	$ 12,429	$ 8,756	$ 16,704	$ 3,626	$ 64,558
Liabilities and Fund Balances:										
Liabilities:										
Restricted Liabilities:										
Vouchers Payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,022	$ 5,022
Accounts Payable - Other									3,505	3,505
Deferred Revenue									432	432
Securities Lending Obligation	7	61	120	121	155	287	202	386		1,339
Total Liabilities	7	61	120	121	155	287	202	386	8,959	10,298
Fund Balances:										
Restricted	959	3,635	6,317	5,123	6,545	12,142	8,554	16,318		59,593
Unassigned									(5,333)	(5,333)
Total Fund Balances	959	3,635	6,317	5,123	6,545	12,142	8,554	16,318	(5,333)	54,260
Total Liabilities and Fund Balances	$ 966	$ 3,696	$ 6,437	$ 5,244	$ 6,700	$ 12,429	$ 8,756	$ 16,704	$ 3,626	$ 64,558

Amounts are expressed in thousands

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Certificates of Obligation
Year-Ended September 30, 2013
(In Thousands)

	PRE-2006 CERTIFICATES OF OBLIGATION	2006 CERTIFICATES OF OBLIGATION	2007 CERTIFICATES OF OBLIGATION	2008 CERTIFICATES OF OBLIGATION	2010 CERTIFICATES OF OBLIGATION	2011 CERTIFICATES OF OBLIGATION	2012 CERTIFICATES OF OBLIGATION	2013 CERTIFICATES OF OBLIGATION	CERTIFICATES OF OBLIGATION PROJECTS FUND	TOTAL CERTIFICATES OF OBLIGATION
Revenues:										
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 458	$ 458
Miscellaneous									694	694
Investment Earnings	12	17	29	34	36	82	77	19		306
Contributions									863	863
Total Revenues	12	17	29	34	36	82	77	19	2,015	2,321
Expenditures:										
Current:										
General Government	8	9	10	9	11	22	16	1		86
Capital Outlay									61,391	61,391
Debt Service:										
Issuance Costs								171		171
Total Expenditures	8	9	10	9	11	22	16	172	61,391	61,648
Excess (Deficiency) of Revenue Over (Under) Expenditures	4	8	19	25	25	60	61	(153)	(59,376)	(59,327)
Other Financing Sources (Uses):										
Issuance of Long-Term Debt								15,145		15,145
Premium/(Discount) on Long-Term Debt								1,355		1,355
Transfers In		138			68		400		61,212	61,818
Transfers Out	(1,839)	(6,342)	(3,674)	(3,943)	(2,705)	(21,922)	(12,532)	(29)	(644)	(53,630)
Total Other Financing Sources (Uses)	(1,839)	(6,204)	(3,674)	(3,943)	(2,637)	(21,922)	(12,132)	16,471	60,568	24,688
Net Change in Fund Balances	(1,835)	(6,196)	(3,655)	(3,918)	(2,612)	(21,862)	(12,071)	16,318	1,192	(34,639)
Fund Balances, October 1	2,794	9,831	9,972	9,041	9,157	34,004	20,625		(6,525)	88,899
Fund Balances, September 30	$ 959	$ 3,635	$ 6,317	$ 5,123	$ 6,545	$ 12,142	$ 8,554	$ 16,318	$ (5,333)	$ 54,260

Amounts are expressed in thousands

Combining Balance Sheet
Nonmajor Governmental Funds - Other Capital Projects
As of September 30, 2013
(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	$ -	$ -	$ -	$ -	$ -	$ -	$ 908	$ -	$ 908
Securities Lending Collateral							212		212
Investments							8,040		8,040
Receivables, Net							9		9
Restricted Assets:									
Cash and Cash Equivalents	40	2	2,404	1,042	1,404	21		3,432	8,345
Securities Lending Collateral	10				274	5		469	758
Investments	366	12	53		10,387	186		17,073	28,077
Receivables, Net	2			1	18			16	37
Prepaid Expenditures	31								31
Due From:									
Other Funds	5,184			2,380					7,564
Other Governmental Agencies, Net				621	116				737
Total Assets	$ 5,633	$ 14	$ 2,457	$ 4,044	$ 12,199	$ 212	$ 9,169	$ 20,990	$ 54,718
Liabilities and Fund Balances:									
Liabilities:									
Securities Lending Obligation	$ -	$ -	$ -	$ -	$ -	$ -	$ 212	$ -	$ 212
Restricted Liabilities:									
Vouchers Payable	1,539			3,078	360				4,977
Accounts Payable - Other	5,190			4,285					9,475
Deferred Revenue				250					250
Securities Lending Obligation	10				274	5		469	758
Due To:									
Other Funds	31		1,170	2,366				50	3,617
Other Governmental Agencies				182					182
Total Liabilities	6,770		1,170	10,161	634	5	212	519	19,471
Fund Balances:									
Nonspendable	31								31
Restricted		14	1,287		11,565	207		20,471	33,544
Committed							8,957		8,957
Unassigned	(1,168)			(6,117)					(7,285)
Total Fund Balances	(1,137)	14	1,287	(6,117)	11,565	207	8,957	20,471	35,247
Total Liabilities and Fund Balances	$ 5,633	$ 14	$ 2,457	$ 4,044	$ 12,199	$ 212	$ 9,169	$ 20,990	$ 54,718

Amounts are expressed in thousands

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Other Capital Projects
Year-Ended September 30, 2013
(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:									
Taxes:									
Intergovernmental	$ -	$ -	$ -	$ 1,222	$ 1,088	$ -	$ -	$ -	$ 2,310
Miscellaneous			1,971	376					2,347
Investment Earnings	17		2	1	69	1	13	110	213
Contributions				62					62
Total Revenues	17		1,973	1,661	1,157	1	13	110	4,932
Expenditures:									
Current:									
General Government	5		45	1	18		2	34	105
Public Safety			867						867
Capital Outlay	28,585			79,232	4,114				111,931
Debt Service:									
Issuance Costs								52	52
Total Expenditures	28,590		912	79,233	4,132		2	86	112,955
Excess (Deficiency) of Revenue Over (Under) Expenditures	(28,573)		1,061	(77,572)	(2,975)	1	11	24	(108,023)
Other Financing Sources (Uses):									
Issuance of Long-Term Debt			1,457					18,460	19,917
Transfers In	27,233			85,730	79		8,910		121,952
Transfers Out	(3,503)			(8,131)	(1,040)		(206)	(36,001)	(48,881)
Total Other Financing Sources (Uses)	23,730		1,457	77,599	(961)		8,704	(17,541)	92,988
Net Change in Fund Balances	(4,843)		2,518	27	(3,936)	1	8,715	(17,517)	(15,035)
Fund Balances, October 1	3,706	14	(1,231)	(6,144)	15,501	206	242	37,988	50,282
Fund Balances, September 30	$ (1,137)	$ 14	$ 1,287	$ (6,117)	$ 11,565	$ 207	$ 8,957	$ 20,471	$ 35,247

Amounts are expressed in thousands

Combining Balance Sheet
Nonmajor Governmental Funds - Permanent
As of September 30, 2013
(In Thousands)

	CARVER CULTURAL CENTER ENDOWMENT	SAN ANTONIO HOUSING TRUST	CITY CEMETERIES	WILLIAM C. MORRIS ENDOWMENT	BOZA BECICA ENDOWMENT	TOTAL PERMANENT FUNDS
Assets:						
Restricted Assets:						
Cash and Cash Equivalents	$ 40	$ 409	$ 278	$ 32	$ 52	$ 811
Securities Lending Collateral	10		65	7	12	94
Investments	361	10,297	2,475	282	467	13,882
Receivables, Net	1	14	57	1	1	74
Total Assets	$ 412	$ 10,720	$ 2,875	$ 322	$ 532	$ 14,861
Liabilities and Fund Balances:						
Liabilities:						
Restricted Liabilities:						
Vouchers Payable	$ -	$ 19	$ 6	$ -	$ -	$ 25
Securities Lending Obligation	10		65	7	12	94
Total Liabilities	10	19	71	7	12	119
Fund Balances:						
Nonspendable	334		2,802		514	3,650
Assigned	68	10,701	2	315	6	11,092
Total Fund Balances	402	10,701	2,804	315	520	14,742
Total Liabilities and Fund Balances	$ 412	$ 10,720	$ 2,875	$ 322	$ 532	$ 14,861

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Permanent
Year-Ended September 30, 2013
(In Thousands)

	CARVER CULTURAL CENTER ENDOWMENT	SAN ANTONIO HOUSING TRUST	CITY CEMETERIES	WILLIAM C. MORRIS ENDOWMENT	BOZA BECICA ENDOWMENT	TOTAL PERMANENT FUNDS
Revenues:						
Charges for Services	$ -	$ -	$ 216	$ -	$ -	$ 216
Miscellaneous						
Investment Earnings	2	27	14	2	3	48
Total Revenues	2	27	230	2	3	264
Expenditures:						
Current:						
General Government		1	3		1	5
Culture and Recreation			89	2	2	93
Urban Redevelopment and Housing		170				170
Total Expenditures		171	92	2	3	268
Excess (Deficiency) of Revenue Over (Under) Expenditures	2	(144)	138			(4)
Other Financing Sources:						
Transfers In		795				795
Transfers Out		(750)				(750)
Total Other Financing Sources		45				45
Net Change in Fund Balances	2	(99)	138			41
Fund Balances, October 1	400	10,800	2,666	315	520	14,701
Fund Balances, September 30	$ 402	$ 10,701	$ 2,804	$ 315	$ 520	$ 14,742

Supplementary Budget and Actual Schedules for Legally Adopted Funds

Schedules of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2013
(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes	$ 510,442	$ 516,689	$ 6,247
Licenses and Permits	8,139	8,343	204
Intergovernmental	6,651	6,892	241
Revenues from Utilities	296,134	307,300	11,166
Charges for Services	50,114	50,094	(20)
Fines and Forfeits	14,271	13,508	(763)
Miscellaneous	11,179	13,911	2,732
Investment Earnings	761	785	24
Total Revenues	897,691	917,522	19,831
Expenditures:			
General Government	95,333	93,374	1,959
Public Safety	640,483	642,221	(1,738)
Public Works	43,097	40,899	2,198
Health Services	16,630	16,422	208
Sanitation	5,786	5,860	(74)
Welfare	47,228	46,052	1,176
Culture and Recreation	83,111	82,677	434
Economic Development and Opportunity	10,190	15,406	(5,216)
Total Expenditures	941,858	942,911	(1,053)
(Deficiency) of Revenues (Under) Expenditures	(44,167)	(25,389)	18,778
Other Financing Sources (Uses):			
Transfers In	14,824	17,341	2,517
Transfers Out	(62,654)	(60,382)	2,272
Total Other Financing Sources (Uses)	(47,830)	(43,041)	4,789
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing (Uses)	(91,997)	(68,430)	$ 23,567
Fund Balances, October 1	216,513	216,513	
Add Encumbrances		37,081	
Fund Balances, September 30	$ 124,516	$ 185,164	

Amounts are expressed in thousands

Schedule of Revenues Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2013
(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Property:			
Current	$ 243,167	$ 243,462	$ 295
Delinquent	2,714	3,584	870
City Sales	226,916	230,971	4,055
Alcoholic Beverages	5,139	5,799	660
Telecommunication Access Lines Fees	15,139	15,130	(9)
Cablevision Franchise	14,253	14,527	274
Bingo	1,054	1,087	33
Other	102	96	(6)
Penalties and Interest on Delinquent Taxes	1,958	2,033	75
Total Taxes	510,442	516,689	6,247
Licenses and Permits:			
Alcoholic Beverages Licenses	659	741	82
Health Licenses	4,293	4,342	49
Amusement Licenses	126	120	(6)
Professional and Occupational Licenses	2,113	2,042	(71)
Animal Licenses	197	179	(18)
Street Permits	751	919	168
Total Licenses and Permits	8,139	8,343	204
Intergovernmental:			
Library Aid from Bexar County	3,784	3,784	
Bexar County - Child Support	40	46	6
Magistration and Detention - Bexar	1,117	1,343	226
Health Aid from Bexar County	1,352	1,349	(3)
VIA Contributions	315	315	
Hotel/Motel Tax Collection Fee	43	55	12
Total Intergovernmental	6,651	6,892	241
Revenues from Utilities:			
CPS Energy	284,105	295,311	11,206
San Antonio Water System	12,029	11,989	(40)
Total Revenues from Utilities	$ 296,134	$ 307,300	$ 11,166

(Continued)

Schedule of Revenues Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2013
(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Charges for Services:			
General Government	$ 6,797	$ 7,295	$ 498
Public Safety:			
Police Department	6,820	7,133	313
Fire Department	23,535	23,006	(529)
Sanitation:			
Abatement of Nuisances	344	365	21
Health	1,769	1,715	(54)
Culture and Recreation:			
Tower of the Americas	786	856	70
Hemisphere Plaza	116	119	3
La Villita	615	570	(45)
Recreation Fees	1,560	1,556	(4)
Concessions in Other Parks	57	52	(5)
River Boats	5,977	5,777	(200)
Swimming Pools	88	79	(9)
Community Centers	390	421	31
Library	1,024	951	(73)
Miscellaneous Recreation Revenue	236	199	(37)
Total Charges for Services	50,114	50,094	(20)
Fines and Forfeits:			
Municipal Court Fines	14,271	13,508	(763)
Miscellaneous:			
Sales	4,158	3,921	(237)
Recovery of Expenditures	2,676	5,188	2,512
Interfund Charges	1,443	1,474	31
Rents, Leases, and Concessions	1,734	1,836	102
Other	1,168	1,492	324
Total Miscellaneous	11,179	13,911	2,732
Investment Earnings:			
Interest	761	785	24
Total Revenues	$ 897,691	$ 917,522	$ 19,831

(End of Schedule)

Amounts are expressed in thousands

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2013
(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Expenditures:			
General Government:			
Legislative:			
Personal Services	$ 2,094	$ 1,961	$ 133
Contractual Services	3,066	3,403	(337)
Commodities	194	161	33
Other Expenditures	3,601	2,911	690
Total Legislative	8,955	8,436	519
Judicial:			
Personal Services	10,712	10,535	177
Contractual Services	754	977	(223)
Commodities	199	310	(111)
Other Expenditures	1,357	1,362	(5)
Capital Outlay		27	(27)
Total Judicial	13,022	13,211	(189)
Executive:			
Personal Services	37,890	37,354	536
Contractual Services	27,086	25,812	1,274
Commodities	2,727	3,090	(363)
Other Expenditures	5,402	5,138	264
Capital Outlay	251	333	(82)
Total Executive	73,356	71,727	1,629
Total General Government	95,333	93,374	1,959
Public Safety:			
Police:			
Personal Services	285,301	289,774	(4,473)
Contractual Services	7,710	7,775	(65)
Commodities	1,062	903	159
Other Expenditures	19,041	18,691	350
Capital Outlay		21	(21)
Total Police	313,114	317,164	(4,050)
Fire:			
Personal Services	201,484	204,929	(3,445)
Contractual Services	7,583	7,041	542
Commodities	5,516	6,775	(1,259)
Other Expenditures	22,831	20,331	2,500
Capital Outlay	1,170	482	688
Total Fire	$ 238,584	$ 239,558	$ (974)

(Continued)

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2013
(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Public Safety (Continued):			
Building Inspection and Regulations:			
Personal Services	$ 234	$ 234	$ -
Contractual Services	9	30	(21)
Commodities	1	2	(1)
Other Expenditures	21	21	
Total Building Inspection and Regulations	265	287	(22)
Administration:			
Personal Services	18,466	17,297	1,169
Contractual Services	2,072	1,626	446
Commodities	1,495	1,127	368
Other Expenditures	11,639	11,131	508
Total Administration	33,672	31,181	2,491
Other Protection:			
Personal Services	29,695	29,348	347
Contractual Services	6,693	5,774	919
Commodities	3,810	4,241	(431)
Other Expenditures	14,650	14,668	(18)
Total Other Protection	54,848	54,031	817
Total Public Safety	640,483	642,221	(1,738)
Public Works:			
Streets:			
Personal Services	10,693	10,730	(37)
Contractual Services	6,489	5,817	672
Commodities	5,136	5,408	(272)
Other Expenditures	5,662	5,515	147
Capital Outlay	1,721	46	1,675
Total Streets	29,701	27,516	2,185
Lighting:			
Commodities	13,396	13,383	13
Total Lighting	13,396	13,383	13
Total Public Works	$ 43,097	$ 40,899	$ 2,198

(Continued)

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2013
(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Health Services:			
Personal Services	$ 10,082	$ 9,721	$ 361
Contractual Services	2,486	2,643	(157)
Commodities	1,270	1,030	240
Other Expenditures	2,792	3,028	(236)
Total Health Services	16,630	16,422	208
Sanitation:			
Personal Services	4,424	4,589	(165)
Contractual Services	599	597	2
Commodities	236	205	31
Other Expenditures	527	469	58
Total Sanitation	5,786	5,860	(74)
Welfare:			
Personal Services	15,032	14,453	579
Contractual Services	25,242	24,553	689
Commodities	660	860	(200)
Other Expenditures	6,178	5,736	442
Capital Outlay	116	450	(334)
Total Welfare	47,228	46,052	1,176
Culture and Recreation:			
Libraries:			
Personal Services	20,815	20,946	(131)
Contractual Services	3,757	3,949	(192)
Commodities	4,837	4,982	(145)
Other Expenditures	3,946	3,698	248
Total Libraries	33,355	33,575	(220)
Parks:			
Personal Services	28,002	27,607	395
Contractual Services	8,604	8,827	(223)
Commodities	3,109	2,959	150
Other Expenditures	9,958	9,629	329
Capital Outlay	83	80	3
Total Parks	49,756	49,102	654
Total Culture and Recreation	83,111	82,677	434
Economic Development and Opportunity:			
Personal Services	3,619	3,492	127
Contractual Services	6,059	10,944	(4,885)
Commodities	264	301	(37)
Other Expenditures	248	669	(421)
Total Economic Development and Opportunity	10,190	15,406	(5,216)
Total Expenditures	$ 941,858	$ 942,911	$ (1,053)

(End of Schedule)

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Debt Service Fund
Year-Ended September 30, 2013
(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Property Taxes:			
Current	$ 144,202	$ 145,358	$ 1,156
Delinquent	1,718	2,140	422
Penalties and Interest on Delinquent Taxes	1,143	1,214	71
Miscellaneous	3,665	3,749	84
Investment Earnings	289	77	(212)
Total Revenues	151,017	152,538	1,521
Expenditures:			
General Government:			
Contractual Services	303	739	(436)
Debt Service:			
Principal Retirement	109,780	109,780	
Interest	67,065	67,065	
Issuance Costs	696	677	19
Total Expenditures	177,844	178,261	(417)
Excess of Revenues Over Expenditures	(26,827)	(25,723)	1,104
Other Financing:			
Transfers In	245,598	245,598	
Transfers Out	(158)	(158)	
Long-Term Debt Issued	70,685	70,685	
Premium on Long-Term Debt	12,350	12,350	
Payment to Refunded Bond Escrow Agent	(335,132)	(335,132)	
Total Other Financing	(6,657)	(6,657)	
Excess of Revenues Over Expenditures	(33,484)	(32,380)	$ 1,104
Fund Balances, October 1	86,360	86,360	
Fund Balances, September 30	$ 52,876	$ 53,980	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Advanced Transportation District
Year-Ended September 30, 2013
(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
General Sales and Use:			
City Sales Tax	$ 13,198	$ 13,573	$ 375
Investment Earnings	45	64	19
Total Revenues	13,243	13,637	394
Expenditures:			
General Government:			
Other Expenditures		13	(13)
Total General Government		13	(13)
Public Works:			
Personal Services	1,607	1,616	(9)
Contractual Services	857	925	(68)
Commodities	48	54	(6)
Other Expenditures	318	461	(143)
Capital Outlay	19	36	(17)
Total Public Works	2,849	3,092	(243)
Total Expenditures	2,849	3,105	(256)
Excess of Revenues Over Expenditures	10,394	10,532	138
Other Financing Sources (Uses):			
Transfers In		644	644
Transfers Out	(16,904)	(20,561)	(3,657)
Total Other Financing Sources (Uses)	(16,904)	(19,917)	(3,013)
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing (Uses)	(6,510)	(9,385)	$ (2,875)
Fund Balances, October 1	14,826	14,826	
Add Encumbrances		7,648	
Fund Balances, September 30	$ 8,316	$ 13,089	

The City noted budget violations of excess expenditures, transfers out, and encumbrances over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community and Visitor Facilities
Year-Ended September 30, 2013

(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Occupancy	$ 55,535	$ 56,626	$ 1,091
Penalties and Interest on Delinquent Taxes	30	22	(8)
Intergovernmental	11,077	10,836	(241)
Charges for Services	16,721	20,761	4,040
Miscellaneous	372	202	(170)
Investment Earnings	37	461	424
Total Revenues	83,772	88,908	5,136
Expenditures:			
General Government:			
Other Expenditures		84	(84)
Total General Government		84	(84)
Culture & Recreation:			
Arts & Cultural Affairs:			
Personal Services	956	796	160
Contractual Services	882	1,033	(151)
Commodities	9	8	1
Other Expenditures	91	138	(47)
Total Arts & Cultural Affairs	1,938	1,975	(37)
Convention Facilities:			
Personal Services	16,936	17,188	(252)
Contractual Services	3,940	4,822	(882)
Commodities	968	1,108	(140)
Other Expenditures	10,634	13,771	(3,137)
Capital Outlay	46	20	26
Total Convention Facilities	32,524	36,909	(4,385)
Nondepartmental:			
Personal Services	173	172	1
Contractual Services	2,368	2,653	(285)
Commodities			
Other Expenditures	7	7	
Total Nondepartmental	2,548	2,832	(284)
Contributions to Other Agencies	5,197	5,063	134
Total Cultural and Recreation	42,207	46,779	(4,572)
Convention and Tourism:			
Convention and Visitors Bureau:			
Personal Services	7,393	7,192	201
Contractual Services	10,430	10,546	(116)
Commodities	237	331	(94)
Other Expenditures	504	504	
Capital Outlay	130	108	22
Total Convention and Tourism	18,694	18,681	13
Total Expenditures	60,901	65,544	(4,643)
Excess of Revenues Over Expenditures	22,871	23,364	493
Other Financing Sources (Uses):			
Transfers In	7,385	69,964	62,579
Transfers Out	(32,001)	(52,997)	(20,996)
Total Other Financing Sources (Uses)	(24,616)	16,967	41,583
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(1,745)	40,331	$ 42,076
Fund Balances, October 1	41,961	41,961	
Add Encumbrances		785	
Fund Balances, September 30	$ 40,216	$ 83,077	

The City noted budget violations of excess expenditures, transfers out, and encumbrances over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Note: Includes revenues and expenditures generated from Convention and Tourism activities relating to the promotion of City of San Antonio owned facilities to be used for conventions, community and entertainment venues; the marketing and promotion of San Antonio through the Convention and Visitors Bureau and support for arts and cultural organizations in the Department of Cultural and Creative Development.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Confiscated Property
Year-Ended September 30, 2013
(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Miscellaneous	$ 1,039	$ 1,436	$ 397
Contributions		157	$ 157
Investment Earnings	5	13	8
Total Revenues	1,044	1,606	562
Expenditures:			
General Government:			
Other Expenditures		3	(3)
Total General Government		3	(3)
Public Safety:			
Personal Services	370	326	44
Contractual Services	489	378	111
Commodities	292	342	(50)
Other Expenditures	198	384	(186)
Capital Outlay	219	455	(236)
Total Public Safety	1,568	1,885	(317)
Total Expenditures	1,568	1,888	(320)
(Deficiency) of Revenues (Under) Expenditures	(524)	(282)	242
Other Financing (Uses):			
Transfers Out	(378)	(378)	
Total Other Financing (Uses)	(378)	(378)	
(Deficiency) of Revenues (Under) Expenditures and Other Financing (Uses)	(902)	(660)	$ 242
Fund Balances, October 1	3,263	3,263	
Add Encumbrances		5	
Fund Balances, September 30	$ 2,361	$ 2,608	

The City noted budget violations of excess expenditures, and encumbrances over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Hotel/Motel 2% Revenue
Year-Ended September 30, 2013
(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Occupancy	$ 15,867	$ 16,144	$ 277
Penalties and Interest on Delinquent Taxes	26	33	7
Investment Earnings	9	7	(2)
Total Revenues	15,902	16,184	282
Expenditures:			
Convention and Tourism:			
Other Expenditures		11	(11)
Total Expenditures		11	(11)
Excess of Revenues Over Expenditures	15,902	16,173	271
Other Financing Sources (Uses):			
Transfer In	60,885	41,883	(19,002)
Transfers Out	(77,401)	(74,913)	2,488
Total Other Financing Sources (Uses)	(16,516)	(33,030)	(16,514)
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing (Uses)	(614)	(16,857)	$ (16,243)
Fund Balances, October 1	18,721	18,721	
Fund Balances, September 30	$ 18,107	$ 1,864	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Parks Development and Expansion - 2010, 2005, and 2000 Venue Projects
Year-Ended September 30, 2013

