CITY OF SAN ANTONIO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2003

CITY OF SAN ANTONIO

TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2003

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City of San Antonio
Texas

Introductory Section

(Unaudited)

CITY OF SAN ANTONIO, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For Year Ended September 30, 2003

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CITY OF SAN ANTONIO

P.O. BOX 839966
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March 1, 2004

To the Honorable Mayor and City Council:

It is my pleasure to present the City of San Antonio's (City) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2003. Through our dedication and commitment to excellence, the City maintained its bond ratings with the nationally recognized rating agencies: Fitch, Inc. at AA+, Standard & Poor's Public Finance Ratings Services, a division of McGraw-Hill Companies, Inc., at AA+, and Moody's Investors Service, Inc. at Aa2. The ratings reflect strong financial management and position with continued tax base growth for the foreseeable future.

This report is prepared and presented by the City's Finance Department. Accordingly, the responsibility for the accuracy, completeness and fairness of the data and presentation, including all disclosures, rests with the management of the City. The public accounting firms KPMG LLP, Leal & Carter PC, and Robert J. Williams, CPA, have audited the financial statements contained herein. As reflected in the independent auditors' report, the City's financial statements are presented fairly in all material respects.

The CAFR is presented in three sections: introductory, financial, and statistical.

- The introductory section contains the transmittal letter, a copy of the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting, the City's organizational chart, and a list of principal officials.

- The financial section includes the independent auditors' report, Management's Discussion and Analysis (MD&A), the basic financial statements, which consist of government-wide and fund financial statements and notes to the financial statements, other required supplementary information other than MD&A, and other supplementary information.

- The statistical section consists of selected financial and demographic information presented on a multi-year basis.

In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and Office of Management and Budget (OMB) Circular A-133, and the State of Texas Single Audit Circular. The independent auditors' report on the basic financial statements, MD&A (required supplementary information), required disclosures and schedules are included in the financial section of this CAFR. Required reports and schedules mandated by the Single Audit Act Amendments of 1996, OMB Circular A-133, and the State of Texas Single Audit Circular are in separate documents. As in the past, the City will prepare and submit recommendations on any single audit findings of noncompliance with applicable regulations for corrective action in order to achieve compliance in the future.

As noted above, included in the financial section of the CAFR is MD&A, which presents a narrative introduction, overview, and analysis of the basic financial statements. This transmittal letter complements the MD&A and should be read in conjunction with it. The City of San Antonio's MD&A can be found immediately following the report of the independent auditors.

THE REPORTING ENTITY AND CITY SERVICES

Reporting Entity

The City of San Antonio is a home rule city that was incorporated in 1837 and chartered in 1951. It is structured as a Council-Manager form of government with a Mayor and ten Council Members each serving two-year terms, limited to two consecutive terms. San Antonio is located in South Central Texas, approximately seventy-five miles south of the state capital of Austin and serves as the county seat for Bexar County. As of September 30, 2003, the City's geographic area was approximately 505.86 square miles. The United States Census Bureau cites the City as the third largest city in the state of Texas and ninth largest city in the country. The estimated population grew from 1,241,100 in fiscal year 2002 to 1,262,800 in fiscal year 2003, an increase of 1.75%.

Pursuant to the reporting standards contained in Governmental Accounting Standards Board (GASB) Statement No. 14, "The Reporting Entity", other related entities are included in the CAFR as blended or discretely presented component units. Blended component units are those entities that are considered as part of the City's operations but are legally separate entities. Those entities are the City of San Antonio Health Facilities Development Corporation, the City of San Antonio Industrial Development Authority, the San Antonio Fire and Police Pension Fund, the San Antonio Fire and Police Retiree Health Care Fund, the City of San Antonio Texas Municipal Facilities Corporation, and the City of San Antonio Texas Starbright Industrial Development Corporation.

Entities that require discrete presentation are the San Antonio Development Agency (SADA), the City of San Antonio Education Facilities Corporation (SAEFC), the Greater Kelly Development Authority (GKDA), the San Antonio Housing Trust Foundation, Inc. (SAHTF), the San Antonio Local Development Company, Inc. (SALDC), Brooks Development Authority (BDA), the San Antonio Water System (SAWS) and City Public Service (CPS). SAWS and CPS are independently managed, municipally owned utility systems that operate under quasi-independent boards of trustees.

For additional details on each of these entities and the basis for their respective presentation in our financial report, please refer to the Financial Section, Footnote No. 1, entitled "Reporting Entity".

Services

The City provides a vast array of municipal services. These services include but are not limited to fire and police protection, street and sidewalk maintenance, libraries, parks, and solid waste disposal. In addition, the City maintains preventive health services, and facilitates economic and neighborhood development. These services are funded from various sources, which include ad valorem taxes, hotel/motel taxes, sales taxes, grants, user fees, revenues from municipally owned utilities, and bond proceeds.

City Public Service (CPS) is one of the largest municipally owned utilities in the country. It provides electric and gas services to the greater San Antonio area. CPS operations and debt service requirements for capital improvements are funded by revenue derived from charges to its customers. The City Charter requires that the rates for user charges, board appointments, sale of assets, and bond issuances be approved by the City Council. In this report, CPS is included as a major discretely presented component unit. CPS is governed by a Board of Trustees, which is comprised of four members appointed by City Council and the Mayor of the City as an ex-officio member. Additional information on CPS is discussed in the section "Infrastructure Development."

San Antonio Water System (SAWS) provides water, wastewater, chilled water, and steam and reuse water services to the San Antonio area. SAWS is a City owned, separate consolidated entity that addresses water related issues in a coordinated and unified manner. Revenues from its customers fund SAWS' operations, capital improvements, and related debt service requirements. The City Charter requires that the rates for user charges, board appointments, sale of assets, and bond issuances be approved by the City Council. SAWS is governed by a Board of Trustees that includes the City's Mayor as an ex-officio member along with six members appointed by the City Council for four year staggered terms. Additional information on SAWS is discussed in the section "Infrastructure Development."

THE REPORTING ENTITY AND CITY SERVICES (Continued)

Services (Continued)

The San Antonio Development Agency's (SADA) mission is to focus on housing with emphasis on activities inside Loop 410 while continuing the implementation of the City's Urban Renewal Program. It may designate for urban renewal such areas as it deems advisable, subject to approval by the City Council and the federal agency that administers the overall program. A majority of SADA's funding is provided by the City as pass-through grants. The board of SADA is composed of seven members appointed by the City Council.

The City of San Antonio Education Facilities Corporation (SAEFC), formerly the San Antonio Higher Education Authority, was established in accordance with State law for the purpose of aiding non-profit institutions of higher education in providing educational and dormitory facilities. This corporation is authorized to issue revenue bonds for the purposes previously mentioned, but said bonds are not obligations of the City. An eleven member Board of Directors appointed by the City Council governs the SAEFC for two-year terms.

The Greater Kelly Development Authority (GKDA) is charged with the task of all issues related to the closure, conversion, redevelopment, and future use of Kelly Air Force Base. The GKDA is also responsible for reviewing all options related to the most appropriate uses of the property on the base and surrounding areas. An eleven member Board of Directors appointed by the City Council governs the GKDA.

The San Antonio Housing Trust Foundation, Inc. (SAHTF) was organized for the purposes of supporting charitable, educational and scientific undertakings, and to provide housing for low and moderate-income families. The SAHTF is also responsible for the administration and operations of the City's Housing Trust Fund, established for the same purpose noted above. An eleven member Board of Directors appointed by the City Council governs the SAHTF.

The San Antonio Local Development Company, Inc. (SALDC) was established in 1978 to help small businesses in South Central Texas realize business growth and job creation by facilitating access to a diverse package of intermediate and long-term loans. The SALDC administers the following loan programs: Small Business Administration (SBA) 504 Loan Program, SBA Microloan Program, Economic Development Administration (EDA) Revolving Loan Fund (RLF), Inner City Loan Program and the Housing and Urban Development (HUD) Enterprise Community Loan Program. The City Council appoints thirty-three Trustees to oversee SALDC, from which eleven members serve as the Board of Directors and govern the activities of the corporation.

Brooks Development Authority (BDA) was designed 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 provide basic municipal services at the base while continuing to develop BDA as a technology and business park. An eleven member Board of Directors appointed by the City Council governs the BDA for two-year terms.

ECONOMIC OVERVIEW

As a community, San Antonio has positioned itself for long-term growth and prosperity by successfully following a strategy to diversify its economy and improve quality-of-life for all citizens. City government has played an integral part by implementing "A Strategic Plan for Enhanced Economic Development" through the collaborative efforts of San Antonio, Inc., a group of economic development organizations within San Antonio. Furthermore, the City is undertaking on-going infrastructure improvements, neighborhood revitalization, and workforce development initiatives, as well as providing incentive, assistance and attraction programs that are geared to businesses of all sizes. Both government and citizens are working toward increasing the caliber of educational and economic opportunities, expanding arts and leisure choices, revitalizing older neighborhoods, and planning for overall growth in San Antonio. As a result of the North American Free Trade Agreement (NAFTA), San Antonio has been able to capitalize on international trade opportunities by becoming a distribution point and center for companies doing business in Mexico. San Antonio is the closest major U.S. city to Mexico's biggest markets and enjoys close cultural and business ties to that nation. San Antonio's leading industries include

biomedical research and health services, international trade and distribution, information technology and security, telecommunications, tourism, financial services, and the military.

Employment Sectors

The nonagricultural employment sectors distribution for the San Antonio metropolitan area as of September 2003, according to statistics provided by the Texas Workforce Commission, is as follows:

Industry Sector	Percentage of Total Employment	Jobs Gained/(Lost) (9/02 to 9/03)	% Change (9/02 to 9/03)
Mining	0.3%	(200)	(9.1%)
Construction	5.6%	600	1.4%
Manufacturing	6.1%	(1,200)	(2.7%)
Trade, Transportation, Utilities	18.1%	1,900	1.4%
Information/Telecommunications	3.1%	(700)	(3.1%)
Finance, Insurance, & Real Estate	8.1%	1,200	2.0%
Prof./Business Services	11.8%	1,000	1.1%
Education and Health Care Services	13.4%	3,300	3.3%
Leisure and Hospitability	11.3%	2,300	2.8%
Other Services	3.8%	300	1.0%
Government	18.4%	1,500	1.1%
Total	100.0%	10,000	

The San Antonio Metropolitan Statistical Area included over 803,000 jobs, with 694,000 jobs occurring in Bexar County. The area's largest employment sectors are Government, Retail and Wholesale Trade, and Health Care, which together comprise about 52% of the area employment. The largest growth in employment came in the Education and Health Care sector with a gain of 3,300 jobs (or 3.3% annual growth).

The City's health care sector provides services through its medical, research, education, and development facilities. The City's biomedical industry continues to dominate as the largest industry segment in the San Antonio economy. According to a study distributed by The Greater San Antonio Chamber of Commerce, this industry had a total economic impact of $11.5 billion in 2001. This industry employs more than 98,000 with an annual payroll of $3.4 billion. Between 1990 and 1999, the economic impact of the health care industry nearly doubled (97.2% increase). Additionally, employees in the health care sector earn more than the San Antonio average wage.

San Antonio is unique because its research institutions have a strong array of expertise in basic and applied instrumentation, pharmacology, diabetes, cancer therapy, virology, sports medicine, transplant medicine, geriatric medicine, dental medicine, specialized medical instruments, and information security technologies. These strengths provide San Antonio with a rich collection of world-class research facilities.

Some of the biomedical assets that the City possesses are: the Air Force Center for Environmental Excellence (AFCEE), BioMedical Enterprises, Biomedical Development Corporation, BioNumerik, Brooke Army Medical Center (BAMC), Brooks City-Base, the Cancer Therapy and Research Center (CTRC), Conceptual Mindworks, Inc, DPT Laboratories, ILEX Oncology, Inc., Incell Corporation, KARTA Technologies, Lipitek International, Mission Pharmacol, Probetex, OsteoBiologics, Research Dynamics, Inc., Southwest Foundation for Biomedical Research (SFBR), Southwest Oncology Group, Southwest Research Institute (SwRI), TEKSA Innovations, Texas Blood and Tissue Center, Texas Research Park Foundation, the University of Texas at San Antonio (UTSA),

ECONOMIC OVERVIEW (Continued)

Employment Sectors (Continued)

University Hospital, University of Texas Health Science Center (UTHSC), USAF School of Aerospace Medicine, U.S. Army Institute of Surgical Research, U.S. Army Medical Department Center and School, and USAF Wilford Hall Medical Center.

The University of Texas at San Antonio (UTSA) is adding two new significant assets to this impressive list of biomedical assets. UTSA is now operating a bioprocessing facility at Brooks City-Base that will house labs containing two or three fermenters ranging from about 40 liters to possibly 350 liters, a purification/downstream processing area, a cell culture area, a 2,400 square foot common lab with smaller fermenters for training and research, and an analytical lab.

UTSA is constructing a new $83 million Biotechnology, Science and Engineering building. The facility will consist of 227,000 square feet for lecture halls; research and teaching laboratories; and seminar, conference, and classrooms to accommodate students in the College of Sciences and Engineering. The facility will also be home to the new doctoral degree programs in cell and molecular biology, computational biosciences, and bioengineering. The completion and eventual operation of the facilities will be vital to the continued development of the health and biotechnology industries in San Antonio.

Additionally, San Antonio has three major military hospitals, which have positively impacted the City for decades. The United States Air Force's largest medical facility, Wilford Hall Medical Center (WHMC), is an acute care facility. WHMC provides complete medical care to military healthcare beneficiaries in the south central United States and specialized care to patients from all over the world. WHMC contains the only Eye Bank within the Department of Defense and operates the only military programs for liver transplantation and allogenic bone marrow transplantation. The Brooke Army Medical Center (BAMC) is an ultra modern and state-of-the-art acute care facility that provides trauma care and graduate medical education. It includes the world-renowned Institute of Surgical Research Burn Center. Both WHMC and BAMC support the surrounding local communities by participating fully in the trauma and emergency medical care of the San Antonio and South Texas civilian communities. The Audie L. Murphy Memorial Veterans Hospital is an acute care facility and supports a nursing home, the Spinal Cord Injury Center, an ambulatory care program, and The Audie L. Murphy Research Services, which is dedicated to medical investigations. It serves forty-one counties and a veteran population of 300,000 throughout South Texas.

Yet another significant industry within San Antonio is the information technology and security industry. According to a recent study of the economic impact on San Antonio that was commissioned by the Greater San Antonio Chamber of Commerce, this industry employs 11,475 people with an annual payroll of $500 million and has an economic impact of $3.4 billion. With organizations such as the Air Intelligence Agency and the Center for Infrastructure Assurance and Security at the University of Texas at San Antonio, the city has a reputation for excellence in information security.

Past terrorist events resulted in unforeseen national defense strategies. The nation is faced with having to protect its citizens from the direct effects of biological warfare. In addition, a more concentrated effort to mitigate or prevent biological terrorism has been generated in the information security industries. As a result of San Antonio's rich biosciences and information technology industries, the City has positioned itself to surface as the world's foremost Homeland Security Solutions City. To achieve this goal, the Southwest Enterprise for Regional Preparedness (SERP) has been formed and is leading the collaborative efforts among the numerous organizations within San Antonio with skills and expertise in homeland security. The SERP has initiated several innovative projects that will surely achieve the goal of making San Antonio the Homeland Security Solutions City. More importantly, these efforts will make substantial contributions to the security of the nation's homeland and play a pivotal role in building upon the City's designation as one of the top two most prepared cities in the country.

The hospitality industry represents another major component of the Services sector. San Antonio's natural, historic, cultural and recreational attractions have long made it one of the top vacation and convention destinations in the country. This has resulted in an increase in tourism activity, economic impact and employment

ECONOMIC OVERVIEW (Continued)

Employment Sectors (Continued)

opportunities related to the hospitality industry. The City's proactive management practices and marketing efforts resulted in the Convention & Visitors Bureau booking approximately 679 conventions in fiscal year 2003, with 711,216 associated room nights and an estimated economic impact of $383.8 million. The San Antonio Convention & Visitors Bureau (SACVB) has booked approximately 2.74 million room nights from November 2002 through 2022.

The military continues to represent a principal component of the San Antonio economy. As of September 30, 2002, the military employed approximately 73,189 military, civilian and part-time guard and reserve personnel with an estimated direct economic impact of about $4.8 billion. Three major active installations comprise the military sector: Lackland Air Force Base, Randolph Air Force Base, and U.S. Fort Sam Houston. In addition, Brooks Air Force Base property was conveyed to the Brooks Development Authority (appointed by City Council) on July 22, 2002, with the resident military missions remaining as tenants in the newly established Brooks City-Base Technology and Business Center.

The military presence within San Antonio was further enhanced with the relocation of US Army South to Ft. Sam Houston in September 2003. The relocation of this prestigious corporate headquarters organization to the City has added approximately 500 jobs with an estimated annual payroll exceeding $42 million and an annual economic impact of $200 million.

San Antonio's stature as a superb location for corporate relocations is growing. The City has attracted some major business enterprises to locate their operations in the City. Toyota Motor Manufacturing North America, Inc., has entered into an agreement with the City to invest $400 million in an automotive manufacturing plant that will produce 150,000 Tundra trucks per year and employ 1,800 employees. Construction commenced in 2003 with production occurring in 2006.

Additionally, Maxim Integrated Products decided to expand its operations to San Antonio through its purchase of the Philips facility in Westover Hills. The City has also entered into an agreement with a large developer to develop a major area in San Antonio to include a Professional Golf Association (PGA) Resort with two golf courses, the construction of a major hotel, and construction of residential homes. The development area is in the Northeast part of the San Antonio outside of the city limits but within the Extraterritorial Jurisdiction Area. This operation covers approximately 2,597.6 acres of land.

United Services Automobile Association (USAA), a leading insurance agency, continues to be the City's largest private sector employer. Clear Channel Communications, Inc., also headquartered in San Antonio, is a global leader in the out-of-home advertising industry with radio and television stations, and other entertainment venues in forty countries around the world. New headquarters have also been built for San Antonio's energy company, the Valero Energy Corporation. Clarke American Checks, the third largest producer of checks and financial forms in the country with headquarters in San Antonio, expanded its local presence in 1999 with the addition of a major customer service center.

Business Climate and Outlook

San Antonio's healthy economy and positive business climate are enhanced by elements key to continued economic growth, such as an advanced telecommunications system, significant recent accomplishments in the area of higher education, and strong workforce development programs. Also enhancing San Antonio's business appeal is the high quality-of-life the City offers and a cost-of-living that is well below the national average. San Antonians enjoy first-rate medical services, a convenient and efficient airport, an excellent highway system, mild weather, and superb recreation choices, including championship golf courses, theme parks, historical attractions, museums, professional sporting attractions and a lively performing arts environment.

The City's Economic Development Department (EDD), in coordination with the private non-profit San Antonio Economic Development Foundation, continues to attract major corporations to the area and help local businesses

ECONOMIC OVERVIEW (Continued)

Business Climate and Outlook (Continued)

expand. Although the nation's economy experienced a downturn in 2003, job growth continued in San Antonio with approximately 3,575 new jobs created through economic development programs.

The Heavy Industry Development Division of the City's Economic Development Department continues to focus on working with the Greater Kelly Development Authority in the successful redevelopment of KellyUSA, formerly Kelly Air Force Base, which officially closed on July 13, 2001. EDD is also working with the Brooks Development Authority to make Brooks City-Base an economic success. In addition, EDD is working with Fort Sam Houston to explore ways that the City can help this local installation become more cost efficient, reduce infrastructure support costs, preserve jobs, and enhance economic development opportunities.

KellyUSA

On July 13, 2001, Kelly Air Force Base ("Kelly AFB") officially closed and the land and facilities were transferred to GKDA. The new business park, known as KellyUSA, is focused on becoming the Port of San Antonio by: (1) establishing international air cargo operations; (2) developing a Kelly rail port for direct international rail operations including inland port distribution with the Port of Corpus Christi; (3) expanding aviation maintenance, repair and overhaul (MRO) operations into a renowned international center of excellence for MRO. KellyUSA assets include multi-modal infrastructure, including an 11,400-foot runway for commercial air operations valued at $1.8 billion.

To further the redevelopment goals, GKDA has completed over $191 million in new construction and facility upgrades over the past two years including a new 123,000 square foot hangar for Boeing and a new office building, which is currently leased at 94% of capacity. In addition, GKDA has planned a $108.6 million capital improvement program for the next five years, including the demolishing of 5 million square feet in unusable facilities.

As of January 2004, redevelopment efforts have resulted in the retention of 7,400 military jobs and the creation of about 5,200 new commercial jobs. GKDA has also executed leases totaling approximately 8 million square feet of the space with 74 tenants such as Boeing, Lockheed-Martin, Chromalloy, Standard Aero, General Dynamics, General Electric, and Pratt & Whitney. An additional 2.4 million square feet of space has been leased back to the Air Force for their continued use. In 2004, GKDA is beginning Phase II New Facility Development at KellyUSA that encompasses $364 million in capital projects financed by City, State, Federal, and private sector funds. GKDA projects that Phase II will generate another 6,400 jobs and increase KellyUSA's economic impact on the community to $4.3 billion annually.

Brooks City-Base

Brooks City-Base is a collaborative effort between the Air Force and the City designed to retain the Air Force missions and jobs at Brooks AFB, improve Air Force mission effectiveness, assist the Air Force in reducing its support operating costs, and promote and enhance economic development on Brooks AFB and in the surrounding community. Both the City and the Air Force are partnering to utilize City incentives and existing Brooks AFB resources to create the Brooks Technology & Business Park, a facility that will foster the development of key targeted industry sectors, such as health services and biotechnology. Brooks Technology & Business Park was officially established on July 22, 2002, with the transfer of the 1,310 acres of land and improvements comprising Brooks AFB to the City Council-established organization, Brooks Development Authority ("BDA"), with the Air Force becoming Brooks Technology & Business Park's anchor tenant and leasing back additional facilities, as necessary, to perform its missions. The City is now providing municipal services to Brooks Technology & Business Park and has been providing fire and police services thereto since October 2001.

Base electric, gas, and water utilities have been transferred by the BDA to the City-owned utilities, CPS and SAWS. The BDA is also contracting with Grubb & Ellis, a national real estate developer and property management firm, to manage Brooks Technology & Business Park facilities.

ECONOMIC OVERVIEW (Continued)

Business Climate and Outlook (Continued)

Fort Sam Houston

Fort Sam Houston has also initiated leasing activities to reduce infrastructure costs and pursue asset management opportunities using military facilities. In April 2000, the United States Army (the "Army") entered into a partnership with the private organization, Fort Sam Houston Redevelopment Partners, Ltd. (FSHRP), for the redevelopment of the former Brooke Army Medical Center (BAMC) and two other buildings at Fort Sam Houston. These three buildings, totaling about 500,000 square feet in space and located in a designated historic district, have been vacant for some time and are presently in a deteriorating condition. On June 21, 2001, FSHRP signed a 50-year lease with the Army to redevelop and lease these three properties to commercial tenants. In September 2003, the Army relocated U.S. Army South from Puerto Rico to Fort Sam Houston, bringing approximately 500 new jobs to San Antonio with an annual economic impact of approximately $200 million. To facilitate this relocation, the Army negotiated a lease with the FSHRP to locate U.S. Army South and the Southwest Region Installation Management Agency in the old BAMC by summer 2004.

The continued success of this unique public-private partnership at Fort Sam Houston is critical to assisting the Army in reducing infrastructure support costs, preserving historical assets, promoting economic development opportunities, and generating net cash flow for both the Army and FSHRP. This project supports the City's economic development strategy to promote development in targeted areas of the City, leverage military installation economic assets to create jobs, and assist our military installations in reducing base support operating costs. The Army intends to extend the public-private partnership initiative to include other properties at Fort Sam Houston currently available for redevelopment.