(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
General Sales and Use:			
City Sales Tax	$ 27,714	$ 28,902	$ 1,188
Miscellaneous		9	9
Investment Earnings	65	299	234
Total Revenues	27,779	29,210	1,431
Expenditures:			
General Government:			
Other Expenditures	42	57	(15)
Total General Government	42	57	(15)
Culture and Recreation:			
Contractual Services	539	572	(33)
Total Culture and Recreation	539	572	(33)
Total Expenditures	581	629	(48)
Excess of Revenues Over Expenditures	27,198	28,581	1,383
Other Financing (Uses):			
Transfers Out	(49,594)	(38,451)	11,143
Total Other Financing (Uses)	(49,594)	(38,451)	11,143
(Deficiency) of Revenues (Under) Expenditures and Other Financing (Uses)	(22,396)	(9,870)	$ 12,526
Fund Balances, October 1	54,221	54,221	
Add Encumbrances		22,479	
Fund Balances, September 30	$ 31,825	$ 66,830	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Right of Ways
Year-Ended September 30, 2013
(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 1,669	$ 1,501	$ (168)
Investment Earnings		4	4
Total Revenues	1,669	1,505	(164)
Expenditures:			
General Government:			
Other Expenditures		1	(1)
Total General Government		1	(1)
Public Works:			
Personal Services	1,261	1,236	25
Contractual Services	117	113	4
Commodities	17	55	(38)
Other Expenditures	341	300	41
Total Public Works	1,736	1,704	32
Total Expenditures	1,736	1,705	31
(Deficiency) of Revenues (Under) Expenditures	(67)	(200)	$ (133)
Fund Balances, October 1	1,143	1,143	
Add Encumbrances		53	
Fund Balances, September 30	$ 1,076	$ 996	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Stormwater Operations
Year-Ended September 30, 2013

(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 41,165	$ 42,357	$ 1,192
Miscellaneous	11	67	56
Investment Earnings	66	129	63
Total Revenues	41,242	42,553	1,311
Expenditures:			
General Government:			
Other Expenditures		26	(26)
Total General Government		26	(26)
Public Works:			
Administration:			
Personal Services	2,594	1,836	758
Contractual Services	4,905	5,240	(335)
Commodities	330	358	(28)
Other Expenditures	526	216	310
Capital Outlay	40	9	31
Total Administration	8,395	7,659	736
Vegetation Control:			
Personal Services	2,844	2,464	380
Contractual Services	1,846	603	1,243
Commodities	241	484	(243)
Other Expenditures	947	954	(7)
Capital Outlay		2	(2)
Total Vegetation Control	5,878	4,507	1,371
River Maintenance:			
Personal Services	3,900	3,875	25
Contractual Services	652	2,060	(1,408)
Commodities	430	179	251
Other Expenditures	2,238	2,186	52
Total River Maintenance	7,220	8,300	(1,080)
Street Sweeping:			
Personal Services	2,551	2,373	178
Contractual Services	530	807	(277)
Commodities	173	346	(173)
Other Expenditures	1,301	1,271	30
Capital Outlay		2	(2)
Total Street Sweeping	4,555	4,799	(244)
Tunnel Maintenance:			
Personal Services	1,252	1,207	45
Contractual Services	1,403	931	472
Commodities	238	159	79
Other Expenditures	679	852	(173)
Capital Outlay	382	436	(54)
Total Tunnel Maintenance	3,954	3,585	369
Design Engineering:			
Personal Services	1,101	1,831	(730)
Contractual Services	93	64	29
Commodities	8	15	(7)
Other Expenditures	132	458	(326)
Capital Outlay	17	72	(55)
Total Design Engineering	1,351	2,440	(1,089)
Total Expenditures	31,353	31,316	37
Excess of Revenues Over Expenditures	9,889	11,237	1,348
Other Financing Sources (Uses):			
Transfers In		33	33
Transfers Out	(38,006)	(12,963)	25,043
Total Other Financing Sources (Uses)	(38,006)	(12,930)	25,076
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing (Uses)	(28,117)	(1,693)	$ 26,424
Fund Balances, October 1	29,941	29,941	
Add Encumbrances		1,014	
Fund Balances, September 30	$ 1,824	$ 29,262	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Tax Increment Financing
Year-Ended September 30, 2013
(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services:			
Administrative Fee	$ 576	$ 653	$ 77
Total Revenues	576	653	77
Expenditures:			
Economic Development and Opportunity:			
Personal Services	431	371	60
Contractual Services	10	8	2
Commodities	1		1
Other Expenditures	26	27	(1)
Total Expenditures	468	406	62
Excess of Revenues Over Expenditures	108	247	139
Excess of Revenues Over Expenditures	108	247	$ 139
Fund Balances, October 1	(232)	(232)	
Fund Balances, September 30	$ (124)	$ 15	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Child Safety
Year-Ended September 30, 2013
(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services:			
Parking Fines	$ 155	$ 161	$ 6
Moving Violations	256	256	
Intergovernmental	1,730	1,753	23
Total Revenues	2,141	2,170	29
Expenditures:			
Public Safety:			
Personal Services	1,421	1,429	(8)
Contractual Services	11	10	1
Commodities	12	13	(1)
Other Expenditures	435	618	(183)
Total Expenditures	1,879	2,070	(191)
Excess of Revenues Over Expenditures	262	100	(162)
Excess of Revenues Over Expenditures	262	100	$ (162)
Fund Balances, October 1	(59)	(59)	
Fund Balances, September 30	$ 203	$ 41	

The City noted budget violations of excess expenditures over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Services Funds - Golf Course Operating and Maintenance
Year-Ended September 30, 2013
(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Miscellaneous [1]	$ 254	$ 254	$ -
Transfer from General Fund	210	210	
Total Revenues	464	464	
Other Financing:			
Transfers Out	(104)	(104)	
Total Other Financing	(104)	(104)	
Excess of Revenues Over Expenditures	360	360	$ -
Fund Balances, October 1	(1,789)	(1,789)	
Fund Balances, September 30	$ (1,429)	$ (1,429)	

[1] For financial reporting presentation the revenue is reported as transfers in; however the above schedule reflects the fund schedule from the City's 2013 Adopted Budget.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Juvenile Case Manager
Year-Ended September 30, 2013

(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services:			
Juvenile Case Manager Fee	$ 768	$ 782	$ 14
Investment Earnings	1	4	3
Miscellaneous	2		(2)
Total Revenues	771	786	15
Expenditures:			
General Government:			
Personal Services	587	561	26
Contractual Services	3	1	2
Other Expenditures	34	35	(1)
Total Expenditures	624	597	27
Excess of Revenues Over Expenditures	147	189	42
Excess of Revenues Over Expenditures	147	189	$ 42
Fund Balances, October 1	554	554	
Fund Balances, September 30	$ 701	$ 743	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Municipal Court Security
Year-Ended September 30, 2013

(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services:			
Building Security	$ 494	$ 492	$ (2)
Total Revenues	494	492	(2)
Expenditures:			
General Government:			
Personal Services	466	460	6
Contractual Services	5	24	(19)
Commodities	6	3	3
Other Expenditures	32	30	2
Total Expenditures	509	517	(8)
(Deficiency) of Revenues (Under) Expenditures	(15)	(25)	(10)
Other Financing (Uses):			
Transfers Out	(23)	(23)	
Total Other Financing (Uses)	(23)	(23)	
(Deficiency) of Revenues (Under) Expenditures and Other Financing (Uses)	(38)	(48)	$ (10)
Fund Balances, October 1	50	50	
Fund Balances, September 30	$ 12	$ 2	

The City noted budget violations of excess expenditures over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Municipal Court Technology
Year-Ended September 30, 2013

(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services:			
Technology Fee	$ 657	$ 656	$ (1)
Investment Earnings	2	9	7
Total Revenues	659	665	6
Expenditures:			
General Government:			
Personal Services	59	59	
Contractual Services	632	554	78
Commodities	2	78	(76)
Other Expenditures	13	22	(9)
Capital Outlay	44	139	(95)
Total Expenditures	750	852	(102)
(Deficiency) of Revenues (Under) Expenditures	(91)	(187)	(96)
Other Financing (Uses):			
Transfers Out	(10)	(122)	(112)
Total Other Financing (Uses)	(10)	(122)	(112)
(Deficiency) of Revenues (Under) Expenditures and Other Financing (Uses)	(101)	(309)	$ (208)
Fund Balances, October 1	1,733	1,733	
Fund Balances, September 30	$ 1,632	$ 1,424	

The City noted budget violations of excess expenditures, and transfers out over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Tree Canopy Preservation and Mitigation Fund
Year-Ended September 30, 2013

(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services:			
Mitigation Fee	$ 240	$ 263	$ 23
Canopy Fee - Residential	61	66	5
Canopy Fee - Commercial	128	166	38
Certification Credits	2	2	
Investment Earnings		2	2
Total Revenues	431	499	45
Expenditures:			
Culture and Recreation:			
Personal Services	81	78	3
Contractual Services	119	116	3
Commodities	200	198	2
Other Expenditures	53	51	2
Capital Outlay	1		1
Total Expenditures	454	443	11
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23)	56	56
Other Financing (Uses):			
Transfers Out	(17)	(17)	
Total Other Financing (Uses)	(17)	(17)	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing (Uses)	(40)	39	$ 56
Fund Balances, October 1	360	360	
Add Encumbrances		6	
Fund Balances, September 30	$ 320	$ 405	

Amounts are expressed in thousands

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Permanent Fund
City Cemeteries
Year-Ended September 30, 2013
(In Thousands)

	2013		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services:			
Sales	$ 194	$ 216	$ 22
Investment Earnings	6	14	8
Total Revenues	200	230	30
Expenditures:			
General Government:			
Other Expenditures		3	(3)
Total General Government		3	(3)
Culture and Recreation:			
Personal Services			
Contractual Services	92	78	14
Commodities	15	9	6
Other Expenditures	3	1	2
Capital Projects	1	2	(1)
Total Culture and Recreation	111	90	21
Total Expenditures	111	93	18
Excess of Revenues Over Expenditures	89	137	48
Excess of Revenues Over Expenditures	89	137	$ 48
Fund Balances, October 1	2,666	2,666	
Add Encumbrances		1	
Fund Balances, September 30	$ 2,755	$ 2,804	

Nonmajor Enterprise Funds

DEVELOPMENT SERVICES – accounts for all revenues and expenses associated with the operation and maintenance of the City's development and service activities.

MARKET SQUARE – accounts for all revenues and expenses associated with the management and operation of the Farmer's Market, El Mercado, the Market Square Parking Lot, and Alameda.

PARKING SYSTEM – accounts for all revenues and expenses associated with the operation and maintenance of the City's structures and parking lots, required debt service for outstanding bonds, and construction and management of the Parking System's assets.

SOLID WASTE MANAGEMENT – accounts for all revenues and expenses associated with the operation and maintenance of the City's solid waste and environmental management programs, required debt service for outstanding bonds, and construction and management of Solid Waste Management's assets.

Combining Statement of Net Position
Nonmajor Enterprise Funds
As of September 30, 2013
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	SOLID WASTE MANAGEMENT	TOTAL NONMAJOR ENTERPRISE FUNDS
Assets:					
Current Assets:					
Unrestricted Assets:					
Cash and Cash Equivalents	$ 1,366	$ 89	$ 499	$ 658	$ 2,612
Securities Lending Collateral	321	21	117	154	613
Investments	12,168	791	4,438	5,853	23,250
Receivables, Net	255	29	129	7,517	7,930
Materials and Supplies, at Cost			54		54
Prepaid Expenses				21	21
Due From:					
Other Funds	227			25	252
Total Unrestricted Assets	14,337	930	5,237	14,228	34,732
Restricted Assets:					
Debt Service Accounts:					
Cash and Cash Equivalents			833	21	854
Securities Lending Collateral			126		126
Investments			5,613	61	5,674
Receivables, Net			8		8
Construction Accounts:					
Cash and Cash Equivalents			60	416	476
Securities Lending Collateral				70	70
Investments				2,657	2,657
Receivables, Net				6	6
Improvement and Contingency Accounts:					
Cash and Cash Equivalents			371	779	1,150
Securities Lending Collateral			87	183	270
Investments			3,303	6,931	10,234
Receivables, Net			5	11	16
Total Restricted Assets			10,406	11,135	21,541
Total Current Assets	14,337	930	15,643	25,363	56,273
Noncurrent Assets:					
Capital Assets:					
Land		45	8,125	1,107	9,277
Buildings		1,336	24,590	4,502	30,428
Improvements		7,953	5,178	9,210	22,341
Machinery and Equipment	1,071		1,571	36,223	38,865
Construction in Progress			1,626	63	1,689
Total Capital Assets	1,071	9,334	41,090	51,105	102,600
Less: Accumulated Depreciation	1,053	2,689	13,609	22,172	39,523
Net Capital Assets	18	6,645	27,481	28,933	63,077
Unamortized Bond Issuance Costs			201	12	213
Total Noncurrent Assets	18	6,645	27,682	28,945	63,290
Total Assets	$ 14,355	$ 7,575	$ 43,325	$ 54,308	$ 119,563

Combining Statement of Net Position
Nonmajor Enterprise Funds
As of September 30, 2013
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	SOLID WASTE MANAGEMENT	TOTAL NONMAJOR ENTERPRISE FUNDS
Liabilities:					
Current Liabilities:					
Payable from Current Unrestricted Assets:					
Vouchers Payable	$ 181	$ 82	$ 98	$ 804	$ 1,165
Accounts Payable-Other	1,352	30	72	690	2,144
Accrued Payroll	344	8	75	615	1,042
Accrued Interest				62	62
Current Portion of Accrued Leave Payable	682	14	157	1,359	2,212
Securities Lending Obligation	321	21	117	154	613
Current Portion of Capital Lease Liability				3,927	3,927
Current Portion of Accrued Landfill Postclosure Costs				142	142
Due to Other Funds	3,416		1	3	3,420
Due to Other Government Agencies	2				2
Total Payable from Current Unrestricted Assets	6,298	155	520	7,756	14,729
Payable from Restricted Assets:					
Vouchers Payable			59	86	145
Accrued Bond Interest			130	24	154
Securities Lending Obligation			213	253	466
Current Portion of Bonds and Certificates (net discount/premium)			1,477	170	1,647
Due to Other Funds			31	2	33
Current Portion of Deferred Amount on Refunding			(178)	(2)	(180)
Total Payable from Restricted Assets			1,732	533	2,265
Total Current Liabilities	6,298	155	2,252	8,289	16,994
Noncurrent Liabilities:					
Bonds and Certificates (net of current portion & discount/premium)			12,181	3,010	15,191
Deferred Amount on Refunding (net of current portion)			(1,159)	(33)	(1,192)
Accrued Leave Payable (net of current portion)	65			278	343
Capital Lease Liability (net of current portion)				9,260	9,260
Net OPEB and Pension Obligation	6,354	145	1,990	13,439	21,928
Accrued Landfill Postclosure Costs (net of current portion)				1,745	1,745
Total Noncurrent Liabilities	6,419	145	13,012	27,699	47,275
Total Liabilities	12,717	300	15,264	35,988	64,269
Net Position:					
Net Investment in Capital Assets	18	6,645	15,160	20,041	41,864
Restricted:					
Debt Service			6,316	57	6,373
Capital Projects			371	3,584	3,955
Unrestricted	1,620	630	6,214	(5,362)	3,102
Total Net Position	$ 1,638	$ 7,275	$ 28,061	$ 18,320	$ 55,294

Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
Year-Ended September 30, 2013
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	SOLID WASTE MANAGEMENT	TOTAL NONMAJOR ENTERPRISE FUNDS
Operating Revenues:					
Charges for Services	$ 24,813	$ 2,477	$ 8,654	$ 92,871	$ 128,815
Total Operating Revenues	24,813	2,477	8,654	92,871	128,815
Operating Expenses:					
Personal Services	18,296	330	4,324	34,529	57,479
Contractual Services	1,158	1,009	992	26,066	29,225
Commodities	557	36	145	6,610	7,348
Other	4,411	375	1,108	20,357	26,251
Depreciation	21	378	1,048	4,790	6,237
Total Operating Expenses	24,443	2,128	7,617	92,352	126,540
Operating Income	370	349	1,037	519	2,275
Nonoperating Revenues (Expenses):					
Investment Earnings	68	9	78	97	252
Other Nonoperating Revenue	275	25	24	297	621
(Loss) on Sale of Capital Assets	(2)			(11)	(13)
Interest and Debt Expense			(801)	(580)	(1,381)
Other Nonoperating Expense	(12)		(205)	(36)	(253)
Total Nonoperating Revenues (Expenses)	329	34	(904)	(233)	(774)
Change in Net Position Before Contributions and Transfers	699	383	133	286	1,501
Capital Contributions		362			362
Transfers In (Out):					
Transfers In	4,673		734	163	5,570
Transfers Out	(5,160)	(442)	(299)	(3,856)	(9,757)
Total Transfers In (Out)	(487)	(442)	435	(3,693)	(4,187)
Change In Net Position	212	303	568	(3,407)	(2,324)
Net Position - October 1	1,426	6,972	27,493	21,727	57,618
Net Position - September 30	$ 1,638	$ 7,275	$ 28,061	$ 18,320	$ 55,294

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year-Ended September 30, 2013
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	SOLID WASTE MANAGEMENT	TOTAL NONMAJOR ENTERPRISE FUNDS
Cash Flows from Operating Activities:					
Cash Received from Customers	$ 24,500	$ 2,451	$ 8,732	$ 92,812	$ 128,495
Cash Payments to Suppliers for Goods and Services	(6,055)	(1,389)	(2,195)	(53,159)	(62,798)
Cash Payments to Employees for Service	(16,832)	(290)	(3,875)	(31,851)	(52,848)
Net Cash Provided by Operating Activities	1,613	772	2,662	7,802	12,849
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds	4,673		734	163	5,570
Transfers Out to Other Funds	(5,160)	(442)	(299)	(3,856)	(9,757)
Due to Other Funds	3,356		(69)	(146)	3,141
Due from Other Funds	(181)	16	106	(1)	(60)
Cash Received from Other Nonoperating Revenues	275	25	24	297	621
Net Cash Provided by (Used for) Noncapital Financing Activities	2,963	(401)	496	(3,543)	(485)
Cash Flows from Capital and Related Financing Activities:					
Contributed Capital		362			362
Acquisitions and Construction of Capital Assets	(19)	(364)	(599)	(3,045)	(4,027)
Principal Payments on Long-Term Debt			(1,300)	(145)	(1,445)
Interest and Fees Paid on Long-Term Debt			(810)	(607)	(1,417)
Principal Payments on Notes and Leases				(5,037)	(5,037)
Net Cash (Used for) Capital and Related Financing Activities	(19)	(2)	(2,709)	(8,834)	(11,564)
Cash Flows from Investing Activities:					
Purchases of Investment Securities	(12,424)	(791)	(15,936)	(15,992)	(45,143)
Maturity of Investment Securities	8,381	458	15,244	18,002	42,085
Purchases of Investments for Securities Lending	(27)	(1)	(197)	(335)	(560)
Proceeds from Cash Collected for Securities Lending Cash Collateral	27	1	197	335	560
Investments Earnings	68	8	75	97	248
Net Cash Provided by (Used for) Investing Activities	(3,975)	(325)	(617)	2,107	(2,810)
Net Increase (Decrease) in Cash and Cash Equivalents	582	44	(168)	(2,468)	(2,010)
Cash and Cash Equivalents, October 1	784	45	1,931	4,342	7,102
Cash and Cash Equivalents, September 30	$ 1,366	$ 89	$ 1,763	$ 1,874	$ 5,092
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income	$ 370	$ 349	$ 1,037	$ 519	$ 2,275
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	21	378	1,048	4,790	6,237
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(240)	(26)	78	(59)	(247)
(Increase) in Due from Other Governmental Agencies	(2)				(2)
Decrease in Materials and Supplies			2		2
Increase (Decrease) in Vouchers Payable	87	2	(24)	110	175
Increase (Decrease) in Accounts Payable - Other	(15)	29	72	(79)	7
Increase in Accrued Payroll	92	4	16	153	265
Increase (Decrease) in Accrued Leave Payable	62	11	5	(7)	71
(Decrease) in Landfill Postclosure Liability				(157)	(157)
Increase in Net OPEB Obligation and Pension Obligation	1,311	25	428	2,532	4,296
(Decrease) in Unearned Revenue	(73)				(73)
Net Cash Provided by Operating Activities	$ 1,613	$ 772	$ 2,662	$ 7,802	$ 12,849

Internal Service Funds

SELF-INSURANCE PROGRAMS – to account for Self-Insurance Programs including funds for the administration of all tort claims against the City and for the operation of the City's employee benefit programs. Included in the Self-Insurance Programs are the Employee Health Benefits Program, Insurance Reserve Program, and Workers' Compensation Program.

INFORMATION SERVICES – to account for financing of goods or services provided to other departments or agencies in the field of data processing, programming, and communication services.

OTHER INTERNAL SERVICES – to account for financing of goods or services (other than data processing and programming) provided to other departments or agencies. This fund has the following divisions: Purchasing, Central Stores, Automotive Repair, Temporary Services and Building Maintenance and Repairs. Reserves for Equipment Renewal and Replacement are recorded by charges to the user departments.

CAPITAL IMPROVEMENTS MANAGEMENT SERVICES (CIMS) – to account for revenues and expenses associated with the administration and delivery of the City's capital improvement projects.

Combining Statement of Net Position
Internal Service Funds
As of September 30, 2013
(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	$ 1,035	$ 2,655	$ 4,041	$ 788	$ 4,439	$ 123	$ 13,081
Securities Lending Collateral	248	623	948	185	1,048	29	3,081
Investments	9,396	23,605	35,945	7,008	39,749	1,087	116,790
Receivables, Net	90	38	60	16	109	4	317
Materials and Supplies, at Cost				28	1,831		1,859
Deposits	102		36				138
Prepaid Expenses		877					877
Due From:							
Other Funds	387	107	131	336	251		1,212
Other Governmental Agencies, Net	1			753	370		1,124
Total Current Assets	11,259	27,905	41,161	9,114	47,797	1,243	138,479
Capital Assets:							
Buildings				21	158		179
Improvements					244		244
Machinery and Equipment	34	64	441	6,111	192,586	99	199,335
Depreciable Intangible						250	250
Total Capital Assets	34	64	441	6,132	192,988	349	200,008
Less: Accumulated Depreciation	34	64	441	5,788	124,150	108	130,585
Net Capital Assets				344	68,838	241	69,423
Total Assets	11,259	27,905	41,161	9,458	116,635	1,484	207,902
Liabilities:							
Current Liabilities:							
Vouchers Payable	84	73	94	1,182	3,381	18	4,832
Accounts Payable-Other	1,287	16	37	775	329	160	2,604
Claims Payable	8,793	5,583	11,342				25,718
Accrued Payroll	35	28	40	377	338	315	1,133
Accrued Interest					14		14
Current Portion of Accrued Leave Payable	75	60	100	883	851	761	2,730
Securities Lending Obligation	248	623	948	185	1,048	29	3,081
Unearned Revenue	7						7
Current Portion of Capital Lease Liability					1,270		1,270
Due To:							
Other Funds		212		55	211	149	627
Total Current Liabilities	10,529	6,595	12,561	3,457	7,442	1,432	42,016
Noncurrent Liabilities:							
Claims Payable		18,127	22,478				40,605
Accrued Leave Payable (net of current portion)		1	11	299	22		333
Capital Lease Liability (net of current portion)					2,454		2,454
Net OPEB and Pension Obligation	656	464	563	5,602	8,411	5,272	20,968
Pollution Remediation					36		36
Total Noncurrent Liabilities	656	18,592	23,052	5,901	10,923	5,272	64,396
Total Liabilities	11,185	25,187	35,613	9,358	18,365	6,704	106,412
Net Position:							
Net Investment in Capital Assets				344	65,114	241	65,699
Unrestricted	74	2,718	5,548	(244)	33,156	(5,461)	35,791
Total Net Position	$ 74	$ 2,718	$ 5,548	$ 100	$ 98,270	$ (5,220)	$ 101,490

Amounts are expressed in thousands

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year-Ended September 30, 2013
(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	$ 100,847	$ 10,835	$ 18,659	$ 41,189	$ 87,255	$ 16,770	$ 275,555
Total Operating Revenues	100,847	10,835	18,659	41,189	87,255	16,770	275,555
Operating Expenses:							
Personal Services	2,760	1,566	2,097	19,784	20,352	16,843	63,402
Contractual Services	12,037	874	1,375	16,954	8,287	516	40,043
Commodities	23	25	51	867	1,656	234	2,856
Materials					26,464		26,464
Claims	96,949	1,345	9,301				107,595
Other	1,273	2,771	684	5,510	9,516	2,113	21,867
Depreciation				71	18,765	67	18,903
Total Operating Expenses	113,042	6,581	13,508	43,186	85,040	19,773	281,130
Operating Income (Loss)	(12,195)	4,254	5,151	(1,997)	2,215	(3,003)	(5,575)
Nonoperating Revenues (Expenses):							
Investment Earnings	179	134	201	47	352		913
Other Nonoperating Revenue	340	29	442	100	1,085	29	2,025
Gain on Sale of Capital Assets					1,527		1,527
Interest and Debt Expense					(54)		(54)
Other Nonoperating Expense	(38)	(27)	(39)	(10)			(114)
Total Nonoperating Revenues (Expenses)	481	136	604	137	2,910	29	4,297
Change in Net Position Before Transfers	(11,714)	4,390	5,755	(1,860)	5,125	(2,974)	(1,278)
Transfers In (Out):							
Transfers In			85		1,887	2,038	4,010
Transfers Out		(85)		(1,043)	(1,206)	(27)	(2,361)
Total Transfers In (Out)		(85)	85	(1,043)	681	2,011	1,649
Change in Net Position	(11,714)	4,305	5,840	(2,903)	5,806	(963)	371
Net Position - October 1	11,788	(1,587)	(292)	3,003	92,464	(4,257)	101,119
Net Position - September 30	$ 74	$ 2,718	$ 5,548	$ 100	$ 98,270	$ (5,220)	$ 101,490

Amounts are expressed in thousands

Combining Statement of Cash Flows
Internal Service Funds
Year-Ended September 30, 2013
(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	$ 100,945	$ 10,835	$ 18,659	$ 40,511	$ 87,449	$ 16,827	$ 275,226
Cash Payments to Suppliers for Goods and Services	(110,569)	(7,416)	(10,752)	(22,759)	(46,433)	(3,015)	(200,944)
Cash Payments to Employees for Service	(2,630)	(1,496)	(1,975)	(18,684)	(18,219)	(15,692)	(58,696)
Net Cash Provided by (Used for) Operating Activities	(12,254)	1,923	5,932	(932)	22,797	(1,880)	15,586
Cash Flows from Noncapital Financing Activities:							
Transfers In from Other Funds			85		1,887	2,038	4,010
Transfers Out to Other Funds		(85)		(1,043)	(1,206)	(27)	(2,361)
Due To Other Funds	(72)	189		(140)	(4,314)	141	(4,196)
Due From Other Funds	(388)	(107)	(129)	108	7,664	628	7,776
Cash Received from Other Nonoperating Revenues	340	29	442	100	1,085	29	2,025
Net Cash Provided by (Used for) Noncapital Financing Activities	(120)	26	398	(975)	5,116	2,809	7,254
Cash Flows from Capital and Related Financing Activities:							
Acquisitions and Construction of Capital Assets				(274)	(15,732)		(16,006)
Principal Payments on Notes and Leases					(1,269)		(1,269)
Interest Paid on Notes and Leases					(5)		(5)
Proceeds from Sale of Assets					3,520		3,520
Net Cash (Used for) Capital and Related Financing Activities				(274)	(13,486)		(13,760)
Cash Flows from Investing Activities:							
Purchases of Investment Securities	(9,594)	(24,102)	(36,701)	(7,156)	(40,585)	(1,110)	(119,248)
Maturity of Investment Securities	20,885	22,586	31,328	9,218	27,721	279	112,017
Purchases of Investments for Securities Lending	(613)	(315)	(354)	(185)	(1,048)	(18)	(2,533)
Proceeds from Cash Collected for Securities Lending Cash Collateral	613	315	354	185	1,048	18	2,533
Investment Earnings	147	99	142	37	299		724
Net Cash Provided by (Used for) Investing Activities	11,438	(1,417)	(5,231)	2,099	(12,565)	(831)	(6,507)
Net Increase (Decrease) in Cash and Cash Equivalents	(936)	532	1,099	(82)	1,862	98	2,573
Cash and Cash Equivalents, October 1	1,971	2,123	2,942	870	2,577	25	10,508
Cash and Cash Equivalents, September 30	$ 1,035	$ 2,655	$ 4,041	$ 788	$ 4,439	$ 123	$ 13,081
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Operating Income (Loss)	$ (12,195)	$ 4,254	$ 5,151	$ (1,997)	$ 2,215	$ (3,003)	$ (5,575)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation				71	18,765	67	18,903
Changes in Assets and Liabilities:							
Decrease in Accounts Receivable	99			7	1	57	164
(Increase) Decrease in Due from Other Governmental Agencies				(684)	193		(491)
(Increase) Decrease in Materials and Supplies				1	(141)		(140)
Decrease in Prepaid Expenses		178	86				264
Increase (Decrease) in Vouchers Payable	(1)		(16)	469	(311)	(31)	110
Increase (Decrease) in Claims Payable	(167)	(2,345)	586				(1,926)
Increase (Decrease) in Accounts Payable - Other	(119)	(234)	3	102	(58)	(121)	(427)
Increase in Accrued Payroll	5	4	8	87	77	68	249
Increase (Decrease) in Accrued Leave Payable	11	(15)	(4)	37	68	84	181
Increase in Net OPEB and Pension Obligation	114	81	118	975	1,988	999	4,275
(Decrease) in Unearned Revenue	(1)						(1)
Net Cash Provided by (Used for) Operating Activities	$ (12,254)	$ 1,923	$ 5,932	$ (932)	$ 22,797	$ (1,880)	$ 15,586

Amounts are expressed in thousands

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:

FIRE AND POLICE PENSION FUND – to account for collection and payment of funds for the pension fund established for the City's firefighters and police officers, as provided for under state law.

FIRE AND POLICE RETIREE HEALTH CARE FUND – to account for the collection and payment of funds for health care benefits of the City's firefighters and police officers who retired after October 1, 1989, as provided for under state law and the respective collective bargaining agreements.

AGENCY FUNDS – to account for funds which are custodial in nature and for which the City is acting as an agent. The City has established the following agency funds based upon the above definition:

BEXAR COUNTY HOTEL/MOTEL TAX COLLECTIONS FUND – to account for the collection and payment to Bexar County for certain hotel occupancy taxes.

CRIMINAL JUSTICE PLANNING FUND – to account for the collection and payment to the State of Texas for Law Enforcement Fees collected.

CVB HOUSING BUREAU FUND – to account for individual hotel reservation deposits maintained by Convention & Visitors Bureau staff for confirmed City-wide conventions**.**

DEPOSIT FUND – to account for the collection and payment of cash deposits held by the City pending the outcome of bids on contracts.

EVIDENTIARY CASH FUND – to account for cash impounded by the San Antonio Police Department pending the outcome of legal proceedings.

LESSEES' SPECIAL EVENTS LIABILITY INSURANCE FUND – to account for funds utilized for the purchase of insurance coverage on special events. Financing is provided by contributions from lessees.

MUNICIPAL COURT CASH BOND FUND – to account for the collection and payment of Court Cash Bonds held by the City pending the outcome of court cases.

MAYOR'S LUNCH – to account for collection and payment to caterers for lunch events with the Mayor organized and for the benefit of third parties.

STATE SALES TAX FUND – to account for the collection and payment to the State of Texas for sales tax collected.

UNCLAIMED PROPERTY FUND – to account for the collection and administration of unclaimed property in accordance with the Texas Property Code - Title 6.

VIA TICKET SALES – to account for the collection and payment for bus pass proceeds to VIA Metropolitan Transport.

Combining Statement of Fiduciary Net Position
Fire and Police Pension and Health Care Funds
As of September 30, 2013
(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	$ 57,764	$ 5,602	$ 63,366
Security Lending Collateral	118,106	3,013	121,119
Investments:			
Common Stock	1,054,452	28,352	1,082,804
U.S. Government Securities	70,968		70,968
Corporate Bonds	384,892		384,892
Mutual Funds		67,164	67,164
Hedge Funds	370,025	7,785	377,810
Real Estate	252,719	50,233	302,952
Alternative	282,329	113,550	395,879
Receivables:			
Accounts	12,665		12,665
Accrued Interest	5,073	37	5,110
Prepaid Expenses		93	93
Total Current Assets	2,608,993	275,829	2,884,822
Capital Assets:			
Machinery and Equipment	379		379
Buildings	551	150	701
Total Capital Assets	930	150	1,080
Less: Accumulated Depreciation	204	57	261
Net Capital Assets	726	93	819
Total Assets	$ 2,609,719	$ 275,922	$ 2,885,641
Liabilities:			
Vouchers Payable	$ 4,070	$ 76	$ 4,146
Accounts Payable - Other	22,652		22,652
Claims Payable		2,725	2,725
Accrued Payroll	213	35	248
Securities Lending Obligation	118,106	3,013	121,119
Total Liabilities	145,041	5,849	150,890
Net Position:			
Net Position Held in Trust for Pension, OPEB Benefits and Other Purposes	$ 2,464,678	$ 270,073	$ 2,734,751

Amounts are expressed in thousands

Combining Statement of Changes in Fiduciary Net Position
Fire and Police Pension and Health Care Funds
Year-Ended September 30, 2013
(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	$ 73,256	$ 25,281	$ 98,537
Employee	36,629	12,639	49,268
Other Contributions		1,078	1,078
Total Contributions	109,885	38,998	148,883
Investment Earnings:			
Net Increase in Fair Value of Investments	202,145	16,600	218,745
Real Estate Income, net	11,157		11,157
Interest and Dividends	46,928	3,490	50,418
Securities Lending	423	10	433
Other Income	248	17	265
Total Investment Earnings	260,901	20,117	281,018
Less: Investment Expenses			
Investment Management Fees and Custodian Fees	(12,661)	(528)	(13,189)
Less: Securities Lending Expenses			
Borrower Rebates and Lending Fees	(52)	(6)	(58)
Net Investment Earnings	248,188	19,583	267,771
Total Additions	358,073	58,581	416,654
Deductions:			
Benefits	118,428	22,431	140,859
Refunds of Contributions	254		254
Administrative Expenses	2,715	2,010	4,725
Total Deductions	121,397	24,441	145,838
Change in Net Position	236,676	34,140	270,816
Net Position - October 1	2,228,002	235,933	2,463,935
Net Position - September 30	$ 2,464,678	$ 270,073	$ 2,734,751

Amounts are expressed in thousands

Combining Balance Sheet
Agency Funds
As of September 30, 2013
(In Thousands)

	ASSETS					
	CASH AND CASH EQUIVALENTS	SECURITIES LENDING COLLATERAL	INVESTMENTS	ACCOUNTS RECEIVABLE	ACCRUED INTEREST	TOTAL ASSETS
Funds:						
Bexar County Hotel/Motel Tax Collections Fund	$ 1,065	$ 5	$ 192	$ 10	$ -	$ 1,272
Criminal Justice Planning Fund	3,722					3,722
Deposit Fund	4,491			195		4,686
Evidentiary Cash Fund	223	52	1,981		3	2,259
Lessees' Special Events Liability Insurance Func	20					20
Municipal Court Cash Bond Fund	150					150
Mayor's Lunch	1		2			3
State Sales Tax Fund	225			2		227
Unclaimed Property Fund	41	10	366		1	418
Total	$ 9,938	$ 67	$ 2,541	$ 207	$ 4	$ 12,757

	LIABILITIES		
	ACCOUNTS PAYABLE OTHER	SECURITIES LENDING OBLIGATION	TOTAL LIABILITIES
Funds:			
Bexar County Hotel/Motel Tax Collections Fund	$ 1,267	$ 5	$ 1,272
Criminal Justice Planning Fund	3,722		3,722
Deposit Fund	4,686		4,686
Evidentiary Cash Fund	2,207	52	2,259
Lessees' Special Events Liability Insurance Func	20		20
Municipal Court Cash Bond Fund	150		150
Mayor's Lunch	3		3
State Sales Tax Fund	227		227
Unclaimed Property Fund	408	10	418
Total	$ 12,690	$ 67	$ 12,757

Amounts are expressed in thousands

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

As of September 30, 2013

(In Thousands)

	BALANCE 10-01-2012	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2013
Bexar County Hotel/Motel Tax Collections Fund				
Assets:				
Cash and Cash Equivalents	$ 1,227	$ 30,737	$ 30,899	$ 1,065
Securities Lending Collateral	1	5	1	5
Investments	30	14,972	14,810	192
Receivables:				
Accounts	85	16,322	16,397	10
Total Assets	$ 1,343	$ 62,036	$ 62,107	$ 1,272
Liabilities:				
Vouchers Payable	$ -	$ 16,683	$ 16,683	$ -
Accounts Payable - Other	1,342	17,105	17,180	1,267
Securities Lending Obligation	1	5	1	5
Total Liabilities	$ 1,343	$ 33,793	$ 33,864	$ 1,272
Criminal Justice Planning Fund				
Assets:				
Cash and Cash Equivalents	$ 3,710	$ 13,641	$ 13,629	$ 3,722
Receivables:				
Accounts		3	3	
Total Assets	$ 3,710	$ 13,644	$ 13,632	$ 3,722
Liabilities:				
Vouchers Payable	$ 23	$ 35	$ 58	$ -
Accounts Payable - Other	3,687	23,688	23,653	3,722
Total Liabilities	$ 3,710	$ 23,723	$ 23,711	$ 3,722
CVB Housing Bureau				
Assets:				
Cash and Cash Equivalents	$ 7	$ 1	$ 8	$ -
Total Assets	$ 7	$ 1	$ 8	$ -
Liabilities:				
Accounts Payable - Other	$ 7	$ 1	$ 8	$ -
Total Liabilities	$ 7	$ 1	$ 8	$ -
Deposit Fund				
Assets:				
Cash and Cash Equivalents	$ 2,518	$ 3,424	$ 1,451	$ 4,491
Receivables:				
Accounts		1,563	1,368	195
Total Assets	$ 2,518	$ 4,987	$ 2,819	$ 4,686
Liabilities:				
Vouchers Payable	$ -	$ 40	$ 40	$ -
Accounts Payable - Other	2,518	713,709	711,541	4,686
Total Liabilities	$ 2,518	$ 713,749	$ 711,581	$ 4,686

(continued)

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

As of September 30, 2013

(In Thousands)

	BALANCE 10-01-2012	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2013
Evidentiary Cash Fund				
Assets:				
Cash and Cash Equivalents	$ 153	$ 2,583	$ 2,513	$ 223
Securities Lending Collateral	68	53	69	52
Investments	1,594	1,981	1,594	1,981
Receivables:				
Accrued Interest	2	6	5	3
Total Assets	$ 1,817	$ 4,623	$ 4,181	$ 2,259
Liabilities:				
Accounts Payable - Other	$ 1,749	$ 622	$ 164	$ 2,207
Securities Lending Obligation	68	53	69	52
Total Liabilities	$ 1,817	$ 675	$ 233	$ 2,259
Lessees' Special Event Liability Insurance				
Assets:				
Cash and Cash Equivalents	$ 22	$ 30	$ 32	$ 20
Receivables:				
Accounts		5	5	
Total Assets	$ 22	$ 35	$ 37	$ 20
Liabilities:				
Vouchers Payable	$ 1	$ 9	$ 10	$ -
Accounts Payable - Other	21	30	31	20
Total Liabilities	$ 22	$ 39	$ 41	$ 20
Municipal Court Cash Bond Fund				
Assets:				
Cash and Cash Equivalents	$ 306	$ 154	$ 310	$ 150
Total Assets	$ 306	$ 154	$ 310	$ 150
Liabilities:				
Accounts Payable - Other	$ 306	$ 369	$ 525	$ 150
Total Liabilities	$ 306	$ 369	$ 525	$ 150
Mayor's Lunch				
Assets:				
Cash and Cash Equivalents	$ -	$ 8	$ 7	$ 1
Investments	3	2	3	2
Total Assets	$ 3	$ 10	$ 10	$ 3
Liabilities:				
Vouchers Payable	$ -	$ 8	$ 8	$ -
Accounts Payable - Other	3	4	4	3
Total Liabilities	$ 3	$ 12	$ 12	$ 3

(continued)

CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

As of September 30, 2013

(In Thousands)

	BALANCE 10-01-2012	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2013
State Sales Tax Fund				
Assets:				
Cash and Cash Equivalents	$ 246	$ 10,105	$ 10,126	$ 225
Receivables:				
Accounts		29	27	2
Accrued Interest	4		4	
Total Assets	$ 250	$ 10,134	$ 10,157	$ 227
Liabilities:				
Accounts Payable - Other	$ 250	$ 10,117	$ 10,140	$ 227
Total Liabilities	$ 250	$ 10,117	$ 10,140	$ 227
Unclaimed Property Fund				
Assets:				
Cash and Cash Equivalents	$ 39	$ 506	$ 504	$ 41
Securities Lending Collateral	17	10	17	10
Investments	402	366	402	366
Receivables:				
Accounts		8	8	
Accrued Interest		2	1	1
Total Assets	$ 458	$ 892	$ 932	$ 418
Liabilities:				
Vouchers Payable	$ -	$ 39	$ 39	$ -
Accounts Payable - Other	441	25	58	408
Securities Lending Obligation	17	10	17	10
Total Liabilities	$ 458	$ 74	$ 114	$ 418
VIA Ticket Sales				
Assets:				
Cash and Cash Equivalents	$ 46	$ 6	$ 52	$ -
Receivables:				
Accounts	4	1	5	
Total Assets	$ 50	$ 7	$ 57	$ -
Liabilities:				
Vouchers Payable	$ -	$ 30	$ 30	$ -
Accounts Payable - Other	50	1	51	
Total Liabilities	$ 50	$ 31	$ 81	$ -
Total All Agency Funds				
Assets:				
Cash and Cash Equivalents	$ 8,274	$ 61,195	$ 59,531	$ 9,938
Securities Lending Collateral	86	68	87	67
Investments	2,029	17,321	16,809	2,541
Receivables:				
Accounts	89	17,931	17,813	207
Accrued Interest	6	8	10	4
Total Assets	$ 10,484	$ 96,523	$ 94,250	$ 12,757
Liabilities:				
Vouchers Payable	$ 24	$ 16,844	$ 16,868	$ -
Accounts Payable - Other	10,374	765,671	763,355	12,690
Securities Lending Obligation	86	68	87	67
Total Liabilities	$ 10,484	$ 782,583	$ 780,310	$ 12,757

(end of statement)

Amounts are expressed in thousands

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 – 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 – was established as a component unit of the City during the transition of BexarMet's operations into SAWS.

Combining Statement of Net Position
Nonmajor Discretely Presented Component Units
As of September 30, 2013

(In Thousands)

	BROOKS DEVELOPMENT AUTHORITY	PORT AUTHORITY OF SAN ANTONIO	SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION	SAWS DISTRICT SPECIAL PROJECT	TOTAL NONMAJOR COMPONENT UNITS
Assets:					
Current Assets:					
Unrestricted Assets:					
Cash and Cash Equivalents	$ 13,526	$ 17,090	$ 527	$ 20,747	$ 51,890
Receivables, Net	6,154	1,322	5,627	8,172	21,275
Materials and Supplies, at Cost	45				45
Due from Other Governmental Agencies	95	1,921			2,016
Prepaid Expenses	129		34,079	1,101	35,309
Other Assets		691			691
Total Unrestricted Assets	19,949	21,024	40,233	30,020	111,226
Restricted Assets:					
Debt Service Accounts:					
Cash and Cash Equivalents			14,908	5,615	20,523
Investments			11,073	268	11,341
Accrued Interest			97		97
Other Restricted Accounts:					
Cash and Cash Equivalents		1,154		2,141	3,295
Receivables			56,620		56,620
Deferred Charges			3,249		3,249
Total Restricted Assets		1,154	85,947	8,024	95,125
Total Current Assets	19,949	22,178	126,180	38,044	206,351
Noncurrent Assets:					
Capital Assets:					
Land	4,500	35,644		10,128	50,272
Infrastructure	18,074	42,801			60,875
Buildings	62,193	170,410			232,603
Utility in Plant Service				370,343	370,343
Machinery and Equipment	9,377	7,561			16,938
Construction in Progress	3,076	10,220		15,887	29,183
Total Capital Assets	97,220	266,636		396,358	760,214
Less: Accumulated Depreciation	38,822	83,713		122,297	244,832
Assets Held for Resale				5,009	5,009
Net Capital Assets	58,398	182,923		279,070	520,391
Other Noncurrent Assets:					
Receivables, Net		3,704		1,132	4,836
Prepaid Expenses		2,831	457,040		459,871
Other Noncurrent Assets		3,085		19,200	22,285
Total Other Noncurrent Assets		9,620	457,040	20,332	486,992
Total Noncurrent Assets	58,398	192,543	457,040	299,402	1,007,383
Total Assets	78,347	214,721	583,220	337,446	1,213,734
Deferred Outflows of Resources					
Derivative Instrument	2,594				2,594
Liabilities:					
Current Liabilities:					
Payable from Current Unrestricted Assets:					
Accounts Payable and Other Current Liabilities	1,791	4,051		8,786	14,628
Unearned Revenues	500	6,445			6,945
Due to Other Governmental Agencies		5			5
Current Portion of Long-term Lease/Notes Payable	1,349	3,802			5,151
Current Portion of Other Payables	160				160
Total Payable from Current Unrestricted Assets	3,800	14,303		8,786	26,889
Payable from Restricted Assets:					
Accrued Bonds Interest		375	14,788	1,424	16,587
Current Portion of Bonds and Certificates		1,095	24,325	6,285	31,705
Other Payables				1,044	1,044
Total Payable from Current Restricted Assets		1,470	39,113	8,753	49,336
Total Current Liabilities	3,800	15,773	39,113	17,539	76,225
Noncurrent Liabilities:					
Bonds and Certificates Payable (net of current portion)		28,975	544,107	232,589	805,671
Unamortized Premium/(Discount) on Bonds		(97)			(97)
Long-term Lease/Notes Payable (net of current portion)	18,072	31,912			49,984
Other Payables (net of current portion)	6,916	375		304	7,595
Total Noncurrent Liabilities	24,988	61,165	544,107	232,893	863,153
Total Liabilities	28,788	76,938	583,220	250,432	939,378
Net Position:					
Net Investment in Capital Assets	39,314	116,861		50,202	206,377
Restricted for:					
Debt Service		915		9,335	10,250
Capital Projects		2,790		10,352	13,142
Operating and Other Reserves				1,185	1,185
Unrestricted	12,839	17,217		15,940	45,996
Total Net Position	$ 52,153	$ 137,783	$ -	$ 87,014	$ 276,950

Amounts are expressed in thousands

Combining Statement of Activities

Nonmajor Discretely Presented Component Units

Year-Ended September 30, 2013

(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	TOTAL NONMAJOR COMPONENT UNITS
Brooks Development Authority									
Economic Development and Opportunity	$ 35,680	$ 7,531	$ 133	$ -	$ (28,016)	$ -	$ -	$ -	$ (28,016)
Port Authority of San Antonio									
Economic Development and Opportunity	41,268	42,554				1,286			1,286
SA Energy Acquisition Corporation									
General Government	54,170	53,223					(947)		(947)
SAWS District Special Project									
Public Works	66,705	66,618		4,389				4,302	4,302
Total	$ 197,823	$ 169,926	$ 133	$ 4,389	(28,016)	1,286	(947)	4,302	(23,375)
General Revenues:									
Investment Earnings					947	331	947	485	2,710
Miscellaneous					5,466	204			5,670
Total General Revenues					6,413	535	947	485	8,380
Change in Net Position					(21,603)	1,821		4,787	(14,995)
Net Position - Beginning of Fiscal Year (Restated)					73,756	135,962		82,227	291,945
Net Position - End of Fiscal Year					$ 52,153	$ 137,783	$ -	$ 87,014	$ 276,950

Amounts are expressed in thousands

Capital Assets Used in the Operation of Governmental Funds

Capital Assets Used in the Operation of Governmental Funds

Schedule of Capital Assets by Source[1]

As of September 30, 2013

(In Thousands)

		2013
Governmental Funds Capital Assets:		
Land	$	1,404,873
Other Non-Depreciable Assets		2,548
Non-Depreciable Intangible Assets		97,847
Depreciable Intangible Assets		3,833
Buildings		856,880
Improvements		667,531
Infrastructures		2,715,313
Machinery and Equipment		295,334
Construction in Progress		308,352
Total Governmental Funds Capital Assets	$	6,352,511
Investment in Governmental Funds Capital Assets by Source:		
Current Revenue	$	2,322,064
General Obligation Bonds, Certificates of Obligation, and Notes		3,384,109
Special Revenue Bonds		15
Federal and State Grants		602,710
Special Assessments		1,008
Trusts		5,980
Our SA		382
Municipal Golf Association - SA		6,944
Housing Trust Foundation		62
Private Citizens' Contribution		24,695
San Antonio Fair, Inc.		4,542
Total Investment in Governmental Funds Capital Assets by Source	$	6,352,511