Base Realignment and Closure (BRAC 2005)

In 2005, another round of military base realignment and closures (BRAC) is scheduled. The community has been proactive in strengthening the value of its military installations through unique initiatives like the Brooks City-Base project and the Fort Sam leasing project. To prepare for BRAC 2005, the City of San Antonio in partnership with the Greater San Antonio Chamber of Commerce and Bexar County, has established the San Antonio Military Missions (SAMM) Task Force. In November 2003, the SAMM Task Force hired an Executive Director and staff to begin developing and implementing a strategy for BRAC 2005 focused on promoting the military value of the community's military assets.

San Antonio Technology Accelerator Initiative (SATAI)

SATAI is a targeted economic development initiative focused on developing an advanced technology economy in the San Antonio region. SATAI's mission is to accelerate the regional technological economy through providing hands-on development of advanced technology start-up companies and assisting established companies in accessing tech-based solutions through Enterprise Services. One of the largest SATAI projects is the coordination of several homeland security initiatives through its leadership of the Southwest Enterprise for Regional Preparedness. SATAI's efforts in this area will lead to several state of the art technologies that will be commercialized through new start-up technology companies.

SATAI has been very successful in becoming a key component in the development of San Antonio's advanced technology economy. For example, SATAI helps companies pursuing venture capital funding prepare for venture capitalists presentation. Statistics indicate that companies completing this preparation program have a 50% chance of receiving funding. Conversely, companies that do not complete this program have a 1-5% chance of receiving funding from venture capitalists. In 2003, SATAI played an integral role in San Antonio companies receiving over $13 million in venture capital and angel funding. SATAI has also been very successful in attracting the interest of venture capital firms throughout the country to participate in the San Antonio investment market. This has filled a huge void in the community's efforts to develop the advanced technology economy.

Aerospace Industry Development

This industry provides over 8,200 jobs, with employees earning annual wages totaling over $320 million. The aerospace industry continues to expand as the City leverages its key aerospace assets, which include San Antonio International Airport, Stinson Municipal Airport, KellyUSA, Randolph AFB and Lackland AFB, and training

ECONOMIC OVERVIEW (Continued)

Business Climate and Outlook (Continued)

Aerospace Industry Development (Continued)

institutions. Many of the major aerospace industry participants have significant operations in San Antonio, such as Boeing, Lockheed Martin, General Electric, Pratt & Whitney, Raytheon, Cessna, Southwest Airlines, FEDEX, UPS, and others. The industry in San Antonio is very diversified with continued growth in air passenger service, air cargo, maintenance repair and overhaul (MRO) and general aviation. San Antonio International Airport has added two new non-stop passenger routes to Cleveland and Guadalajara in 2003 with seasonal nonstop flights to Cancun, Mexico scheduled to begin in March 2004. Stinson is at 100% occupancy rate and has a tenant waiting list for facilities. A Stinson Master Plan was approved by the City Council in October 2002 and is being implemented. At KellyUSA, the MRO business continues growing as tenants such as Boeing, Lockheed Martin and Standard Aero continue to secure long-term government contracts. KellyUSA is also working to add air cargo activity as recommended by an Air Cargo Study and Strategic Plan completed in June 2002.

To support the workforce requirements for growing and sustaining a viable aerospace industry, the community partnered to establish the Alamo Area Aerospace Academy (AAAA), which opened in August 2001. The City has funded the AAAA with $150,000 in fiscal year 2003. The inaugural class enrolled 121 high school students of which 94 graduated in May 2002. Of the 25 seniors in this class, 15 are now employed within the aerospace industry in San Antonio. There were 127 students in the fiscal year 2003 AAAA class and in September 2003 the FY 2004 class began with 130 students.

Complementing this workforce initiative is the Advanced Technology Center that opened at KellyUSA in April 2002 and provides an avionics curriculum. The City, in partnership with the Alamo Community College District, funded the $3 million facility renovation project housing the Academy.

New Business Prospects

As of the fourth quarter of 2003, the San Antonio Economic Development Foundation, Inc., reported the City had 90 active business prospects. The new businesses are categorized as business services, transportation equipment, miscellaneous manufacturing, fabricated metal products, food products, and others.

Downtown Development Projects

During 2003, the new 100-room Watermark Hotel was completed, and construction commenced on the 350-room La Quinta Inn & Suites hotel project, which will reshape the downtown skyline. The City will continue its efforts to facilitate the development of a convention headquarters hotel adjacent to the recently enlarged Henry B. Gonzales Convention Center. The Convention Center Hotel Advisory Board (CCHAB) was formed to study and recommend financing and development options for this 1,000-room hotel.

International Trade

The Directory of San Antonio Exporters and Support Organizations (available on the City's International Affairs Department website) has identified over 700 local companies that export to other nations or provide export assistance.

During 2003, the International Affairs Department worked with 77 international delegations, which included 1,526 delegates that visited San Antonio. Delegations visited from Albania, Azerbaijan, Botswana, Brazil, Canada, Canary Islands, Chad, China, Colombia, Czech Republic, France, India, Korea, Malasia, Morocco, Netherlands Antilles, Nigeria, Oman, Pakistan, Qatar, Romania, Slovenia, Spain, Switzerland, and Taiwan. The department also assisted more than 500 business clients generate over $21 million in a bilateral trade between San Antonio and Mexico.

As of December 31, 2003, the North American Development Bank (NADB) had authorized loans and grants totaling approximately $631.8 million for the development and financing of 70 infrastructure projects throughout the 10 states that comprise the U.S.-Mexico border region. These projects represent a total investment of

ECONOMIC OVERVIEW (Continued)

Business Climate and Outlook (Continued)

International Trade (Continued)

approximately $2.18 billion and are benefiting an estimated 7 million border residents in the United States and Mexico.

The NADB has been the catalyst to significant and unprecedented levels of investment in environmental infrastructure along the U.S.-Mexico border. NADB participation in these projects represents about 29 percent of the total investment in these projects. Of these, 18 have been completed, 33 are currently under construction or in various states of completion and 19 are in the design or bidding stage and are expected to start construction this year. In the area of local capacity building, the NADB to date has authorized technical assistance under its Institutional Development Program (IDP) for 151 projects in 77 communities on both sides of the border.

Infrastructure Development

The City recognizes its obligation to address infrastructure needs and to provide the services required to maintain and continuously improve the living standards of its citizens. Infrastructure, the basic framework or underlying foundation provided by government to support a community's basic needs, including its various components that ensure economic activity, safety, education, and quality of life, are discussed below.

Basic Infrastructure Components

Public Safety

In fiscal year 2003, the Police Department continued to enhance crime prevention strategies by strengthening relationships between police and the community's neighborhoods in order to proactively address property and violent crime rates. During the year, violent crimes per 100,000 population reflected a modest increase while property crimes declined slightly. The Patrol Availability Factor (PAF) goal for the year was 39.56%. The actual PAF for the year was 40.83%. The better than anticipated PAF resulted from fewer police officer vacancies during the year, the return of 30 officers called to active military duty, and a 2% reduction in calls for police service. As part of a joint City-County project funded by the Local Law Enforcement Block Grants, the Police Department established a gang detail that works with various County agencies to proactively address gang issues.

The improved Dispatch Facility, constructed in 2000 and funded with 1998 Certificates of Obligation, will accommodate the requirements for a new public radio system. Currently in the final stage of field-testing, the new radio system is scheduled to become operational in the first quarter of 2004.

The 1999 Bond Program earmarked $17.4 million for three Vision 2001 technology systems: Field Entry Reporting, Optical Disk Storage and Retrieval, and Supplementary Report Management System. This "Public Safety Integrated Technology System" will provide a comprehensive information management system to increase police officer and detective effectiveness while enhancing customer service. The system will enable officers to enter reports from the field as well as improve the filing, preparation and storage of important case information.

The Police Department currently has a contract with Open Systems Group for the development of a software base for this system. In fiscal year 2003, $3,610,127 was budgeted for this project. This fiscal year, servers were purchased to run the system and the Automated Mugshot System was upgraded. The entire system is estimated to be complete in August 2004.

1999 General Obligation Bonds totaling $3,009,000 were allocated to Police Substation Expansion Projects for North, Northwest, South, East, and West Substations. In fiscal year 2003, $1,140,000 was budgeted for the East and Northwest Substation expansion projects, which continue as scheduled. Construction of the North, South and West Substations was scheduled to be completed in December 2003. The East and Northwest Substations will be complete in March 2004.

ECONOMIC OVERVIEW (Continued)

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

Public Safety (Continued)

In fiscal year 2003, the Police Department continued to provide and improve citizens' convenient access to information and investigative services at Police Substations through enhanced data availability on the Department's Website. Police reports are available to the public at the Police Headquarters Records Office and at the four City of San Antonio Community Link Centers.

The City continues to promote and provide for its Public Safety infrastructure by allocating funding through the budget process for police, fire and Emergency Medical Service (EMS). As of September 30, 2003, Public Safety Infrastructure included 6 police stations as well as 48 fire stations which house 48 engine companies, 19 truck companies, 8 brush trucks, 8 Fire command units, 5 EMS command units, 26 full-time EMS units and up to 9 peak period units per day. In addition to the aforementioned deployment of personnel, the Fire Department staffs a Fire Station located at the San Antonio International Airport, which responds to all incidents that occur within the airport boundaries.

With regard to Fire and EMS services, fiscal year 2003 included the continued implementation of the Fire Department Master Plan, a five-year rolling plan of comprehensive improvements targeted to enhance services provided such as Emergency Management, Fire Suppression, Fire Prevention, and Emergency Medical Services. Improvements implemented include an addition of nine staff positions, the continued construction and renovation of various fire stations and the training academy, and the continuation of the fire department's First Responder program. The First Responder program is part of a Fire Department initiative to increase the useful life of the more expensive firefighting apparatus and to provide initial patient care before EMS units arrive. The department also continued to improve technology and equipment enhancement upgrades related to Laptop Mobile Data Terminals (LMDTs).

Parks and Recreation Department

As of September 30, 2003, the City's Parks and Recreation infrastructure included 192 neighborhood, community and large urban parks, numerous sports complexes, 26 recreation centers, 23 swimming pools, and other special facilities, such as the River Walk, Botanical Gardens, Tower of the Americas, Spanish Governor's Palace, Market Square, and La Villita. The total park area covers 14,509 acres. During fiscal year 2003, approximately 36 Parks and Recreation capital improvement projects were completed at a construction cost of over $7.9 million, and an additional 78 Parks and Recreation capital improvement projects were under construction, bid, or design at the end of the fiscal year.

On May 6, 2000, San Antonio voters approved the collection of an additional 1/8 cent sales and use tax aggregating up to $65 million to purchase and develop as appropriate; (a) large tracts of parkland containing sensitive natural areas over the Edwards Aquifer ($5 million), (b) linear tracts of land for greenway development along Leon Creek and Salado Creek ($20 million), and (c) a 10% operations and maintenance endowment for the Edwards Aquifer Parkland. The parks proposal was the only one of four ballot issues presented to voters on May 6, 2000 that was approved, and will be funded through a temporary 1/8 cent increase in San Antonio's sales and use tax. It is anticipated that the $65 million will be remitted to the City by July 2004.

Planning Department

Planning Department staff began the Southside Balanced Growth Initiative during the 2002 fiscal year. The focus of this initiative was an 83.6 square mile area located 7.5 miles south of downtown. An area of approximately 57 square miles was annexed for limited purposes to extend land use and health and safety regulations to the area. The primary goal of this initiative is to reverse the trend of disinvestments in the southern sector and encourage the balanced growth of San Antonio. This initiative will establish a growth policy for South San Antonio that seeks to develop the area into an integral part of the City and create an overall scenario of sustainable development. To that affect, new and progressive zoning districts were introduced and adopted by City Council.

ECONOMIC OVERVIEW (Continued)

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

Planning Department (Continued)

Additionally, this effort seeks to achieve the goals and objectives of the 1997 Master Plan, the 2001 San Antonio Housing Master Plan, and the Community Revitalization Action Group (2000) by utilizing Smart Growth Principles. Through this initiative, the City of San Antonio will:

- Encourage the development of attractive, sustainable neighborhoods that are pedestrian-oriented and support a mix of uses
- Provide a range of quality housing options
- Protect natural resources and open space
- Support walking, cycling, and bus/rail transit alternatives to driving
- Revitalize and support existing communities
- Generate job opportunities
- Promote quality schools
- Build on existing and planned assets and employment anchors
- Attract investors and encourage development by making investing easier and profitable
- Reduce infrastructure costs by developing closer to the urban area and coordinating development infrastructure

With the advent of a Toyota Manufacturing plant in the area, the prospect for attracting and increasing the number of industrial and commercial uses will improve. Coupled with the City's initiative, attractive and progressive zoning districts provide direction and create certainty for future investors and developers in the area.

The City added two new Historic Districts, bringing the total of Historic Districts in San Antonio to twenty-one, and expanded the boundaries of two of our existing Historic Districts. A recent study of the Economic Impact of Historic Designation in San Antonio by Rutgers University showed that Historic District designation increased property values 18% over the normal inflation rate compared to neighborhoods of similar character. Currently, one additional neighborhood is in the process of designation. We have also designated thirteen new Local Landmarks.

During the past year, the Alamo Viewshed was adopted by the City Council. The Viewshed limits the height of new buildings behind the Alamo. This height limitation will forever preserve the view of clear sky behind the Alamo.

The Planning Department is also working on an architectural survey of the original thirty-six square mile city limits, which includes 62,000 buildings. The survey utilizes volunteers from neighborhoods, advocacy groups, and local schools. To date, over 6,000 properties have been surveyed and a number of potential new Local Landmarks and Historic Districts have been identified.

In accordance with the Community Building and Neighborhood Planning Program, staff undertook comprehensive planning for neighborhoods and communities. Plans, in addition to the Southside Initiative Community Plan, which was adopted in fiscal year 2003 by City Council, included the Huebner-Leon Creek Community Plan and the Westfort Neighborhood Plan Update. The Arena District/Eastside Community Plan was approved by the Planning Commission in September, and was considered by City Council in November 2003.

ECONOMIC OVERVIEW (Continued)

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

Planning Department (Continued)

The Neighborhood Improvement Challenge Program (NICP) provides neighborhood-based organizations the opportunity to implement small, public improvement projects in partnership with private groups. In fiscal year 2002, the NICP awarded a total of $161,696 to 107 projects ranging from landscaping, murals, park enhancements, and special topics series that include newsletter design, advertising, promotion and distribution. In fiscal year 2003, staff coordinated with neighborhood groups to finalize and implement these projects. To date, 40 Learning Fund participants attended membership drive classes and sponsored a membership recruitment event, 672 trees were planted, and 9 Project Fund projects were initiated that will be matched privately with $34,790. Although the Neighborhood Improvement Challenge Program was not funded for fiscal year 2003, carry forward funds will enable the scheduling of additional special topic series workshops.

As part of the implementation of the Community Building and Neighborhood Planning Program (CBNP), three neighborhood plan projects were initiated in 2002 and implementation efforts continued in 2003. These include the Hays Street Bridge Rehabilitation project, the Austin Highway Hazard Elimination Safety Program (HESP) and the Olmos Creek Greenway project.

The Hays Street Bridge Project was awarded $2,879,293 through the TEA 21 enhancement program in 2002. In an effort to raise funds for the City's match, the Planning Department will continue its involvement to coordinate with the citizen committees and to assist with public involvement for the project.

Through a Hazard Elimination Safety application submission for TEA 21 funds, $475,000 was awarded to the San Antonio Texas Department of Transportation (TxDOT) district for the construction of medians on Austin Highway from Eisenhauer to Rittiman. In fiscal year 2003, the Planning Department, Neighborhood Action Department and the Public Works Department coordinated the preliminary design and public involvement process with TXDOT. TXDOT has initiated the design and development of the project.

In conjunction with the adoption of the North Central Neighborhoods Community Plan, a resolution was adopted by City Council to authorize the San Antonio River Authority to work with the U.S. Army Corps of Engineers (USACE) to initiate a feasibility study of the southernmost three (3) mile section of Olmos Creek to determine if the project qualifies for Section 206 "Aquatic Ecosystem Restoration" funds. If it qualifies, this could result in additional federal funding for environmental restoration and passive hiking trails. A 35% match (cash or in-kind) would be required should the city decide to participate. A preliminary estimate by the USACE for the city's match as of October 2002 is $537,585 ($71,000 in- kind and $466,585 cash) for a total project cost of $1,535,960. In 2003, the Planning Department coordinated with the USACE, the Parks and Recreation Department and the San Antonio River Authority to develop final estimates. Voters in the 2003 Bond election approved the local match for the project.

In December 2002, the Corridor Overlay District enabling ordinance was adopted by City Council. In May 2003, the first gateway corridor, the Hill Country Corridor on IH10 West, was also adopted by City Council. Subsequently, staff initiated work on the development of the IH35 North gateway corridor. Additionally, two Neighborhood Conservation Districts (NCD) were adopted: the S. St. Mary's/South Presa NCD and the Alta Vista NCD. Staff also initiated work on the development of NCDs for the Ingram Hills and Whispering Oaks neighborhoods. Both the corridor overlay district and the neighborhood conservation district provide additional development standards to promote community character.

Library Facilities

The San Antonio Public Library System consists of a Central Library facility, 18 branches, 1 joint-use facility at the Ronald Reagan High School (a unique partnership between the City and North East Independent School District), and 1 bookmobile. The Central Library offers services seven days a week and four evenings a week.

ECONOMIC OVERVIEW (Continued)

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

Library Facilities (Continued)

Nine branch libraries are open seven days a week and three evenings, and nine branch libraries are open six days a week and four evenings. The public library at Ronald Reagan High School is open after school hours and evenings four days a week and on Saturday and Sunday during the day. The Library's operating schedule is designed to ensure that branch libraries throughout the city provide satisfactory library access and usage for families, students, and neighborhood residents.

Over 3.6 million people utilized the Library's collection of print and non-print resources in fiscal year 2003. Citizens borrowed 4% more materials and asked 9% more reference questions than in the prior year. Usage of the Library's website, including access to full-text electronic information databases increased 69% over the previous year. Over 149,000 citizens attended library programs designed for a variety of audiences including children, families, and adults.

In support of the City's initiative to create an educated workforce and promote a healthy business climate, the San Antonio Public Library offers information resources for small businesses in branches located throughout the City's empowerment zones. These resources were developed with the assistance of the Institute of Economic Development at the University of Texas at San Antonio, the City Economic Development Department and the Economic Development Foundation.

Airport System

The City's airport system consists of the San Antonio International Airport and the Stinson Municipal Airports, both of which are owned by the City and operated by its Department of Aviation.

San Antonio International Airport is located on approximately 2,600 acres of land that is adjacent to Loop 410 freeway and U.S. Highway 281 and eight miles north of the City's downtown business district. The International Airport consists of three runways with the main runway measuring 8,502 feet and is able to accommodate the largest commercial passenger aircraft. Its two terminal buildings contain 24-second level gates. Presently, domestic air carriers providing service to San Antonio include America West, American, Atlantic Southeast, Comair, Continental, Continental Express, Delta, Midwest, Northwest, Southwest, and United. Mexicana, AeroLitoral and Aeromar are Mexican airlines that provide passenger service to Mexico. The Airport Master Plan design allows for an increase from 24 to 55 gates. It is estimated that current gate facilities are being used at 80% of capacity. A variety of services are available to the traveling public furnished by approximately 245 commercial businesses, including nine rental car companies, which lease facilities at the San Antonio International Airport and Stinson Municipal Airport.

San Antonio International Airport has two designated cargo areas: the West Cargo Area, which was constructed in 1974 and refurbished in 1990, and the East Cargo Area, which was completed in 1992 and expanded in 2003. The East Cargo Area is specially designed for use by all-cargo, overnight-express carriers. Custom-built cargo facilities in the East Cargo Area are leased to Airborne Express and Federal Express, while Eagle Global Logistics (EGL) constructed a processing facility in the year 2000 and UPS is in the process of expanding its facilities. Additional land has been allocated to accommodate future growth and an expansion of facilities is currently planned. Foreign trade zones exist at both cargo areas. Enplaned and deplaned cargo for 2002 totaled 133,463 tons.

San Antonio International Airport operates and maintains approximately 6,100 parking spaces and 1,000 employee parking spaces for a total of 7,100 parking spaces. A parking study was developed in 2001 for the International Airport by AGA Consulting, Inc. The study indicated that projected peak period demand for airport

ECONOMIC OVERVIEW (Continued)

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

Airport System (Continued)

parking will exceed the available supply by the end of 2006. It is estimated that 2,400 additional parking spaces will be required to satisfy projected demand over the next ten years. The City is in the process of coordinating the facility layout for the new parking improvements with the additional terminal facilities. The design contract for the parking improvements is expected to be awarded in early 2004, while construction of the new parking facilities is anticipated to start by 2005.

A comprehensive terminal renovation project was completed in 2003 to improve the quality of services provided to passengers at the San Antonio International Airport. The project, which was estimated to cost $28 million, included a completely new appearance to the building interiors and provided state of the art terminal amenities. Included in the terminal renovations was a complete redevelopment of the concessions program that provided high-quality retail and food establishments, offering a mix of regional and national brands at street prices. Concession space was expanded from 30,000 square feet to over 40,000 square feet. Through the expansion and reconfiguration of concession space, 85% of retail shops and food outlets are now at airside locations. In total, 42 new concession contracts were awarded. The new concessions program is also projected to increase revenues to the Airport from $3.2 million in fiscal year 2002 to $4.8 million in fiscal year 2004. On a per-boarding-passenger basis, concession revenue is expected to increase from $.99 in fiscal year 2003 to $1.31 for fiscal year 2004.

The Airport Revenue News' 2003 Best Concessions Poll recognized the City's Aviation Department for its new concessions program. The Airport's concession program was voted for by a panel of judges in the airport category with less than 4 million enplanements. San Antonio International tied with Norfolk International Airport for 1st place for the "Airport with the Most Innovative Services" and received 2nd place for the airport with the "Best Concessions Program Design." This award is given to airports that have the most accessible and visible concessions program to a majority of passengers, a layout that promotes a retail-friendly environment, reflects a distinctive theme, and has an overall attractive appearance.

The passage of the Aviation Security Improvement Act in November of 2001, created the Transportation Security Administration (TSA). The City's Aviation Department has worked closely with the TSA to forge a new higher level of security for the traveling public. Aviation Department staff and the airlines assisted the TSA in transitioning to fully federalized security checkpoints. The process began in September 2002 and was completed on December 31, 2002. Implementation of the new regulations included the installation of explosive detection baggage screening equipment to meet the mandated 100 percent baggage screening process on December 31, 2002. TSA employs about 500 individuals at San Antonio International Airport to meet the new federal security requirements.

The Airport's explosive detection screening equipment is currently located in the ticket lobby areas of the terminals. This was necessary in order to meet the required December 31, 2002 deadline. However, the Aviation Department is working with the TSA to relocate all baggage screening equipment behind the terminals in new baggage handling systems planned as part of the upcoming Terminal Expansion Project. The Aviation Department also utilizes three Explosive Detection Canine teams. The officers, assigned with their dogs, provide additional coverage for detection of explosive materials at the Airport in baggage pickup areas, concourses, parking, cargo and aircraft. This program is supported by the TSA with reimbursement to the Airport at $120,500. SAT's coverage is provided in addition to canine support received from San Antonio Police Department and Bexar County Sheriff's Office.