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

Capital Assets Used in the Operation of Governmental Funds

Schedule of Capital Assets by Function and Activity[1]

As of September 30, 2013

(In Thousands)

	LAND	OTHER NON-DEPRECIABLE ASSETS	NON-DEPRECIABLE INTANGIBLE ASSETS	DEPRECIABLE INTANGIBLE ASSETS	BUILDINGS	IMPROVEMENTS	INFRA-STRUCTURE	MACHINERY AND EQUIPMENT	TOTAL
General Government:									
Legislative	$ 254	$ -	$ -	$ -	$ -	$ -	$ -	$ 313	$ 567
Judicial				1,004	19,091			511	20,606
Executive	609				2,592			32,070	35,271
Administration	128,955		12,556	2,154	49,346	49,396	164,682	130,372	537,461
Total General Government	129,818		12,556	3,158	71,029	49,396	164,682	163,266	593,905
Public Safety:									
Police	1,908				39,851	9,667		48,971	100,397
Fire	6,004				86,630	8,040		42,917	143,591
Building Inspection and Regulations					14,909			7	14,916
Administration					23,892			55	23,947
Other Protection	4,258				337			3,966	8,561
Total Public Safety	12,170				165,619	17,707		95,916	291,412
Public Works	35,101	2,166	2,720		123,517	346,038	2,517,972	8,946	3,036,460
Health Services	1,431			469	25,618	2,259		5,124	34,901
Convention and Tourism				206	200,118	47,850		7,143	255,317
Sanitation	3,558				891			435	4,884
Welfare	4,284				22,066	6,284		2,008	34,642
Culture and Recreation:									
Libraries	1,467				60,165	17,005	765	1,356	80,758
Parks	1,153,717		82,571		38,369	169,450	18,699	7,061	1,469,867
Total Culture and Recreation	1,155,184		82,571		98,534	186,455	19,464	8,417	1,550,625
Urban Redevelopment and Housing	21,498	382			141,553	8,969	13,195	3,629	189,226
Education	911							270	1,181
Economic Development and Opportunity	40,918				7,935	2,573		180	51,606
Total Capital Assets Allocated to Functions	$ 1,404,873	$ 2,548	$ 97,847	$ 3,833	$ 856,880	$ 667,531	$ 2,715,313	$ 295,334	$ 6,044,159
Construction in Progress									308,352
Total Governmental Funds Capital Assets									$ 6,352,511

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes in Capital Assets by Function and Activity[1]

As of September 30, 2013

(In Thousands)

	GOVERNMENTAL FUNDS 10-01-2012 (RESTATED)[2]	ADDITIONS	DEDUCTIONS	GOVERNMENTAL FUNDS CAPITAL ASSETS 09-30-2013
Function and Activity:				
General Government:				
Legislative	$ 393	$ 174	$ -	$ 567
Judicial	20,624	27	45	20,606
Executive	35,271			35,271
Administration	531,172	7,020	731	537,461
Total General Government	587,460	7,221	776	593,905
Public Safety:				
Police	100,580	245	428	100,397
Fire	129,806	14,050	265	143,591
Building Inspection and Regulations	14,916			14,916
Administration	23,947			23,947
Other Protection	8,561			8,561
Total Public Safety	277,810	14,295	693	291,412
Public Works	2,925,256	111,357	153	3,036,460
Health Services	34,872	41	12	34,901
Convention and Tourism	244,672	10,645		255,317
Sanitation	4,884			4,884
Welfare	32,311	2,397	66	34,642
Culture and Recreation:				
Libraries	72,884	7,874		80,758
Parks	1,436,755	34,926	1,814	1,469,867
Total Culture and Recreation	1,509,639	42,800	1,814	1,550,625
Urban Redevelopment and Housing	189,244		18	189,226
Education		1,181		1,181
Economic Development and Opportunity	51,670	6	70	51,606
Construction in Progress	286,687	89,488	67,823	308,352
Total Governmental Funds Capital Assets	$ 6,144,505	$ 278,250	$ 71,425	$ 6,352,511

[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] Due to the implementation of GASB 61 the Library Foundation will no longer be considered a component unit of the City, therefore the City's CAFR will not include these financials. However MGA-SA, Our SA, and HTF are now considered blended component units and their capital assets are included in the above amounts.

Statistical Section

Statistical Section (Unaudited)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 54 in fiscal year 2011; schedules presenting fund balance information as required by GASB Statement No. 54 began in that year.

FINANCIAL TRENDS – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY – These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales and use taxes.

DEBT CAPACITY – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

OPERATING INFORMATION – These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Statistical Data
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2004	2005	2006 (Restated)	2007 (Restated)	2008	2009	2010 [1] (Restated)	2011 (Restated)	2012 (Restated)	2013 [2] (Restated)
Governmental Activities:										
Net Investment in Capital Assets	$ 2,118,418	$ 2,042,288	$ 1,984,942	$ 2,024,576	$ 2,092,623	$ 2,200,616	$ 2,238,834	$ 2,364,212	$ 2,325,170	$ 2,304,579
Restricted	89,867	101,253	105,024	120,591	122,537	128,727	124,300	126,142	104,158	72,643
Unrestricted	99,659	133,052	181,484	184,154	162,997	168,054	162,135	63,069	78,783	72,932
Total Governmental Activities, net position	$ 2,307,944	$ 2,276,593	$ 2,271,450	$ 2,329,321	$ 2,378,157	$ 2,497,397	$ 2,525,269	$ 2,553,423	$ 2,508,111	$ 2,450,154
Business-Type Activities:										
Net Investment in Capital Assets	$ 197,929	$ 212,715	$ 216,459	$ 201,846	$ 208,894	$ 260,679	$ 273,344	$ 273,108	$ 270,500	$ 292,278
Restricted	23,720	26,636	27,700	61,559	76,178	66,099	78,558	90,532	104,990	91,418
Unrestricted	5,971	1,719	7,240	23,010	31,247	2,976	556	15,320	9,851	18,088
Total Business-Type Activities, net position	$ 227,620	$ 241,070	$ 251,399	$ 286,415	$ 316,319	$ 329,754	$ 352,458	$ 378,960	$ 385,341	$ 401,784
Primary Government:										
Net Investment in Capital Assets	$ 2,316,347	$ 2,255,003	$ 2,201,401	$ 2,226,422	$ 2,301,517	$ 2,461,295	$ 2,512,178	$ 2,637,320	$ 2,595,670	$ 2,596,857
Restricted	113,587	127,889	132,724	182,150	198,715	194,826	202,858	216,674	209,148	164,061
Unrestricted	105,630	134,771	188,724	207,164	194,244	171,030	162,691	78,389	88,634	91,020
Total Primary Government, net position	$ 2,535,564	$ 2,517,663	$ 2,522,849	$ 2,615,736	$ 2,694,476	$ 2,827,151	$ 2,877,727	$ 2,932,383	$ 2,893,452	$ 2,851,938

[1] Net Position were restated as implementing GASB Statement No. 54 resulted in the reclassification of fund types between governmental, business-type and fiduciary.
[2] Net Position were restated as implementing GASB Statement No. 61 resulted in the reclassification of reporting between discretely presented and blended component units.

CITY OF SAN ANTONIO, TEXAS

Statistical Data

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(In Thousands)

	2004	2005	2006 (Restated)	2007 (Restated)	2008	2009	2010 [1] (Restated)	2011 (Restated)	2012	2013 [2,3] (Restated)
Expenses:										
Governmental Activities:										
General Government	$ 63,610	$ 80,018	$ 83,719	$ 118,881	$ 109,850	$ 92,415	$ 114,591	$ 103,617	$ 140,761	$ 127,697
Public Safety	428,607	428,582	424,058	456,375	529,762	497,274	545,359	607,532	613,975	684,547
Public Works	116,629	149,476	226,849	143,172	220,267	212,256	221,612	239,195	252,804	257,395
Sanitation	2,787	2,731	3,112	2,878	3,000	3,953	8,385	20,015	14,382	13,250
Health Services	82,233	89,011	87,283	91,432	90,443	92,351	104,667	101,995	101,293	38,250
Environmental Protection and Control	36									
Culture and Recreation	80,051	84,555	90,337	128,450	142,537	145,386	143,122	147,591	153,642	161,280
Convention and Tourism	50,100	48,364	126,802	155,285	69,734	42,512	26,437	28,735	31,892	29,674
Conservation		2	146							
Urban Redevelopment and Housing	23,981	29,764	21,766	20,575	39,700	45,533	26,486	13,570	13,252	9,111
Welfare	116,701	131,840	134,554	153,704	168,585	162,956	177,819	185,600	157,678	162,015
Education										6,381
Economic Development and Opportunity	21,277	60,461	12,159	19,167	22,479	23,260	104,964	90,258	115,253	117,362
Commercial Paper Fees										
Interest on Long-term Debt, Net	55,855	70,655	65,960	48,114	71,103	75,108	70,945	87,792	85,073	115,016
Total Governmental Activities Expenses	1,041,867	1,175,459	1,276,745	1,338,033	1,467,460	1,393,004	1,544,387	1,625,900	1,680,005	1,721,978
Business-Type Activities:										
Airport System	49,427	46,868	78,083	64,482	80,505	81,229	83,109	105,708	118,560	102,041
Development Services							19,570	20,195	23,327	24,437
Market Square							251	2,215	2,297	2,135
Parking System	6,264	8,413	9,234	8,525	10,382	8,984	9,135	8,703	8,117	8,214
Solid Waste Management	51,227	54,703	61,318	68,072	82,002	88,900	85,058	82,128	89,405	93,056
Total Business-Type Activities Expenses	106,918	109,984	148,635	141,079	172,889	179,113	197,123	218,949	241,706	229,883
Total Primary Government Expenses	$ 1,148,785	$ 1,285,443	$ 1,425,380	$ 1,479,112	$ 1,640,349	$ 1,572,117	$ 1,741,510	$ 1,844,849	$ 1,921,711	$ 1,951,861
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	$ 57,203	$ 57,660	$ 62,286	$ 45,307	$ 45,757	$ 29,323	$ 21,176	$ 27,853	$ 22,245	$ 27,951
Public Safety	7,172	7,861	9,046	9,059	9,536	9,026	10,350	9,882	12,190	12,278
Public Works	28,271	34,201	36,969	39,090	46,970	50,266	53,723	43,267	43,164	44,706
Sanitation				268	5		397	407	509	365
Health Services	17,924	10,252	15,852	24,401	22,792	26,518	31,595	33,815	30,940	30,356
Culture and Recreation	9,411	19,583	18,947	26,277	40,549	34,483	33,791	33,037	34,483	46,707
Convention and Tourism	13,268	14,740	19,640	19,067	1,278	1,308	1,262			
Urban Redevelopment and Housing	217		126	1	2	22,949	388	400	634	584
Welfare		327	341	19	192	122	72	52	15	2
Economic Development and Opportunity	243	2,485	2,562	1,971	2,026	2,141	2,582	2,631	5,025	90
Operating Grants and Contributions	168,120	198,185	179,917	186,381	198,736	206,356	256,214	267,524	211,290	202,932
Capital Grants and Contributions	16,614	8,256	29,050	57,891	49,577	81,114	98,362	137,892	149,713	145,199
Total Governmental Activities Program Revenues	318,443	353,550	374,736	409,732	417,420	463,606	509,912	556,760	510,208	511,170
Business-Type Activities:										
Charges for Services:										
Airport System	43,701	45,791	50,058	53,115	63,944	61,764	63,524	82,901	84,395	80,635
Development Services							20,336	21,629	23,392	24,813
Market Square							138	2,211	2,316	2,477
Parking System	9,647	10,325	10,276	10,236	10,988	9,143	9,287	8,588	8,630	8,654
Solid Waste Management	50,391	51,753	60,090	70,080	81,988	81,263	87,888	90,067	93,333	92,871
Capital Grants and Contributions	27	2,223	18,079	23,188	36,987	31,115	40,156	40,237	34,765	39,580
Total Business-Type Activities Program Revenues	103,766	110,092	138,503	156,619	193,907	183,285	221,329	245,633	246,831	249,030
Total Primary Government Program Revenues	$ 422,209	$ 463,642	$ 513,239	$ 566,351	$ 611,327	$ 646,891	$ 731,241	$ 802,393	$ 757,039	$ 760,200

[1] Activities were restated as implementing GASB Statement No. 54 resulted in the reclassification of fund types between governmental, business-type and fiduciary.

[2] Net Position were restated as implementing GASB Statement No. 61 resulted in the reclassification of reporting between discretely presented and blended component units.

[3] EMS was reclassed from Health Services to Public Safety

Amounts are expressed in thousands

Statistical Data
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	2004	2005	2006 (Restated)	2007 (Restated)	2008	2009	2010 [1] (Restated)	2011 (Restated)	2012	2013 [2] (Restated)
Net (Expense) Revenue:										
Governmental Activities	$ (723,424)	$ (821,909)	$ (902,009)	$ (928,301)	$ (1,050,040)	$ (929,398)	$ (1,034,475)	$ (1,069,140)	$ (1,169,797)	$ (1,210,808)
Business-Type Activities	(3,152)	108	(10,132)	15,540	21,018	4,172	24,206	26,684	5,125	19,147
Total Primary Government Net Expense	$ (726,576)	$ (821,801)	$ (912,141)	$ (912,761)	$ (1,029,022)	$ (925,226)	$ (1,010,269)	$ (1,042,456)	$ (1,164,672)	$ (1,191,661)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property Taxes	$ 257,514	$ 269,138	$ 276,728	$ 326,342	$ 379,457	$ 407,183	$ 406,579	$ 396,847	$ 395,944	$ 402,619
General Sales and Use Taxes	162,383	167,332	210,141	224,480	232,348	221,746	223,475	236,819	259,927	287,944
Selective Sales and Use Taxes	4,189	4,473	4,932	5,308	5,712	5,741	5,921	5,879	5,200	5,799
Gross Receipts Business Taxes	22,787	26,274	30,415	30,236	31,705	33,396	35,913	34,341	33,625	33,745
Occupancy Taxes	46,343	51,726	58,678	63,878	68,414	58,800	59,734	62,968	67,937	72,770
Penalties and Interest on Delinquent Taxes	2,998	3,434	3,851	4,088	3,797	3,784	3,885	3,797	3,554	3,302
Revenues from Utilities	196,793	222,162	256,541	257,687	304,545	275,993	293,091	308,838	299,693	307,687
Investment Earnings	7,189	19,931	38,386	54,027	39,463	17,500	6,954	6,184	5,005	5,192
Miscellaneous	28,542	22,431	16,173	26,530	30,299	24,017	24,039	40,217	53,990	35,500
Gain on Sale of Capital Assets	611	1,507								
Special Items					8,320					
Capital Contributions	1,585									
Transfers, net	2,443	2,150	1,021	(6,404)	(5,184)	498	5,429	1,404	1,156	(2,871)
Total Governmental Activities	733,377	790,558	896,866	986,172	1,098,876	1,048,658	1,065,020	1,097,294	1,126,031	1,151,687
Business-Type Activities:										
Investment Earnings	2,046	5,434	10,023	11,099	12,010	4,769	823	772	827	1,026
Miscellaneous	10,378	9,962	589	1,973	12	464	1,547	450	1,585	621
Gain on Sale of Capital Assets		96								
Special Items			10,870		(8,320)	4,528				
Transfers, net	(2,443)	(2,150)	(1,021)	6,404	5,184	(498)	(5,429)	(1,404)	(1,156)	(4,351)
Total Business-Type Activities	9,981	13,342	20,461	19,476	8,886	9,263	(3,059)	(182)	1,256	(2,704)
Total Primary Government	$ 743,358	$ 803,900	$ 917,327	$ 1,005,648	$ 1,107,762	$ 1,057,921	$ 1,061,961	$ 1,097,112	$ 1,127,287	$ 1,148,983
Change in Net Position:										
Governmental Activities	$ 9,953	$ (31,351)	$ (5,143)	$ 57,871	$ 48,836	$ 119,260	$ 30,545	$ 28,154	$ (43,766)	$ (59,121)
Business-Type Activities	6,829	13,450	10,329	35,016	29,904	13,435	21,147	26,502	6,381	16,443
Total Primary Government	$ 16,782	$ (17,901)	$ 5,186	$ 92,887	$ 78,740	$ 132,695	$ 51,692	$ 54,656	$ (37,385)	$ (42,678)

[1] Net Assets and Activities were restated as implementing GASB Statement No. 54 resulted in the reclassification of fund types between governmental, business-type and fiduciary.
[2] Net Position were restated as implementing GASB Statement No. 61 resulted in the reclassification of reporting between discretely presented and blended component units.

Amounts are expressed in thousands

Statistical Data
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2004	2005	2006 (Restated)	2007 (Restated)	2008	2009	2010	2011 [1] (Restated)	2012	2013 [2] (Restated)
General Fund:										
Reserved	$ 8,100	$ 10,923	$ 11,866	$ 16,730	$ 14,773	$ 16,100	$ 30,526			
Unreserved	90,410	108,490	149,610	143,567	190,775	190,407	199,110			
Total General Fund	$ 98,510	$ 119,413	$ 161,476	$ 160,297	$ 205,548	$ 206,507	$ 229,636			
All Other Governmental Funds:										
Reserved	$ 210,636	$ 188,745	$ 263,230	$ 280,443	$ 411,023	$ 377,536	$ 421,620			
Unreserved, reported in:										
Special Revenue	69,593	91,729	1,928	3,003	3,487	2,734	4,183			
Permanent	12,899	12,947	3,102	4,756	5,018	4,649	4,802			
Capital Project	145,090	361,120	238,946							
Unrestricted			176,631	380,823	279,624	354,906	298,480			
Total All Other Governmental Funds	$ 438,218	$ 654,541	$ 683,837	$ 669,025	$ 699,152	$ 739,825	$ 729,085			
General Fund:										
Nonspendable								$ 4,939	$ 5,800	$ 6,238
Restricted								1,107	1,003	718
Committed								48,540	47,035	39,603
Assigned								7,413	4,143	3,230
Unassigned								170,693	158,532	135,375
Total General Fund								$ 232,692	$ 216,513	$ 185,164
All Other Governmental Funds:										
Nonspendable								$ 4,416	$ 5,235	$ 4,943
Restricted								686,530	665,530	946,189
Committed								67,281	77,204	85,060
Assigned								13,237	12,330	19,866
Unassigned								(74,796)	(38,916)	(30,699)
Total All Other Governmental Funds								$ 696,668	$ 721,383	$ 1,025,359

[1] The City implemented GASB Statement No. 54 in fiscal year 2011 resulting in different fund balance classifications than in prior years.

[2] Net Position were restated as implementing GASB Statement No. 61 resulted in the reclassification of reporting between discretely presented and blended component units.

Amounts are expressed in thousands

Statistical Data
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013[2]
Revenues:										
Taxes	$ 500,494	$ 524,720	$ 597,379	$ 653,427	$ 718,860	$ 729,808	$ 733,694	$ 740,039	$ 766,903	$ 808,185
Licenses and Permits	17,026	20,716	19,765	6,927	7,756	7,090	7,769	8,680	8,469	8,343
Intergovernmental	181,717	190,251	192,285	202,667	221,943	229,476	269,315	306,813	245,030	230,356
Revenues from Utilities	196,405	221,775	256,368	257,687	304,158	275,605	292,726	308,451	299,306	307,300
Charges for Services	93,809	107,264	120,541	136,950	148,981	143,526	144,293	117,607	122,229	131,220
Fines and Forfeits	11,713	12,025	10,948	15,114	12,249	13,111	11,506	14,124	14,807	13,925
Miscellaneous	34,326	26,848	27,305	24,498	29,471	30,631	34,393	40,626	43,989	35,308
Contributions			19,871	29,744	15,053	30,359	83,541	104,709	123,020	128,012
In-Kind Contributions[1]	10,407	24,872	15,617	13,786	16,222	13,273				
Investment Earnings	6,896	18,544	35,830	50,050	35,412	15,696	6,383	5,515	4,354	4,232
Total Revenues	1,052,793	1,147,015	1,295,909	1,390,850	1,510,105	1,488,575	1,583,620	1,646,564	1,628,107	1,666,881
Expenditures:										
General Government	59,601	69,332	80,672	114,968	117,853	85,651	92,054	93,797	105,291	94,973
Public Safety	391,950	419,634	440,231	450,664	472,904	501,560	522,982	553,324	571,221	659,949
Public Works	65,205	85,940	119,697	101,433	121,023	103,127	114,327	93,975	88,697	92,498
Health Services	79,843	88,533	86,258	92,350	90,086	90,615	96,342	102,723	100,061	36,625
Sanitation	57,491	63,116	70,509	2,824	4,372	3,764	8,596	20,020	14,590	13,190
Welfare	115,614	131,012	137,711	153,877	166,263	162,411	176,961	184,942	156,105	159,528
Culture and Recreation	74,343	79,586	87,136	85,522	132,750	127,830	123,202	132,801	132,596	146,270
Convention and Tourism	48,188	48,315	87,509	60,288	20,053	20,930	21,240	20,043	20,158	18,939
Conservation		2								
Urban Redevelopment and Housing	23,904	25,557	17,538	14,028	20,008	43,700	41,686	13,298	15,902	9,214
Education										3,500
Economic Development and Opportunity	20,234	16,337	11,678	24,821	14,637	20,307	106,645	23,951	114,927	116,838
Capital Outlay	130,981	146,850	115,229	345,047	319,663	313,944	287,722	411,270	301,381	291,038
Debt Service:										
Principal Retirement	72,410	57,581	61,865	81,835	99,385	113,316	152,605	140,975	117,265	117,595
Interest	52,558	60,202	71,848	57,190	77,271	79,723	75,614	83,981	87,327	102,965
Bond Escrow Agent			5							
Arbitrage Expenditure				42						
Issuance Costs	2,061	1,027	429	3,557	2,467	1,630	3,518	1,626	1,732	6,465
Total Expenditures	1,194,383	1,293,024	1,388,315	1,588,446	1,658,735	1,668,508	1,823,494	1,876,726	1,827,253	1,869,587
(Deficiency) of Revenues (Under) Expenditures	(141,590)	(146,009)	(92,406)	(197,596)	(148,630)	(179,933)	(239,874)	(230,162)	(199,146)	(202,706)
Other Financing Sources (Uses):										
Issuance of Long-Term Debt	186,591	192,329	70,690	382,060	381,745	205,485	413,180	176,635	218,985	793,671
Payments to Refunded Bond Escrow Agent	(99,526)	(93,163)	(34,927)	(210,643)	(170,737)		(185,508)		(37,892)	(356,969)
Issuance of Notes and Loans		210,607	63,218	10,966	2,799	1,768		14,716		
Issuance of Commercial Paper				4,000	6,500	15,305				
Premium/(Discount) on Long-Term Debt	9,488	12,904	2,251	7,139	12,014	3,034	27,680	15,182	30,617	43,246
Release of Enterprise Fund Obligations					9,645					
Debt Transfer to Enterprise Fund					(11,045)					
Transfers In	181,557	159,821	228,041	335,090	341,227	411,807	361,508	336,070	368,586	694,459
Transfers Out	(181,123)	(160,611)	(231,290)	(350,275)	(348,140)	(415,809)	(364,600)	(340,516)	(369,827)	(698,979)
Total Other Financing Sources (Uses)	96,987	321,887	97,983	178,337	224,008	221,590	252,260	202,087	210,469	475,428
Net Change in Fund Balances	$ (44,603)	$ 175,878	$ 5,577	$ (19,259)	$ 75,378	$ 41,657	$ 12,386	$ (28,075)	$ 11,323	$ 272,722
Debt Service as a Percentage of Noncapital Expenditures	11.9%	10.4%	10.5%	11.5%	13.4%	14.4%	15.1%	15.5%	13.5%	14.4%

[1] In-Kind Contributions was combined under Contributions in fiscal year 2010

[2] EMS was reclassed from Health Services to Public Safety

Amounts are expressed in thousands

Statistical Data
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

Fiscal Year	Property [1]	Sales and Use [2]	Hotel/Motel Occupancy	Alcoholic Beverage Tax	Business Tax	Penalties and Interest and Judgments	Total
2004	$ 258,261	$ 162,383	$ 46,343	$ 4,189	$ 26,550	$ 2,713	$ 500,439
2005	271,490	167,332	51,717	4,473	26,274	3,434	524,720
2006	289,348	210,141	58,672	4,932	30,823	3,464	597,380
2007	325,811	224,480	63,892	5,308	30,236	3,701	653,428
2008	376,884	232,348	68,414	5,712	31,705	3,797	718,860
2009	406,341	221,746	58,800	5,741	33,396	3,784	729,808
2010	404,766	223,475	59,734	5,921	35,913	3,885	733,694
2011	396,235	236,819	62,968	5,879	34,341	3,797	740,039
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
Change:							
2004-2013	56.7%	77.3%	57.0%	38.4%	27.1%	21.7%	61.5%

[1] The City had maintained the property tax rate at a current tax rate from 2002 to 2007, and was able to reduce the property tax rate in 2008 because of growth in property tax values (see Assessed Value and Actual Value of Taxable Property).