The City is planning the implementation of a ten year Capital Improvement Program (CIP) pursuant to the Master Plan for San Antonio International Airport. The CIP addresses both terminal and airfield improvements. The capital program includes the removal of the existing Terminal 2, which is over 40 years old, and the addition of two concourses with corresponding terminal space, public parking facilities, roadway improvements, and the

ECONOMIC OVERVIEW (Continued)

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

Airport System (Continued)

extension and improvement of two runways, along with supporting taxiways and aircraft apron. The Airport System's overall CIP for fiscal years 2002 through 2011, which may change as circumstances require, is estimated to be $425.6 million. The CIP includes capital improvements as follows: $124.2 million for terminal related improvements, $51.8 million for parking improvements, $19 million for roadway improvements, $177.1 million for airfield improvements, $8.2 million for cargo facilities, $6.7 million for aircraft apron, $5.9 million for Stinson Airport improvements, and $32.7 million for other improvements.

The City plans to pursue a phased approach in the construction of the improvements, whereby capacity is increased to coincide with demand. The City also desires to limit, to the extent possible, the impact on airline rates and charges. The City, as the owner and operator of the Airport, has received authority to "impose and use" Passenger Facility Charges (PFC) at the $3.00 level, which became effective November 1, 2001. The Federal Aviation Administration (FAA) issued a Record of Decision approving the City's PFC application on August 29, 2001. The CIP also anticipates the approval of a Letter of Intent with the FAA for the commitment of future grants as possible funding sources for some of the planned capital improvements.

During 2003, the first steps were taken to bring the City's $426 million Capital Improvement Program to fruition. The City's consultant, Marmon Mok/Gensler, validated the 1998 Airport Master Plan and completed a programming study. This process included development of a layout of proposed additional terminal and roadway facilities needed to meet the projected passenger growth through 2015. The study also included a review and mapping of the ultimate terminal and airline gate expansion for future development as growth occurs at the Airport. Schematic designs were completed, along with the programming study, which will be used by the architectural team of 3D International/Corgan Associates, Inc., to layer in the exterior and interior structural design features in the ticketing, concourse, and bag process areas. Other architects were also selected to start the process of designing and constructing a new 3,000-space parking garage and a freight facility. The first phase of construction, which includes a new concourse to replace Terminal 2 and roadway improvements, as well as an expansion to the parking facilities, is expected to start late in 2004.

Stinson Municipal Airport, established in 1915 and named for the Stinson family, aviation pioneers, is one of the country's first municipally owned airports. During 2001, a process was initiated to develop a new Airport Master Plan for this Airport, which was completed 2002. The Master Plan provides recommendations for airfield and facility improvements needed to meet growing operation demands. The planning effort will facilitate the development of the Airport to expand its role as a general aviation reliever to the San Antonio International Airport. TxDOT accepted the Master Plan in 2002 and has recommended $16.0 million in grant funding for capital improvements over the next ten to fifteen years. The expansion of Stinson's facilities is also needed to take advantage of new, complementary business opportunities evolving with the synergy between Brooks City-Base, KellyUSA, and the Airport. A Target Industries Analysis was completed in 2003 as part of the master planning process. The study will help facilitate development of Stinson properties through the identification of industries and businesses considered to be good prospects for locating at the Stinson Municipal Airport.

Since 1998, flight operations at Stinson have increased by 143%, while Stinson has also experienced over a 100% increase in the number of based aircraft at the airport. Because of its growth, the Texas Department of Transportation Aviation Division has approved grant funds for various projects at Stinson. With Aviation Department funds, Stinson has planned to build a new facility that will give the Airport additional administrative offices, classrooms, and conference rooms to accommodate and attract new businesses. The Texas Department of Transportation Aviation Division has named Stinson Municipal Airport "2003 Reliever Airport of the Year".

ECONOMIC OVERVIEW (Continued)

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

City Public Service

City Public Service (CPS), owned by the City, provides electric and gas services to San Antonio and surrounding areas. As of December 2003, CPS owned and operated 16 electric generating units capable of producing 4,356 megawatts (MW) of power from natural gas, oil, and coal. CPS also owns 700 MW of nuclear generating capacity in the South Texas Project plus the rights to another 160 MW of wind generation, which brings the total CPS capacity to 5,216 MW. During fiscal year 2003, CPS's generation was obtained from the following sources: coal, 46%; nuclear, 27%; and natural gas, 15%. Wind energy and purchased power accounted for 12%. As the second largest municipally owned utility in the nation, CPS serves more than 604,108 electric customers throughout its 1,566 square-mile service area, and about 310,316 natural gas customers in the urban San Antonio area.

To the citizens' benefit, CPS rates are lower than any major Texas city and among the lowest in the nation. The average CPS residential gas and electric bill ranked second lowest among the 20 largest cities in the United States for the twelve months ending January 2003. CPS remitted over $204 million to the City in fiscal year 2003. Representing a steady and increasing source of revenue for the City, this return helps keep property taxes low and enhances the funding of many city services offered to residents. As of December 2003, CPS maintains a AA+ rating by Standard & Poor's, which makes CPS one of the highest rated publicly owned utilities in the nation.

San Antonio Water System

The City's waterworks system, initially acquired in 1925, was included in a consolidation in 1992 of all City owned water related utilities including water, wastewater, and water reuse systems. This consolidation created the San Antonio Water System (SAWS), which now provides water and wastewater service to San Antonio and certain surrounding areas. SAWS provides water and wastewater service to the majority of the population within the corporate limits of the City of San Antonio and Bexar County, which totals approximately 1.4 million residents. Currently, SAWS provides water and wastewater service to 305,050 and 338,783 customers respectively, including residential, commercial, industrial and irrigation customers. SAWS has 4,229 miles of water mains in place and 5,047 miles of wastewater mains in place.

Housing and Neighborhood Development

The City's administration of housing and neighborhood development initiatives are being accomplished through programs such as the Housing Master Plan, Neighborhood Sweeps, Neighborhood Commercial Revitalization, Down Payment Assistance, Owner Occupied Rehabilitation and Reconstruction, Single-Family/Multi-Family Rental Rehabilitation, Affordable Showcase of Homes, Tax Increment Financing, and the Housing Asset Recovery Program. These Programs are managed through the Neighborhood Action Department.

In support of the Mayor and City Council's community revitalization efforts, the Neighborhood Action Department has defined a strategy for data gathering efforts to aid in the development of a comprehensive investment plan for the Community Revitalization Action Group (CRAG) target area, which encompasses the original 1940 city limit boundaries. The City Council continues to prioritize inner city revitalization efforts by targeting programs and neighborhood services provided in the CRAG target area.

Housing Asset Recovery Program

In an innovative approach to revitalization, the Neighborhood Action Department partnered with Fannie Mae in utilizing a line of credit to rehabilitate valuable housing stock and thus create affordable housing opportunities for low to moderate-income families in San Antonio. Since 2001, the Housing Asset Recovery Program (HARP) takes a non-productive, residential structure and creates a useful asset for the community. Individuals, non-profit organizations, corporations, or any owner of a single-family home, residential lot, or tract of land can donate or sell the asset to the City. Beyond the flood recovery program, in most instances, the home can remain on the existing lot and be rehabilitated on site. In other cases, such as in school expansion projects, a home may need to

ECONOMIC OVERVIEW (Continued)

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

Housing Asset Recovery Program (Continued)

be relocated to another city-owned parcel of land. To finalize the HARP transaction, the City refers the "project" to Fannie Mae for rehabilitation and sale. Once the home has been renovated, a licensed real estate broker lists and sells the property on behalf of the City. Net proceeds from the sale of the home are returned to the City for reinvestment in affordable housing and to replenish the line of credit in order to acquire additional projects.

Housing Master Plan

In June 2001, the City was presented with a Housing Master Plan completed by J-QUAD & Associates, LTD, SA Research Corporation, and McConnell, Jones, Lanier and Murphy, LLP. The Master Plan is a result of recommendations found in the Community Revitalization Action Group Report and the Housing Performance Review. Both documents indicated a need for an overall plan to guide housing development in the City.

The Master Plan identifies and provides a series of recommendations for housing initiatives, processes, and comprehensive development for the City. The Master Plan also provides a baseline and understanding of current conditions found in San Antonio's housing market, as well as presents a definition of continuum of care and affordable housing. The Master Plan identifies a series of recommendations concerning the retooling of programs and processes to enable implementation of the recommendations defined in the plan. These recommendations are currently under review by the City Council Urban Affairs Committee.

Neighborhood Sweep Program

The Neighborhood Action Department coordinated and delivered 24 neighborhood sweeps during fiscal year 2002. Over the last five years, more than 100 communities have been recipients of this comprehensive service delivery program. The neighborhood sweeps represent an inclusive package of city services, such as code investigations, brush collection, street/pothole repair, graffiti removal and vacant lot abatement, that are delivered to a 55–60 block area over a period of two weeks. The program is designed to accomplish both short-term "clean-up" goals and long-term community development goals including accessing safe, decent housing, and assisting special needs populations.

Neighborhood Commercial Revitalization

The Neighborhood Commercial Revitalization (NCR) Program was created to bring renewed interest and investment to San Antonio's older commercial corridors. The NCR Program is currently working in eight target areas throughout the City. The NCR Program provides financial and technical assistance to community based non-profit organizations that undertake a full-time revitalization effort. The NCR Program is based on the MainStreet model of identifying and marketing the competitive advantages of these business districts in the hope of attracting private investment in new and existing businesses, thus creating job opportunities and enhancing the quality of life in the surrounding neighborhoods. Collectively, NCR target areas have realized more than $39.6 million in private investment and created/retained more than 1,018 jobs. During fiscal year 2003, an assessment of the NCR Program was performed to pursue alternatives for greater program success and productivity, as the participants continue to implement strategies that will support inner city revitalization. This assessment will be presented to the City Council in early Spring 2004.

Down Payment Assistance Program/Homebuyers Club Program

In fiscal year 2003, the Neighborhood Action Department provided 89 families with down payment and closing cost assistance toward their purchase of a home. The Department will continue to provide up to $8,000 for families wishing to purchase single family homes in the San Antonio area. In addition, in partnership with the San Antonio Housing Trust Foundation, the City received a $25,000 grant to provide homebuyer counseling activities and support the City's Homebuyers Club Program, which prepares families for homeownership.

ECONOMIC OVERVIEW (Continued)

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

Owner Occupied Rehabilitation & Reconstruction Programs
The Neighborhood Action Department administers the Owner-Occupied Rehabilitation and Reconstruction Program that provides loans and grants for rehabilitation or reconstruction of housing units for qualifying families. The Program is funded through the US Department of Housing and Urban Development, which provides Community Development Block Grant (CDBG) and HOME funds. The Department works closely with the families to determine rehabilitation and/or reconstruction needs based on assessments of the housing structure. The Department is responsible for providing oversight and monitoring of construction activities for the projects. All applicants must meet eligibility and income qualifications.

Rental Rehabilitation Program
The Neighborhood Action Department's Rental Rehabilitation Program provides funds for both single-family and multi-family rental units. It has been noted that much of the rental housing stock within the inner city is substandard and in need of rejuvenation; however, there are numerous challenges associated with ensuring revitalization such as historic integrity, environmental hazard, deferred maintenance, and elderly property owners. Funds for this program are made available through the US Department of Housing and Urban Development providing CDBG and HOME funds.

The Rental Rehabilitation Program provides loans and requires that units be made available to families earning at or below 80% of the area median income. The Housing Policy Guide amended the guidelines for this Program, maximizing the assistance provided to be no greater than 50% of the total rehabilitation costs for a project.

Tax Increment Financing
The City Council adopted new guidelines and criteria in October 2002 for the City's Tax Increment Financing (TIF) program. The public purposes of TIF projects include the redevelopment of blighted areas, construction of low and moderate-income housing, provision of employment opportunities, and improvement of the tax base. This program provides a means of presenting incentives that carry real costs by paying public improvement costs from the increased tax revenues generated by the project itself. The new guidelines were approved and provided the ability to facilitate higher standards of development for TIF projects. In May 2003, there was a City Council request to review the guidelines recently approved. The staff held numerous community and stakeholder meetings to address issues identified in the City Council request and new guidelines were adopted by the City Council in January 2004.

Neighborhood Development/Partnerships
Neighborhood Development/Partnerships are an innovative strategy being utilized to tackle inner city revitalization through private development. CDBG and HOME funds have been allocated as seed money to stimulate development in urban neighborhoods. The City released a Request for Proposals to solicit qualified developers to assist with revitalization efforts in a targeted neighborhood in Council District 4 through rehabilitation and construction of new infill housing. The groundbreaking for this project was held in 2003. This pilot program will stimulate increased activity in neighborhoods that have not seen new development in years.

Department of Community Initiatives
The Department of Community Initiatives (DCI) serves as the primary human development agency for the City. In this role, DCI coordinates community-based human investment strategies designed to strengthen families, develop human capital, and provide a community safety net. Additionally, DCI acts as a vehicle for collaboration between public and private organizations. This focused facilitation strives to leverage and maximize resources toward significantly improving the community's human development outcomes. In fiscal year 2004, DCI will

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

Department of Community Initiatives (Continued)

invest almost $130 million in human development. The DCI budget supports the City's strong commitment to strengthening long-term economic viability in San Antonio through the development of human capital.

DCI supports human development efforts at all stages of life, beginning with early childhood development and continuing through adult education. DCI carries out these human development strategies primarily through early childhood education, kindergarten readiness, youth development, character skills development, college scholarships, preparation for transitional employment, long-term job training and adult literacy services, and asset building and asset protection strategies.

DCI's early childhood education goal is to provide high quality and affordable childcare in order to improve workforce participation and prepare children to enter school ready to succeed. Through Head Start, the Child Care Delivery System and local initiatives, the Department will provide childcare to over 16,000 children of low-income parents participating in workforce activities or participating in workforce development activities.

The City provides $11 million in In-Kind contributions to the Head Start program to support this early care and education goal. Additionally, the City certified almost $4.3 million in local expenditures that attracted $6.4 million in federal matching dollars to further underwrite the City's aggressive early care and education initiative.

Over the past four years, the City has drawn down proportionately more federal matching early childhood funds than any other Texas community. The Kindergarten Readiness Project, operating in 19 elementary school neighborhoods, strengthens families by empowering parents to serve as their child's first teacher. DCI continues to provide "Early On", a multi-media campaign to disseminate the Kinder Readiness guidelines. Last year, the Kinder Readiness Project trained more than 150 pre-school educators and 80% of children assessed displayed mastery of the Kinder Readiness guidelines.

The Youth Services Division addresses youth development through juvenile justice and delinquency prevention programs. By using model programs, such as the Neighborhood Conferencing Committees and Teen Court, the Division has significantly reduced the recidivism rate for those youth appearing before the Municipal Court Judge. Youth in the CASASTART Program, for example, have shown improved grades, improved attendance, and reduced contact with authorities. The school district administration has attested to an improved school environment as a result of the Division's presence on campus. More than 5,200 youth received prevention and early intervention services this year.

The Department is committed to raising the education and skill level of residents and offers coordinated and comprehensive education and training to assist youth and adults in achieving self-sufficiency. Next fiscal year we estimate that nearly 2,000 individuals who participate in DCI's education or training programs will become employed and more than 60% will be paid at or above a living wage. More than 3,600 DCI participants will enroll in higher education, skill training or long-term job training.

The San Antonio Education Partnership (SAEP) encourages students to stay in school and advance to higher education by providing advising services, college preparation activities and scholarships to students who graduate with a 95% attendance rate and 80% grade point average. Annually, SAEP serves more than 25,000 students in grades 9 – 12 at fifteen (15) participating high schools. Since the program's inception, nearly 1,500 scholarship recipients have received their Associates or Bachelor's degrees from local colleges and universities.

The Youth Opportunity (YO) Program is designed to assist inner city youth with developing the necessary skills to become contributing self-sufficient members of the community. The goal of YO is to increase the long-term employment and education of youth who reside in the City's federally designated Empowerment Zone. This goal

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

Department of Community Initiatives (Continued)

is achieved through education and job training programs while providing an array of supportive services. The YO program provides follow-up support to youth for a two-year period following placement in long-term employment and or education.

DCI's Literacy Services Division offers adult education services including GED preparation, adult basic education, English as a Second Language (ESL), and computer literacy. In addition, the Department has implemented a transitional jobs component in partnership with local employers to provide comprehensive career readiness and life skills training. It is estimated that more than 500 individuals attending literacy classes this fiscal year will obtain employment. Moreover, the Division's Better Career program will expand to all seven city operated learning centers and into the community as well.

During the past two years, the Division has implemented an English Literacy – Civics Education program at two of the Learning and Leadership Development Centers. Funded with a grant from the Texas Education Agency, more than 300 participants have completed the program, which familiarizes participants with local, state and federal governmental structures to become more involved in their community.

Funded primarily through the City, Project QUEST is a workforce development initiative that provides comprehensive training opportunities primarily to adults who lack the educational, occupational, and life skills necessary to secure well paying employment. QUEST provides support for short-term training, customized, and long-term job training in the City's targeted demand occupations. Since the program's inception in 1992, QUEST has provided training opportunities to approximately 2,500 participants.

DCI continues to strengthen the Family Economic Success Program to assist low-income working families transition out of poverty into economic self-sufficiency. This program offers asset-building strategies including Volunteer Income Tax Assistance (VITA) and Individual Development Accounts (IDA). Last year, DCI operated 12 tax assistance sites and prepared more than 9,500 returns for low-income working families, which returned more than $13 million to residents of the community. DCI also serves more than 300 families through IDA. Through financial literacy instruction and matched savings accounts, working families will save for the purpose of education, homeownership, and transportation. DCI expects to enroll an additional 250 families in IDAs in fiscal year 2004.

The Community Action Division (CAD) is the designated public community action agency for City of San Antonio and Bexar County that addresses the needs of the low-income residents by improving the conditions of poverty. Services include rental, transportation, utility, food, case management, counseling, information, and referral through a variety of funding sources.

CAD programs also provide emergency housing, transitional housing, and supportive services to homeless families and individuals. Additionally, the Success and Independence Program provides long-term supportive services to low-income participants. The Fair Housing Program is responsible for enforcing City and Federal fair housing laws and other services such as comprehensive housing counseling, reverse mortgage counseling, and mortgage assistance.

DCI's Elderly and Disabled Services Division (EDSD) provides essential, safety net services to the community's most vulnerable populations. EDSD offers senior nutritional services, senior transportation services, in-home personal assistance services, and resource access to elderly programs and services. In fiscal year 2004, the nutrition program plans to expand from 56 to 65 congregate nutrition sites and will serve approximately 990,000 meals. In conjunction with Project HOPE, EDSD anticipates providing a minimum of 3,500 needy seniors more than 1,800,000 pounds of food during the 2004 fiscal year. To address an increasing need for services, EDSD

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

Department of Community Initiatives (Continued)

now staffs an Elderly Resource & Referral "one-stop" center that operates in direct coordination with the newly created Office of Elderly Affairs.

The Community Centers Division operates three Community Centers located in the west, east and southwest sectors of the city. Services provided by tenant programs in the three centers include Head Start, youth counseling, youth and senior recreational activities, emergency assistance, parenting program, seniors nutrition program, Code Compliance offices, and a Metro Health clinic. One of the centers is also used as an emergency shelter during city or regional disasters.

Strategic partnerships can demonstrate a high level of impact and improvement in our community. Some of the Department's strategic partners include but are not limited to Bexar County school districts, childcare centers, UTSA, and community based organizations including Family Services Association, KLRN, AVANCE, YMCA, the United Way, Annie E. Casey Foundation, Alamo Workforce Development, Inc. (AWD), Smart Start, employers, and other community and faith based organizations. DCI also staffs numerous boards, commissions and task forces to include: Community Action Advisory Board, Commission for Children and Families, Literacy Commission, Youth Commission; Joint City/County Commission for the Elderly, Mayor's Task Force on Homelessness and Hunger, and the Day Labor Task Force. DCI's continued strategic partnerships and public accountability will continue to be the key to successfully raising the community's education and skill levels and improving quality of life.

Information Technology Services Department

The Information Technology Services Department (ITSD) provides information technology (IT) services, 24 hours a day, 7 days a week, to all City departments and other agencies through information and technology sharing agreements. The Information Technology Vision of the City is to provide business solutions that will enhance the City's effectiveness in serving its employees, citizens, businesses and visitors through the successful use of IT. The focus of ITSD's mission includes: Information Management, Business Applications, Geographic Information Systems, Computing Platforms, Technology Management, and Enterprise Resource Management (ERM). The City is constantly striving to take advantage of advancements in technology to provide the tools needed to respond effectively and efficiently to the increasing demands for service from its citizens. Demands for the ability to conduct business electronically, allow for faster response time, increase participation and involvement in government, along with economic pressures to do more with less, are major factors that affect the use of technology in the City.

As the City continues its Security Initiative to institute new security policies, guidelines and operating procedures for all City systems, its goal is to protect the City's infrastructure by reducing risks, complying with laws and regulations, and ensuring business continuity, information integrity and confidentiality. This involves supporting the implementation of HIPAA compliant guidelines and solutions for end-users. The City is involved with Homeland Defense and Emergency Management Technology Support Systems and with the Dark Screen Project initiated by Representative Ciro Rodriguez. Dark Screen is a consortium of local, county, state and federal entities involved in preventing cyber terrorism and has tested the response capabilities of the City and the surrounding regions to a cyber-terrorist attack. Dark Screen operations will recommend and develop methods for industry, law enforcement, government, and academia to cooperatively protect critical infrastructures, and will serve as a model for other cities in preparing for a cyber-terrorist attack or similar event. ITSD continues to update its business continuity plans and to monitor, maintain, revise, and disseminate current security policies, procedures, and administrative directives to ensure they are current.

The San Antonio Community Portal provides Internet access to enhance the City's effectiveness and efficiency in serving its employees, citizens, businesses and visitors. The City's website, www.sanantonio.gov, strives to

ECONOMIC OVERVIEW (Continued)

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

Information Technology Services Department (Continued)

seamlessly extend services and improve communications between the City and the Community-at-large. During 2003, the following online services were added to the San Antonio Community Portal to provide San Antonio stakeholders one-stop access to government information and services: online permitting, scheduling of building inspections, bond election information, dynamic job announcements, dynamic RFP system, Online Grant Application System, Escrow Balance Look-up System, as well as the Incentive Scorecard System.

The City's Personal Computer (PC) Lease Program, known as Seat Management, provides for a full range of computer services at each employee's desk or "seat". Seat Management is an effort to stabilize the desktop computing environment and to improve technology performance, reliability, and service across departments. This program will integrate with current ITSD best practices to establish a standard desktop program for City PCs that will provide a uniform operating platform, consistent support and functionality for end-users.

ITSD Customer Service is implementing Customer First practices by improving communication with customers. An e-mail notification of new tickets along with a satisfaction survey is being implemented and reports of Service Level Agreement performance are being published on a website. Trouble tickets can be entered on the same website. New training classes for professional growth of ITSD and City staff continue to be developed.

The GIS Division serves as the coordinating body for mapping and data development for departments within the City of San Antonio. The GIS Division is committed to the development of accurate and timely data about the City of San Antonio and the surrounding region. Each department utilizes GIS data as applicable in order to provide a continuing level of service to the citizens of San Antonio.

Electronic Document Management and Automated Records Management expand and enhance the management of documents for the City. These systems include Enterprise-wide scanning and imaging solutions, contract management and imaging, and the integration of automated workflow. To facilitate Texas State Retention Schedule requirements, all disposition instructions and over 50,000 physical entries have been integrated into a single record management architecture.

Knowledge and Information Management continue to support the collection, analysis, organization, sharing and employment of information critical to the attainment of City goals. Implementation of the SAP Business Warehouse and Crystal Reports will provide convenient access to City data and statistics.

The joint effort between the City and the County to implement a new 800 MHz trunk radio system is nearing completion. New MA/COMM portable radios are being distributed and mobiles are being installed in vehicles for various City departments, including Police, Fire and EMS, and the County Sheriff's Office. The target date for completion of this project is the first quarter of 2004. The new radio system will serve the City of San Antonio Police Department, the San Antonio Fire/EMS Department, the Bexar County Sheriff's Office and other County law enforcement agencies, and both City and County non-public safety agencies.

The Core Data Network Infrastructure will continue to be improved by the implementation of new technologies with enhanced reliabilities at City locations to provide better ways to access City information. Network enhancement with 100+Mb hubs and switches and full gigabit services will occur at key locations. SONET-based technology will expand through virtual routing. Shared network environments will be replaced with switched services to improve bandwidth. Wireless technology will be used in remote City offices where line of site is available. Currently, fiber projects include expansion to the Southeast Service Center and to the San Antonio International Airport. Negotiations are currently underway to utilize the Time Warner and Grande

ECONOMIC OVERVIEW (Continued)

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

Information Technology Services Department (Continued)

Communications franchise agreements for Road Runner and expanded bandwidth services. All of these improvements to the core data network infrastructure will serve to support the Enterprise Resource Management initiative.

Enterprise Resource Management Project
With its expected completion in Summer 2005, the Enterprise Resource Management Project (ERM) will make San Antonio's municipal government one of the most technologically advanced. ERM is an enterprise architecture project, being rolled out in eight phases, that will improve the delivery of services to citizens and other customers through a Customer Relationship Management (CRM) component, along with reengineered business functions through an Enterprise Resource Planning (ERP) component and a Land & Development Services component that will more effectively meet the needs and timelines of developers, builders and others. ERM will also enable E-government services. The implementation of the first ERM phase, last year, has already put certain development services on-line, including some permitting and the scheduling of inspections. The business community is responding favorably to the first phase. Because ERM is a fully integrated system with a shared database, it will enhance the quality of data available across the organization for resource planning, decision-making and collaboration.

Code Compliance Department
The Code Compliance Department seeks to enhance neighborhoods and their citizens' health, safety, and general welfare through efficient and effective City code enforcement. This department also strives to promote a higher quality of life by promoting awareness and compliance with City Codes in order to stabilize and reverse deterioration of neighborhoods.

The department's fiscal year 2003 staff for code enforcement includes 68 Code Enforcement Officers, 10 Dangerous Premises Officers, and 10 Abatement Officers. Each Code Officer patrols the city in marked vehicles equipped with a computer laptop providing effective and efficient code enforcement activities. Monitoring vacant lots is an example of one activity that falls under this Department's jurisdiction of enforcement for improving the quality of life for the citizens of San Antonio.

Public safety is one of the City's major concerns in its enforcement of overgrown vacant lots. Abandoned properties, whether vacant lots or structures, present adverse conditions impacting the quality of life in the community. The Department recognizes these issues and is attempting to increase community awareness and voluntary compliance by encouraging and developing partnerships with neighborhood organizations, community groups, and local businesses to ensure a safer, cleaner, and more beautiful San Antonio.

If private property lots are not cleaned by their owners, the City hires a private contractor. Contracting with a small business to perform the cleanups helps stimulate the local economy, while accomplishing the department's objectives. The majority of these private contractors are small business operators and/or Historically Underutilized Businesses (HUBs). This business activity is an opportunity that allows small business owners to compete with larger businesses. In fiscal year 2003, $341,177 was expended on vacant lot clean up through these contracts.

Medicine and Healthcare
The City is cognizant of the importance of, and continues to support, its medical infrastructure. The City is actively involved in promoting the industry, recognizing its significance to San Antonio and its citizens. Major medical research, manufacturing, training, and health care facilities located in San Antonio include the Southwest Biomedical Research Institute (high technology biomedical manufacturing), the University of Texas Health Science Center at San Antonio (medical school, dental school, nursing school, allied health sciences school), the

ECONOMIC OVERVIEW (Continued)

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

Medicine and Healthcare (Continued)

University Health System, Wilford Hall Medical Center (United States Air Force), Brooke Army Medical Center (a world renowned burn treatment and research center), and the South Texas Medical Center. The Medical Center contains numerous hospitals, a specialized treatment center, and the renowned Cancer Therapy and Research Center which attracts patients nationally and internationally. In addition, Brooks City-Base is a major medical and environmental research facility of which the U.S. Air Force Medical Service is a major tenant.

The San Antonio Metropolitan Health District is the local public health agency for the City. It provides preventive health services, health code enforcement, clinical services, environmental monitoring, animal control, disease surveillance and control, emergency preparedness, health education, dental services, and is the local registrar of vital statistics.

Developmental Services

On April 14, 2003, the Development and Business Services Center (DBS Center) opened for business. More than 200 City staff members moved to the two-story, 75,000 square foot center located just minutes from City Hall with free on-site parking. City customers can access services offered by Development Services, Planning, Economic Development Small Business Services, Fire Marshal's office, Health Inspectors, and Public Works.

Right-of-Way Management.

A variety of other agencies also conduct business at the DBS Center including: City Public Service, San Antonio Water System, and BexarMet Water District. The co-location of these development-related services helped streamline the development process and provided a convenient location for the development community to conduct business.

In addition to moving to the DBS Center, Development Services Department designed and implemented new land development software to manage vital functions, including the issuance of building permits, trade permits and trade licenses, building plan review, and building inspection. The consolidation of data into one system allows Development Services Department to use the new software to better manage the flow of development services such as plan intake, plan review, permitting, and inspections. City staff, developers, builders, and other customers who require land development services are experiencing an enhancement in the delivery of these services. For example, a key enhancement is the City's new on-line permitting and inspection system. Within four months of implementing the system, 24 percent of all building permits were issued on-line and 14 percent of all inspections are scheduled using the Internet.

The Development Services Department also made investments in human capital by cross-training its staff to provide a variety of services for a true "one stop" experience when conducting business at the DBS Center. The department has separate staff for residential and commercial plan review and intake, and provides expedited reviews for smaller projects. Approximately 50 percent of all commercial plans are reviewed at the One Stop Counter in less than 10 days.

Contracting Initiatives

With the opening of the DBS, space in the Municipal Plaza Building was vacated. The Department of Asset Management, in conjunction with the City Architect's Office and the assistance of various other departments, developed a plan for the backfill of the vacated space. The focus of the plan has been to provide additional space for overcrowded departments, as well as the co-location of certain functions for efficiency and effectiveness. The following departments have moved into Municipal Plaza: Parks & Recreation administrative offices, Office of Management & Budget, Contract Services Division of the Department of Asset Management, and the Real Estate Division, Traffic Engineering, and Project Management Divisions of the Public Works Department.

ECONOMIC OVERVIEW (Continued)

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

Contracting Initiatives (Continued)

In July 2001, the City Council approved the creation of the Contract Services Unit, a division of the Department of Asset Management. This division has focused on creating and promoting City-wide standards and systems for improving the management of contracts through the development and implementation of: 1) standards for contract management, planning, and solicitation; 2) strategies to streamline contract negotiation and approvals, 3) rigorous monitoring practices, and 4) training programs for contract officers. During fiscal year 2003 the Contracting Policy & Process Manual was created. This Manual is a comprehensive guide outlining, step-by-step, contracting procedures from contract inception to completion. In addition, the Contract Services Unit provided contract training and certification to over 200 Certified Contracting Officers.

The Department of Asset Management, in conjunction with the Department of Economic Development and with the assistance of various other departments, developed the Incentive Toolkit. The Toolkit includes an inventory of available development incentives and outlines the criteria for fee reductions and waivers, which are administered by the Department of Economic Development through an online application.

Environmental Services Department

The Environmental Services Fund receives most of its revenues from the Residential Solid Waste Fee, Brush Fee, and the Environmental Fee as collected by City Public Service. Additional revenues to this fund are generated from Licensing and Permitting Fees, Mulch and Brush Disposal Fees, and Out of Cycle Collections. The fund supports both Environmental Management and the Solid Waste Divisions of the Environmental Services Department.

The Solid Waste Division is responsible for the collection of municipal solid waste generated by over 310,000 homes and businesses within the City of San Antonio. The primary services provided by the Solid Waste Division include: bi-weekly collection of residential garbage, weekly curbside collection of residential recyclables, dead animal collection, downtown night garbage collection, and the bi-annual collection of residential brush and bulky items. Other services include Out-Of-Cycle collection requests for brush and bulky items, neighborhood associations and civic groups support through the weekend Dial-A-Trailer program, and the Keep San Antonio Beautiful Association sponsorship. The Solid Waste Division also provides cleanups for special events, weather related emergencies, and high priority needs of the City.

The Environmental Management Division is responsible for ensuring City property and construction projects are in compliance with all federal, state and local environmental rules and regulations. This Division assesses and investigates the environmental conditions of land, air, and groundwater for the City. Other major responsibilities of the Division involve administering the City's Air Quality and Household Hazardous Waste (HHW) Programs, monitoring and maintaining the City's closed landfills, and overseeing or performing asbestos assessments and environmental remediation. This division also provides technical support for the City's efforts related to energy conservation and compliance with Senate Bill 5–State legislation requiring 25% reduction in energy consumption by City facilities over the next 5 years.

Public Works

The Public Works Department provides public services and infrastructure in a quality manner through the use of modern engineering and management practices. The department provides design, construction, and renovation of City buildings, streets and drainage facilities, and operates the traffic network.

The Capital Programs Division completed 46 street and drainage projects at a cost of $65,088,444. Having completed almost 54 miles of reconstructed streets, these projects will minimize flooding, reduce the number of potholes, reduce traffic delays, and allow greater mobility. Additionally, voters approved $48.3 million in street and drainage improvements as part of a larger bond program in November 2003.

ECONOMIC OVERVIEW (Continued)

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

Public Works (Continued)

The Northeast Service Center, located along Wurzbach Parkway was completed in 2003. The facility consists of vehicle maintenance operations for Purchasing, Street Maintenance Operations under Public Works, and garbage collection services by Environmental Services Department. This facility also includes a 3,000 square foot multi-use space for meetings and public use.

The Street Maintenance Division expanded its Pavement Reclamation program in its second year of implementation. The Pavement Reclamation program is specifically designed for full-depth street reclamation. The reclaimer also recycles existing asphalt "in-place" instead of having to purchase new asphalt for street maintenance projects. This process reduces the amount of time it takes to reconstruct a street by 50%. Customer Service is improved by minimizing inconvenience to the citizens while working in their neighborhoods. Recycling of the existing asphalt diverts waste from the landfill. Two additional asphalt pavers and milling machines purchased in 2003 are used to assist City crews in meeting increased customer demand for paved asphalt projects with smooth riding surfaces and skid resistance to improve safety.

Neighborhood Accessibility & Mobility Program (NAMP) funding has been increased to $400,000 for each council district and the scope of work under this program has been expanded from sidewalks and speed humps to other transportation improvements such as street maintenance, small street repair, traffic signals, school flashers, pedestrian walkways and medians. The additional funding and expansion of projects under NAMP will be positive for neighborhoods needing specific improvements.

A thirty-percent across the board rate increase for the Storm Water Utility fee provided improvements in the delivery of services as well as providing for the capacity to issue Storm Water Revenue Bonds for the first time. In cooperation with Bexar County and the San Antonio River Authority, regional drainage projects were evaluated and prioritized for execution using the nearly $45 million generated through the sale of these revenue bonds. All twenty-two projects are underway. Projects include infrastructure recapitalization from the July 2002 flood, floodplain property buy-out, design and construction of major outfalls, and elimination of low water crossings.

The cooperation and collaboration within the Regional Flood Control, Drainage, and Storm Water Management Program made great strides. A Regional Watershed Modeling System was completed. This will form the basis for generating design and operational standards throughout Bexar County. Work has begun to create watershed models for both public and private sector users to mitigate impact of new development and significant redevelopment on both storm water quantity and quality issues. A strategic financial model is near completion that will assist in making future strategic funding decisions.

For the first time, the citywide street cleaning program has been coordinated with the City's brush pick up services to increase the efficiency and effectiveness of both of these vital services. Using Natural Resource Conservation Service and Bexar County funding, City crews are near completion of major flood debris clean up efforts in the major natural waterways within the City. With this coordinated effort, standardized methodology for debris cleanup within natural waterways has been developed for annual implementation. A major de-silting effort was completed at Davis Lake on the San Antonio River in the vicinity of Espada Dam. Nearly 170,000 cubic yards of naturally deposited silt has been removed. This effort will provide for increased capacity in the channel as well as a significant enhancement to the surface water quality of the river.

The Right of Way Division has directed/overseen the rehabilitation of $250,000 worth of improvements from right-of-way users and is currently working to negotiate approximately $250,000 more. The Division is working to resurrect the on-line permitting site and will soon be interfacing with the Pavement Management System.

ECONOMIC OVERVIEW (Continued)

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

Convention Facilities
During the last year, the Henry B. Gonzalez Convention Center hosted 350 events with over 600,000 attendees. Events at the Center include conventions, tradeshows, corporate meetings, public shows, and private events. The San Antonio Automobile Dealers Association had record numbers with 110,000 attendees, the Veteran's of Foreign Wars of the US Annual National Convention brought over 16,000 attendees to the City, and Armstrong McCall's World's Fair of Cosmetics Arts record attendance resulted in their booking three future shows. In the arena of professional accomplishments, we have the distinction of having 16 Certified Meeting Professionals, which is more than any other convention center. This program is ongoing and there will be 6 more candidates eligible for this designation in the coming year.

Alamodome
In 2003, the Alamodome celebrated its tenth year anniversary. Over the last year, the facility hosted close to a million visitors for 150 events.

In its inaugural year of marketing its own advertising, the Alamodome secured a multi-million dollar sponsorship with the Pepsi Bottling Group. Pepsi and its products will be the official non-alcoholic beverages of the facility for the next five years. The Alamodome continues to focus on its advertising program while forging new corporate partnerships.

A true success story in 2003 was the funding approval for much needed interior improvements to the Alamodome. As part of this package, the facility will receive a fresh, modern look in the early part of 2004. New architectural features, updated restrooms, remodeled dining facilities, as well as several other features will add to the facility's appeal.

The 2003 NCAA Men's South Regional tournament was a huge success, with the Alamodome hosting one of the best-attended NCAA tournaments of the year. Approximately 60,000 fans converged on San Antonio for the two-day event. The Alamodome looks forward to being the site of the 2004 NCAA Men's Final Four.

The ESPN X-Games Global Championships debuted in May at the Alamodome. This event was the first of its kind produced by ESPN with simultaneous broadcasting between the summer games in San Antonio and the winter games in Whistler, B.C. The X Games Global Championship was viewed by more than 110 million households and aired in 140 countries. Due to the tremendous success of the event, ESPN plans to bring the event back to the Alamodome in 2005.

Spurs fever returned to the Alamodome once again! Though the team has moved to the SBC Center, the new venue was too small to accommodate their many fans for the city wide NBA Championship Celebration. The Alamodome hosted more than 57,000 well wishers at the largest championship party the team had ever had.

Nelson W. Wolff Municipal Stadium
The Nelson W. Wolff Baseball Stadium opened in April 1994 and has a seating capacity of 6,500. It has a multi-purpose design, which allows for events such as professional baseball, concerts, boxing, and high school, college, and amateur sports. The stadium is home to the San Antonio Missions, a double-A minor league baseball team. In 2000, the Missions became a farm club of the Seattle Mariners. The Missions won the Texas League Championship in 2003 for a second time since moving to the stadium.

Other Amenities
The City supports and promotes various other tourism and quality-of-life amenities, including performing arts and cultural entertainment facilities, museums, the San Antonio Zoo, and the preservation of the Alamo, as well as

ECONOMIC OVERVIEW (Continued)

Infrastructure Development (Continued)

Basic Infrastructure Components (Continued)

Other Amenities (Continued)

enterprises such as Sea World of Texas, and Six Flags Fiesta Texas. The City also provides support and funding for cultural organizations, from dance performance companies to the Symphony Society of San Antonio, and facilities including the Witte Museum, the San Antonio Museum of Art, the Southwest Craft Center, the Carver Community Cultural Center, and the Guadalupe Cultural Arts Center.

In addition, San Antonio is home to various professional sports teams including the San Antonio Spurs, the San Antonio Rampage Ice Hockey team, and the San Antonio Missions. San Antonio also hosts two PGA tour events, the Valero Texas Open and Senior PGA SBC Championship.

International Outlook

In its fifth year, the City's International Affairs Department continues to develop an Export Leaders Program that focuses on small to medium size San Antonio companies with a high potential and strong commitment to develop and expand international markets. The San Antonio Export Leaders Program is a competitive eight-month program that offers the tools, training, consultation and coaching necessary for about fifteen companies to be successful in exporting and offers the participants a new export experience. In four years, the program has graduated 48 companies.

San Antonio continues to develop itself as an INLAND PORT for imports and exports to/from Mexico, Latin America, and other regions of the world. This encompasses transportation, manufacturing, and logistics facilities as well as professional and value-added services involved in producing, marketing, and moving freight within, into and out of the San Antonio area. Over the past eleven years, the City has operated three commercial trade offices in Mexico's three largest cities: Mexico City, Guadalajara and Monterrey.

The City's commitment to international trade is evidenced in the City's International Center which houses the North American Development Bank, International Conference Center, the Trade Commission of Mexico, Mexican State Trade Offices, the Free Trade Alliance San Antonio, the U.S. Department of Commerce, the City's International Affairs Department and the Convention & Visitors Bureau.

Budgetary Controls

Budgetary compliance is a significant tool for managing and controlling governmental activities, as well as ensuring conformance with the City's budgetary limits and specifications. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Levels of budgetary control, that is the levels at which expenditures cannot legally exceed appropriated amounts, are established by function and activity within individual funds. The City utilizes an encumbrance system of accounting as one mechanism to accomplish effective budgetary control. Encumbered amounts lapse at year-end, however, encumbrances generally are appropriated as part of the following year's budget. For the fiscal year beginning October 1, 2001, the Government Finance Officers Association of the United States and Canada ("GFOA") presented an award of Distinguished Budget Presentation to the City.

As demonstrated by the statements and schedules in the Financial Section of this report, the City continues to meet its responsibility for sound financial management. As in the Financial Section, all monetary amounts presented in the remainder of this letter are expressed in thousands, except where noted.

FINANCIAL INFORMATION

Fiscal Management and Administrative Topics

Pension and Postemployment Retirement Benefits

The City provides pension retirement benefits for its eligible employees through two plans. For uniformed Fire and Police employees, retirement benefits are provided through the Fire and Police Pension Fund, a single-employer defined benefit retirement plan. Contribution and benefit levels are established under State statute. For fiscal year 2003, active members contributed 12.32% of covered payroll, or $22,504 and the City contributed 24.64%, or $45,008.

The City provides all other eligible employees, exclusive of fire and police employees, retirement benefits through the Texas Municipal Retirement System (TMRS), a nontraditional, joint contributory, hybrid defined benefit plan. TMRS is a statewide agent multiple-employer public employee retirement system. Contributions to the system are actuarially determined. The required contribution from City employees is 6%, while the City matches at a rate of approximately 11.42%. Both the City and its covered employees made the required contributions of $22,684 and $11,864 respectively. For additional information on the City's pension plans, see Note 8 in the notes to the financial statements.

With respect to post-employment health benefits, the City provides benefits for all non-uniformed City retirees and for all pre-October 1, 1989 uniformed fire and police retirees. The cost of the program is reviewed annually and actuarially determined costs of medical claims are funded jointly on a pay-as-you-go basis with the City contributing 2/3 and the retirees contributing 1/3 of the cost. As of September 30, 2003, 1,495 retirees were participating in the program and currently there are 6,530 active civilian employees who may become eligible for this program in the future.

The second post-employment health benefit program provides retirement health care benefits for eligible fire and police retirees under the Fire and Police Retiree Healthcare Fund ("Fund"). Contribution and benefits levels are established under the City's collective bargaining agreements with the Fire and Police Unions, respectively. The benefits of this plan are financed on a prefunded basis. For fiscal year 2003, the City contributed $15,466 to the Fund and active employees and retirees contributed $1,678. Recent actuarial studies have resulted in different results and indicate that the current contribution levels are not sufficient to amortize the unfunded liability of the Fund. The City continues to review the Fund in order to develop a comprehensive framework for a long-term solution. For additional information on City's post-employment health benefits, please see Note 9, of the notes to the financial statements.

Employee Benefits Program

The City's Self-Insurance Fund continues to experience increased expenses due to rising health care costs, increased prescription drug costs, increased claims volume and changing employee demographics. The City continues to focus on cost containment programs such as: hospital audits, hospital pre-certification, utilization review, large case management, prescription benefit management, and a preferred provider organization to assist in managing the rising cost of medical care. Such strategies have been effective for the City in managing medical costs in a changing health care industry. The City is in the process of hiring an additional Utilization Review Specialist to support the cost containment programs and aid in identifying cost savings. In fiscal year 2004, the City will have an opportunity to further enhance the cost containment program by evaluating additional options for plan modifications when the HMO, PPO, and health benefits third party administrator's contracts expire. The total cost savings for fiscal year 2004, as a result of plan changes, premium increases, and enhanced cost containment is estimated at $1,999. In fiscal year 2003, the Employee Benefits Fund had cash reserve of $192 and a deficit net assets balance of $19,919. For additional information on the City's risk and employee benefits programs, please see Note 12, of the notes to the financial statements.

FINANCIAL INFORMATION (Continued)

Fiscal Management and Administrative Topics (Continued)

Risk Management Programs

For the sixth time in twelve years, the Insurance Reserve Fund maintained a positive net assets balance of $3,889 for the fiscal year 2003. Whereas, the Workers' Compensation Fund reflected a negative net assets balance of $4,659. The Insurance Reserve and Workers' Compensation Funds carried cash reserves at September 30, 2003 in the amount of $15,558 and $11,779, respectively.

The Risk Management Division Safety Office has continued aggressive efforts this year to promote Accident Prevention/Loss Control projects. This year 3,370 employees received formal classroom training on a number of subjects, totaling 43,810 classroom hours collectively. Training classes include Defensive Driving, First Aid and CPR, Drug and Alcohol Awareness training for commercial drivers and supervisors, New Employee Safety Orientations, Professional Truck Driving, Supervisor's Accident Investigation training, Hazardous Chemicals training, Ergonomics Awareness, and other specialized training courses. The Safety Office has spent in excess of 1,175 hours in delivering the aforementioned formal training.

In addition, the Safety Office continues to improve the quality of safety and health education to serve the needs of all City employees by developing customized training programs and updating training materials and/or training methods. The Safety Office has also provided Departments 1,795 hours of technical assistance and one-on-one informal training on a variety of safety and health topics in fiscal year 2003. It has initiated the use of a more comprehensive format during consultative visits with Departments this year to assist in identifying and evaluating both safety, health and liability risk exposure. Loss Control abatement measures are recommended wherever possible. Preventing cumulative trauma and repetitive motion injuries have continued to receive major focus by the inspection and evaluation of employee work environments with recommendations for adjustments or changes when needed. Facility inspections and accident investigations are also conducted by the Safety Specialists. Review of accident statistics continues to represent a significant area of responsibility for the Section in order to assist departments in identifying and correcting negative trends in frequency and loss severity. This year 3,924 employee driver evaluations were processed with records being updated.

Cash and Investment Management

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

The City is authorized to use demand accounts, time accounts, certificates of deposit, and other permissible investments including Obligations of the U.S. Treasury and U.S. Agencies, Obligations of States and Cities, Commercial Paper, Repurchase Agreements, Money Market Funds, and Investment Pools. The City's investment portfolio does not include callable obligations or any derivative products. It is not the City's policy to use derivative products in its portfolio, nor does the City leverage its investments.