[2] Sales and Use tax revenues increased in the past ten years, with the exception of 2009 and 2010, due to a combination of rate increases (see Direct and Overlapping Sales and Use Tax Rates), growth in taxable retail sales (see Taxable Sales by Category), and several legislative measures to broaden the sales and use tax base.

Statistical Data

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(In Thousands)

Fiscal Year Ended	Residential Property	Commercial Property	Industrial Property	Other Property	Less: Tax-Exempt Property [1]	Net Taxable Assessed Value	Total Direct Tax Rate
2004	$ 26,981,363	$ 18,327,001	$ 1,516,160	$ 2,898,762	$ 5,140,147	$ 44,583,139	0.58
2005	28,522,603	19,030,656	1,509,281	2,761,668	5,342,234	46,481,974	0.58
2006	30,761,632	20,736,858	1,654,272	3,598,145	6,881,952	49,868,955	0.58
2007	35,144,958	23,195,079	1,728,928	4,964,661	8,265,925	56,767,701	0.58
2008	40,002,580	27,919,043	2,751,798	5,792,563	10,511,117	65,954,867	0.57
2009	42,379,588	30,763,686	2,735,402	7,973,642	11,311,176	72,541,142	0.57
2010	41,874,227	32,060,323	2,515,645	8,031,416	11,738,392	72,743,219	0.57
2011	41,545,063	30,853,443	2,363,174	7,974,502	11,728,635	71,007,547 [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

Source: Bexar Appraisal District

[1] Tax-exempt property deductions include deductions of residential homestead exemptions and exemptions granted to persons 65 years of age and older and disabled veterans. In addition, other exemptions include historic properties, tax phase-ins, freeport, and transitional housing.

[2] Net Taxable Assessed Value decreased in 2011 and 2012 due to a reduction in base values.

Statistical Data

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per $100 of assessed value)

		City Direct Rates			Overlapping Rates					
Fiscal Year	Tax Roll	General Fund	Debt Service Funds	Total Direct	Alamo Community College	Bexar County	University Health System	San Antonio River Authority	Alamo Heights ISD	East Central ISD
2004	2003	0.367040	0.211500	0.578540	0.107050	0.320952	0.243869	0.016425	1.629600	1.680000
2005	2004	0.367040	0.211500	0.578540	0.107050	0.318471	0.243869	0.016425	1.629600	1.680000
2006	2005	0.367040	0.211500	0.578540	0.107050	0.318471	0.243869	0.016425	1.656600	1.680000
2007	2006	0.367040	0.211500	0.578540	0.137050	0.314147	0.243869	0.016425	1.486600	1.520000
2008	2007	0.360800	0.211500	0.572300	0.134550	0.326866	0.237408	0.015951	1.156600	1.190000
2009	2008	0.355640	0.211500	0.567140	0.135855	0.326866	0.266235	0.015951	1.162000	1.319500
2010	2009	0.354190	0.211500	0.565690	0.135855	0.326866	0.276235	0.015951	1.168000	1.319500
2011	2010	0.354190	0.211500	0.565690	0.141623	0.326866	0.276235	0.016652	1.198000	1.296000
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

		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
2004	2003	1.627300	1.756000	1.776000	1.744000	1.762500	1.722000	1.685000	1.717590	1.720000	1.665200
2005	2004	1.734500	1.756000	1.776000	1.794000	1.762500	1.722000	1.685000	1.738300	1.720000	1.642200
2006	2005	1.722200	1.756000	1.776000	1.794000	1.775000	1.720000	1.685000	1.840000	1.720000	1.618800
2007	2006	1.610000	1.700000	1.636000	1.669000	1.592500	1.579700	1.536700	1.710000	1.690000	1.496000
2008	2007	1.405000	1.349000	1.410000	1.402900	1.262500	1.249700	1.194000	1.445000	1.360000	1.195000
2009	2008	1.405000	1.479000	1.463000	1.402900	1.337500	1.249700	1.228000	1.433800	1.368990	1.243200
2010	2009	1.420000	1.604800	1.463000	1.402900	1.365500	1.279700	1.289000	1.454900	1.368990	1.256100
2011	2010	1.407000	1.544400	1.430000	1.402900	1.375500	1.307600	1.278000	1.454900	1.368990	1.222600
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

Source: Bexar County Tax Office, Bexar Appraisal District, and Independent School Districts

Statistical Data
Principal Property Taxpayers
Current Year and Nine Years Ago
(In Thousands)

	2013			2004		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
H.E.Butt Grocery Stores	$ 800,582	1	1.11%	$ 535,580	1	1.20%
Toyota Motor Manufacturing Texas	430,975	2	0.60%			
Methodist Healthcare System	381,180	3	0.53%	166,171	6	0.37%
VHS San Antonio Partners LP	373,701	4	0.52%			
Wal-Mart Stores, Inc.	344,485	5	0.48%	221,621	4	0.50%
United Services Automobile Association	312,636	7	0.44%	334,846	3	0.75%
Hyatt Regency Hotels	306,888	6	0.43%	109,578	9	0.25%
Mariott Corporation	244,869	8	0.34%	185,486	5	0.42%
La Cantera Retail LTD Partnership	230,609	9	0.32%			
AT&T (previously Southwestern Bell Telephone Company)	217,467	10	0.30%	450,248	2	1.01%
Time Warner				118,125	7	0.26%
Simon Properties Group (Texas)				108,065	10	0.24%
North Star Mall				109,891	8	0.25%
Total	$ 3,643,392		5.07%	$ 2,339,611		5.25%

Source: City of San Antonio

Amounts are expressed in thousands

Statistical Data

Property Tax Levies and Collections

Last Ten Fiscal Years

(In Thousands)

Fiscal Year Ended	Taxes Levied for the Fiscal Year [1]	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years [2 3]	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	$ 257,931	$ 252,683	97.97%	$ 3,724	$ 256,407	99.41%
2005	268,917	264,393	98.32%	3,649	268,042	99.67%
2006	288,512	283,418	98.23%	3,919	287,337	99.59%
2007	326,326	321,211	98.43%	3,740	324,951	99.58%
2008	372,823	366,888	98.41%	3,684	370,572	99.40%
2009	405,010	398,119	98.30%	3,217	401,336	99.09%
2010	405,896	397,356	97.90%	2,893	400,249	98.61%
2011	396,621	389,419	96.95%	3,133	392,552	98.97%
2012	395,466	389,217	98.42%	2,410	391,627	99.03%
2013	400,171	394,756	98.65%		394,756	98.65%

[1] Taxes levied, less the over-65 and disabled tax freeze amount.

[2] Penalty, judgments, and interest on judgments are excluded.

[3] Amounts represent the taxes levied during that fiscal year-end that were collected in subsequent fiscal years.

Statistical Data
Taxable Sales by Category
Last Ten Calendar Years
(In Thousands)

	Calendar Year [1]									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Motor Vehicle and Parts Dealers	$ 3,526,260	$ 3,682,539	$ 4,530,840	$ 4,279,474	$ 4,741,297	$ 4,255,879	$ 3,748,520	$ 4,433,993	$ 4,992,543	$ 5,800,519
Furniture and Home Furnishings Stores	418,166	451,644	558,900	632,722	623,580	587,033	543,871	534,378	531,298	660,701
Electronics and Appliance Stores	714,202	795,617	922,766	1,092,875	1,105,409	933,284	869,489	883,394	1,173,505	1,270,747
Building Material and Garden Equipment and Supplies Dealers	937,670	997,618	1,071,339	1,184,707	1,184,077	1,179,431	1,144,487	1,193,047	1,345,821	1,474,677
Food and Beverage Stores [2]	2,226,819	2,416,103	2,553,203	2,744,361	2,947,324	3,233,292	3,296,735	3,360,128	3,850,446	3,770,484
Health and Personal Care Stores	968,321	1,191,515	1,521,135	1,729,193	1,952,449	1,895,026	1,265,431	1,266,153	1,758,122	1,668,709
Gasoline Stations	930,089	1,087,281	1,270,710	1,482,688	1,553,859	1,684,077	1,312,607	1,557,800	1,843,246	2,214,699
Clothing and Clothing Accessories Stores [3]	857,205	916,003	939,403	1,042,774	1,083,057	1,083,856	1,011,987	1,068,586	1,133,418	1,275,161
Sporting Goods, Hobby, Book and Music Stores	425,368	415,861	437,902	390,546	405,698	528,716	542,502	674,629	629,928	657,522
General Merchandise Stores	2,073,192	2,204,383	2,554,982	2,884,279	3,142,862	3,229,483	3,173,001	3,234,093	3,376,580	3,506,042
Miscellaneous Store Retailers	726,649	741,205	789,071	846,862	982,130	818,767	774,875	808,292	861,017	896,706
Nonstore Retailers	78,664	90,393	86,138	81,602	107,407	114,534	98,354	117,890	146,821	146,666
Food Services and Drinking Places	1,875,393	2,048,179	2,228,510	2,371,142	2,530,543	2,653,768	2,640,952	4,011,106	2,994,004	3,253,930
Total	$ 15,757,998	$ 17,038,341	$ 19,464,899	$ 20,763,225	$ 22,359,692	$ 22,197,146	$ 20,422,811	$ 23,143,489	$ 24,636,749	$ 26,596,563
City Direct Sales Tax Rate	1.000%	1.000%	1.000%	1.125% [4]	1.125% [4]	1.125% [4]	1.125% [4]	1.125% [4]	1.125% [4]	1.125% [4]

Source: Texas Comptroller of Public Accounts

[1] Calendar Year 2013 information will not be available until May of 2014.

[2] General grocery items are not taxable; the sales and use tax applies only to prepared food items and nonfood items.

[3] Clothing under $100 is exempt during the sales and use tax holiday in August.

[4] Proposition 2 - Parks Development and Expansion Venue Project increased sales and use tax. This tax was added for acquisition of open space and linear parks along the Leon and Salado Creeks, Medina and San Antonio Rivers and improvements and additions to the Municipal Parks and Recreation System. A new proposition was approved in April 2011 to extend the incremental rate for similar acquisitions and improvements.

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
2004	1.000%			0.500%	6.250%	7.750%
2005	1.000%		0.250%	0.500%	6.250%	8.000%
2006 [3]	1.125%		0.250%	0.500%	6.250%	8.125%
2007	1.125%		0.250%	0.500%	6.250%	8.125%
2008	1.125%		0.250%	0.500%	6.250%	8.125%
2009	1.125%		0.250%	0.500%	6.250%	8.125%
2010	1.125%		0.250%	0.500%	6.250%	8.125%
2011	1.125%		0.250%	0.500%	6.250%	8.125%
2012	1.125%		0.250%	0.500%	6.250%	8.125%
2013 [5]	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%

[1] San Antonio Advanced Transportation District (ATD) is tax added for improvements to public transportation, streets, highways, and other relatec transportation infrastructure.

[2] San Antonio Metropolitan Transit Authority (MTA) is tax added by the Transit Authority to provide public transportation services within designatec boundaries.

[3] Proposition 2 - Parks Development and Expansion Venue Project increased sales and use tax. This tax was added for acquisition of open space and linear parks along the Leon and Salado Creeks, Medina and San Antonio Rivers and improvements and additions to the Municipal Parks and Recreation System. A new proposition was approved in April 2011 to extend the incremental rate for similar acquisitions and improvements.

[4] In November 2012, the citizens of the City elected to enact a 1/8 cent sales tax to fund the San Antonio Early Childhood Municipal Development Corporation (Pre-K 4 SA).

[5] The City is currently at its Sales and Use Tax Rate maximum limit of 8.25%.

Amounts are expressed in thousands

Statistical Data
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Governmental Activities

Fiscal Year	Tax-Exempt General Obligation Bonds	Taxable General Obligation Bonds	Tax-Exempt Commercial Paper	Tax-Exempt Certificates of Obligation	Taxable Certificates of Obligation	Tax Notes	Revenue Bonds	Revenue Notes	Unamortized Premium	Deferred Amount on Refunding	Capital Leases	Notes Payable
2004	$ 655,141	$ -	$ -	$ 214,470	$ 4,580	$ -	$ 264,697	$ -	$ 40,343	$ (15,863)	$ 7,126	$ -
2005	658,450			194,675	6,850		556,152		49,799	(13,839)	7,232	1,369
2006	612,290	10,785		183,455	6,170	37,600	551,767		48,189	(8,598)	10,267	58,005
2007	657,595	9,685	4,000	218,185	290	60,000	554,372		82,099	(17,283)	14,465	56,171
2008	717,275		10,500	291,380	225	17,925	578,412		39,991	(10,287)	12,685	54,958
2009	731,270		25,805	348,235	155	48,095	570,252		46,566	(14,038)	10,567	53,355
2010	721,350	191,550	14,370	303,635	80	28,860	557,387		64,026	(25,374)	5,796	50,880
2011	708,055	191,550		356,870		27,450	575,115		73,504	(23,168)	17,045	48,816
2012	810,275	191,550		332,685		32,015	564,371		91,602	(21,492)	14,193	46,631
2013	850,645	191,550		328,140		19,190	878,564	18,460	102,110	(23,018)	15,285	43,671

Business-Type Activities

Fiscal Year	Tax-Exempt General Obligation Bonds	Taxable General Obligation Bonds	Tax-Exempt Certificates of Obligation	Tax Notes	Revenue Bonds	Unamortized Premium	Deferred Amount on Refunding	Capital Leases	Total Primary Government	Percentage of Personal Income [1]	Per Capita [1]
2004	$ -	$ 13,245	$ -	$ -	$ 242,855	$ 1,984	$ (5,685)	$ 406	$ 1,423,299	5.87%	$ 1,113
2005		12,115			272,100	3,012	(5,053)	263	1,743,125	6.87%	1,342
2006					261,885	3,813	(3,390)	115	1,772,353	6.66%	1,340
2007					251,370	9,843	(2,937)	2,678	1,900,533	7.28%	1,448
2008	940	8,555	2,805		395,695	5,251	(2,953)	14,946	2,138,303	7.73%	1,609
2009	905	17,575	2,715		360,380	10,185	(4,206)	24,664	2,232,480	7.76%	1,665
2010	1,345	16,875	2,135	34,500	344,525	9,167	(3,521)	25,615	2,343,201	8.29%	1,776
2011	1,310	16,075	2,035		406,300	7,783	(4,017)	21,140	2,425,863	8.54%	1,829
2012	1,270	14,900	1,935		379,665	16,026	(2,675)	21,312	2,494,263	8.59%	1,834
2013	1,230	13,600	1,830		361,550	12,673	(4,653)	16,105	2,826,932	9.19%	2,044

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.

Amounts are expressed in thousands

Statistical Data
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

	Governmental Activities								
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Revenue Notes	Total	Less Principal [1]	Net Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita [2]
2004	$ 655,141	$ 219,050	$ -	$ -	$ 874,191	$ (18,666)	$ 855,525	1.92%	$ 669.27
2005	658,450	201,525			859,975	(21,473)	838,502	1.80%	645.40
2006	623,075	189,625	37,600		850,300	(25,680)	824,620	1.65%	623.34
2007	667,280	218,475	60,000		945,755	(31,553)	914,202	1.61%	696.65
2008	717,275	291,605	17,925		1,026,805	(39,119)	987,686	1.50%	743.19
2009	731,270	348,390	48,095		1,127,755	(44,523)	1,083,232	1.49%	808.05
2010	912,900	303,715	28,860		1,245,475	(38,714)	1,206,761	1.66%	914.56
2011	899,605	356,870	27,450		1,283,925	(38,023)	1,245,902	1.75%	939.21
2012	1,001,825	332,685	32,015		1,366,525	(45,223)	1,321,302	1.87%	971.74
2013	1,042,195	328,140	19,190	18,460	1,407,985	(23,830)	1,384,155	1.94%	1,000.69

	Business-Type Activities							
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Total	Less Principal [1]	Net Debt Outstanding	Percentage of Charges for Services [3 4 5]	Per Capita [2]
2004	$ 13,245	$ -	$ -	$ 13,245	$ (753)	$ 12,492	140.26%	$ 9.77
2005	12,115			12,115		12,115	121.42%	9.32
2006								0.00
2007								0.00
2008	9,495	2,805		12,300	(779)	11,521	67.32%	8.67
2009	18,480	2,715		21,195	(513)	20,682	128.33%	15.43
2010	18,220	2,135	34,500	54,855	(581)	54,274	323.71%	41.13
2011	17,385	2,035		19,420	(834)	18,586	114.75%	14.01
2012	16,170	1,935		18,105	(918)	17,187	105.03%	12.64
2013	14,830	1,830		16,660	(1,036)	15,624	97.26%	11.30

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Information is provided for the years since the implementation of GASB Statement No. 34.

[1] Resources have been externally restricted for the repayment of the principal of debt.

[2] Population data can be found in Demographic and Economic Statistics.

[3] See Pledged-Revenue Coverage for Parking Systems revenues for charges for services data for years 2004-2007.

[4] In fiscal year 2008 Environmental Services was added to the Pledged-Revenue Coverage for Parking Systems.

[5] Airport System's charges for services data were incorporated for 2010 due to the addition of the Tax Notes. In 2011, the Tax Notes were refunded and Airport System's charges for services were no longer included.

Amounts are expressed in thousands

Statistical Data

Direct and Overlapping Governmental Activities Debt

As of September 30, 2013

(In Thousands)

	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Shares of Overlapping Debt
Governmental Unit:			
Debt Repaid with Property Taxes:			
Alamo Community College Bonds	$ 509,970	72.50%	$ 369,728
Bexar County Bonds	1,396,087	72.99%	1,019,004
San Antonio River Authority Bonds	25,940	93.65%	24,293
University Health System	721,063	72.50%	522,771
Alamo Heights Independent School District Bonds	101,182	48.59%	49,164
East Central Independent School District Bonds	68,793	41.95%	28,859
Edgewood Independent School District Bonds	83,381	100.00%	83,381
Harlandale Independent School District Bonds	183,887	100.00%	183,887
Judson Independent School District Bonds	439,283	30.75%	135,080
Northeast Independent School District Bonds	1,431,520	84.34%	1,207,344
Northside Independent School District Bonds	1,837,981	77.43%	1,423,149
San Antonio Independent School District Bonds	562,940	99.19%	558,380
Somerset Independent School District Bonds	32,464	1.26%	409
South San Antonio Independent School District Bonds	180,968	100.00%	180,968
Southside Independent School District Bonds	52,920	28.04%	14,839
Southwest Independent School District Bonds	193,685	55.02%	106,565
Total Overlapping Debt			$ 5,907,821
City Direct Debt, net with Sinking and Self-Supporting			$ 2,345,474
Total Direct and Overlapping Debt			$ 8,253,295

Sources: Assessed value data used to estimate applicable percentages provided by the districts. Debt outstanding data provided by each overlapping government.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of San Antonio. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

[1] For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Statistical Data
Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value	$ 83,494,323
Debt Limit (10.0% of Assessed Value)	8,349,432
Debt Applicable to Limit:	
Total Bonded Debt	1,406,185
Less: Self-Supporting Debt:	(57,730)
Debt Supplemented by Other Sources	
Assets Available for Payment of Principal In:	
Debt Service Fund	(50,668)
Total Net Debt Applicable to Limit	1,297,787
Legal Debt Margin	$ 7,051,645

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	$ 4,972,329	$ 5,182,421	$ 5,675,091	$ 6,503,363	$ 7,646,598	$ 8,385,232	$ 8,448,161	$ 8,273,618	$ 8,265,658	$ 8,349,432
Total Net Debt Applicable to Limit	809,342	919,223	913,972	879,538	917,865	986,437	1,159,482	1,177,644	1,246,134	1,297,787
Legal Debt Margin	$ 4,162,987	$ 4,263,198	$ 4,761,119	$ 5,623,825	$ 6,728,733	$ 7,398,795	$ 7,288,679	$ 7,095,974	$ 7,019,524	$ 7,051,645
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.3%	17.7%	16.1%	13.5%	12.0%	11.8%	13.7%	14.2%	15.1%	15.5%

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[3]				Texas Convention Center Hotel Finance [1 2]			
		Debt Service				Debt Service		
Fiscal Year	Hotel Occupancy Tax	Principal	Interest	Coverage	Net Revenues of Hotel	Principal	Interest	Coverage
2004	$ 36,044	$ 2,785	$ 7,168	$ 4	$ -	$ -	$ -	-
2005	40,266	800	9,926	3.75			1,073	
2006	45,634	1,375	9,910	4.04			10,442	
2007	49,711	3,100	8,865	4.15			10,442	
2008	53,211	245	6,960	7.39			10,442	
2009	45,733	4,255	5,539	4.67			10,442	
2010	46,460	7,265	4,199	4.05		2,150	10,442	
2011	48,975	7,660	3,952	4.22		2,320	10,345	
2012	52,840	8,385	3,819	4.33		2,500	10,238	
2013	56,626					2,690	10,122	

	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
2004	$ 23,067	$ 1,035	$ 1,939	7.76	$ 189,506	$ -	$ 1,138	166.53
2005	26,382	1,065	2,926	6.61	213,384		1,138	187.51
2006	27,758	2,410	4,896	3.80	246,084		1,138	216.24
2007	29,540	2,495	4,811	4.04	248,540	525	1,138	149.45
2008	33,485	2,590	4,719	4.58	293,796	535	1,126	176.88
2009	36,306	2,685	4,617	4.97	265,512	550	1,113	159.66
2010	36,972	2,795	4,507	5.06	283,502	565	1,097	170.58
2011	37,576	2,915	4,390	5.14	297,630	585	1,078	178.97
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

(Continued)

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Operating expenses do not include interest, depreciation, or amortization expenses.

[1] Texas Convention Center Hotel Finance interest for FY 2005-2007 has been capitalized.

[2] The bonds are secured by a lien on and are payable from the following sources of revenue (in the order of priority given): first, the Pledged Hotel Operating Revenues which are the net revenues derived from the Hotel that remain after making necessary monthly escrow payments for property taxes; insurance premiums; and furniture, fixtures, and equipment replacements; second, the State Hotel Occupancy Tax collected at the Hotel; third, the State Sales Tax collected at the Hotel; fourth, the Hotel specific General Hotel Occupancy Tax (7.0% HOT); and fifth, the Expansion Hotel Occupancy Tax revenues collected Citywide (2.0% HOT).

[3] In fiscal year 2013 the City refunded all Hotel Occupancy Tax Revenue Bonds

Statistical Data
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

	Airport System				Parking System [1]			
		Debt Service				Debt Service		
Fiscal Year	Airport System Revenues	Principal	Interest	Coverage	Parking System Revenues	Principal	Interest	Coverage
2004	$ 48,215	$ 6,205	$ 10,137	2.95	$ 11,219	$ 400	$ 1,367	6.35
2005	52,404	7,545	9,866	3.01	10,349	450	1,347	5.76
2006	60,774	7,910	9,526	3.49	11,160	600	1,325	5.80
2007	65,487	8,245	8,749	3.85	10,263	620	1,295	5.36
2008	65,935	8,310	11,466	3.33	11,173	660	1,264	5.81
2009	61,353	9,665	12,456	2.77				
2010	63,878	5,380	11,770	3.72				
2011	63,761	13,325	11,661	2.55				
2012	62,300	12,845	10,200	2.70				
2013	61,370	13,190	10,750	2.56				

	PFC Operations						
					Debt Service		
Fiscal Year	PFC Beginning Fund Balance	PFC Revenues	Less: PFC Expenses	Net Available Revenue	Principal	Interest	Coverage
2004	$ 10,716	$ 8,906	$ 5,936	$ 13,686	$ 805	$ 1,921	5.02
2005	16,908	9,978	4,648	22,238	845	2,282	7.11
2006	20,960	10,682	10,361	21,281	1,705	3,719	3.92
2007	26,293	12,678	6,050	32,921	1,775	3,651	6.07
2008	31,601	17,115	5,257	43,459	3,965	6,128	4.31
2009	32,024	16,116	13,216	34,924	3,535	7,222	3.25
2010	30,752	16,766	6,049	41,469	3,690	7,066	3.86
2011	32,498	16,197	7,926	40,769	4,845	7,783	3.23
2012	25,200	16,364	3,725	37,839	4,795	7,605	3.05
2013	21,542	16,064	715	36,891	4,925	7,904	2.88

(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.

Amounts are expressed in thousands

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
2004	1,278,300	$ 24,248,073	$ 18,969	32.2	273,560	5.2%
2005	1,299,200	25,386,368	19,540	32.2	279,756	5.2%
2006	1,322,900	26,603,519	20,110	33.2	283,393	4.4%
2007	1,312,286	26,093,495	19,884	32.6	291,873	3.9%
2008	1,328,984	27,653,499	20,808	32.8	295,673	5.0%
2009	1,340,549	28,750,754	21,447	32.6	296,328	6.1%
2010	1,319,492	28,260,879	21,418	32.1	387,343	6.7%
2011	1,326,539	28,421,098	21,425	32.8	392,897	7.3%
2012	1,359,730	29,038,394	21,356	32.7	396,718	5.7%
2013	1,383,194	30,752,552	22,233	33.2	397,500	5.3%

Sources: Population, personal income, per capita income, median age, school enrollment, and education level information provided by the Planning Department, City of San Antonio, Texas. Unemployment rate provided by the Texas Workforce Commission.