At September 30, 2003, City investment funds were 91.49% invested in obligations of the United States, or its agencies and instrumentalities, and 5.79% invested in a money market mutual fund, with the weighted average maturity of the portfolio being less than one year. The remaining 2.31% of the City's portfolio includes the Convention Center Debt Service Reserve Fund of $16,999, which was invested in a fully collateralized repurchase agreement that is fully secured by obligations of the United States or its agencies and instrumentalities. The investments and maturity terms are consistent with State law, and the City's investment policy objectives, which are to preserve principal, limit risk, maintain diversification and liquidity, and to maximize interest earnings. For additional information on Cash and Investments, please see Note 3 of the notes to the financial statements.

FINANCIAL INFORMATION (Continued)

Fiscal Management and Administrative Topics (Continued)

Debt Administration

The City utilizes a comprehensive debt management financial planning program (The Debt Management Plan), which is updated annually. The Debt Management Plan is a major component of the City's financial planning. The model projects financing needs while 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 values changes, annexations, and current ad valorem tax collection rates. Use of this financial management tool has assisted the City in meeting its financing needs by facilitating timely and thorough planning which has allowed the City to capitalize on market opportunities.

Strict adherence to conservative financial management has allowed the City to meet its financing needs while at the same time maintaining its "Aa2", "AA+" and "AA+" bond rating by Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Public Ratings Services, a division of McGraw-Hill Companies, Inc. ("S&P"), and Fitch Ratings ("Fitch") respectively. The positive trend in the City's credit strength is evidenced by S&P's rating upgrade in December 1998 from "AA" to its current "AA+" and Fitch's rating upgrade in October 1999 from "AA" to "AA+". For additional information on the City's long-term debt, please see Note 6 of the notes to the financial statements.

OTHER INFORMATION

INDEPENDENT AUDIT

State statutes require that an annual audit by an independent certified public accountant be conducted. The City's Audit Committee selected the accounting firms KPMG LLP, Leal & Carter PC, and Robert J. Williams, CPA in 2002. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and related OMB Circular A-133. The Independent Auditors' Report on the basic financial statements, management's discussion and analysis (required supplementary information), required disclosures and schedules are included in the Financial Section of this CAFR. The Independent Auditors' Report along with other required reports and schedules mandated by the Single Audit Act Amendments of 1996 and OMB Circular A-133 are in a separate document.

AWARDS

San Antonio's appeal to its citizens, potential businesses and visitor's stems from its historical beauty, high quality of life and low cost of living. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended September 30, 2002. This was the 27th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. The report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year and we believe the current CAFR continues to meet the Certificate of Achievement Program's requirements.

The City of San Antonio Planning Department was recognized by the Texas Chapter of the American Planning Association (APA) with two (2) 2003 Texas APA Planning Awards. The Department received the 2003 Project Planning Award for the Southside Initiative Community Plan. In addition, the Neighborhood Conservation District program was honored with the 2003 Current Planning Award.

OTHER INFORMATION (Continued)

The preparation of the City of San Antonio, Texas Comprehensive Annual Financial Report for the fiscal year ended September 30, 2003, was made possible by the dedication and hard work of the Finance Department, particularly the staff of the Accounting Division. Each member of the Department has my sincere appreciation for their contributions to the preparation of this document. In closing, please accept my sincere gratitude to the Mayor and City Council, City Manager, Deputy City Manager, Assistant City Managers, Assistants to the City Manager, and their staff, for their continued support.

Respectfully Submitted,

Milo D. Nitschke
Director
Finance Department

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of San Antonio, Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2002

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

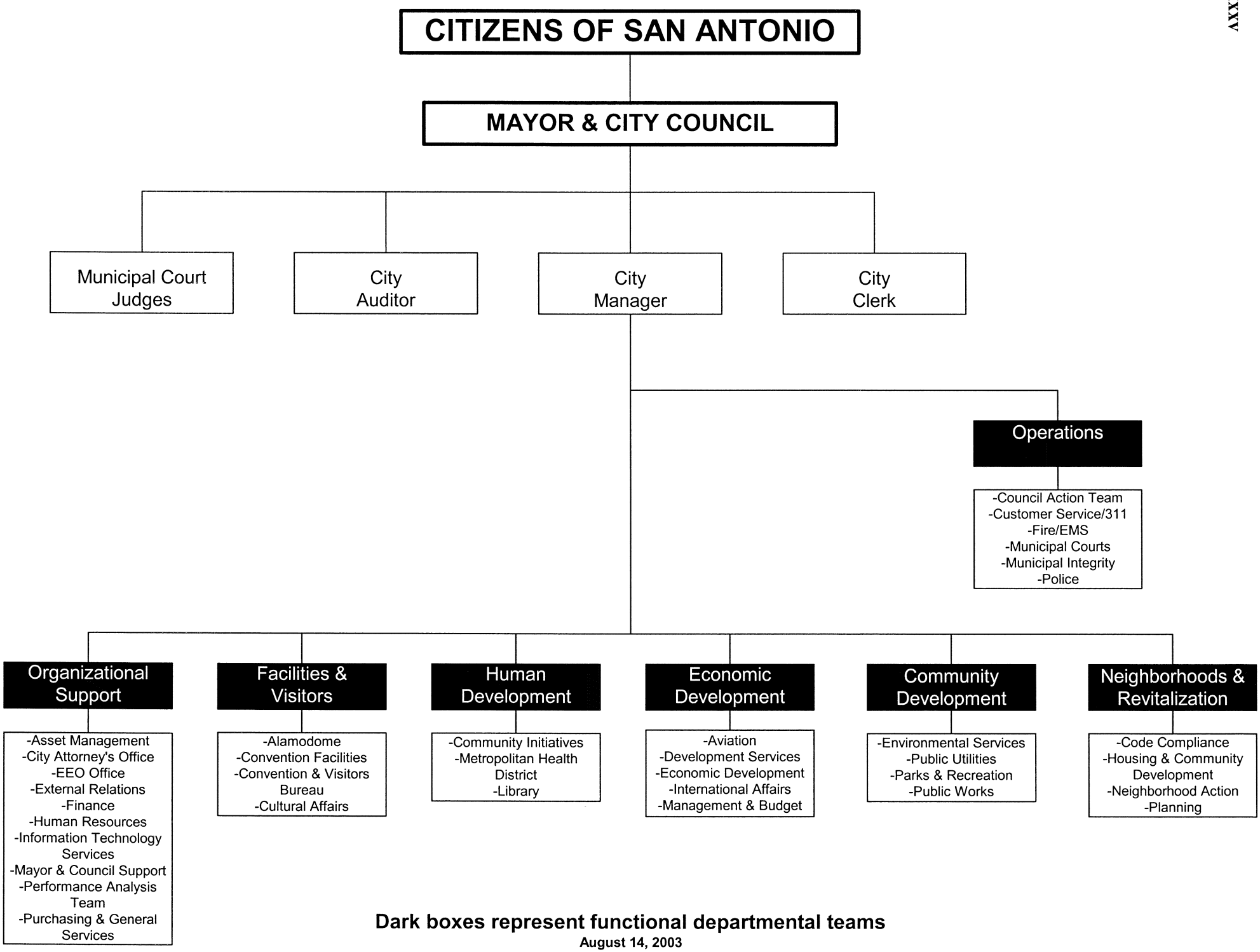
President

Executive Director

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 of San Antonio for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2002. This was the 27th consecutive year that the City has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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



Dark boxes represent functional departmental teams

August 14, 2003

CITY OF SAN ANTONIO, TEXAS

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

CITY COUNCIL
Edward D. Garza, Mayor

Roger O. Flores
Joel Williams
Ron H. Segovia
Richard Perez
Patti Radle

Enrique M. Barrera
Julian Castro
Art A. Hall
Carroll W. Schubert
Christopher Haass

CITY MANAGER
Terry M. Brechtel

DEPUTY CITY MANAGER
J. Rolando Bono

ASSISTANT CITY MANAGER
Christopher J. Brady

ASSISTANT CITY MANAGER
Melissa Byrne Vossmer

ASSISTANT CITY MANAGER
Jelynne L. Burley

ASSISTANT CITY MANAGER
Frances A. Gonzalez

ASSISTANT TO THE CITY MANAGER
Roland A. Lozano

ASSISTANT TO THE CITY MANAGER
Erik J. Walsh

MEMBER OF THE GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES & CANADA

City of San Antonio
Texas

Financial Section

City of San Antonio
Texas

Independent Auditors' Report

KPMG

300 Convent, Suite 1200
San Antonio, TX 78205

RJW

Robert J. Williams
Certified Public Accountant
P.O. Box 34058
San Antonio, TX 78265-4058

LEAL & CARTER, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
11122 Wurzbach Rd. / Suite 200
San Antonio, Texas 78230-2573

Independent Auditors' Report

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

We have jointly audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas, as of and for the year ended September 30, 2003, which collectively comprise the City of San Antonio, Texas' basic financial statements as listed in the accompanying table of contents under "Basic Financial Statements." These financial statements are the responsibility of the City of San Antonio, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit. We did not jointly audit the financial statements of certain discretely presented component units and blended component units included in the governmental and fiduciary funds of the City of San Antonio, Texas, which represent the indicated percent of total assets and total revenues as presented in the table below. Those financial statements were audited by other auditors, including KPMG LLP and Leal & Carter, P.C., acting separately, whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those component units, are based solely on the reports of the other auditors.

	Percent not jointly audited	
	Total assets	Total revenue
Government-wide		
Governmental activities	0%	0%
Business-type activities	0%	0%
Discretely presented component units	27%	21%
Fund statements		
Major funds	0%	0%
Aggregate remaining fund information	73%	34%

	Percent audited by KPMG separately		Percent audited by Leal & Carter separately		Percent audited by Robert J. Williams separately	
	Total assets	Total revenue	Total assets	Total revenue	Total assets	Total revenue
Government-wide						
Discretely presented component units	0%	0%	1%	1%	0%	0%
Fund statements						
Aggregate remaining fund information	5%	4%	0%	0%	0%	0%

KPMG LLP. KPMG LLP, a U.S. limited liability partnership, is a member of KPMG International, a Swiss cooperative.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas, as of September 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 1 through 12, the Budgetary Comparison schedule on page 113, and Schedules of Funding Progress on page 114 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We, and the other auditors, have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we, and the other auditors, did not audit this information and express no opinion on it.

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

KPMG LLP Robert J Williams CPA Leal & Carter, P.C.

February 23, 2004

City of San Antonio
Texas

Management's Discussion and Analysis

(Required Supplementary Information)

(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of San Antonio (City) presents the following discussion and analysis of the City's financial performance during the fiscal year ended September 30, 2003. This discussion and analysis is intended to assist readers in focusing on significant financial issues, 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 $2,518,782 (net assets). Of this amount, $133,483 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $526,250, an increase of $70,494 compared to the fiscal year 2002 fund balance. The total unreserved fund balance of $271,821 is available for spending at the government's discretion. Of this amount, $44,988 designated and $226,833 is undesignated fund balance.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was $74,410, or 14.3% of the total General Fund expenditures.

Overview of the Financial Statements

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

Government-wide financial statements

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

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

The *statement of activities* presents information regarding increases and decreases to the government's net assets for the fiscal year. Changes in net assets are recorded when the underlying event giving rise to the change occurs regardless of the timing of the cash flows. Therefore, revenues and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). Governmental activities include general government, public safety, public works, sanitation, health services, environmental protection and control, culture and recreation, convention and tourism, conservation, urban redevelopment and housing, welfare and economic development opportunity. The business-type activities of the City include the airport system, parking system, and environmental services.

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

Fund Financial Statements

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

Fund financial statements are used to present financial information detailing resources that have been identified for specific activities. The focus of the fund financial statements is on the City's major funds, although non-major 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 types: governmental, proprietary, and fiduciary. Fund financial statements allow the City to present information regarding fiduciary funds, since they are not reported in the government-wide financial statements.

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

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

The City of San Antonio maintains five individual governmental funds for financial reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, both of which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each nonmajor governmental fund is provided in the form of combining statements elsewhere in this report.

Proprietary funds. The City maintains two types of proprietary funds. *Enterprise funds* are used to report the functions presented in business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its airport, parking and environmental services funds. *Internal service funds* are used to accumulate and allocate costs internally among the City's various functions, including, self-insurance programs, other internal services and information technology services. The services provided by these funds predominantly support the governmental rather that the business-type functions. They have been included within the governmental activities in the government-wide financial statements that are reported alongside the business activities.

Proprietary fund financial statements provide separate and more detailed information for the airport, parking, and environmental services funds. The airport and parking funds are considered major funds of the City while internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements.

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

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

Other information. In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information on the City's General Fund budget, which is adopted on an annual basis. A budgetary comparison statement has been provided for this fund in order to demonstrate budgetary compliance with this budget.

Government-wide Financial Analysis

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

City of San Antonio, Texas
Statement of Net Assets
For the Year Ended September 30, 2003
(With Comparative Totals for September 30, 2002)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Current and other assets	$ 731,143	$ 632,243	$ 206,703	$ 222,870	$ 937,846	$ 855,113
Capital Assets	3,001,042	2,938,157	294,308	276,008	3,295,350	3,214,165
Total Assets	3,732,185	3,570,400	501,011	498,878	4,233,196	4,069,278
Current and other assets	146,728	129,128	13,440	14,633	160,168	143,761
Long-term liabilities	1,287,466	1,184,719	266,780	273,886	1,554,246	1,458,605
Total Liabilities	1,434,194	1,313,847	280,220	288,519	1,714,414	1,602,366
Net Assets						
Investment in capital assets, net of related debt	2,079,719	2,036,269	156,567	152,261	2,236,286	2,188,530
Restricted	92,524	109,693	56,489	52,077	149,013	161,770
Unrestricted	125,748	110,591	7,735	6,021	133,483	116,612
Total Net Assets	$2,297,991	$2,256,553	$ 220,791	$ 210,359	$2,518,782	$2,466,912

For the year ended September 30, 2003, total assets exceeded liabilities by $2,518,782. The largest portion of the City's net assets, 2,236,286 (88.8%) represents its investment in capital assets less any related debt used to acquire those assets that is still outstanding, and includes assets such as land, infrastructure, improvements, buildings, machinery and equipment.

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

Of the total net assets, $149,013 (5.9%) represents resources that are subject to external restrictions on how they may be used. The remaining $133,483 (5.3%) represents unrestricted net assets, which can be used to meet the government's ongoing obligations to citizens and creditors.

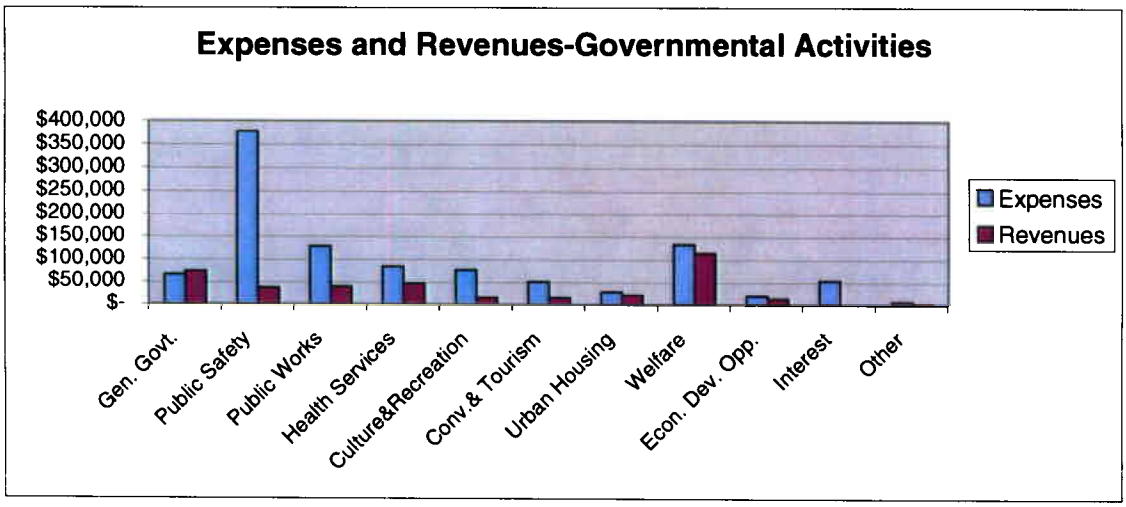
City of San Antonio, Texas
Changes in Net Assets
For the year ended September 30, 2003
(With Comparative Totals for September 30, 2002)

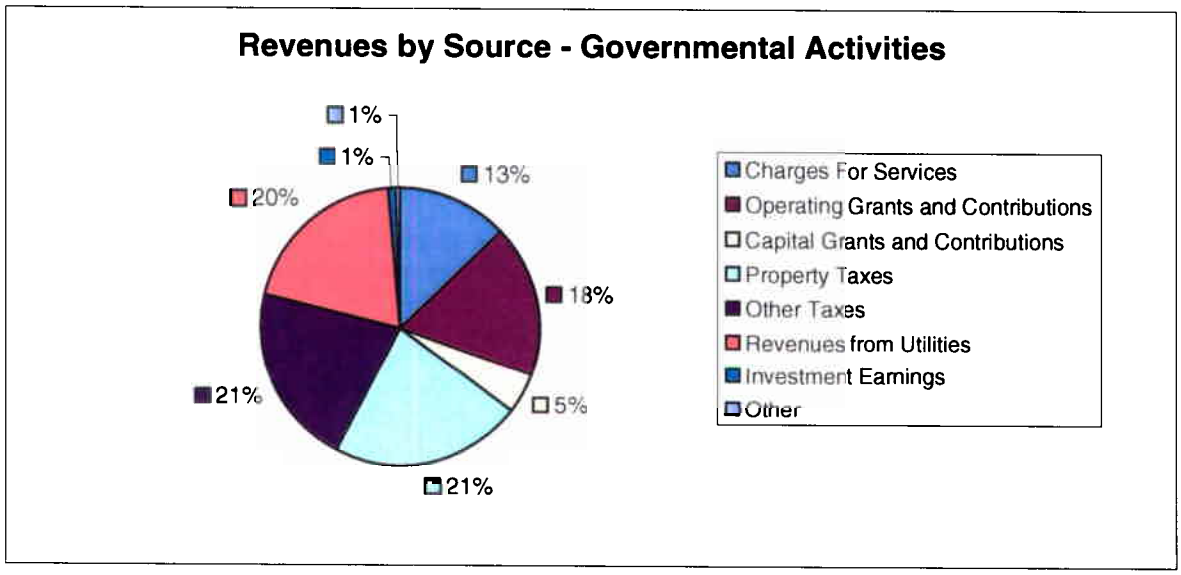
	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program Revenues:						
Charges for services	$ 136,118	$ 133,821	$ 100,998	$ 94,814	$ 237,116	$ 228,635
Operating grants and contributions	190,746	183,849	3,865	5,040	194,611	188,889
Capital grants and contributions	51,189	16,400			51,189	16,400
General revenues:						
Property Taxes	236,947	225,740			236,947	225,740
Other Taxes	232,009	233,851			232,009	233,851
Revenues from Utilities	210,854	171,632			210,854	171,632
Investment Earnings	8,556	13,504	2,557	3,365	11,113	16,869
Net Decrease in Fair Value of Investments	(20)	(423)	(6)	(74)	(26)	(497)
Miscellaneous	(1,639)	12,269	9,406	7,610	7,767	19,879
Gain on Sale of Capital Assets	542	1,703	39	50	581	1,753
Capital Contributions	1,115	481			1,115	481
Total Revenues	$ 1,066,417	$ 992,827	$ 116,859	$ 110,805	$ 1,183,276	$ 1,103,632
Expenses:						
Primary Government:						
Governmental Activities:						
General Government	67,034	77,887			67,034	77,887
Public Safety	378,316	414,382			378,316	414,382
Public Works	128,374	131,010			128,374	131,010
Sanitation	7,102	7,909			7,102	7,909
Health Services	84,239	78,662			84,239	78,662
Environmental Protection and Control	298	194			298	194
Culture and Recreation	77,434	76,400			77,434	76,400
Convention and Tourism	51,141	49,754			51,141	49,754
Conservation		15				15
Urban Redevelopment and Housing	28,653	17,038			28,653	17,038
Welfare	133,455	133,818			133,455	133,818
Economic Development Opportunity	19,847	27,322			19,847	27,322
Commercial Paper Fees	84	13			84	13
Interest on Long-term Debt	54,490	54,628			54,490	54,628
Business-type Activities:						
Airport			45,164	41,941	45,164	41,941
Parking Facilities			7,523	8,693	7,523	8,693
Environmental Services			48,252	48,223	48,252	48,223
Total Expenses	1,030,467	1,069,032	100,939	98,857	1,131,406	1,167,889
Increase/(Decrease) in Net Assets before Transfers	35,950	(76,205)	15,920	11,948	51,870	(64,257)
Transfers	5,488	2,072	(5,488)	(2,072)		
Net Increase/(Decrease) in Net Assets	41,438	(74,133)	10,432	9,876	51,870	(64,257)
Beginning Net Assets	2,256,553	2,330,686	210,359	200,483	2,466,912	2,531,169
Ending Net Assets	$ 2,297,991	$ 2,256,553	$ 220,791	$ 210,359	$ 2,518,782	$ 2,466,912

Governmental Activities

The City's total revenues were $1,183,276 for fiscal year ended September 30, 2003. Revenues from governmental activities totaled $1,066,417 and revenues from business-type activities totaled $116,859. General revenues represented 59.2% of the City's total revenue, while program revenues provided 40.8% of revenue received in fiscal year 2003.

Expenses for the City totaled $1,131,406. Governmental activity expenses totaled $1,030,467, or 91.1% of total expenses.



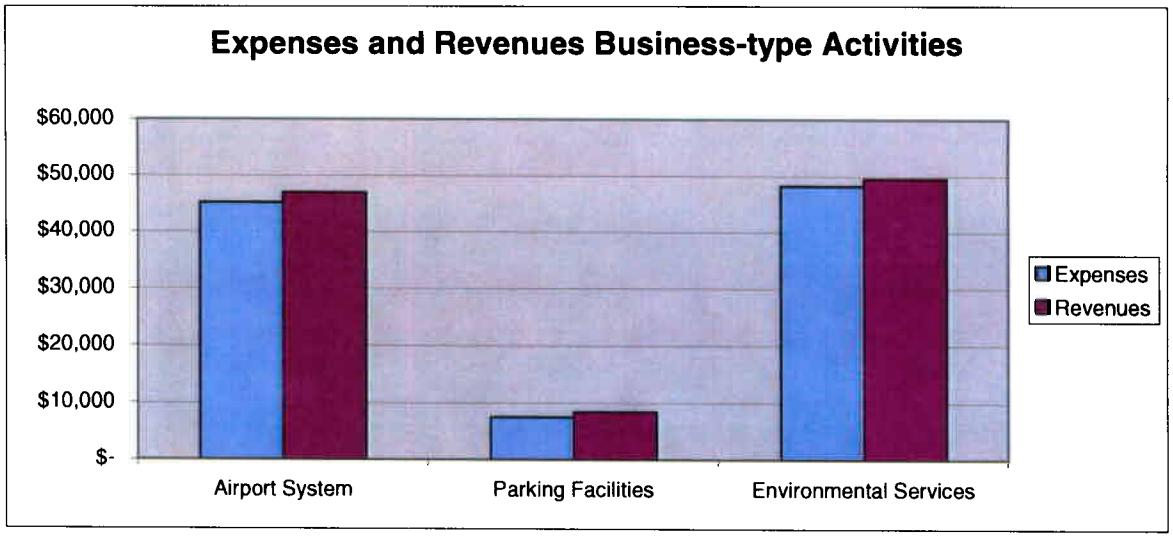


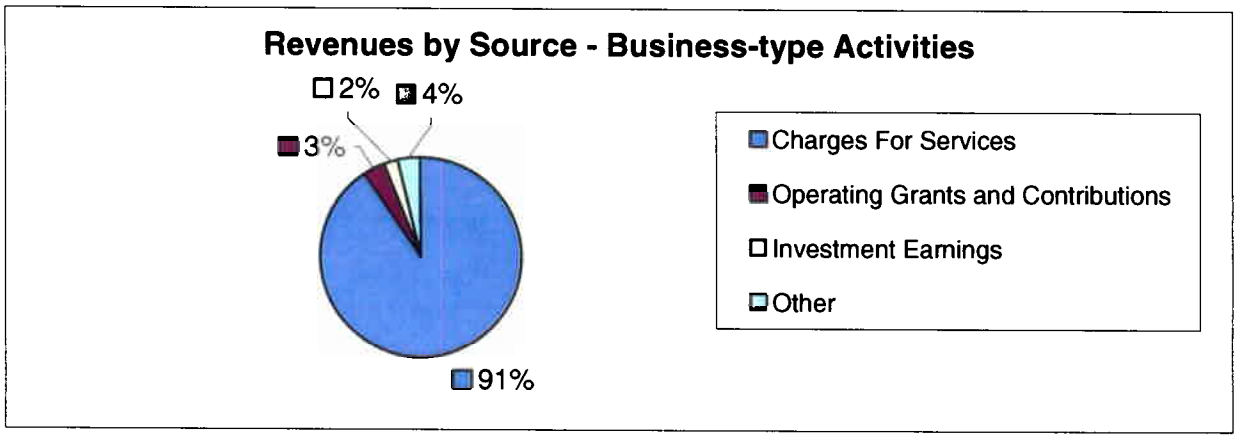
Revenues exceeded expenses by $41,438. General revenues increased over fiscal year 2002 by $30,134, which was partially attributed to an in increase in Revenues from Utilities.