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

Statistical Data
Principal Employers
Current Year and Nine Years Ago

	2013			2004		
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	92,301	1	10.58%			
H.E.B. Food Stores	20,000	2	2.29%			
USAA	17,000	3	1.95%	13,500	1	1.82%
Northside Independent School District	12,751	4	1.46%	10,323	2	1.39%
City of San Antonio	11,371	5	1.30%	9,821	3	1.32%
North East Independent School District	10,522	6	1.21%			
Methodist Health Care System	8,000	7	0.92%	7,500	5	1.01%
San Antonio Independent School District	7,374	8	0.85%	8,000	4	1.08%
Baptist Health Systems	6,216	9	0.71%	4,690	7	0.63%
University of Texas Health Science	5,500	10	0.63%			
SBC Communications (AT&T)				6,000	6	0.81%
Six Flags Fiesta Texas				3,000	8	0.40%
World Savings Bank				2,650	9	0.36%
Christus Santa Rosa Health Care				2,600	10	0.35%
Total	191,035		21.90%	68,084		9.17%

Source: Economic Development Division, City of San Antonio, Texas, Book of Lists 2012, and Department of Defense personnel statistics.

[1] Percent based on an Employment Estimate of 872,400 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2013. Figure provided by the Texas Workforce Commission.

[2] Percent based on an Employment Estimate of 742,000 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2004 Figure provided by the Texas Workforce Commission.

Statistical Data

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

	Full-time Equivalent Employees as of September 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program:										
Mayor and Council	17	18	17	18	17	17	17	15	18	19
City Manager	12	12	13	24	22	17	17	17	15	18
Administrative Services [1 7]			185							
Alamodome [8]	48	48	46							
Animal Care Services [5]			77	83	100	104	108	103	117	116
Asset Management [2]	127	128	212	212						
Aviation Uniformed Officers	27	28	28	28	28	27	30	31	33	52
Aviation Civilian Employees	354	342	360	382	417	424	415	409	425	338
Building & Equipment Services [12]									256	250
Capital Improvements Management Services (CIMS)					137	183	196	200	200	198
Center City Development [10]								6	7	7
City Attorney	85	90	93	92	108	104	104	99	95	94
City Auditor	24	19	13	25	23	22	22	20	21	21
City Clerk	19	18	20	22	24	24	20	21	22	27
Code Compliance [4]	101	103								
Communications and Public Affairs [6]			6	8	8	9	8	13	16	16
Contract Services [1 2]	10	15								
Convention and Visitors Bureau	70	67	67	75	86	90	86	84	132	127
Convention Facilities [8]	254	243	252							
Convention, Sports and Entertainment Facilities [8]				276	308	298	280	290	311	292
Cultural Affairs	11	10	9	11	12	12	11	12	12	19
Customer Services/311 System	49	51	58	52	62	62	56	59	52	42
Development Services [14]	194	204	219	244	217	220	200	225	199	195
Downtown Operations				67	174	174	160	140	143	123
Early Education Development										146
Economic and Employment Development	36	34	37	37	38	35	33	24	27	21
External Relations [6]	13	13								
Finance/Public Utilities [13]	74	77	71	87	91	87	82	89	134	186
Firefighters and EMS	1421	1414	1435	1450	1448	1533	1568	1,606	1,612	1,641
Fire Department Civilian Employees	100	110	95	114	103	133	159	144	124	107
Fleet Maintenance and Operations [7 12]				182	155	161	147	157		
Grants Monitoring and Administration				20	22	21	25	22	16	
Health [5]	619	602	510	483	365	365	360	345	314	295
Housing and Community Development [4]	24	25	23							
Human Resources	71	69	67	77	91	85	73	69	84	80
Human Services [11]	394	357	331	331	335	319	278	251	286	285
Information Technology Services	219	225	212	196	208	218	214	199	194	317
Intergovernmental Relations [6]			4	5	5	5	5	5	5	5
International Affairs [15]	12	12	12	10	10	10	8	4	4	-
Library	281	294	311	315	336	331	300	321	497	468
Municipal Court	167	169	174	164	156	166	174	182	188	171
Neighborhood Action [4]	47	49								
Housing and Neighborhood Services [4]			153	156	167	173	154	131	133	134
Non Departmental [15]	22	21	19	21	35	24	36	36	30	53
Office of Management and Budget	16	17	17	14	14	18	17	23	22	21
Parks and Recreation	803	817	812	703	624	646	617	602	630	587
Planning and Community Development [9]	36	35	33	40	36				48	57
Police Officers	1988	1964	1988	2031	2078	2186	2229	2,261	2,276	2,311
Police Department Civilian Employees	527	545	562	552	523	638	599	585	565	547
Public Works [3]	888	861	750	740	647	636	610	591	600	547
Purchasing [1]	184	180								
Purchasing and Contract Services [2 7 13]				8	147	131	136	131	2	
Solid Waste Management [3]	534	512	515	468	460	452	455	447	521	512
Special Projects	1	1								
Total	**9,879**	**9,799**	**9,806**	**9,823**	**9,837**	**10,160**	**10,009**	**9,969**	**10,386**	**10,445**

Source: City of San Antonio, Texas. Figures account for actual employment positions filled.

[1] In fiscal year 2006 the Purchasing and Contract Services Departments were combined to form the Administrative Services Department.

[2] The Contract Services Department began as a division of Asset Management in FY 2001. In fiscal year 2004, they became their own separate department and in fiscal year 2008 they were moved into Purchasing and Contract Services

[3] Prior to fiscal year 2002 the Environmental Services Department was a part of Public Works as the Enterprise Solid Waste Fund. In fiscal year 2008 the department's name was changed to Solid Waste Management

[4] In fiscal year 2006 the Neighborhood Action and Code Compliance Departments were combined then in fiscal year 2007 this combined with Housing to form the Housing and Neighborhood Services Department

[5] Prior to fiscal year 2006 Animal Care Services was part of the Health Department.

[6] During fiscal year 2006 the External Relations Department divided to form the Intergovernmental Relations and the Communications and Public Affairs Departments

[7] In fiscal year 2007 Administrative Services was divided into two new departments, forming the Fleet Maintenance and Operations and Purchasing and Contract Services Departments

[8] In fiscal year 2007 Alamodome and Convention Facilities were combined to form the Convention, Sports and Entertainment Facilities Department

[9] In fiscal year 2009 Planning and Community Development was combined with Development Services.

[10] In fiscal year 2011 Center City Development was separated from Economic and Employment Development.

[11] In fiscal year 2011 Community Initiatives was renamed Human Services.

[12] In fiscal year 2012 Fleet Maintenance Operations was renamed Building & Equipment Services.

[13] In fiscal year 2012 Purchasing and Contract Services was combined with Finance.

[14] In fiscal year 2012 Code Compliance was combined with Development Services.

[15] In fiscal year 2013 International Affairs was combined with Non Departmental.

Amounts are expressed in thousands

Statistical Data

Operating Indicators by Function/Program

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program:										
Police:										
Physical Arrests [1]	83,254	82,158	80,794	75,516	88,078	123,038	186,181	161,604	165,319	164,310
Parking Violations	86,128	111,863	93,888	104,309	110,670	81,480	76,142	62,170	78,612	77,570
Traffic Violations	274,152	271,655	222,326	200,371	236,792	266,866	254,011	165,908	266,157	226,084
Fire:										
Fire Incidents	73,472	84,573	89,426	90,389	100,104	101,421	104,253	114,087	108,507	105,404
Fires Extinguished	7,728	8,370	9,719	7,292	5,305	4,839	2,390	3,121	2,218	2,420
Inspections	15,485	16,223	16,612	19,986	24,718	23,149	22,459	21,180	25,057	23,891
Solid Waste:										
Refuse Collected (tons per day)	1,697	1,690	1,709	1,818	1,842	1,698	1,376	1,137	1,123	1,138
Recyclables Collected (tons per day)	92	98	100	149	217	285	478	446	501	593
Other Public Works:										
Street Resurfacing (miles)	159.25	128.46	115.46	140.09	185.31	453.20	423.00	275.00	348.00	252.00
Potholes Repaired	24,467	27,294	17,290	23,724	12,919	12,120	42,240	15,137	11,431	10,465
Parks and Recreation:										
Athletic Field Permits Issued	2,306	1,854	1,955	1,674	1,628	1,939	1,945	3,939	4,273	4,746
Community Center Reservations	3,372	3,027	2,805	3,079	2,190	2,220	1,930	1,735	2,015	2,198
Library:										
Volumes in Collection	1,842,579	1,970,661	2,155,843	2,091,735	2,164,172	2,188,219	2,241,491	2,333,032	2,216,722	2,155,139
Volumes in Circulation	5,861,624	5,876,331	6,030,777	5,935,818	6,374,109	6,616,776	6,601,175	6,733,534	7,354,466	7,396,057
Water:										
Customers	306,363	315,000	325,944	336,434	344,168	348,834	352,059	356,546	360,281	365,099
Water Main Breaks	1,480	1,305	2,577	3,073	1,392	2,594	3,212	1,475	3,397	2,128
Average Daily Consumption (millions of gallons)	149.4	143.7	172.2	181.6	169.2	194.9	181.4	188.0	204.5	192.2
Maximum Daily Consumption (millions of gallons)	303.2	196.5	278.1	269.0	224.0	299.1	243.5	266.02	265.6	264.0
Wastewater:										
Amount Treated Peak Day (millions of gallons)	201.0	297.0	212.0	169.0	294.0	174.0	194.0	258.0	160.0	199.0

Sources: Various City departments and San Antonio Water System.

[1] City Class "C" offenses.

Amounts are expressed in thousands

Statistical Data
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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 [3]	554	554	555	559	580	668	680	716	716	716
Fire:										
Fire Stations	49	49	50	50	50	50	50	50	51	51
Solid Waste:										
Garbage Trucks	133	129	137	147	193	224	49	65		
Recycling Trucks [2]	50	46	46	37	35	23				
Dual Purpose Collection Vehicles [2]							120	160	323	333
Other Public Works:										
Streets (miles) [1]		3,953	4,022	3,981	4,018	4,018	4,064	4,066	4,066	4,066
Highways (miles) [1]		911	911	911	1,004	1,004	1,046	1,036	1,036	1,140
Streetlights	65,027	64,678	64,848	75,490	76,696	77,674	79,468	79,468	70,714	71,531
Traffic Signals	1,121	1,139	1,153	1,180	1,197	1,226	1,288	1,299	1,317	1,332
Parks and Recreation:										
Acreage	15,600	16,151	16,660	18,384	18,914	14,241	14,282	14,288	14,519	14,822
Playgrounds	113	115	116	119	114	151	148	154	166	177
Baseball/Softball Diamonds	111	111	112	112	112	129	129	129	129	129
Soccer/Football Fields	61	61	62	62	62	93	93	93	94	94
Golf Courses	6	6	6	6	6	6	6	6	6	6
Swimming Pools	24	23	24	24	24	25	27	26	26	26
Community Centers	25	26	26	29	29	31	30	30	30	30
Water:										
Water Mains (miles)	4,251	4,324	4,404	4,525	4,673	4,802	4,866	4,936	4,988	5,022
Fire Hydrants	22,117	22,691	23,212	23,964	25,004	25,955	26,599	27,115	27,566	27,914
Storage Capacity (millions of gallons)	145.0	161.5	142.0	166.0	164.0	165.0	166.2	180.8	184.1	183.7
Wastewater:										
Sewer Mains (miles)	5,088	4,533	4,607	4,739	4,877	5,001	5,085	5,118	5,163	5,200
Storm Sewers (miles)	498.0	498.0	498.0	498.0	498.0	498.0	498.0	581.0	581.0	581.0
Permitted Treatment Capacity (millions of gallons)	225.5	225.5	225.5	225.5	179.5	187.0	187.0	187.0	187.0	187.0

Sources: Various City departments, CPS Energy, TxDOT, and San Antonio Water System.

[1] Figures available starting in fiscal year 2005.

[2] The recycle only vehicles have been removed from the fleet. COSA has purchased dual purpose vehicles, which serve both as garbage and recycle collection vehicles.

[3] The number of units reported in fiscal year 2011 includes all marked patrol vehicles, regardless of function.

Amounts are expressed in thousands

Federal Section

Summary Schedule of Federal Awards by Type
Last Two Fiscal Years

Grant Type	Fiscal Year 2013	Fiscal Year 2012	Variance Increase (Decrease)
Federal Categorical Grants:			
Social Services	$ 70,231,537	$ 102,334,861	$ (32,103,324)
Air Transportation	23,556,391	16,845,422	6,710,969
Library Services		81,731	(81,731)
Public Health	14,350,195	16,934,598	(2,584,403)
Criminal Justice	4,212,740	4,056,931	155,809
Recreation and Culture	1,282,798	1,681,717	(398,919)
Economic Development	1,500,000	225,000	1,275,000
Emergency Management	2,750,274	3,634,790	(884,516)
Environmental Quality	477,963	800,602	(322,639)
American Recovery and Reinvestment Act		800,000	(800,000)
Total Federal Categorical Grants	$ 118,361,898	$ 147,395,652	$ (29,033,754)
Federal Block Grants:			
Community Development Block Grant	$ 11,559,540	$ 13,226,285	$ (1,666,745)
HOME Program Block Grant -	3,872,708	6,195,379	(2,322,671)
Total Federal Block Grants	$ 15,432,248	$ 19,421,664	$ (3,989,416)
Total Federal Grants	$ 133,794,146	$ 166,817,316	$ (33,023,170)

The net decrease in Federal funds was due primarily to the Federal government's sequestration and cuts through the Department of Health and Human Services and Housing Urban Development. Additionally, there was a shifting of resources for Child Care grants from federal to state dollars, which decreased the federal awards and increased the state awards by approximately $12.2 million.

Schedule of Expenditures of Federal Awards by Grantor, Federal Program and Grant Number

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2013

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	FEDERAL EXPENDITURES
U. S. Department of Agriculture:				
Pass Through - Texas Department of State Health Services:				
Special Supplemental Nutrition Program for Women, Infants, and Children:				
WIC 2011-2012	10.557	2012-040003	26-01636084	$ 1,569
WIC 2012-2013	10.557	2013-042718	26-01636101	6,091,717
WIC 2013-2014	10.557	2014-045067	26-01636124	739
Total Special Supplemental Nutrition Program for Women, Infants, and Children				$ 6,094,025
Pass Through - Texas Health and Human Services Commission:				
Summer Food Service Program for Children:				
Summer Food Program 2012	10.559	CE ID 01566	26-02026006	$ (316)
Summer Food Program 2013	10.559	CE ID 01566	26-02026007	534,357
Total Summer Food Service Program for Children				$ 534,041
Total U.S. Department of Agriculture				$ 6,628,066
Department of Commerce:				
Direct Program				
Public Works & Economic Development Facilities Grant:				
Walters Street Revitalization Initiative	11.301	08-01-04548	26-05380001	$ (338,479)
Pass Through - Texas Library and Archives Commission:				
Broadband Technology Opportunities Program Grant	11.557	48-42-B10534	23-05304001	$ 802,756
Total U.S. Department of Commerce				$ 464,277
U.S. Department of Defense:				
Direct Program				
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation:				
Office of Military Transformation 2011	12.607	RA06185-11-03	26-03248003	$ 279,994
Office of Military Transformation 2013	12.607	RA06185-12-05	26-03248005	225,000
Total Community Economic Adjustment Assistance				$ 504,994
Total U.S. Department of Defense				$ 504,994
U.S. Department of Housing and Urban Development:				
Direct Programs				
Housing Counseling Assistance Program:				
Housing Counseling Program 2011	14.169	HC10-0821-090	26-05438018	$ 2,992
Housing Counseling Program 2012	14.169	HC12-0821-081	26-05438027	(147)
Housing Counseling Program 2013	14.169	HC13-0821-055	26-05438035	24,298
Housing Counseling Program 2014	14.169	MOU	26-05438032	544
Total Housing Counseling Assistance Program				$ 27,687
Community Development Block Grants/Entitlement Grants:				
Community Development Program - Multi	14.218	B93MC480508	28-099000	$ (3,695)
Community Development Program - 19th Year	14.218	B92MC480508	28-019000	(6,254)
Community Development Program - 23rd Year	14.218	B93MC480508	28-020000	5,922
Community Development Program - 24th Year	14.218	B95MC480508	28-022000	332
Community Development Program - 29th Year	14.218	B03MC480508	28-029000	2,659
Community Development Program - 30th Year	14.218	B04MC480508	28-030000	977
Community Development Program - 31st Year	14.218	B05MC480508	28-031000	(66,318)
Community Development Program - 32nd Year	14.218	B06MC480508	28-032000	137,819
Community Development Program - 33rd Year	14.218	B07MC480508	28-033000	(21)
Community Development Program - 34th Year	14.218	B08MC480508	28-034000	148,094
Community Development Program - 35th Year	14.218	B09MC480508	28-035000	2,460,832
Community Development Program - 36th Year	14.218	B10MC480508	28-036000	1,741,529
Community Development Program - 37th Year	14.218	B11MC480508	28-037000	2,310,023
Community Development Program - 38th Year	14.218	B12MC480508	28-038000	9,080,508
Community Development Program - 39th Year	14.218	B13MC480508	28-039000	498
Neighborhood Stabilization Grant	14.218	B08MN480501	23-28000001	1,062,907
CDBG Investment Partnerships Program Outstanding Loans	14.218	Various	Various	4,305,508
Neighborhood Stabilization Grant Program Outstanding Loans	14.218	Various	Various	3,517,838
Total Community Development Block Grants/Entitlement Grants				$ 24,699,158
Community Development Entitlement Grants-Section 108 Loan Guarantees:				
Community Development Block Grants - Section 108 Loans	14.248	MC480508	27-040000	$ 9,646,734
Subtotal U.S. Department of Housing and Urban Development				$ 34,373,579

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2013

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	FEDERAL EXPENDITURES
U.S. Department of Housing and Urban Development (Continued):				
Direct Programs (Continued)				
Emergency Solutions Grants Program:				
ESG 2001-2003	14.231	S01MC480508	26054000	$ 1,697
ESG 2002-2004	14.231	S02MC480508	26054000	1
ESG 2003-2005	14.231	S03MC480508	26054000	3,306
ESG 2004-2006	14.231	S04MC480508	26054000	(3,306)
ESG 2006-2008	14.231	S06MC480508	26-05438001	2,557
ESG 2007-2009	14.231	S07MC480508	26-05438002	1,630
ESG 2008-2010	14.231	S08MC480508	26-05438012	3,708
ESG 2009-2011	14.231	S09MC480509	26-05438016	8,130
ESG 2010-2012	14.231	S10MC480508	26-05438021	43,174
ESG 2011-2013	14.231	E11MC480508	26-05438025	162,540
ESG 2011-2013 Supplemental Funds	14.231	E11MC480508	26-05438030	287,094
ESG 2012-2014	14.231	E12MC480508	26-05438031	677,651
Total Emergency Solutions Grants Program				$ 1,188,182
Supportive Housing Program:				
SHP 2008	14.235	TX59B800	26-05438014	$ (4,163)
SHP 2009	14.235	TX59B900	26-05438019	1,092
SHP 2010	14.235	TX-500-REN-2010	26-05438022	52,276
SHP 2011	14.235	TXB6J001104	26-05438028	403,295
SHP 2012	14.235	TX7L6J001205	26-05438034	144,086
Total Supportive Housing Program				$ 596,586
HOME Investment Partnerships Program:				
HOME Program Grant - Multi Year	14.239	M92MC480508	25-099000	$ 16,817
HOME Program Grant - 11th Year	14.239	M02MC480508	25-011000	(22,245)
HOME Program Grant - 14th Year	14.239	M05MC480508	25-014000	5,879
HOME Program Grant - 15th Year	14.239	M06MC480508	25-015000	(38,236)
HOME Program Grant - 17th Year	14.239	M08MC480508	25-017000	269,157
HOME Program Grant - 19th Year	14.239	M10MC480508	25-019000	1,326,756
HOME Program Grant - 20th Year	14.239	M11MC480508	25-020000	2,921,924
HOME Program Grant - 21st Year	14.239	M12MC480508	25-021000	340,558
HOME Investment Partnerships Program Outstanding Loans	14.239	Various	Various	23,947,835
Total HOME Investment Partnerships Program				$ 28,768,445
Housing Opportunities for Persons with AIDS:				
HOPWA 2009-2012	14.241	TXH09F005	26-05438017	$ (6,353)
HOPWA 2010-2013	14.241	TXH10F005	26-05438020	2,294
HOPWA 2011-2014	14.241	TXH11F005	26-05438026	89,618
HOPWA 2012-2015	14.241	TXH12F005	26-05438029	1,129,304
Total Housing Opportunities for Persons with AIDS				$ 1,214,863
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants:				
Railway Safety Classroom Building	14.251	B-08-SP-TX-0146	26-05420001	$ 110,177
Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation				
San Antonio Housing Authority - 2011	14.856	TX006MR0006	26-05438023	$ 30,331
Lead Hazard Reduction Demonstration Grant Program:				
Lead Hazard Reduction Demonstration 2010-2013	14.905	TXLHD0201-09	26-05461002	$ 133,196
Lead Hazard Reduction Demonstration 2011-2014	14.905	TXLHD0226-11	26-05461003	470,900
Total Lead Hazard Reduction Demonstration Grant Program				$ 604,096
Recovery Act Homelessness Prevention & Rapid Re-Housing Program:				
ARRA Homeless Prevention & Rapid Re-Housing 2009-2012	14.257	S09-48-MY-48-0508	23-05438001	$ (89)
Healthy Homes Production Grant Program:				
Healthy Homes Production Grant	14.913	TXHHP0009-11	26-05461004	$ 397,184
Total U.S. Department of Housing and Urban Development				$ 67,283,354
U.S. Department of the Interior:				
Pass Through - Texas Historical Commission				
Historic Preservation Grants-In-Aid:				
CLG Grant 2011	15.904	TX12028	26-00680005	$ 9,866
Total U.S. Department of the Interior				$ 9,866
U.S. Department of Justice:				
Pass-Through - Office of the Governor, Criminal Justice Division:				
Juvenile Accountability Block Grants:				
Juvenile Accountability Block Grant	16.523	JB10J202153901	26-05538004	$ 3,873
Edward Byrne Memorial Justice Assistance Grant Program:				
JAG 2010-2014	16.738	2010DJBX1308	26-02817016	$ 6,853
JAG 2011-2014	16.738	2011DJBX3270	26-02817019	183,100
JAG 2012-2016	16.738	2011DJBX0821	26-02817022	108,718
Total Edward Byrne Memorial Justice Assistance Grant Program				$ 298,671
Subtotal U.S. Department of Justice				$ 302,544