Expenses decreased slightly over prior year amounts, of which, 4% was a result of lower Public Safety spending.

Business-type Activities

Program revenues for the City's business-type activities totaled $104,863, which is $5,009 higher than the previous fiscal year. Expenses for business-type activities were $100,939 compared to prior years expenses of $98,857. The current year's increase in expenses is attributed to increased expenses incurred in the Airport fund over the prior year. The remaining revenue was a result of interest and other miscellaneous items.





Financial Analysis of Governmental Funds

Activities of the Primary Government's General Fund, Special Revenue Funds, and Debt Service Funds are considered general government functions. The General Fund is the City's general operating fund. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted as to expenditure. The Debt Service Funds are used to account for financial activity related to the City's general bonded indebtedness, as well as other long-term obligations.

Revenues from taxes increased by $10,528 which was primarily attributable to: (1) a $10,120 or 7.5% increase in property tax revenue for the General Fund, (2) an $888 or 0.6% decrease in sales tax revenue in the General Fund, and (3) a $1,422 or 1.2% increase in property tax revenue for the Debt Service Fund as a result of increased property valuation, new construction, and annexation. Revenues for the utilities category, which is represented in the City's General Fund increased by $39,222 or 22.9% which is primarily attributed to an increase of $38,899 in the City's payment from CPS which is based on CPS' gross revenues. CPS revenues are impacted by variables such as fuel costs, weather, types of electric generation used as well as other factors.

The total fund balance of the General Fund at year-end was $81,642, an increase of $19,190 from the total fund balance of $62,452 for the close of fiscal year 2002. The total unreserved general fund balance for fiscal year 2003 is $74,410, which represents $32,926 in designated and $41,484 in undesignated fund balance. The undesignated fund balance, which represents amounts available for additional appropriations, in the General Fund at the close of the fiscal year increased by $21,687 from the previous year.

The total fund balance of the Debt Service Fund at year-end was $87,888; a decrease of $1,460 from the total fund balance for the close of fiscal year 2002. The entire fund balance is reserved for payment of debt service.

General Fund Budgetary Highlights

Significant Variances in Budget Appropriations
General Fund

	Original Budget	Final Budget	Actual Results
General Government	$ 67,170	$ 71,932	$ 53,416
Public Safety	357,542	363,628	361,835
Public Works	10,567	12,943	11,921
Health Services	13,459	13,603	13,815
Sanitation	2,522	2,511	2,515
Welfare	16,314	17,049	16,317
Culture and Recreation	60,787	61,806	59,120
Economic Development and Opportunity	5,414	6,905	5,538
Transfers to other funds	67,612	71,237	70,378
Total	$ 601,387	$ 621,614	$ 594,855

Changes in original budget appropriations to the final amended budget appropriations were a $20,227 increase in appropriations. This increase can be summarized by the following discussion.

General Government had a $4,762 increase composed of $9,967 of budget carry forwards and a $5,205 budget decrease. Of the $6,086 increase in Public Safety, $3,691 was due to budget carry forwards and a $2,395 budget increase. Public Works had a $2,376 increase composed of an increase of $2,408 in budget carry forwards and a $32 budget decrease. The $144 budget increase in Health Services was due to $142 increase in budget carry forwards and a $2 budget increase. Sanitation had a decrease of $11 due to a $10 budget carry forward and $21 budget decrease. Of the $735 increase in Welfare, $1,489 was due to budget carry forwards and a $754 budget decrease. The Culture and Recreation $1,019 increase was due to $1,024 for budget carry forwards and $5 as a decrease in budget. The $1,491 increase in Economic Development and Opportunity was due to a $1,501 increase in budget carry forwards and a $10 budget decrease. The $3,625 increase in transfers was due to $2,403 in budget carry forwards and $1,222 was funded from various government functions.

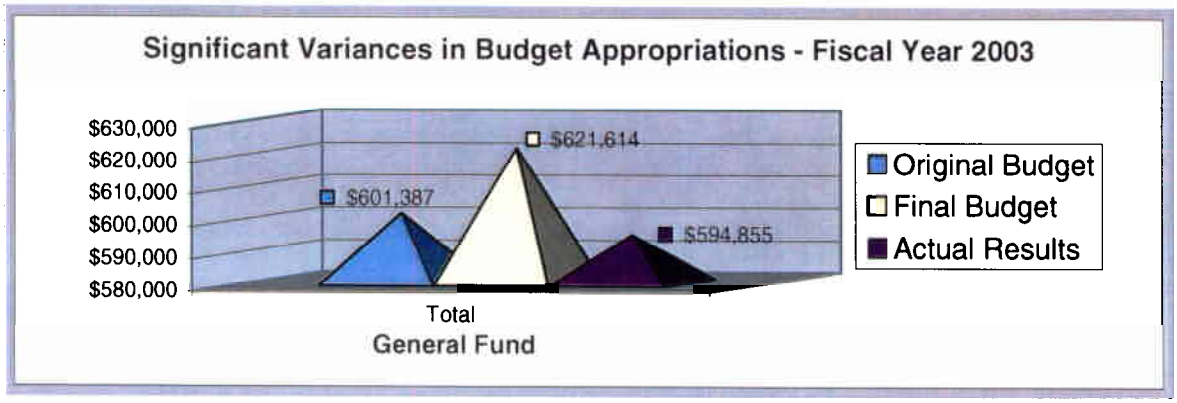
Final budgeted appropriations for the General Fund were $621,614 while actual expenditures were $594,855, creating a positive variance of $26,759. Significant variances are as follows:

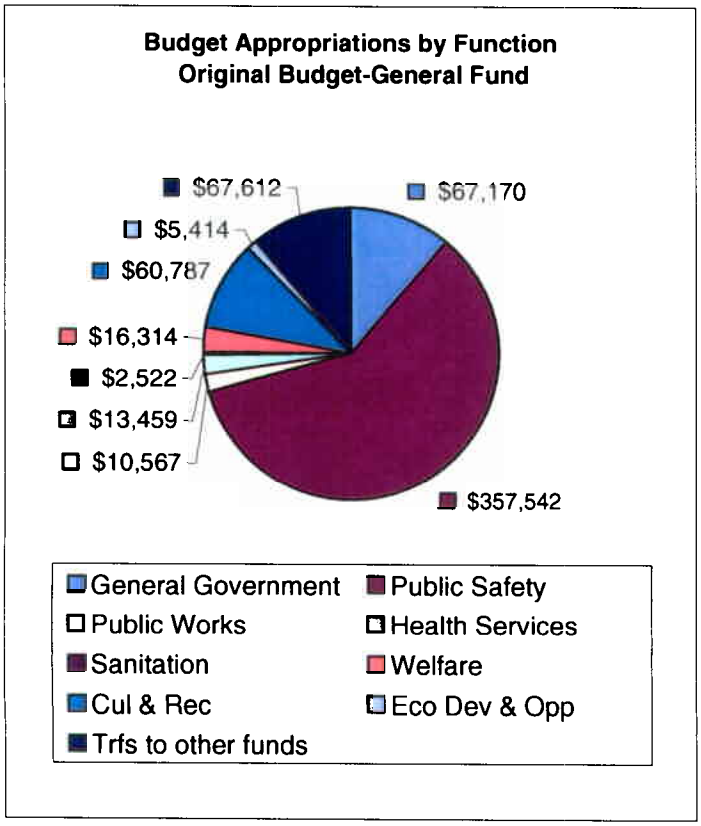
- General Government had a $18,516 positive variance composed of $6,932 of budgeted salaries, $1,224 of anticipated payments to Bexar County Detention Center, $3,291 of appropriations for various one-time projects yet to be completed, $5,845 in contractual services, and $408 in unrealized commodities such as supplies and repair and maintenance, and $816 in unrealized capital expenditures.

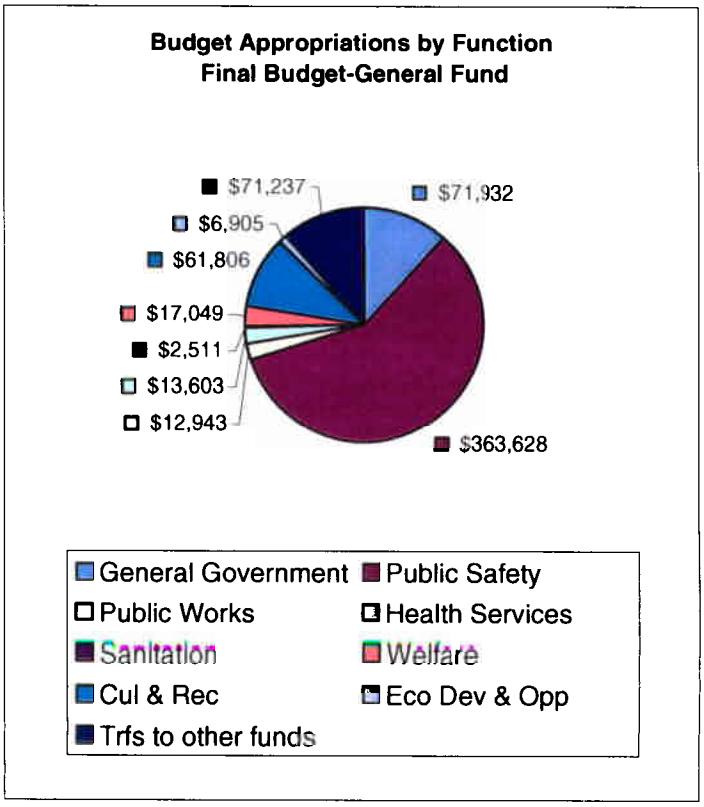
- Public Works had a positive variance of $1,022, which was due to an unrealized budgeted increase in street lighting and energy charges.

- Economic Development and Opportunity had a $1,367 positive variance is attributable to $119 in savings in salaries, $713 in contractual services, $530 in unrealized budgeted increase in other expenditures, and $5 in unrealized commodities such as supplies and repairs and maintenance.

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





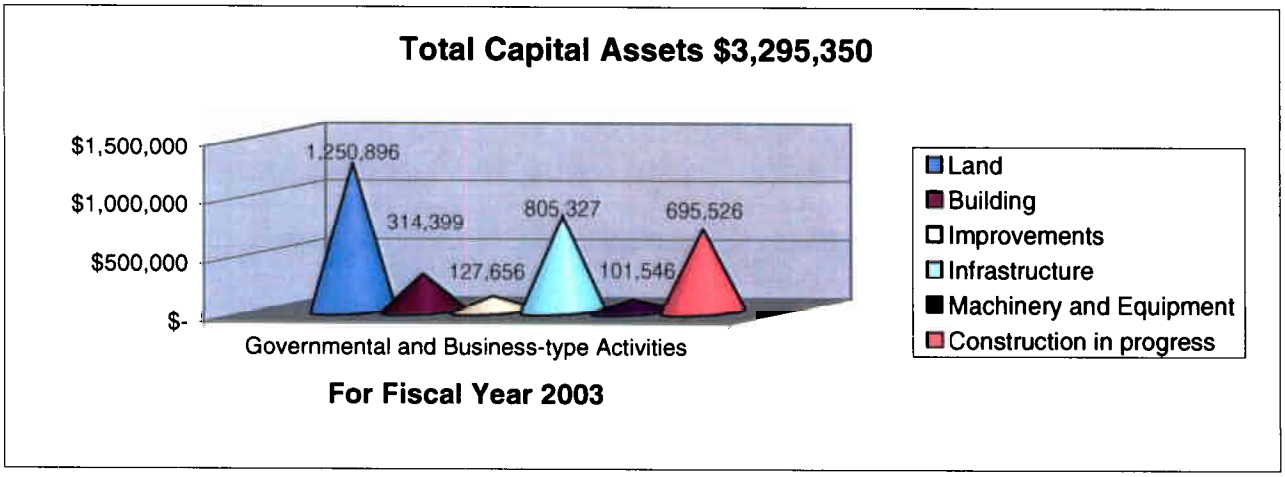


Capital Assets

The City of San Antonio's investment in capital assets for its governmental and business-type activities as of September 30, 2003, amounts to $3,295,350 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, and machinery and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 2.5%, which is comprised of a 2.1% increase for governmental activities and a 6.6% increase for business-type activities.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Land	$ 1,238,908	$ 1,215,391	$ 11,988	$ 11,988	$ 1,250,896	$ 1,227,379
Buildings	239,019	233,466	75,380	74,973	314,399	308,439
Improvements	34,974	26,747	92,682	86,545	127,656	113,292
Infrastructure	805,327	858,756			805,327	858,756
Machinery and Equipment	96,856	78,899	4,690	4,436	101,546	83,335
Construction in Progress	585,958	524,898	109,568	98,066	695,526	622,964
Totals	$ 3,001,042	$ 2,938,157	$ 294,308	$ 276,008	$ 3,295,350	$ 3,214,165

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



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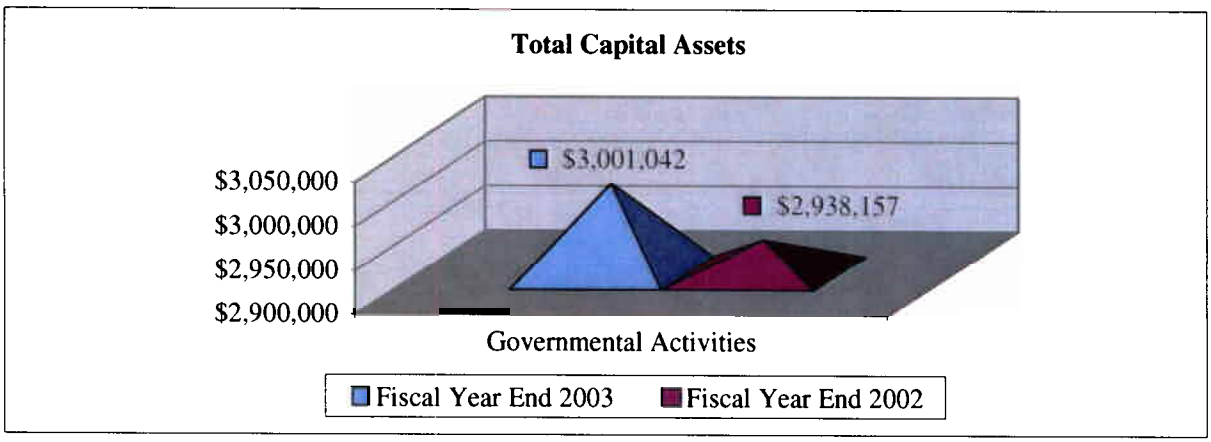
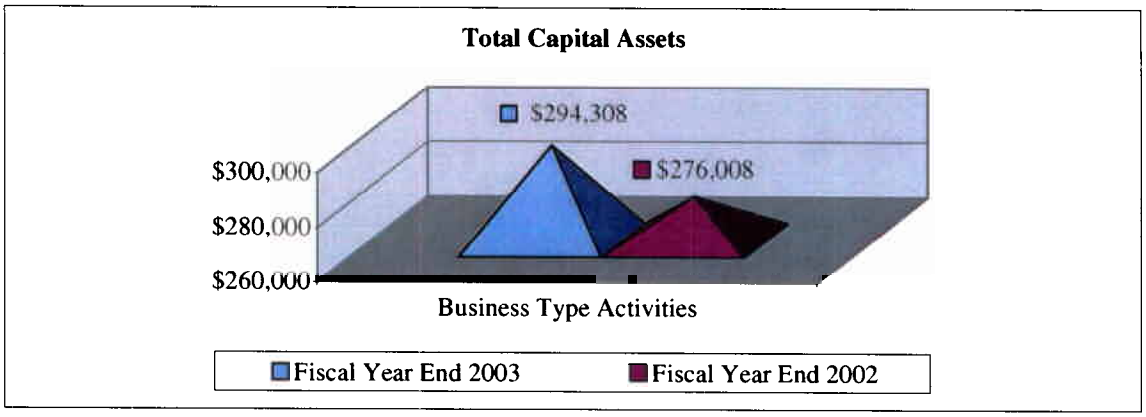
Change in Capital Assets
September 30, 2003

	Governmental Activites	Business-Type Activities	Total
Beginning Balance	$ 2,938,157	$ 276,008	$ 3,214,165
Additions	160,345	40,534	200,879
Deletions	(11,194)	(14,922)	(26,116)
Accumulated Depreciation	(86,266)	(7,312)	(93,578)
Total	$ 3,001,042	$ 294,308	$ 3,295,350

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





Additional information on the City's capital assets can be found in Note 4 of the notes to the financial statements.

Debt Administration

Long-term Debt

At the end of the current fiscal year, the City of San Antonio had a total of $1,376,721 in bonds, certificates, revenue bonds and commercial paper outstanding, an increase of 6% over last year. Additional information on the City of San Antonio's long-term debt, including descriptions of the new issues, can be found in Note 6 in the Notes to the Financial Statements.

City of San Antonio's Outstanding Debt
September 30, 2003 and 2002

	Governmental Activities	
	2003	2002
Bonds Payable:		
General Obligation Bonds	$ 666,983	$ 669,473
Tax-Exempt Commercial Paper	10,500	20,800
Tax-Exempt Certificate of Obligation	196,280	145,405
Taxable Certificate of Obligation	5,165	9,780
Revenue Bonds	234,918	179,393
Total	$ 1,113,846	$ 1,024,851

	Business-type Activities	
	2003	2002
Bonds Payable:		
General Obligation Bonds	$ 12,475	$ 12,855
Tax-Exempt Certificate of Obligation	135	915
Revenue Bonds	250,265	255,180
Total	$ 262,875	$ 268,950

On September 30, 2002, outstanding general obligation and revenue bonds, certificates, and commercial paper debt totaled $1.294 billion. In December 2002, the City issued additional debt in the amount of $126 million. The $126 million was comprised of $55,850 in general obligation bonds and $69,930 in tax-exempt certificates of obligation. The general obligation bonds and certificates of obligation are to be utilized to fund capital improvement projects to include streets and pedestrian improvements, parks and recreation facilities improvements, library system improvements and public safety. Also, a portion of the general obligation bonds was used to refund $24 million of the City's outstanding tax supported debt. Additionally, in May 2003, the City issued $41 million in general obligation refunding bonds, together with a cash contribution from the City, which were used to refund $43 million of the City's outstanding tax supported debt. Municipal Drainage System Revenue Bonds were issued in May 2003 for the amount of $44 million, which were issued to provide funds to finance the costs of making drainage improvements, including the acquisition, construction, and repair of structures, equipment, and facilities for the City's Municipal Drainage Utility System. In addition, $56 million in general improvement refunding bonds were issued in July 2003 which were used, together with a cash contribution from the City, to refund $58 million of the City's outstanding tax supported debt.

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

	Std&Poor's	Moody's	Fitch
General Obligation/ Certificate of Obligation	AA+	Aa2	AA+
Airport	A+	A1	A+
Airport PFC	A-	A2	A+
Convention Center	A+	A	A
Parking	A+	A2	A+

The Constitution of the State of Texas and the City Charter limit the amount of debt the City may incur. The City Charter establishes a limitation on the general obligation debt supported by ad valorem taxes to an amount not to exceed 10% of the total assessed valuation. The total assessed valuation for the fiscal year ending 2003 was $46,320,796, which provides a debt ceiling of $4,632,079.