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2013

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM		FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	FEDERAL EXPENDITURES
U.S. Department of Justice (Continued)					
Direct Programs					
Public Safety Partnership and Community Policing Grants:	*				
Cops Technology Program Grant 2010		16.710	2010CKWX0234	26-02817014	$ 4,455
Recovery Act Public Safety Partnership and Community Policing Grants:	*				
ARRA COPS Hiring Program		16.710	2009RJWX0083	23-02817001	661,911
Total Public Safety Partnership and Community Policing Grants					$ 666,366
Economic High-Tech and Cyber Crime Prevention					
Economic High-Tech and Cyber Crime Prevention		16.752	2012-DG-BX-004	26-02817021	$ 196,900
Federal Confiscated Property:					
Airport Federal Account		16.XXX	N/A	29-037000	$ 24,384
Federal Account		16.XXX	N/A	29-039000	243,339
HIDTA - Federal Account		16.XXX	N/A	29-046000	458,051
Total Federal Confiscated Property					$ 725,774
Total U.S. Department of Justice					$ 1,891,584
U.S. Department of Transportation:					
Direct Programs					
Airport Improvement Program:	*				
Airfield Lighting		20.106	34801920692	26-05833050	$ 335,375
Airfield Pavement Repairs		20.106	34801925708	26-05833027	19,422
Aircraft Rescue & Firefighting Vehicle 73-2012		20.106	34801927312	26-05833052	572,061
E-ALP and Airport GIS 62-10		20.106	34801926210	26-05833039	10,970
Residential Acoustical Program 70-2011		20.106	34801927011	26-05833048	2,501,648
Residential Acoustical Program 71-2011		20.106	34801927111	26-05833049	631,549
Residential Acoustical Program 72-2012		20.106	34801927212	26-05833051	2,804,892
Runway 12R Rehabilitation 57-08		20.106	34801925708	26-05833054	243,836
Runway 12R Rehabilitation 58-08		20.106	34801925808	26-05833056	33,602
Runway 12R Rehabilitation 60-09		20.106	34801926009	26-05833058	27,803
Runway 3-21 Extension 5708		20.106	34801925708	26-05833028	6,000
Runway 3-21 Extension 5808		20.106	34801925808	26-05833033	6,472
Runway 3-21 Extension 6610		20.106	34801926610	26-05833040	1,725,135
Runway 3-21 Paving 66-10		20.106	34801926610	26-05833040	285,087
Runway 3-21 Paving 6911		20.106	34801920692	26-05833044	2,700,860
Safety Management System		20.106	34801926710	26-05833042	6,623
Stinson- Air Traffic Control Tower		20.106	2XXAV027	26-05833045	115,076
Stinson- Ramp		20.106	AM 2012TSON	26-05833047	50,000
Stinson-Runway 1432		20.106	13155STSON	26-05833046	178,884
Stinson Runway 9-27 & Taxiway D		20.106	6XXAV075	26-05933001	3,869,357
Terminal Area Taxiways 57-08		20.106	34801925708	26-05833053	336,841
Terminal Area Taxiways 58-08		20.106	34801925808	26-05833055	523,640
Terminal Area Taxiways 73-12		20.106	348019207312	26-05833052	153,372
Taxiway R Reconstruction 60-2009		20.106	34801920609	26-05833062	3,419
Wildlife Hazard Assessment		20.106	34801926510	26-05833041	2,363
Total Airport Improvement Program					$ 17,144,287
National Motor Carrier Safety:					
TACT Public Education & Outreach Program 2012-2013		20.218	FMMHP0064120100	26-05917016	$ 443,105
TACT Enforcement & Evaluation Program		20.218	FMMHP0065120100	26-05917017	226,972
Total National Motor Carrier Safety					$ 670,077
Pass Through - Texas Department of Transportation:					
Recovery Act Highway Planning and Construction:	*				
ARRA Local Streets Project		20.205	CSJ 0915-12	23-05940001	$ 2,087,584
Highway Planning and Construction:	*				
ADT Intersection Improvements		20.205	0915-12-472	26-05923006	$ 382,444
Traffic System Radar Vehicle Sensors		20.205	0915-12-482	26-05923007	718,608
School Flasher Communications Upgrade Project		20.205	0915-12-495	26-05923005	958,155
Public Safety Campaign		20.205	0915-12-488	26-05955001	63,131
Total Highway Planning and Construction					$ 4,209,922
Paul S. Sarbanes Transit in the Parks Grant:					
Paul S. Sarbanes Transit in the Parks		20.520	D2011-ATPL-015	26-05955005	$ 401,523
Alcohol Impaired Driving Countermeasures Incentive Grants I:					
Click It or Ticket 2013		20.601	2013-SanAntPD-C	26-05917021	$ 27,137
DWI Step Program 2012		20.601	S-1YG-0016	26-05917014	(3,798)
DWI Step Program 2013		20.601	S-1YG-0017	26-05917018	439,897
Total Alcohol Impaired Driving Countermeasures Incentive Grants I					$ 463,236
Total U.S. Department of Transportation					$ 22,889,045

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2013

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	FEDERAL EXPENDITURES
General Services Administration:				
Pass Through - Texas Facilities Commission				
Federal Surplus Program	39.003	Donee # 16543	26-07045001	$ 4,149
Total General Services Administration Grants				$ 4,149
Institute of Museum and Library Services:				
Pass Through - Texas State Library and Archives Commission:				
Grants to States:				
Interlibrary Loan Services 2011-2012	45.310	771-12001	26-01804018	$ (5,443)
Interlibrary Loan Services 2012-2013	45.310	771-13001	26-01804019	76,614
Library System Services 2011-2012	45.310	470-12009	26-01804016	1,380
Total Grant to States				$ 72,551
Total Institute of Museum and Library Services				$ 72,551
Environmental Protection Agency:				
Pass Through - Texas Commission on Environmental Quality				
Surveys, Studies, Research, Investigations, Demonstrations, & Special Purpose Activities Relating to the Clean Air Act:				
Air Monitoring in SA TCEQ PM 2.5 2013	66.034	582-12-10038	26-00836013	$ 77,511
Air Monitoring in SA TCEQ PM 2.5 2014	66.034	582-12-10038	26-00836016	5,253
Stinson Airport Lead Study	66.034	582-12-10390	26-00836011	32,620
Total Surveys, Studies, Research, Investigations, Demonstrations, & Special Purpose Activities Relating to the Clean Air Act				$ 115,384
Nonpoint Source Implementation Grants				
319 Grant for Old Mission Drive In	66.460	582-11-12836	26-00823001	$ 229,021
Total Environmental Protection Agency				$ 344,405
U.S. Department of Energy:				
Direct Programs				
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance:				
Texas Solar Collaboration Initiative	81.117	DE-EE0005702	26-01455003	$ 287,554
Recovery Act Energy Efficiency and Conservation Block Program: *				
ARRA Energy Efficiency and Conservation Block Grant	81.128	DE-EE0000970/00	23-01455001	$ 2,243,473
ARRA San Antonio Green Retrofit Initiative Program	81.128	DE-EE0003569	23-01455003	4,156,967
Total Recovery Act Energy Efficiency and Conservation Block Program				$ 6,400,440
Total U.S. Department of Energy				$ 6,687,994
U.S. Department of Education:				
Pass Through - Texas Education Agency:				
Adult Education - Basic Grants to State:				
English Literacy/Civics Education 2011-2012	84.002	124100087110465	26-04138005	$ 889
English Literacy/Civics Education 2012-2013	84.002	134100087110	26-04138006	83,349
Total Adult Education - Basic Grants to State				84,238
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	$ 1,541
Total U.S. Department of Education				$ 85,779
U.S. Department of Health and Human Services:				
Direct Program				
Medical Reserve Corps Small Grant Program:				
National Association of County and City Health Officials Grant	93.008	6MRCSG061001-03	26-02236016	$ 3,387
National Association of County and City Health Officials Grant	93.008	MRC111891	26-02236024	5,000
National Association of County and City Health Officials Grant	93.008	MRC131891	26-02236040	1,905
Total Medical Reserve Corps Small Grant Program				$ 10,292
Pass Through - Alamo Area Council of Governments:				
Aging Cluster:				
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers:				
SSEP Supportive Service for Elderly 2011-2012	93.044	COSA 12 SST	26-01138012	$ 17,678
SSEP Supportive Service for Elderly 2012-2013	93.044	COSA 13 SST	26-01138014	228,212
Total Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers				$ 245,890
Special Program for the Aging - Title III, Part C - Nutrition Services:				
CNP 2011-2012	93.045	COSA 12 NS	26-01138011	$ 27,862
CNP 2012-2013	93.045	COSA 13 NS	26-01138013	1,928,043
Total Special Program for the Aging - Title III, Part C - Nutrition Services				$ 1,955,905
Total Aging Cluster				$ 2,201,795
Subtotal U.S. Department of Health and Human Services				$ 2,212,087

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2013

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM		FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	FEDERAL EXPENDITURES
U.S. Department of Health and Human Services (Continued):					
Direct Program					
Laboratory Leadership, Workforce Training and Management Development, Improving Public Health Laboratory Infrastructure:					
Bioterrorism Surge Capacity Grant		93.065	564001002051305	26-06536002	$ 14,209
Laboratory Information Management Systems Integration Project		93.065	564002002021306	26-01636108	9,925
Total Laboratory Leadership, Workforce Training and Management Development, Improving Public Health Laboratory Infrastructure					$ 24,134
Pass Through-The Department of State Health Services:					
Public Health Emergency Preparedness:					
Bio-Terrorism Preparation 2009-2011		93.069	2009-032264-001	26-01636035	$ (18)
Bio-Terrorism Preparation 2011-2012		93.069	2011-038788-001	26-01636074	(7,477)
Bio-Terrorism Preparation 2012-2013		93.069	2013-041143-007	26-01636098	941,779
Bio-Terrorism Preparation 2013-2014		93.069	2014-001103-001	26-01636115	68,207
Cities Readiness Initiative 2009-2011		93.069	2009-031762-001	26-01636033	(175)
Cities Readiness Initiative 2010-2012		93.069	2010-035645-001	26-01636056	175
Cities Readiness Initiative 2012-2014		93.069	2013-041143-003	26-01636099	234,411
Cities Readiness Initiative 2013-2015		93.069	2014-001117-001	26-01636116	15,228
Laboratory Response Network 2011		93.069	2011-038530-001	26-01636073	(54)
Laboratory Response Network 2013		93.069	2013-041143-001	26-01636097	208,011
Laboratory Response Network 2014		93.069	2014-001067-001	26-01636114	10,216
Public Health Emergency Preparedness Focus		93.069	2010-033620-001	26-01636046	(478)
Public Health Emergency Preparedness Lab 2012-2013		93.069	2013-041143-002	26-01636096	3,342
Total Public Health Emergency Preparedness					$ 1,473,167
Environmental Public Health and Emergency Response:					
Regional and Local Services Program Coordination Activities		93.070	2012-040142-001	26-01636085	$ 102,725
Project Grants and Cooperative Agreements for Tuberculosis Control Programs:					
Special T.B. Team Project 2012		93.116	2012-040235-001	26-01636086	$ (196)
Special T.B. Team Project 2013		93.116	2013-041143-010	26-01636094	249,399
Special T.B. Team Project 2014		93.116	2014-001409-001	26-01636122	12,723
Total Tuberculosis Control Program					$ 261,926
Childhood Lead Poisoning Prevention Projects - State and Local:					
Health Behavior of the Kelly Community		93.197	1H75EH000729-01	26-02236018	$ 8,026
Technical Assistance:					
Bio-Terrorism Discretionary Fund		93.283	2009-31326	26-01636032	$ (2,183)
Dental Sealant Program		93.283	2013-043552	26-02236041	51,905
Total Investigations and Technical Assistance Grants					$ 49,722
Direct Programs					
Grants to States to Support Oral Health Workforce Activities:					
Oral Health Workforce Grant 2013		93.236	2013-042497-001	26-02236035	$ 242,887
Immunization Cooperative Agreements:					
Hepatitis B Vaccine Pilot Program 2013		93.268	1H23IP000694-01	26-02236038	$ 67,693
Immunization Program 317 - 2010		93.268	5H23IP622512-08	26-02236007	(1,544)
Immunization Program 317 - 2012		93.268	5H23IP622512-12	26-02236031	424,438
Immunization Program 317 - 2013		93.268	1H23IP000718-01	26-02236039	1,012,694
VFC Immunization Program 2012		93.268	5H23IP622512-12	26-02236031	142,055
VFC Immunization Program 2013		93.268	1H23IP000718-01	26-02236039	432,401
Total Immunization Grants					$ 2,077,737
PPHF 2012 National Public Health Improvement Initiative:					
Strengthening Public Health Infrastructure for Improved Health		93.507	5U58CD001304-02	26-02236030	$ 287
Strengthening Public Health Infrastructure for Improved Health		93.507	5U58CD001304-03	26-02236034	249,305
Total Strengthening Public Health Infrastructure for Improved Health Outcomes					$ 249,592
Pass Through - The Texas Department of Housing & Community Affairs:					
Community Services Block Grant:					
CSBG - 2012		93.569	61120001292	26-06038008	$ 703,318
CSBG - 2013		93.569	61130001573	26-06038009	1,132,179
Total Community Services Block Grant					$ 1,835,497
Pass Through - Alamo Workforce Development, Inc.:					
Temporary Assistance for Needy Families					
CCDS - 2012-2013		93.558	CCDS2008001	26-03938007	$ 167,794
Child Care Cluster:					
Child Care and Development Block Grant					
CCDS - 2012-2013	*	93.575	CCDS2008001	26-03938007	$ 14,820,664
Child Care Mandatory and Matching Funds of the Child Care and Development Fund:	*				
CCDS - 2011-2012		93.596	CCDS2008001	26-03938006	$ 1,994,977
CCDS - 2012-2013		93.596	CCDS2008001	26-03938007	14,673,646
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund					$ 16,668,623
Total Child Care Cluster					$ 31,489,287
Subtotal U.S. Department of Health and Human Services					$ 37,982,494

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2013

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM		FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	FEDERAL EXPENDITURES
U.S. Department of Health and Human Services (Continued):					
Direct Programs					
Head Start Program:	*				
Head Start Program 2011		93.600	06CH0107/33	26-02238012	$ 17
Head Start Program 2012		93.600	06CH0107/34	26-02238013	40,657,079
Head Start Program 2013-2014		93.600	06CH0107/35	26-02238014	4,082,771
Total Head Start Program					$ 44,739,867
Healthy Start Initiative:					
Healthy Start Initiative 2012-2013		93.926	5 H49MC00101-12	26-02236033	$ 485,427
Healthy Start Initiative 2013-2014		93.926	H49MC00101-01	26-02236042	216,703
Total Healthy Start Initiative					$ 702,130
Recovery Act Prevention and Wellness - Communities Putting Prevention to Work Program Funding Opportunities Announcement:	*				
ARRA Communities Putting Prevention to Work		93.724	1U58DP002453	23-02236001	$ 1,095,154
National Bioterrorism Hospital Preparedness Program:					
PHEP LAB-HPP 2013		93.889	2013-41143-002	26-01636096	$ 17,071
PHEP LAB-HPP 2014		93.889	2014-001069-00	26-01636113	2,102
Total National Bioterrorism Hospital Preparedness Program					$ 19,173
Pass Through - Department of State Health Services:					
HIV Prevention Activities Health Department Based:					
STD-Staff Support Program 2013		93.940	2013-041143-008	26-01636092	$ 129,379
STD-Staff Support Program 2014		93.940	2014-001341-001	26-01636119	8,607
STD-Staff Support Expanded Services Program 2014		93.940	2014-001341-001	26-01636126	877
Total HIV Prevention Activities Health Department Based					$ 138,863
Preventative Health Services - Sexually Transmitted Diseases Control Grants:					
STD-Staff Support Program 2013		93.977	2013-041143-008	26-01636092	$ 458,708
STD-Staff Support Program 2014		93.977	2014-001341-001	26-01636119	30,517
STD-Staff Support Expanded Services Program 2014		93.977	2014-001341-001	26-01636126	3,109
Total Preventative Health Services - Sexually Transmitted Diseases Control Grants					$ 492,334
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems:					
Communities Diabetes Program 2012		93.988	2012-01-12-0011	26-01636089	$ 38,971
Maternal and Child Health Services Block Grant to the States:					
Title V CHS - Dental Services 2013		93.994	2013-042497-001	26-01636102	$ 248,882
Title V CHS - Dental Services 2014		93.994	2014-044723-001	26-01636125	18,958
Total Maternal and Child Health Services Block Grant to the States					$ 267,840
Total U.S. Department of Health and Human Services					$ 87,688,913
Executive Office of the President:					
Direct Program					
High Intensity Drug Trafficking Area Program:					
HIDTA Initiative San Antonio 2011		95.001	G11SS0009A	26-02817013	$ 93,588
HIDTA Initiative San Antonio 2012		95.001	G12SS0009A	26-02817020	593,565
HIDTA Initiative San Antonio 2013		95.001	G13SS0009A	26-02817023	1,379,690
Total High Intensity Drug Trafficking Area Program					$ 2,066,843
Total Executive Office of the President					$ 2,066,843
U.S. Department of Homeland Security:					
Direct Programs					
Assistance to Firefighters Cluster:					
Assistance to Firefighters Grant:	*				
Assistance to Firefighters Grant		97.044	EMW-2011-FO-050	26-06520019	$ 1,152,000
Recovery Act Assistance to Firefighters Grant:	*				
ARRA Assistance to Firefighters Grant 2009		97.115	EMW2009FC05882R	23-06540001	$ 217,385
Total Assistance to Firefighters Cluster					$ 1,369,385
National Explosives Detection Canine Team Program:					
Airport K9 Grant 2010		97.072	HSTS0208HCAN448	26-06533008	$ 408,410
Law Enforcement Officer Reimbursement Agreement Program:					
Airport Checkpoint Grant 2013-2015		97.090	HSTS0213HSLR282	26-06533010	$ 240,900
Pass Through - Office of the Governor:					
Homeland Security Cluster:					
Non-Profit Security Program					
UASI 2008		97.008	08-SR 65000-05	26-06520011	$ 58
UASI 2010		97.008	10-SS-TO-0008	26-06520015	3,372,197
UASI 2012		97.008	2012-SS-00018-S01	26-06520021	69,542
Total Urban Areas Security Initiative					$ 3,441,797
Subtotal U.S. Department of Homeland Security					$ 5,460,492

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2013

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	FEDERAL EXPENDITURES
U.S. Department of Homeland Security (Continued):				
Pass Through - Office of the Governor (Continued):				
Homeland Security Cluster (Continued):				
Emergency Management Performance Grants:				
EMPG 2012	97.042	12TX-EMPG-0632	26-06520018	$ (4,659)
EMPG 2013	97.042	2013 EP00067	26-06520020	237,680
Total Emergency Management Performance Grants				$ 233,021
Metropolitan Medical Response System:				
Metro Medical Response System 2010	97.071	2010-SS-T9-0064	26-06520015	$ 10,446
Metro Medical Response System 2011	97.071	2010-SS-T9-0064	26-06520017	98,582
Total Metropolitan Medical Response System				$ 109,028
State Homeland Security Program:				
SHSP 2008	97.073	08-SR-65000-06	26-06520011	$ (211)
SHSP 2010	97.073	2010-SS-T0-0008	26-06520015	25,553
SHSP 2011	97.073	11-SR-65000-03	26-06520017	875,770
Total State Homeland Security Program				$ 901,112
Total Homeland Security Cluster				$ 4,684,958
Direct Program				
Fire Management Assistance:				
Goss Fire Grant	97.046	N/A	26-05680011	$ (5,053)
Pass Through - Texas Commission on Environmental Quality				
Homeland Security Biowatch Program:				
Biowatch Lab Technical Support 2012	97.091	HSQDC-12-00160	26-06536001	$ 44,063
Air Monitoring Biowatch 2013	97.091	582-13-30020	26-00836012	324,246
Air Monitoring Biowatch 2013	97.091	582-13-30020	26-00836015	26,207
Total Homeland Security Biowatch Program				$ 394,516
Total U.S. Department of Homeland Security				$ 7,093,116
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$ 203,714,936**

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Notes to the Schedule of Expenditures of Federal Awards

Year-Ended September 30, 2013

1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

2. In March 1998, the City of San Antonio accepted a U.S. Department of Housing and Urban Development (HUD) Section 108 award in an amount up to $38,700,000 which authorized a loan transaction with Port San Antonio (Port) to fund certain improvements in real property to be leased at KellyUSA. As of September 30, 2013, the City has made third party loans to the Port in the amount of $20,000,000. The construction portion of this program terminated March 2003 and currently, the only activity is the loan repayment account. This loan program contains no continuing compliance requirements.

3. In September 2004, City Council authorized the submission of a $57,000,000 HUD 108 loan application to HUD, which was received August 2006. Proceeds of the loan have been utilized to fund various capital improvement projects including streets and drainage projects, and to fund improvements to public health facilities, parks, libraries, and community recreation and cultural facilities. As of September 30, 2013, $55,969,152 has been expended. The City received an extension during fiscal year 2012 that requires the funds to be fully expended by December 31, 2013 or transferred to cover debt service payments. The loan amount outstanding as of September 30, 2013 is $43,640,000.

4. Through September 30, 2013, the City provided federal awards to subrecipients as follows:

Program Titles	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/Entitlement Grants	14.218	$ 3,107,840
Emergency Shelter Grants Program	14.231	701,962
HOME Investment Partnerships Program	14.239	502,840
Housing Opportunities for Persons with AIDS	14.241	1,041,981
Community Development Entitlement Grants-Section 108 Loan Guarantees	14.248	1,521,923
Housing Assistant Payment Program	14.856	30,331
Juvenile Accountability Block Grant	16.523	3,873
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	478,132
Head Start Program	93.600	40,893,290
Total		$ 48,282,172

Notes to the Schedule of Expenditures of Federal Awards

Year-Ended September 30, 2013

5. As of September 30, 2013, the City had HOME Program Notes Receivable of $40,640,587. 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 notes receivable balance are multi-family loans in the amount of $23,947,835 that have continuing eligibility compliance requirements and are included in the Schedule of Expenditures of Federal Awards. The receivable balance has been reduced by estimated allowances for doubtful accounts of $8,258,655.

6. As of September 30, 2013, the City had CDBG Program Notes Receivable of $18,353,683. These are rental rehabilitation loans. Some loans are forgivable provided the program and loan criteria are met. Included in the notes receivable balance are multi-family loans in the amount of $4,305,508 that have continuing eligibility compliance requirements and are included in the Schedule of Expenditures of Federal Awards. The receivable balance has been reduced by estimated allowances for doubtful accounts of $2,170,557.

7. As of September 30, 2013, the City had NSP Program Notes Receivable of $3,517,838. These are rental rehabilitation loans. Some loans are forgivable provided the program and loan criteria are met. The $3,517,838 are for multi-family loans that have continuing eligibility compliance requirements, and are included in the Schedule of Expenditures of Federal Awards. The receivable balance has been reduced by estimated allowances for doubtful accounts of $4,417,838.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

PS&Co.

Padgett Stratemann

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type-activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 19, 2014. Our report was modified to include a reference to other auditors and also a reference to a restatement of beginning net position/fund balance. We did not audit the financial statements of HemisFair Park Area Redevelopment Corporation; San Antonio Economic Development Corporation; San Antonio Fire and Police Pension Fund; San Antonio Fire and Police Retiree Health Care Fund; San Antonio Housing Trust Finance Corporation; San Antonio Housing Trust Foundation, Inc.; or the San Antonio Housing Trust Public Facility Corporation, blended component units, which represent 78%, 84%, and 29%, respectively, of the assets and deferred outflows, net position/fund balances, and revenues/additions of the aggregate remaining fund information. We also did not audit CPS Energy or SA Energy Acquisition Public Facility Corporation, discretely presented component units, which represent 68%, 60%, and 78%, respectively, of the assets and deferred outflows, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based solely on the report of the other auditors. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Brooks Development Authority, CPS Energy, SA Energy Acquisition Public Facility Corporation, San Antonio Economic 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 weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency (2013-01).

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 in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Padgett, Stratemann + Co., L.L.P.

Certified Public Accountants
San Antonio, Texas
February 19, 2014

Independent Auditor’s Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance as Required by OMB Circular A-133

PS&Co.

Padgett Stratemann

Independent Auditor's Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance as Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of San Antonio, Texas (the "City") compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2013. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The City's basic financial statements include the operations of CPS Energy, the Port Authority of San Antonio, and San Antonio Water System, which expended $11,372,899 in federal awards, which is not included in the schedule during the year ended September 30, 2013. Our audit, described below, did not include the operations of CPS Energy, the Port Authority of San Antonio, or San Antonio Water System because the component units engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance

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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.

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, 2013.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Padgett, Stratemann + Co., L.L.P.

Certified Public Accountants
San Antonio, Texas
February 19, 2014

Schedule of Findings and Questioned Costs

Federal

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2013

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness (es) identified?	____	Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?	X	Yes	____	No

Noncompliance material to financial statements noted? ____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	____	Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?	____	Yes	X	No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 501 (a) of Circular A-133? ____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
16.710, ARRA-16.710	Public Safety Partnership and Community Policing Grants
20.106	Airport Improvement Program
20.205, ARRA-20.205	Highway Planning and Construction
ARRA-81.128	Recovery Act Energy Efficiency and Conservation Block Program
93.575, 93.596	Child Care Cluster
93.600	Head Start Program
ARRA-93.724	Recovery Act Prevention and Wellness - Communities Putting Prevention to Work Program Funding Opportunities Announcement
97.044, ARRA-97.115	Assistance to Firefighters Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $3,000,000

Auditee qualified as low-risk auditee? ____ Yes X No

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2013

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO FINANCIAL STATEMENTS

Finding: 2013-01
Non-Cash and Multi-Funded Awards Reporting in the Schedule of Expenditures of Federal Awards
Type of Finding – Significant Deficiency

Condition and Context:

During our auditing procedures over the City's preparation of the Schedule of Expenditures of Federal Awards ("SEFA") we noted adjustments were required because of improvements needed in the controls and procedures used in determining the following:

- The amount of non-cash federal awards received as a pass through from the State of Texas ("State"), and
- The reported allocation between specific grant funding sources when federal and state award expenditures are reimbursed as one source.

Non-Cash Awards

All non-cash federal awards are required to be reported as such on the SEFA in the year the awards are received and expended. In addition, OMB Circular A-133 requires that the City identify in its accounts all cash and non-cash federal awards received and expended, as well as the federal programs under which they were received.