Requests for Information

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

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City of San Antonio
Texas

Basic Financial Statements

CITY OF SAN ANTONIO, TEXAS

STATEMENT OF NET ASSETS
AS OF SEPTEMBER 30, 2003
(In Thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Assets				
Cash and Cash Equivalents	$ 291,599	$ 8,485	$ 300,084	$ 257,451
Investments	275,213	7,171	282,384	69,504
Receivables (net)	115,732	7,492	123,224	228,437
Due from Fiduciary Funds	402		402	
Due from Other Governmental Agencies	34,633		34,633	2,418
Internal Balances	4,677	(4,677)		
Inventories of Materials and Supplies, at Cost	5,617	651	6,268	120,293
Prepaid Expenses	194	18	212	28,402
Deposits	628		628	
Restricted Assets:				
Cash and Cash Equivalents		84,842	84,842	136,435
Investments		98,219	98,219	993,613
Receivables - Accrued Interest		238	238	5,803
Capital Assets:				
Non-depreciable	1,824,866	121,556	1,946,422	787,289
Depreciable, net	1,176,176	172,752	1,348,928	5,752,321
Prepaid Rent Long Term - Leaseback				555,762
Unamortized Debt Expense	2,448	4,264	6,712	34,278
Total Assets	3,732,185	501,011	4,233,196	8,972,006
Liabilities				
Accounts Payable and Other Current Liabilities	110,920	9,299	120,219	225,388
Deferred Revenues	19,481	847	20,328	128
Accrued Interest	8,992	3	8,995	
Accrued Bond and Certificate Interest		3,291	3,291	5,975
Due to Other Governmental Agencies	7,335		7,335	1,702
Noncurrent Liabilities:				
Due within one year	114,699	12,073	126,772	108,402
Due in more than one year	1,172,767	254,707	1,427,474	4,747,915
Total Liabilities	1,434,194	280,220	1,714,414	5,089,510
Net Assets				
Invested in Capital Assets, net of related debt	2,079,719	156,567	2,236,286	3,420,701
Restricted for:				
Debt Service	89,681	25,362	115,043	8,580
Equipment Renewal and Replacement	38	1,500	1,538	579,298
Improvement and Contingency		29,627	29,627	
Conservation				7,877
Perpetual Care:				
Expendable	1,338		1,338	
Nonexpendable	1,467		1,467	
Unrestricted	125,748	7,735	133,483	(133,960)
Total Net Assets	$ 2,297,991	$ 220,791	$ 2,518,782	$ 3,882,496

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

CITY OF SAN ANTONIO, TEXAS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

FUNCTION/PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary Government:				
Governmental Activities:				
General Government	$ 67,034	$ 48,963	$ 659	$ 24,744
Public Safety	378,316	17,166	9,796	10,548
Public Works	128,374	26,208	824	13,006
Sanitation	7,102			
Health Services	84,239	17,917	29,217	21
Environmental Protection and Control	298		249	315
Culture and Recreation	77,434	10,134	3,159	1,388
Convention and Tourism	51,141	14,067		
Urban Redevelopment and Housing	28,653	116	21,267	19
Welfare	133,455	207	113,748	838
Economic Development Opportunity	19,847	1,340	11,827	310
Commercial Paper Fees	84			
Interest on Long-term Debt	54,490			
Total governmental activities	1,030,467	136,118	190,746	51,189
Business-type Activities				
Airport System	45,164	43,051		3,865
Parking Facilities	7,523	8,455		
Environmental Services	48,252	49,492		
Total business-type activities	100,939	100,998		3,865
Total primary government	$ 1,131,406	$ 237,116	$ 190,746	$ 55,054
Component units:				
San Antonio Water System	239,208	235,224	0	76,928
City Public Service	1,319,190	1,301,493		53,431
Other Component Units	51,682	44,341		2,193
Total component units	$ 1,610,080	$ 1,581,058	$ 0	$ 132,552

General Revenues:
- Taxes:
  - Property Taxes
  - General Sales and Use Taxes
  - Selective Sales and Use Taxes
  - Gross Receipts Business Taxes
  - Occupancy Taxes
  - Penalties and Interest on Delinquent Taxes
- Revenues from Utilities
- Investment Earnings
- Net (Decrease) in Fair Value of Investments
- Miscellaneous
- Gain (Loss) on Sale of Capital Assets

Capital Contributions
Transfers (net)
Total General Revenues, Special Items, and Transfers
Change in Net Assets
Net Assets - Beginning
Prior Period Adjustment
Net Assets - Ending

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

CITY OF SAN ANTONIO, TEXAS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			
PRIMARY GOVERNMENT			
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
$ 7,332	$ 0	$ 7,332	
(340,806)		(340,806)	
(88,336)		(88,336)	
(7,102)		(7,102)	
(37,084)		(37,084)	
266		266	
(62,753)		(62,753)	
(37,074)		(37,074)	
(7,251)		(7,251)	
(18,662)		(18,662)	
(6,370)		(6,370)	
(84)		(84)	
(54,490)		(54,490)	
(652,414)		(652,414)	
	1,752	1,752	
	932	932	
	1,240	1,240	
	3,924	3,924	
(652,414)	3,924	(648,490)	
			$ 72,944
			35,734
			(5,148)
0	0	0	103,530
236,947	0	236,947	0
156,322		156,322	
3,863		3,863	
22,128		22,128	
44,633		44,633	
5,063		5,063	
210,854		210,854	
8,556	2,557	11,113	52,421
(20)	(6)	(26)	
(1,639)	9,406	7,767	13,452
542	39	581	(5,071)
1,115		1,115	
5,488	(5,488)		
693,852	6,508	700,360	60,802
41,438	10,432	51,870	164,332
2,256,553	210,359	2,466,912	3,721,281
			(3,117)
$ 2,297,991	$ 220,791	$ 2,518,782	$ 3,882,496

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

BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2003
(In Thousands)

	MAJOR FUNDS			
	GENERAL	DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets				
Cash and Cash Equivalents	$ 13,113	$ 25,793	$ 221,302	$ 260,208
Investments	10,422	60,827	175,007	246,256
Receivables	82,266	9,957	92,835	185,058
Allowance for Uncollectibles	(8,051)	(853)	(61,307)	(70,211)
Prepaid Expenditures	63		131	194
Due from Other Funds	24,210	893	2,173	27,276
Due from Other Governmental Agencies	330		34,309	34,639
Allowance for Uncollectibles			(331)	(331)
Inventories of Materials and Supplies, at Cost	2,397		1,475	3,872
Deposits			354	354
Total Assets	$ 124,750	$ 96,617	$ 465,948	$ 687,315
Liabilities and Fund Balances				
Liabilities:				
Vouchers Payable	$ 2,819	$ 0	$ 19,139	$ 21,958
Accounts Payable - Other	2,060		25,984	28,044
Accrued Payroll	7,052		1,955	9,007
Accrued Leave Payable	5,343		1,034	6,377
Deferred Revenues	25,714	8,405	27,733	61,852
Accrued Interest		324		324
Due To:				
Other Funds	120		26,759	26,879
Other Governmental Agencies			6,624	6,624
Total Liabilities	43,108	8,729	109,228	161,065
Fund Balances:				
Reserved:				
Reserved for Encumbrances	4,772		157,703	162,475
Reserved for Inventories	2,397		1,475	3,872
Reserved for Prepaid Expenditures	63		131	194
Reserved for Debt Service		87,888		87,888
Unreserved:				
Designated	32,926			32,926
Designated: Special Revenue Funds			9,228	9,228
Designated: Permanent Funds			2,834	2,834
Undesignated	41,484			41,484
Undesignated: Special Revenue Funds			60,252	60,252
Undesignated: Capital Projects Funds			114,482	114,482
Undesignated: Permanent Funds			10,615	10,615
Total Fund Balances	81,642	87,888	356,720	526,250
Total Liabilities and Fund Balances	$ 124,750	$ 96,617	$ 465,948	$ 687,315

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

CITY OF SAN ANTONIO, TEXAS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS GOVERNMENTAL ACTIVITIES AS OF SEPTEMBER 30, 2003

(In Thousands)

Fund Balances - Total Governmental Funds		$ 526,250
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets		
Land and Land Improvements	1,238,908	
Construction In Progress	585,958	
Buildings	384,956	
Improvements	69,720	
Infrastructure Assets	1,949,975	
Machinery and Equipment	70,482	
Less: Accumulated Depreciation	(1,342,017)	
Total Capital Assets		2,957,982
Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are not reported in the governmental funds.		42,936
Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the Statement of Net Assets.		56,574
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Governmental bonds payable	(1,134,577)	
Premium on bonds	(33,836)	
Deferred Amount on Refunding	7,913	
Leases Payable	(9,354)	
Unamortized Debt Expense	2,448	
Accrued Interest	(8,668)	
Arbitrage Rebate	(1,344)	
Compensated Absences	(108,333)	
		(1,285,751)
Net assets of governmental activities		$ 2,297,991

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

	MAJOR FUNDS			
	GENERAL	DEBT SERVICE	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues				
Taxes:				
Property Taxes	$ 149,456	$ 89,401	$ 358	$ 239,215
General Sales and Use Taxes	138,962		17,360	156,322
Selective Sales and Use Taxes	3,863			3,863
Gross Receipts Business Taxes	26,364			26,364
Occupancy Taxes			44,633	44,633
Penalties and Interest on Delinquent Taxes	1,873	1,183	13	3,069
Licenses and Permits	13,912			13,912
Intergovernmental	2,878		183,934	186,812
Revenues from Utilities	210,466			210,466
Charges for Services	27,284		60,756	88,040
Fines and Forfeits	11,282			11,282
Miscellaneous	8,531		41,366	49,897
Interest	1,283	2,343	4,328	7,954
Net (Decrease) in Fair Value of Investments	(3)		(14)	(17)
In-Kind Contributions			19,887	19,887
Total Revenues	596,151	92,927	372,621	1,061,699
Expenditures				
Current:				
General Government	52,283		11,894	64,177
Public Safety	361,305		13,785	375,090
Public Works	11,856		56,495	68,351
Health Services	13,690		69,918	83,608
Environmental Protection and Control			618	618
Sanitation	2,514			2,514
Welfare	15,764		118,255	134,019
Culture and Recreation	58,917		15,372	74,289
Convention and Tourism			51,452	51,452
Urban Redevelopment and Housing			23,766	23,766
Economic Development and Opportunity	5,367		14,677	20,044
Capital Projects			130,755	130,755
Debt Service:				
Principal Retirement		66,650		66,650
Interest		50,929		50,929
Bond Excrow Agent		2,118		2,118
Issuance Costs		1,206		1,206
Total Expenditures	521,696	120,903	506,987	1,149,586
Excess (Deficiency) of Revenues Over (Under) Expenditures	74,455	(27,976)	(134,366)	(87,887)
Other Financing Sources (Uses)				
Long-Term Debt Issued		121,245	149,765	271,010
Payments to Refunded Bond Escrow Agent		(131,410)		(131,410)
Premium on Long-term Debt		11,359	5,916	17,275
Transfers In	13,121	25,322	147,942	186,385
Transfers Out	(68,386)		(116,493)	(184,879)
Total Other Financing Sources (Uses)	(55,265)	26,516	187,130	158,381
Net Change in Fund Balances	19,190	(1,460)	52,764	70,494
Fund Balances, October 1	62,452	89,348	303,956	455,756
Fund Balances, September 30	$ 81,642	$ 87,888	$ 356,720	$ 526,250

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

CITY OF SAN ANTONIO, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED SEPTEMBER 30, 2003

(In Thousands)

Net change in Fund Balances - Total Governmental Funds		$	70,494
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.			
Donated capital assets	53		
Expenditures for capital assets	146,200		
Less current year deletions	(1,339)		
Less current year depreciation	(82,774)		62,140
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			10,409
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments.			
Bond and loan amounts	(283,821)		
Bond costs	(12,299)		
Payments to Escrow Agent	133,528		
Amortization of Bond Premiums and Deferred Charges (net)	95		
Accrued interest	(2,951)		
Principal payments	66,650		(98,798)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			1,154
Internal service funds are used by management to charge the cost of certain activities to individual funds. The net (expense) of the internal service funds is reported with governmental activities.			(3,961)
Change in net assets of governmental activities		$	41,438

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

—— CITY OF SAN ANTONIO, TEXAS ——

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2003
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	PARKING FACILITIES	NONMAJOR ENTERPRISE FUND-ENVIRONMENTAL SERVICES	TOTAL	INTERNAL SERVICE FUNDS
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 4,806	$ 1,287	$ 2,392	$ 8,485	$ 31,391
Investments	3,941	1,202	2,028	7,171	28,957
Receivables:					
Other Accounts	2,824		1	2,825	149
Less: Allowance for Uncollectibles	(505)			(505)	
Accrued Interest	19	4	6	29	85
Accrued Revenue	765	26	4,352	5,143	86
Due From Other Funds	270		322	592	9,771
Due From Other Governmental Agencies					348
Less: Allowance for Uncollectibles					(23)
Inventories	447	189	15	651	1,745
Prepaid Expenses	18			18	
Deposits					274
Total Current Assets	12,585	2,708	9,116	24,409	72,783
Noncurrent Assets:					
Restricted Assets:					
Debt Service Accounts:					
Cash and Cash Equivalents	4,096	179		4,275	
Investments	23,258	1,021		24,279	
Receivables-Accrued Interest	38	1		39	
Due From Other Funds	66			66	
Construction Accounts:					
Cash and Cash Equivalents	58,886	4,833	209	63,928	
Investments	54,278	4,473	192	58,943	
Receivables-Accrued Interest	153	13	1	167	
Improvement and Contingency Accounts:					
Cash and Cash Equivalents	15,259	780	84	16,123	
Investments	14,065	719	78	14,862	
Receivables-Accrued Interest	28	2	1	31	
Due from Other Funds	96			96	
Other Restricted Accounts:					
Cash and Cash Equivalents	516			516	
Investments	135			135	
Receivables-Accrued Interest	1			1	
Total Noncurrent Assets	170,875	12,021	565	183,461	
Capital Assets:					
Land	2,970	8,125	893	11,988	
Buildings	115,657	18,985	46	134,688	178
Improvements Other Than Buildings	156,110	1,639	3,025	160,774	194
Machinery and Equipment	10,232	759	3,774	14,765	106,478
Construction in Progress	97,477	11,591	500	109,568	
Total Capital Assets	382,446	41,099	8,238	431,783	106,850
Less: Accumulated Depreciation	125,338	9,243	2,894	137,475	63,790
Net Capital Assets	257,108	31,856	5,344	294,308	43,060
Unamortized Debt Expense	3,622	642		4,264	
Total Assets	$ 444,190	$ 47,227	$ 15,025	$ 506,442	$ 115,843

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

—— CITY OF SAN ANTONIO, TEXAS ——

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2003
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	PARKING FACILITIES	NONMAJOR ENTERPRISE FUND-ENVIRONMENTAL SERVICES	TOTAL	INTERNAL SERVICE FUNDS
LIABILITIES					
Current Liabilities:					
Vouchers Payable	$ 276	$ 12	$ 1,501	$ 1,789	$ 2,850
Accounts Payable-Other	3,286	59	1,912	5,257	48,143
Accrued Payroll	306	72	420	798	918
Accrued Leave Payable	164	18	141	323	186
Deferred Revenues	847			847	
Accrued Interest			3	3	
Due to Other Funds	208		328	536	9,681
Total Current Liabilities (Payable from Current Assets)	5,087	161	4,305	9,553	61,778
Current Liabilities (Payable from Restricted Assets)					
Vouchers Payable	1,442	11	2	1,455	
Accrued Bond and Certificate Interest	3,014	277		3,291	
Current Portion of Bonds and Certificates	7,010	1,590		8,600	
Due to Other Funds	303			303	
Lease Purchase			137	137	161
Other Payables	1,595	357		1,952	
Total Current Liabilities (Payable from Restricted Assets)	13,364	2,235	139	15,738	161
Total Current Liabilities	18,451	2,396	4,444	25,291	61,939
Noncurrent Liabilities					
Revenue Bonds (Net of Current Portion)	218,410	24,445		242,855	
General Obligation Bonds and Certificates (Net of Current Portion)		11,420		11,420	
Unamortized Premium on New Series Bonds	3,013	532		3,545	
Less: Deferred Amount on Refunding	(4,573)	(578)		(5,151)	
Accrued Leave Payable	838	90	704	1,632	930
Lease Purchase			406	406	281
Due to Other Governmental Agencies					711
Other Payables			1,061	1,061	
Total Noncurrent Liabilities	217,688	35,909	2,171	255,768	1,922
Total Liabilities	236,139	38,305	6,615	281,059	63,861
NET ASSETS					
Invested In Capital Assets, net of related debt	147,328	4,039	5,200	156,567	42,618
Restricted:					
Debt Service	24,436	926		25,362	
Renewal and Replacement		1,500		1,500	
Improvements and Contingency	29,627			29,627	
Unrestricted	6,660	2,457	3,210	12,327	9,364
Total Net Assets	$ 208,051	$ 8,922	$ 8,410	$ 225,383	$ 51,982

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	(4,592)
Net assets of business-type activities.	$ 220,791

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	PARKING FACILITIES	NONMAJOR ENTERPRISE FUND- ENVIRONMENTAL SERVICES	TOTAL	INTERNAL SERVICE FUNDS
Operating Revenues					
Charges for Services	$ 43,051	$ 8,455	$ 49,492	$ 100,998	$ 150,781
Total Operating Revenues	43,051	8,455	49,492	100,998	150,781
Operating Expenses					
Personal Services	16,065	3,071	21,349	40,485	36,061
Contractual Services	5,827	1,198	20,649	27,674	76,744
Commodities	1,632	58	3,077	4,767	4,377
Materials					16,486
Other	1,711	474	2,119	4,304	19,580
Depreciation	7,381	576	281	8,238	10,739
Total Operating Expenses	32,616	5,377	47,475	85,468	163,987
Operating Income (Loss)	10,435	3,078	2,017	15,530	(13,206)
Nonoperating Revenues (Expenses)					
Interest and Other	2,291	212	54	2,557	757
Net (Decrease) in Fair Value of Investments	(5)	(1)		(6)	(3)
Other Nonoperating Revenue	8,990	17	399	9,406	1,597
Gain (Loss) on Sale of Fixed Assets	32		7	39	542
Interest and Debt Expense	(11,709)	(2,008)	(22)	(13,739)	(36)
Other Nonoperating Expense	(409)	(32)		(441)	
Total Nonoperating Revenues (Expenses)	(810)	(1,812)	438	(2,184)	2,857
Change in Net Assets Before Contributions and Transfers	9,625	1,266	2,455	13,346	(10,349)
Capital Contributions	3,865			3,865	1,115
Transfers In (Out)					
Transfers In	1	446		447	6,400
Transfers Out	(530)	(4,463)	(942)	(5,935)	(2,418)
Total Transfers	(529)	(4,017)	(942)	(5,488)	3,982
Change In Net Assets	12,961	(2,751)	1,513	11,723	(5,252)
Net Assets - Beginning	195,090	11,673	6,897		57,234
Net Assets - Ending	$ 208,051	$ 8,922	$ 8,410		$ 51,982
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(1,291)	
Change in net assets of business-type activities.				$ 10,432	

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

—— CITY OF SAN ANTONIO, TEXAS ——

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	PARKING FACILITIES	NONMAJOR ENTERPRISE FUND-ENVIRONMENTAL SERVICES	TOTALS	INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities					
Cash Received from Customers	$ 42,755	$ 8,462	$ 48,916	$ 100,133	$ 150,947
Cash Payments to Suppliers for Goods and Services	(10,376)	(1,865)	(24,796)	(37,037)	(109,649)
Cash Payments to Employees for Service	(15,844)	(3,079)	(21,192)	(40,115)	(35,931)
Other Nonoperating Revenues	8,991	17	77	9,085	1,596
Net Cash Provided by (Used for) Operating Activities	25,526	3,535	3,005	32,066	6,963
Cash Flows from Non-Capital Financing Activities					
Transfers In from Other Funds	1	446		447	6,675
Transfers Out to Other Funds	(530)	(4,463)	(942)	(5,935)	(2,684)
Due to/from Other Funds	50		6	56	12,740
Net Cash Provided by (Used for) Non-Capital Financing Activities	(479)	(4,017)	(936)	(5,432)	16,731
Cash Flows from Capital and Related Financing Activities					
Acquisitions and Construction of Capital Assets	(20,945)	(754)	(369)	(22,068)	(12,183)
Proceeds from Issuance of Long-Term Debt	63,257	26		63,283	67
Principal Payments on Long-Term Debt	(6,335)	(1,140)	(133)	(7,608)	(11)
Interest Paid on Long-Term Debt	(12,051)	(2,015)	(23)	(14,089)	
Debt Issuance	(1,053)			(1,053)	
Defeasance of Revenue Bonds	(60,240)			(60,240)	
Cost of Defeasance	(2,861)			(2,861)	
Proceeds from Insurance			322	322	
Principal Payments on Notes					(330)
Interest Paid on Notes					(26)
Proceeds from Sale of Assets	31		7	38	2,356
Net Cash Provided by (Used for) Capital and Related Financing Activities	(40,197)	(3,883)	(196)	(44,276)	(10,127)
Cash Flows from Investing Activities:					
Purchases of Investment Securities	(597,737)	(45,625)	(13,861)	(657,223)	(175,227)
Maturity of Investment Securities	643,395	51,586	13,728	708,709	179,015
Interest on Investments	2,468	225	54	2,747	789
Net Cash Provided by (Used for) Investing Activities	48,126	6,186	(79)	54,233	4,577
Net Increase (Decrease) in Cash and Cash Equivalents	32,976	1,821	1,794	36,591	18,144
Cash and Cash Equivalents, October 1	50,587	5,258	891	56,736	13,247
Cash and Cash Equivalents, September 30	$ 83,563	$ 7,079	$ 2,685	$ 93,327	$ 31,391

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	PARKING FACILITIES	NONMAJOR ENTERPRISE FUND-ENVIRONMENTAL SERVICES	TOTALS	INTERNAL SERVICE FUNDS
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities					
Operating Income (Loss)	$ 10,435	$ 3,078	$ 2,017	$ 15,530	$ (13,206)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation	7,381	576	281	8,238	10,739
Other Nonoperating Revenues	8,990	17	77	9,084	1,597
Changes in Assets and Liabilities:					
(Increase) In Other Accounts Receivable	(397)		(1)	(398)	(28)
Decrease In Allowance for Uncollectibles	17			17	
(Increase) Decrease In Accrued Revenues	22	7	(575)	(546)	(79)
(Increase) In Due from Other Funds					(87)
(Increase) In Due from Other Gov'tl Agencies					(50)
(Increase) Decrease In Inventories	133	(121)		12	(39)
(Increase) In Prepaid Expenses	478			478	
Decrease In Deposits					437
Increase In Vouchers Payable	25	3	767	795	199
Increase (Decrease) In Other Payables	(1,842)	(17)	281	(1,578)	7,285
Increase In Due to Other Funds					55
Increase In Accrued Payroll	59	7	73	139	97
Increase (Decrease) In Accrued Leave Payable	162	(15)	85	232	34
Increase In Deferred Revenue	63			63	9
Net Cash Provided by (Used for) Operating Activities	$ 25,526	$ 3,535	$ 3,005	$ 32,066	$ 6,963
Noncash Investing, Capital and Financing Activities:					
Acquisitions and Construction of Capital Assets from Capital Contributions	$ 3,865	$	$	$ 3,865	$
Net (Decrease) in Fair Value of Investments	$ (5)	$ (1)	$	$ (6)	$ (3)

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

—— CITY OF SAN ANTONIO, TEXAS ——

STATEMENT OF FIDUCIARY NET ASSETS/BALANCE SHEET
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2003
(In Thousands)

ASSETS	FIRE AND POLICE PENSION AND HEALTH CARE FUNDS	PRIVATE PURPOSE TRUST FUNDS	AGENCY FUNDS
Current Assets			
Cash and Cash Equivalents	$ 37,002	$ 23	$ 8,670
Security Lending Collateral	95,492		
Investments, at fair value:			
US Government and Agency Issues	155,882	21	33
Corporate Bonds	128,956		
Preferred Common Stock	64,855		
Other	1,046,071		
Total Investments, at fair value	1,395,764	21	33
Receivables:			
Other Accounts	4,627		367
Accrued Interest	7,148		2
Accrued Revenue	882		
Due from Other Governmental Agencies	157		
Prepayments	12		
Total Current Assets	1,541,084	44	9,072
Capital Assets			
Computer Equipment	76		
Buildings	556		
Total Capital Assets	632		
Less: Accumulated Depreciation	(300)		
Net Capital Assets	332		
Total Assets	1,541,416	44	$ 9,072
LIABILITIES			
Vouchers Payable	4,465	2	1,767
Accounts Payable- Other	7,039		6,867
Accrued Payroll	27		36
Due to Other Funds			402
Securities Lending	95,492		
Total Liabilities	107,023	2	$ 9,072
NET ASSETS			
Held in Trust for Pension Benefits and Other Purposes	$ 1,434,393	$ 42	

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

—— CITY OF SAN ANTONIO, TEXAS ——

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

	FIRE AND POLICE PENSION AND HEALTH CARE FUNDS	PRIVATE PURPOSE TRUST FUNDS
ADDITIONS:		
Contributions:		
Employer	$ 61,805	$ 0
Employee	22,869	
Other Contributions		20
Total Contributions	84,674	20
Investment Earnings:		
Net Increase in Fair Value of Investments	170,518	
Real Estate Income, net	184	
Interest and Dividends	29,668	
Securities Lending	1,795	
Other Income	604	
Total Investment Earnings	202,769	
Less Investment Expenses:		
Investment Management Fees and Custodian Fees	(4,932)	
Securities Lending Expenses:		
Borrower Rebates	(1,420)	
Lending Fees	(131)	
Net Investment Income	196,286	
Total Additions	280,960	20
DEDUCTIONS:		
Benefits	69,647	
Refunds of Contributions	291	
Administrative Expense	1,581	13
Salaries, Wage and Employee Benefits	534	
Total Deductions	72,053	13
Change in Net Assets	208,907	7
Net Assets - Beginning of Year	1,225,486	35
Net Assets - End of Year	$ 1,434,393	$ 42

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

—— CITY OF SAN ANTONIO, TEXAS ——

STATEMENT OF NET ASSETS
COMPONENT UNITS
AS OF SEPTEMBER 30, 2003
(In Thousands)