Non-cash awards typically occur when the State receives the federal award and subsequently awards the City the funds in the form of payments on behalf of the City for work performed to benefit the City. In 2013 the City identified approximately $3.8 million in non-cash awards received in previous years that had not been reported on the SEFA. As a result, the City determined the non-cash awards would be reported on the 2013 SEFA. Typically the State should provide the City with information necessary to report the awarding of such non-cash transactions in the form of an award letter and proof of payments made on behalf of the City. The City should then report the payments made on their behalf on the SEFA as non-cash awards in the year the payments were made.

Reporting of Multi-Funded Awards

Multi-funded Grant Programs are commonly awarded to the City when the State is the pass through agency for Federal awards. In 2013, the City received multi-funded grant awards using federal and state resources. The City reported the multi-funded reimbursements as federal and did not report the state funds separately. When federal and state awards are multi-funded, the funding sources for expenditures reimbursed from the State could differ from the initial recognition of the expenditure in the City's accounting system. The City is required to report the expenditures based on the funding source when reimbursements are received from the State and thus should adjust the City's accounting system if necessary. If the information received with the reimbursement from the State does not provide the information needed to accurately report the source of the reimbursement of the expenditure, the City should require the State or other pass through agency to provide such information for accurate reporting on the SEFA.

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2013

Cause:

Non-Cash Awards

The information necessary to report such non-cash awards provided by the State or another grantee is not maintained within the City's accounting system as it does not administer the grant. As a result, the City has to depend on third party communications in order to gather the information needed to report the required information.

Reporting of Multi-Funded Awards

The City must depend on third party communications in order to gather the information necessary to determine specific funding sources and accurately record the expenditures in the City's accounting system. Reimbursements of expenditures subsequent to the initial expenditures recognized for multi-funded grants were not adjusted in the City's accounting system because the City's procedures for reconciliation/review of reimbursements when multi-funding occurs were lacking such inquiry of the State.

In both of the situations noted above, the City's controls and procedures did not operate effectively enough in order for the City to gather the required information on a timely basis and accurately report expenditures in the SEFA.

Effect:

This resulted in the following adjustments to the 2013 SEFA:

- Non-Cash Awards - an increase federal non-cash expenditures of approximately $3.8 million, and
- Reporting of Multi-Funded Awards - a net decrease in federal expenditures of approximately $11.8 million.

Recommendation:

We recommend the City continue to work with all federal, state and pass-through awarding agencies to strengthen the communication and sharing of information to ensure information on all federal awards is obtained timely in order for the City to accurately record federal expenditures in the proper period on the SEFA. In addition, we recommend the City work with all Department Fiscal Administrators to increase awareness of reporting requirements for non-cash federal awards and specific identification of grant expenditures when multiple funding sources are awarded to cover the same program.

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2013

Views of responsible officials and planned corrective actions:

The City agrees with the recommendation and has developed controls to require communication with the granting entity, at a minimum, upon award and at fiscal year-end specifically requesting the funding allocation for multi-funded grants and expenditure amounts incurred by the granting organization for assets to be titled over to the City. The City will utilize responses in these communications to properly account for and report grant activity in the City's financial reporting system. Communication to departments on the developed controls was sent out on March 5, 2014 and will be covered in the grant training sessions scheduled for citywide fiscal staff on April 11 and 22, 2014.

Implementation Date
June 30, 2014

Responsible Person
Troy Elliott, CPA, Director
Finance Department

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

The results of our procedures disclosed no findings to be reported for the fiscal year-ended September 30, 2013.

Summary Status of Prior Year Findings

Federal

Summary Status of Prior Year Findings
Federal Grants
Year-Ended September 30, 2013

Finding: 2012-01
Post-Employment Benefits Other than Pension (OPEB) Fire and Police Retiree Health Care Fund
Type of Finding – Significant Deficiency

Recommendation:
We recommend the City continue to work with the Fire and Police Retiree Health Care Fund to strengthen the communication and sharing of information to ensure OPEB information is obtained timely in order for the City to record their net OPEB obligation annually.

Status:
Corrected

The City's Fire and Police Retiree Health Care Fund is a separate and distinct statutory trust that was created to provide post-employment health care benefits to uniformed employees who retired on or after October 1, 1989. The City, active employees and retirees are obligated to make contributions to the Fund in accordance with rates established by state law. The Fund is a component unit of the City and is blended for financial reporting purposes.

In preparation for the fiscal year-end close, the Finance Department requests information from each of the City's component units that is required for inclusion in the City's financial statements. Although, the Fund provided copies of its annual financial report and actuarial studies they did not contain the required information related to OPEB to be included in the City's financial statements. Several unsuccessful attempts were made to obtain the required OPEB information from the Fund in prior years. However, the information was provided in January 2012 and the City's financial statements have been updated accordingly. This information has now been incorporated into the Fund's annual actuarial study and report and will continue to be provided to the City in the future. Additionally, the City continues to work with the Fund to enhance communication and responsiveness in order for the City to issue financial statements in a complete, accurate, and timely manner.

Responsible Person
Troy Elliott, CPA, Director
Finance Department

Finding: 2012-02
Allowable Costs / Procurement

CFDA #81.041 – Recovery Act State Energy Program
Award Number – DE-EE0000116
Award Year – 2011-2012
Federal Agency – U.S. Department of Energy

Pass-Through Entity – Comptroller of Public Accounts, State Energy Conservation Office
Type of Finding – Non-compliance

Summary Status of Prior Year Findings
Federal Grants
Year-Ended September 30, 2013

Recommendation:
OS should strengthen controls over the review and approval of invoices for construction and repair products that are made in countries other than America to assure compliance with ARRA Buy American Provisions prior to expending ARRA funding. Additionally, should DOE not issue a waiver of the non- compliance, the Corrective Action Plan should be executed and the non-compliant panels replaced.

Furthermore, personnel in oversight roles should perform independent verifications of vendor claims and research the relevant issues surrounding a purchase to ensure the grant maintains compliance with provisions of applicable laws, regulations, agreements, and contracts.

Status:
Corrected

The City of San Antonio, Office of Sustainability, submitted a waiver request to the Department of Energy (DOE) in November 2012. The DOE's third party contractor issued their determination on June 27, 2013, that the solar panels can remain in place and the grant value not be reduced. The Office of Sustainability has determined that all future federally funded programs requiring Buy American compliance will be thoroughly reviewed by internal staff to fully verify compliance and not rely solely on representations by vendors or contractors that materials are compliant.

Responsible Person
Mary C. Hammer, Interim Director
Office of Sustainability

Finding: 2012-03
Reporting

CFDA #81.041 – Recovery Act State Energy Program
Award Number – DE-EE0000116
Award Year – 2011-2012
Federal Agency – U.S. Department of Energy
Pass-Through Entity – Comptroller of Public Accounts, State Energy Conservation Office

Type of Finding: Non-compliance

Recommendation:
We recommend that OS personnel responsible for submission of reporting requirements and OS personnel responsible for reviewing reports prior to submission immediately communicate difficulties encountered while attempting to fulfill grant requirements. Further, we recommend a process be implemented whereby these instances of difficulties are reported to members of management to expedite resolution by the awarding agency.

Summary Status of Prior Year Findings
Federal Grants
Year-Ended September 30, 2013

Status:
Corrected

A Contract Action Plan and Contract Compliance Checklist are in place to determine reporting criteria and frequency for all undertakings. Assigned staff has been briefed that inconsistencies in direction from grantors or technical failures must be brought to the attention of management and the grantor immediately for resolution.

Responsible Person
Mary C. Hammer, Interim Director
Office of Sustainability

Finding: 2008-02
Administration and Management of User Access
Type of Finding – Significant Deficiency

Recommendations:
We recommend that access requests for new hires be approved by appropriate management, and for terminated employees that their access be disabled or removed from all critical systems in a timely manner. In either case, documentation should be maintained evidencing the request for granting access and removal of access. In addition, we recommend that the City implement a formal and periodic access review process which would serve as a detective control for monitoring potential segregation of duties issues and inappropriate access.

Status:
Corrected

The "Access Control Management Standard" manual which was signed in September 2012 was developed and implemented by ITSD. It provides guidance on access control implementation best practices based on NIST 800-53A. Account Management Provisioning and Deprovisioning procedures were developed and implemented using the Standard. Customer Service agents have been trained on the procedures.

ITSD established a joint process with the HR Department to manage employee hiring and terminations, with procedures as follows:

1. *When an Employee Relations Representative performs the hire action in SAP, an automatic "Remedy" is created for the Help Desk, requesting the provisioning of access for the new hire.*
2. *Upon notification of resignation/termination, the Employee Relations Representative enters the termination in SAP, which automatically submits a "Remedy" to the Help Desk to request deprovisioning of access.*
3. *In order to ensure this process was accurate, an Employee Relations Representative is submitting a monthly report to the Help Desk listing all new hires and terminations.*

In addition the "SAP Production Access Standard" and "SAP Production Access Procedures" were implemented effective May 31, 2013. These include a formal process designating Access Provision Specialists to review current access and access requests for potential segregation of duties issues and to deprovision inappropriate access.

Summary Status of Prior Year Findings
Federal Grants
Year-Ended September 30, 2013

Responsible Persons
Hugh Miller, Director
Information Technology Services Department

Troy Elliott, CPA, Director
Finance Department

State Section

Summary Schedule of State Awards by Type
Last Two Fiscal Years

Grant Type	Fiscal Year 2013	Fiscal Year 2012	Variance Increase (Decrease)
State Categorical Grants:			
Public Health	$ 2,006,288	$ 2,584,743	$ (578,455)
Criminal Justice	1,126,621	1,126,621	
Environmental Quality	52,304	183,255	(130,951)
Emergency Management	27,139	31,737	(4,598)
Recreation and Culture		1,793	(1,793)
Social Services	12,202,052		12,202,052
Total State Categorical Grants	$ 15,414,404	$ 3,928,149	$ 11,486,255

The increase in state awards is attributed to the shifting of resources for Child Care grants from federal to state dollars, which decreased the federal awards and increased the state awards by approximately $12.2 million.

Schedule of Expenditures of State Awards by Grantor, State Program and Grant Number

Schedule of Expenditures of State Awards
Year-Ended September 30, 2013

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 2012-2013		582-11-86426-002	26-00836014	$ 44,614
Air Monitors Lake Calaveras 2013-2014		582-11-86426-004	26-00836017	3,436
Total Air Monitors				$ 48,050
Solid Waste Grant Projects:				
Community Outreach Program 2012		12-18-G01	26-00855009	$ 141,606
Total Texas Commission on Environmental Quality				$ 189,656
Texas Department of State Health Services:				
Direct Programs				
HIV Surveillance & Prevention Programs:				
HIV Prevention Program 2013		2013-043152-001	26-01636110	$ 27,540
HIV Prevention Program 2014		2014-001339-001	26-01636120	4,098
HIV Surveillance Program 2013		2013-041143-006	26-01636091	135,400
HIV Surveillance Program 2014		2014-001408-001	26-01636118	16,674
Total HIV Surveillance & Prevention Programs				$ 183,712
Healthy Texas Babies Initiative:				
DFCHS Healthy Texas Babies		2012-040626-001	26-01636088	$ 117,485
Milk Sample Lab Tests:				
Milk Group - 2013		2013-041319-001	26-01636103	$ 34,692
Milk Group - 2014		2014-044054-001	26-01636123	2,568
Total Milk Sample Lab Tests				$ 37,260
TB Prevention and Control:				
Infectious Disease Control Unit Flu-Lab		2013-041143-004	26-01636095	$ 4,655
TB Prevention and Control 2011-2012		2012-039300-001	26-01636077	(3,315)
TB Prevention and Control 2012-2013		2013-041143-011	26-01636093	291,786
TB Prevention and Control 2013-2014		2014-001439-001	26-01636121	17,516
Total TB Prevention and Control				$ 310,642
Tobacco Prevention and Control Grant:	*			
Tobacco Community Coalition 2012		2012-039693-001	26-01636081	$ (400)
Tobacco Community Coalition 2013		2013-042400-001	26-01636105	649,562
Total Tobacco Prevention and Control Grant				$ 649,162
Preventive Health and Health Services Block Grant:	*			
RLSS - Local Public Health (Triple O) 2012-2013		2013-041143-005	26-01636090	$ 258,201
RLSS - Local Public Health (Triple O) 2013-2014		2014-001066-001	26-01636117	17,607
Total Preventive Health and Health Services Block Grant				$ 275,808
Immunization Grants:				
Inner-City School Immunization 2013		2013-041143-009	26-01636100	$ 564,989
Inner-City School Immunization 2014		2014-001034-001	26-01636111	49,625
Total Immunization Grants				$ 614,614
STRAC Grant Project:				
STRAC Grant Project FY 2013		N/A	26-01620006	$ 5,615
Total Texas Department of State Health Services				$ 2,194,298
Texas Department of Transportation:				
Pass Through - The Texas Automobile Burglary & Theft Prevention Authority:				
Regional Auto Crimes Team 2011-2012		SAT041006312	26-03117003	$ (50,204)
Regional Auto Crimes Team 2012-2013		SAT041006313	26-03117004	1,140,358
Regional Auto Crimes Team 2013-2014		SAT041006314	26-03117005	104,439
Total Texas Department of Transportation				$ 1,194,593
Texas Attorney General's Office:				
Direct Program:				
State Confiscated Property:	*			
New State Account		N/A	29-038000	$ 1,178,569
Vice Seizures		N/A	29-040000	182,344
Salvage Theft Reduction Program Seizures		N/A	29-042000	14,324
Total State Confiscated Property				$ 1,375,237
Total Texas Attorney General's Office				$ 1,375,237
Direct Program				
Local Park Grant Program :				
Friedrich Wilderness Park III		55-000014	26-05226003	$ 77,531
Jingu House		56-000004	26-05226004	65,027
San Antonio Playground Replacement		55-000020	26-05226005	82,490
Voelcker Park PH III	*	55-00002-001	26-05226002	707,889
Total Local Park Grant Program				$ 932,937
Total Texas Parks and Wildlife Commission				$ 932,937
Texas Commission on the Arts:				
Direct Program				
Program of the Arts:				
TCA Subgranting Grant 2012-2013		13-34090	26-00528007	$ 3,793
TCA Subgranting Grant 2012-2013		13-34091	26-00528006	17,852
Total Texas Commission on the Arts				$ 21,645
Texas Workforce Commission:				
Pass Through - Alamo Workforce Development, Inc.:	*			
Child Care Delivery Service - 2011-2012		CCDS2008001-003	26-03938006	$ 1,562,077
Child Care Delivery Service - 2012-2013		CCDS2008001-004	26-03938007	12,244,480
Total Texas Workforce Commission				$ 13,806,557
TOTAL EXPENDITURES OF STATE AWARDS				$ 19,714,923

* Major Program

See accompanying Notes to the Schedule of Expenditures of State Awards

Notes to the Schedule of Expenditures of State Awards

Year-Ended September 30, 2013

1. The accompanying schedule of expenditures of state awards includes the state grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *State of Texas Single Audit Circular* ("Audit Circular"). The Audit Circular was issued under the authority of the Texas Government Code, Chapter 783, entitled Uniform Grant and Contract Management. This circular sets standards for obtaining consistency and uniformity among state agencies for the coordinated audit of local governments expending any state awards.

2. Through September 30, 2013, the City provided state awards to subrecipients as follows:

Program Title	Amount Provided to Subrecipients
Tobacco Prevention and Control Grant	$ 291,729

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

PS&Co.

Padgett Stratemann

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type-activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 19, 2014. Our report was modified to include a reference to other auditors and also a reference to a restatement of beginning net position/fund balance. We did not audit the financial statements of HemisFair Park Area Redevelopment Corporation; San Antonio Economic Development Corporation; San Antonio Fire and Police Pension Fund; San Antonio Fire and Police Retiree Health Care Fund; San Antonio Housing Trust Finance Corporation; San Antonio Housing Trust Foundation, Inc.; or the San Antonio Housing Trust Public Facility Corporation, blended component units, which represent 78%, 84%, and 29%, respectively, of the assets and deferred outflows, net position/fund balances, and revenues/additions of the aggregate remaining fund information. We also did not audit CPS Energy or SA Energy Acquisition Public Facility Corporation, discretely presented component units, which represent 68%, 60%, and 78%, respectively, of the assets and deferred outflows, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based solely on the report of the other auditors. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Brooks Development Authority, CPS Energy, SA Energy Acquisition Public Facility Corporation, San Antonio Economic 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 weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency (2013-01).

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 in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Padgett, Stratemann + Co., L.L.P.

Certified Public Accountants
San Antonio, Texas
February 19, 2014

Independent Auditor’s Report on Compliance For Each Major State Program and on Internal Control over Compliance as Required by the State of Texas Single Audit Circular

PS&Co.

Padgett Stratemann

Independent Auditor's Report on Compliance For Each Major State Program and on Internal Control Over Compliance as Required by the State of Texas Single Audit Circular

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

Report on Compliance for Each Major State Program

We have audited the City of San Antonio, Texas (the "City") compliance with the types of compliance requirements described in the State of Texas Single Audit Circular that could have a direct and material effect on each of the City's major state programs for the year ended September 30, 2013. The City's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The City's basic financial statements include the operations of CPS Energy, the Port Authority of San Antonio, and San Antonio Water System. Our audit, described below, did not include the operations of CPS Energy, the Port Authority of San Antonio, and San Antonio Water System because the component units engaged other auditors to perform an audit in accordance with *Government Auditing Standards*, OMB Circular A-133 and the State of Texas Single Audit Circular, as applicable.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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

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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.

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 Each Major State 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 state programs for the year ended September 30, 2013.

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 state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program 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.

Certified Public Accountants
San Antonio, Texas
February 19, 2014

Schedule of Findings and Questioned Costs

State

Schedule of Findings and Questioned Costs
State Grants
Year-Ended September 30, 2013

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes __X__ No

Significant deficiencies identified that are not considered to be material weaknesses? __X__ Yes _____ No

Noncompliance material to financial statements noted? _____ Yes __X__ No

State Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes __X__ No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes __X__ No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in Accordance with the *State of Texas Single Audit Circular?* _____ Yes __X__ No

Identification of major programs:

Grant Numbers:	**Name of State Program or Cluster:**
2012-039693-001, 2013-042400-001	Tobacco Prevention and Control Grant
2013-041143-005, 2014-001066-001	Preventive Health and Health Services Block Grant
Not Applicable	State Confiscated Property
55-00002-001	Local Park Grant Program
CCDS2008001	Child Care Delivery Service

Dollar threshold used to distinguish between Type A and Type B programs: $300,000

Auditee qualified as low-risk auditee? _____ Yes __X__ No

Schedule of Findings and Questioned Costs
State Grants
Year-Ended September 30, 2013

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO FINANCIAL STATEMENTS

Finding: 2013-01
Non-Cash and Multi-Funded Awards Reporting in the Schedule of Expenditures of Federal Awards
Type of Finding – Significant Deficiency

Condition and Context:

During auditing procedures over the City's preparation of the Schedule of Expenditures of State Awards ("SESA") we noted an adjustment was required because of improvements needed in the controls and procedures necessary to determine the identification of specific grant funding sources when grant programs are multi-funded.

Multi-funded Grant Programs are commonly awarded to the City when the State is the pass through agency for Federal awards. In 2013, the City received multi-funded grant awards using federal and state resources. The City reported the multi-funded reimbursements as federal and did not report the state funds separately. When federal and state awards are multi-funded, the funding sources for expenditures reimbursed from the State could differ from the initial recognition of the expenditure in the City's accounting system. The City is required to report the expenditures based on the funding source when reimbursements are received from the State and thus should adjust the City's accounting system if necessary. If the information received with the reimbursement from the State does not provide the information needed to accurately report the source of the reimbursement of the expenditure, the City should require the State or other pass through agency to provide such information for accurate reporting on the SESA.

Cause:

The City must depend on third party communications in order to gather the information necessary to determine specific funding sources and accurately record the expenditures in the City's accounting system. Reimbursements of expenditures subsequent to the initial expenditures recognized for multi-funded grants were not adjusted in the City's accounting system because the City's procedures for reconciliation/review of reimbursements when multi-funding occurs were lacking such inquiry of the State.

In the situation noted above, the City's controls and procedures did not operate effectively enough in order for the City to gather the required information on a timely basis and accurately report expenditures in the SESA.

Effect:

This resulted in an adjustment to the 2013 SESA to increase state expenditures by approximately $13.8 million.

Schedule of Findings and Questioned Costs
State Grants
Year-Ended September 30, 2013

Recommendation:

We recommend the City continue to work with all federal, state and pass-through awarding agencies to strengthen the communication and sharing of information to ensure information on all state awards is obtained timely in order for the City to accurately record federal expenditures in the proper period on the SESA. In addition, we recommend the City work with all Department Fiscal Administrators to increase awareness of reporting requirements for non-cash federal awards and specific identification of grant expenditures when multiple funding sources are awarded to cover the same program.

Views of responsible officials and planned corrective actions:

The City agrees with the recommendation and has developed controls to require communication with the granting entity, at a minimum, upon award and at fiscal year-end specifically requesting the funding allocation for multi-funded grants and expenditure amounts incurred by the granting organization for assets to be titled over to the City. The City will utilize responses in these communications to properly account for and report grant activity in the City's financial reporting system. Communication to departments on the developed controls was sent out on March 5, 2014 and will be covered in the grant training sessions scheduled for citywide fiscal staff on April 11 and 22, 2014.

Implementation Date
June 30, 2014

Responsible Person
Troy Elliott, CPA, Director
Finance Department

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO STATE AWARDS

The results of our procedures disclosed no findings to be reported for the fiscal year-ended September 30, 2013.

Summary Status of Prior Year Findings

State

Summary Status of Prior Year Findings
State Grants
Year-Ended September 30, 2013

Finding: 2012-01
Post-Employment Benefits Other than Pension (OPEB) Fire and Police Retiree Health Care Fund
Type of Finding – Significant Deficiency

Condition:
During our auditing procedures over the City's obligations for the City's Fire and Police Retiree Health Care Fund we noted that the net OPEB obligation was not originally recorded in the City's government-wide financial statements. These obligations should be reflected in the government-wide financial statements.

Recommendation:
We recommend the City continue to work with the Fire and Police Retiree Health Care Fund to strengthen the communication and sharing of information to ensure OPEB information is obtained timely in order for the City to record their net OPEB obligation annually.

Status:
Corrected

The City's Fire and Police Retiree Health Care Fund is a separate and distinct statutory trust that was created to provide post-employment health care benefits to uniformed employees who retired on or after October 1, 1989. The City, active employees and retirees are obligated to make contributions to the Fund in accordance with rates established by state law. The Fund is a component unit of the City and is blended for financial reporting purposes.

In preparation for the fiscal year-end close, the Finance Department requests information from each of the City's component units that is required for inclusion in the City's financial statements. Although, the Fund provided copies of its annual financial report and actuarial studies they did not contain the required information related to OPEB to be included in the City's financial statements. Several unsuccessful attempts were made to obtain the required OPEB information from the Fund in prior years. However, the information was provided in January 2012 and the City's financial statements have been updated accordingly. This information has now been incorporated into the Fund's annual actuarial study and report and will continue to be provided to the City in the future. Additionally, the City continues to work with the Fund to enhance communication and responsiveness in order for the City to issue financial statements in a complete, accurate, and timely manner.

Responsible Person
Troy Elliott, CPA, Director
Finance Department

Summary Status of Prior Year Findings
State Grants
Year-Ended September 30, 2013

Finding: 2008-02
Administration and Management of User Access
Type of Finding – Significant Deficiency

Recommendations:
We recommend that access requests for new hires be approved by appropriate management, and for terminated employees that their access be disabled or removed from all critical systems in a timely manner. In either case, documentation should be maintained evidencing the request for granting access and removal of access. In addition, we recommend that the City implement a formal and periodic access review process which would serve as a detective control for monitoring potential segregation of duties issues and inappropriate access.

Status:
Corrected

The "Access Control Management Standard" manual which was signed in September 2012 was developed and implemented by ITSD. It provides guidance on access control implementation best practices based on NIST 800-53A. Account Management Provisioning and Deprovisioning procedures were developed and implemented using the Standard. Customer Service agents have been trained on the procedures.

ITSD established a joint process with the HR Department to manage employee hiring and terminations, with procedures as follows:

1. *When an Employee Relations Representative performs the hire action in SAP, an automatic "Remedy" is created for the Help Desk, requesting the provisioning of access for the new hire.*
2. *Upon notification of resignation/termination, the Employee Relations Representative enters the termination in SAP, which automatically submits a "Remedy" to the Help Desk to request deprovisioning of access.*
3. *In order to ensure this process was accurate, an Employee Relations Representative is submitting a monthly report to the Help Desk listing all new hires and terminations.*

In addition the "SAP Production Access Standard" and "SAP Production Access Procedures" were implemented effective May 31, 2013. These include a formal process designating Access Provision Specialists to review current access and access requests for potential segregation of duties issues and to deprovision inappropriate access.

Responsible Persons
Hugh Miller, Director
Information Technology Services Department

Troy Elliott, CPA, Director
Finance Department

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