ASSETS	SAN ANTONIO WATER SYSTEM	CITY PUBLIC SERVICE	NONMAJOR COMPONENT UNITS	TOTAL
Current Assets:				
Cash and Cash Equivalents	$ 0	$ 239,703	$ 17,748	$ 257,451
Investments	11,849	57,614	41	69,504
Receivables:				
Notes			16,223	16,223
Other Accounts	25,869	179,618	3,531	209,018
Accrued Interest	1,771	1,357	68	3,196
Inventories of Materials and Supplies	4,523	115,756	14	120,293
Due from Other Governmental Agencies			2,418	2,418
Prepaid Expenses	1,027	26,996	379	28,402
Total Current Assets	45,039	621,044	40,422	706,505
Noncurrent Assets:				
Restricted Assets:				
Debt Service Accounts:				
Cash and Cash Equivalents	59	22		81
Investments	9,593	17,568		27,161
Receivables-Accrued Interest		337		337
Construction Accounts:				
Cash and Cash Equivalents	54,451			54,451
Investments	265,721			265,721
Repair and Replacement Account:				
Cash and Cash Equivalents		58,835		58,835
Investments		393,321		393,321
Receivables-Accrued Interest		2,785		2,785
Conservation Accounts:				
Investments	7,877			7,877
Other Restricted Accounts:				
Cash and Cash Equivalents		20,644	2,424	23,068
Investments	5,206	294,327		299,533
Receivables-Accrued Interest		2,681		2,681
Total Noncurrent Assets	342,907	790,520	2,424	1,135,851
Capital Assets:				
Land	73,624	54,928	8,134	136,686
Infrastructure			31,147	31,147
Buildings			98,539	98,539
Utility Plant in Service	1,989,092	6,432,122		8,421,214
Machinery and Equipment	95,703		60,978	156,681
Construction in Progress	305,234	330,672	2,098	638,004
Utility Property Leased		18,785		18,785
Nuclear Fuel - Net		291,439		291,439
Held for Future Use		12,599		12,599
Total	2,463,653	7,140,545	200,896	9,805,094
Less: Accumulated Depreciation	690,569	2,555,236	19,679	3,265,484
Net Capital Assets	1,773,084	4,585,309	181,217	6,539,610
Prepaid Rent Long Term-Leaseback		555,762		555,762
Unamortized Debt Expense	7,972	26,306		34,278
Total Assets	$ 2,169,002	$ 6,578,941	$ 224,063	$ 8,972,006

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

—— CITY OF SAN ANTONIO, TEXAS ——

STATEMENT OF NET ASSETS
COMPONENT UNITS
AS OF SEPTEMBER 30, 2003
(In Thousands)

	SAN ANTONIO WATER SYSTEM	CITY PUBLIC SERVICE	NONMAJOR COMPONENT UNITS	TOTAL
LIABILITIES				
Current Liabilities:				
Accounts Payable and Other Current Liabilities	$ 26,154	$ 176,525	$ 9,840	$ 212,519
Deferred Revenues			128	128
Notes Payable	525		2,347	2,872
Due to Other Governmental Agencies			1,702	1,702
Total Current Liabilities (Payable from Current Assets)	26,679	176,525	14,017	217,221
Current Liabilities (Payable from Restricted Assets):				
Accrued Bond and Certificate Interest	5,975			5,975
Current Portion of Bonds and Certificates	5,515	100,015		105,530
Other Payables	10,523		2,346	12,869
Total Current Liabilities (Payable from Restricted Assets)	22,013	100,015	2,346	124,374
Noncurrent Liabilities:				
Revenue Bonds (Net of Current Portion)	891,945	2,399,510		3,291,455
Commercial Paper	255,000	350,000		605,000
Less: Unamortized Premium (Discount) on New Series Bo	(14,058)	62,490		48,432
Plus: Unamortized Premium on New Series Bonds	8,318			8,318
Deferred Amount on Refunding	(25,280)	(159,744)		(185,024)
Long-Term Lease/Notes Payable	2,277	633,575	73,179	709,031
Other Payables	1,549	265,520	3,634	270,703
Total Noncurrent Liabilities	1,119,751	3,551,351	76,813	4,747,915
Total Liabilities	1,168,443	3,827,891	93,176	5,089,510
NET ASSETS				
Invested in Capital Assets, net of related debt	1,474,463	1,850,944	95,294	3,420,701
Restricted for Renewal and Replacement		577,705	1,593	579,298
Restricted for Debt Service	3,677		4,903	8,580
Restricted for Conservation	7,877			7,877
Unrestricted	(485,458)	322,401	29,097	(133,960)
Total Net Assets	$ 1,000,559	$ 2,751,050	$ 130,887	$ 3,882,496

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

STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

		Program Revenues		Net (Expense) Revenue and Changes In Net Assets			
	EXPENSES	CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	SAN ANTONIO WATER SYSTEM	CITY PUBLIC SERVICE	NONMAJOR COMPONENT UNITS	TOTALS
San Antonio Water System	$ 239,208	$ 235,224	$ 76,928	$ 72,944	$	$	$ 72,944
City Public Service	1,319,190	1,301,493	53,431		35,734		35,734
Nonmajor Component Units	51,682	44,341	2,193			(5,148)	(5,148)
Total	$ 1,610,080	$ 1,581,058	$ 132,552	72,944	35,734	(5,148)	103,530
General Revenues:							
Investment Earnings				7,547	43,969	905	52,421
(Loss) on Disposal of Capital Assets				(860)		(4,211)	(5,071)
Miscellaneous					6,776	6,676	13,452
Total General Revenues				6,687	50,745	3,370	60,802
Change in Net Assets				79,631	86,479	(1,778)	164,332
Net Assets - Beginning				921,428	2,664,571	135,282	3,721,281
Prior Period Adjustment				(500)		(2,617)	(3,117)
Net Assets - Ending				$ 1,000,559	$ 2,751,050	$ 130,887	$ 3,882,496

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

TABLE OF NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2003

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

In the evaluation of how to define the City for financial reporting purposes, management considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, "The Reporting Entity." The underlying concept of the financial reporting entity is that elected officials are "accountable" to their constituents for their actions. One of the objectives of this concept is to provide users of governmental financial statements with a basis for assessing the accountability of those elected officials, and accordingly, the definition of the financial reporting entity is based on accountability.

The financial reporting entity consists of: (a) the primary government (in these financial statements the primary government is the City), (b) component units, which are legally separate organizations for which the City is financially accountable (blended), and (c) component units, which 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. 14 outlined below, potential component units were evaluated for inclusion or exclusion in the reporting entity, and further evaluated for financial statement presentation. Based on their individual relationships with the City, some component unit financial statements were blended as though they are part of the City and others only discretely presented.

The following criteria (as set forth in GASB Statement No. 14) were used in the evaluation of potential component units of the City:

1) Legally separate

2) Financial accountability
   a) Appointment of a voting majority
   b) Imposition of will
   c) Financial benefit to or burden on the City
   d) Fiscal dependency

3) The relationship with the City is such that exclusion would cause these financial statements to be misleading or incomplete.

4) Service rendered by the potential component unit is provided entirely or almost entirely to the City.

The criteria outlined above were excerpted from GASB Statement No. 14. For a more detailed explanation of the criteria established by this Statement, we refer the reader to the Codification of Governmental Accounting and Financial Reporting Standards, as of June 30, 2003, published by GASB, Section 2600. Based upon the application of the criteria outlined above, the following is a brief overview of component units included in the reporting entity:

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Blended with the Primary Government (the relationship among the following component units and the City meet the criteria, as set forth in GASB Statement No. 14, for inclusion in the Reporting Entity and is such that the financial statements are blended in with those of the City):

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

City of San Antonio Health Facilities Development Corporation

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

City of San Antonio Industrial Development Authority

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

San Antonio Fire and Police Pension Fund

The San Antonio Fire and Police Pension Fund (Pension Fund) is a Single Employer Defined Benefit Plan established in accordance with state law. The Pension Fund is administered by a nine member Board of Trustees, including three City Council members. The City and Pension Fund participants are obligated to make all contributions to the Pension Fund in accordance with rates established by state law. Benefit levels are also set by state law. Services rendered by the Pension Fund are exclusively for the benefit of eligible firefighters and police officers upon retirement.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

San Antonio Fire and Police Retiree Health Care Fund

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 healthcare benefits to uniformed employees who retired on or after October 1, 1989. Pursuant to the passage of Senate Bill 1568 in 1997, a separate and distinct statutory trust, the Fire and Police Retiree Health Care Fund (Health Fund), was created to provide these post employment healthcare benefits for eligible uniformed employees of the City. The Health Fund is administered by a nine-member board of trustees, including three City Council Members, and is funded primarily by contributions from the City and contributions made by retirees on behalf of their dependents. City and retiree contribution rates are established pursuant to Fire and Police collective bargaining agreements.

City of San Antonio Texas Municipal Facilities Corporation

The City of San Antonio Texas Municipal Facilities Corporation (TMFC) was established in fiscal year 2001 in accordance with state law for the purposes of and to act on behalf of the City in acquisition, construction, equipping, financing, operation and maintenance of land and other municipal facilities for the City. The TMFC is governed by a Board of Directors, which is comprised of the City Council of the City of San Antonio.

City of San Antonio Texas Starbright Industrial Development Corporation

The City of San Antonio Texas Starbright Industrial Development Corporation (TSIDC) was established in fiscal year 2003 in accordance with state law for the purposes of and to act on behalf of the City in the promotion and development of commercial, industrial and manufacturing enterprises to promote and encourage employment and the public welfare, including but not limited to the acquisition of land. The TSIDC is governed by a Board of Directors, which is comprised of the City Council of the City of San Antonio.

Discretely Presented With the Primary Government (the relationship among the following component units and the City is such that they meet the criteria, as set forth in GASB Statement No. 14, for inclusion in the reporting entity, and accordingly are included, however are such that the financial statements are discretely presented alongside, but not blended with those of the City):

San Antonio Water System

On February 13, 1992, the City Council determined it was in the best interest of the citizens of San Antonio and the customers served by the water and wastewater utilities to consolidate all water utilities, agencies, and activities into one institution. It was determined that the best mechanism for effecting the consolidation of all water systems, agencies, and activities into a single institution was through a refunding of all the then outstanding water and sewer bonds. The consolidation was consummated on May 19, 1992 with the creation of the San Antonio Water System (SAWS) which included the former City Water Board, Alamo Water Conservation and Re-use District, and the City's Sewer and Stormwater system.

Additionally, it was further determined by the City Council that the interests of the citizens and customers could best be served by placing authority for management and control of SAWS, as consolidated, in a Board of Trustees. This Board of Trustees includes the City's Mayor as an ex-officio member along with six members appointed by the City Council for four year staggered terms. The rates for user charges and bond issuance authorizations are approved by the City Council.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

City Public Service

City Public Service (CPS), a municipally owned utility, provides electricity and natural gas to San Antonio and the surrounding areas. CPS is governed by a Board of Trustees which is comprised of four members appointed by City Council and the Mayor of the City as an ex-officio member. The rates for user charges and bond issuance authorizations are approved by the City Council.

San Antonio Development Agency

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

San Antonio Education Facilities Corporation

The City of San Antonio Higher Education Authority (SAHEA) was established in 1984, in accordance with state laws for the purpose of aiding nonprofit institutions of higher education in providing educational, housing, and other related facilities in accordance with and subject to the provisions of Section 53.35 (b) Texas Education Code, all to be done on behalf of the City and as its duly constituted authority and instrumentality. In 2001, the SAHEA changed its name to the San Antonio Education Facilities Corporation (SAEFC). The Act authorizes the SAEFC to issue revenue bonds for these purposes on behalf of the City but the bonds are not obligations of the City. SAEFC is governed by an eleven member Board of Directors appointed by the City Council for two-year terms. Board members are subject to removal by the City Council for cause or at will and the City reserves the right to terminate and dissolve the SAEFC at any time.

Greater Kelly Development Authority

The Greater Kelly Development Corporation (GKDC) was established in 1996 as the local development authority on an interim basis under the Development Corporation Act of 1979 for the development and redevelopment of Kelly Air Force Base (Kelly). In November 1999, the City established the Greater Kelly Development Authority (GKDA) as the successor-in-interest to the GKDC pursuant to the newly enacted Senate Bill 655. In accordance with the Act, the GKDA will have the powers previously enjoyed by the GKDC while at the same time clarifying such powers and preserving the property tax exempt status of prior commercial tenants at Kelly. The GKDA is a special district and political subdivision of the State of Texas and was established for the purpose of monitoring the proposed closing of Kelly; conducting comprehensive studies of all issues related to the closure, conversion, redevelopment, and future use of Kelly; reviewing all options relative to the most appropriate uses of Kelly and the surrounding area; formulating and adopting a comprehensive plan for the conversion and redevelopment of Kelly and submitting such plan to the appropriate agency or agencies of the federal government; and implementing such plan as it relates to Kelly and the surrounding area. The GKDA is governed by an eleven member Board of Directors, appointed by the City Council. The City Council also has the ability to remove appointed members of the organization's governing board at will. The GKDA is authorized to issue bonds to finance any project as permitted by Texas Law, but said bonds are not obligations of the City.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

San Antonio Housing Trust Foundation, Inc.

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

San Antonio Local Development Company, Inc.

The San Antonio Local Development Company, Inc. (SALDC) is a non-profit corporation organized in 1978 under the laws of the State of Texas and the auspices of the City. SALDC was formed to participate in the Neighborhood Business Revitalization Program (NBRP), which is co-sponsored by the Small Business Administration (SBA), the Economic Development Administration, and the U.S. Department of Housing and Urban Development (HUD). SALDC is governed by a thirty-three member Board of Trustees, appointed by the City Council, and an eleven member Board of Directors appointed from the Board of Trustees. SALDC, under agreement with the City, administers and operates a revolving loan fund, NBRP that provides qualifying local businesses with loans under economic development programs administered by the SBA. SALDC also administers, by agreement with the City, a U.S. Department of Commerce Title IX Revolving Loan Fund, SBA MicroLoan Program and a HUD 108 Fund. Currently, SALDC has an outstanding note payable to HUD, which is guaranteed by the City.

Brooks Development Authority

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 law for the purposes of and to act on behalf of the City in improving mission effectiveness, reduce the cost of providing quality installation support through improved capital asset management and promote economic development on Brooks Air Force Base and in the surrounding community. An eleven member Board of Directors appointed by the City Council governs the BDA for two-year terms and will oversee the Brooks Technology and Business Park in support of the Brooks City-Base Project. The City has the ability to impose its will on this organization as the City Council has the power to remove board members by adopting a resolution.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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

Discretely Presented Component Units

San Antonio Water System
P.O. Box 2449
San Antonio, Texas 78298
Contact Person: Alex Hinojosa
Telephone No. (210) 704-7410

City Public Service
P.O. Box 1771
San Antonio, Texas 78296-1771
Contact Person: Richard E. Williamson
Telephone No. (210) 353-2397

San Antonio Development Agency
1400 S. Flores
San Antonio, Texas 78204
Contact Person: Felix Lopez
Telephone No. (210) 225-6833

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

Greater Kelly Development Authority
143 Billy Mitchell Blvd., Ste 6
San Antonio, Texas 78226
Contact Person: Bruce Miller
Telephone No. (210) 362-7800

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

San Antonio Local Development Company, Inc.
P.O. Box 830505
San Antonio, Texas 78283-0505
Contact Person: Ramiro Cavazos
Telephone No. (210) 207-8040

Brooks Development Authority
8030 Challenger Drive
Brooks City-Base, Texas 78235
Contact Person: Virginia Cobarrubias
Telephone No. (210) 536-6710

Blended Component Units

San Antonio Health Facilities Development Corporation
P.O. Box 830504
San Antonio, Texas 78283-0504
Contact Person: Ramiro Cavazos
Telephone No. (210) 207-8040

San Antonio Industrial Development Authority
P.O. Box 830504
San Antonio, Texas 78283-0504
Contact Person: Ramiro Cavazos
Telephone No. (210) 207-8040

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

San Antonio Fire and Police Pension Fund
311 Roosevelt
San Antonio, Texas 78210-2700
Contact Person: Warren Schott
Telephone No. (210) 534-3262

San Antonio Texas Municipal
Facilities Corporation
P.O. Box 839966
San Antonio, Texas 78283
Contact Person: Milo Nitschke
Telephone No. (210) 207-8620

San Antonio Texas Starbright Industrial
Development Corp.
P.O. Box 839966
San Antonio, TX 78283
Contact Person: Milo Nitschke
Telephone No. (210) 207-8620

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

It is management's belief that to exclude essential disclosures from the City's financial statements as they pertain to CPS and SAWS would be misleading. CPS and SAWS have been identified as major discretely presented component units both as they relate to total component units and to the primary government. Therefore, relevant disclosures have been included in the City's financial statements. Discretely presented component units with different fiscal year ends from the City are the San Antonio Water System with a fiscal year end of December 31, and City Public Service with a fiscal year end of January 31.

Related Organizations

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

B. Basic Financial Statements – GASB Statement No. 34

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

Government-wide and Fund Financial Statements

Under the new governmental financial reporting model, the basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The government-wide financial statements report information on all non-fiduciary activities of the primary government and its component units. Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities. As part of the implementation of GASB Statement No. 34, the City has opted to early implement infrastructure reporting. The implementation requires the historical cost of infrastructure assets, retroactive to 1980, to be included as part of the capital assets, as well as the related depreciation, to be reported in the government-wide financial statements. In addition, for the most part, the effect of interfund activity has been removed from the statements.

The Statement of Net Assets reflects both short-term and long-term assets and liabilities. In the Government-wide Statement of Net Assets governmental activities are reported separately from business type activities. Governmental activities are supported by taxes and intergovernmental revenues whereas business type activities are normally supported by fees and charges for services. Long-term assets, such as capital assets, infrastructure assets and long-term obligations are now reported with the assets of governmental activity. The components of net assets, previously shown as fund balances, are presented in three separate components; 1) Invested in Capital Assets, net of related debt, 2) Restricted, and 3) Unrestricted. Interfund receivables and payables between governmental and business type activities have been eliminated in the governmental-wide Statement of Net assets, which minimize the duplicating of assets and liabilities within the governmental and business type activities. Major component units are reported in the statement of net assets as well.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements – GASB Statement No. 34 (Continued)

Government-wide and Fund Financial Statements (Continued)

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

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

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

C. Fund Accounting

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

The criteria used to determine if a governmental or enterprise funds should be reported as a major fund is a follows: The total assets, liabilities, revenues or expenditure/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type (that is, total governmental or total enterprise funds), and total assets and liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

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

The General Fund is always presented as a major fund.

The Debt Service Fund accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs except that which is accounted for in proprietary type funds.

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

The Airport System accounts for the operation of the San Antonio International Airport and Stinson Municipal Airport. Financing for the Airport System operations is provided by user fees.

The Parking System accounts for the operations of the City's parking facilities. Financing for the Parking Facilities Operations is provided by user fees.

1. Governmental Funds

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

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

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

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

Permanent Funds - This fund is a new governmental fund type established by GASB Statement No. 34. Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs - that is, for the benefit of the government or its citizenry.

2. Proprietary Funds

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Proprietary Funds (Continued)

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis. The City's self-insurance programs, data processing programs, and other internal service programs are accounted for in this fund.

3. Fiduciary Funds

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Pension Trust, Retiree Health Care Trust, Private Purpose Trust Funds, and Agency Funds. Pension Trust, Retiree Health Care Trust, and Private Purpose Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Measurement Focus and Basis of Accounting

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

Program Revenues are presented in the Government-wide Statement of Activities. The City reports program revenues into three categories: 1) Charges for services, 2) Operating grants and contributions and 3) Capital grants and contributions. (Further descriptions of these three categories follow.) They are presented separately as a reduction of the total expense to arrive at the net expense of each functional activity. Program revenues are revenues generated by transactions with outside parties who purchase, use, or directly benefit from a program. They also include amounts such as grants and contributions received from outside parties that restrict the use of those funds to specific programs. Investment earnings that are legally restricted to specific programs are also reported as program revenues.

1) Charges for services are revenues that are generated by those who purchase goods or services from the City. Examples of charges for services include airport landing fees, solid waste collection and disposal fees, vacant lot clean up, golf course fees, and food establishment licenses. Fines and forfeitures are also reported under charges for services.

2) Operating grants and contributions are those revenues that are restricted in the way they may be spent - either for operations of a particular program or to purchase a capital asset for a particular program.

3) Capital grants and contributions are also restricted revenues; the funds may only be spent to purchase capital assets for specified programs.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

All governmental Funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. Revenues are recognized in the accounting period in which they become available and measurable. For this purpose, the City considers revenues, other than grants, to be available if the revenues are collected within sixty days after year-end. Grant revenues are recognized when reimbursable expenditures are made and all other eligibility requirements imposed by the provider are met. Grant funds received in advance and delinquent property taxes are recorded as deferred revenue until earned and available. Gross receipts and sales taxes are considered available when in the hands of intermediary collecting governments and are recognized at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Expenditures are recognized in the accounting period in which the fund liability is incurred. However, compensated absences, debt service expenditures, claims and judgments and arbitrage rebate 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 inventories and prepaid expenditures to indicate that they do not represent "current financial resources", since they do not represent net current assets. Such amounts are generally offset by fund balance reserve accounts.

Proprietary, Pension Trust, Private Purpose Trust, and Retiree Health Care Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses and related liabilities, including claims, judgments, and compensated absences, are recognized when they are incurred. These funds are accounted for on a cost of services or "economic resources" measurement focus. Consequently, all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. The reported Proprietary Fund net assets is segregated into three components: 1) invested in capital assets, net of related debt, 2) restricted net assets and 3) unrestricted net assets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net assets.

Proprietary funds report both operating and nonoperating revenues and expenses in the Statement of Revenues, Expenses and Changes in Fund Net Assets. The City defines operating revenues as those receipts generated by a specified program offering either a good or service. For example, parking garage and street lot fees are operating revenues of the Parking Fund. This definition is consistent with GASB Statement No. 9 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, non-capital financing or investing activities. Operating expenses include personnel services, contractual services, commodities, other expenses (such as insurance), and depreciation. Revenues and expenses not fitting the above definitions are considered nonoperating.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

CPS' operating revenue includes receipts from energy sales and miscellaneous revenue related to the electric and gas systems operations. This includes late payment fees, rental income, jobbing and contract work, ancillary services, and merchandise sales. Operating expenses include those expenses that result from the ongoing operations of the electric and gas systems. SAWS' principal operating revenues are charges to customers for water and wastewater services. Operating expenses include the cost of service, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenues consist primarily of investment income, including the changes in fair value of investments. The amortization of net gains from the lease-leaseback and the sale of water rights in prior years are also included. Some miscellaneous income from renting general property and miscellaneous service is also recorded in nonoperating when it's not directly identified with the electric, gas, water and wastewater systems.

E. Future GASB Implementations

GASB Statement No. 39, "*Determining Whether Certain Organizations are Component Units*, an amendment of GASB Statement No. 14", provides criteria for determining whether certain organizations might be included in the financial reporting entity as component units based on the nature and significance of their relationship with the City, is effective for fiscal years beginning after June 15, 2003.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment to GASB Statement No. 3, addresses deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The provisions of this Statement are effective for fiscal years beginning after June 15, 2004.

The City has not fully determined the effect that implementation of Statements No. 39 and No. 40 will have on the City's financial statements.

F. Cash, Cash Equivalents and Investments

The City's investment practices are governed by state statutes and by the City's Investment Policy. City cash is required to be deposited in FDIC-insured banks located within the State of Texas. A pooled cash and investment strategy is utilized which enables the City to have one central depository. Investments are pooled into two primary categories, operating funds and debt service funds. The balances in these funds are invested in an aggregate or pooled amount with principal and interest income distributed to each respective fund on a pro rata basis. In addition, the City may purchase certain investments with the available balance of a specific fund for the sole benefit of such fund. As of September 30, 2003, the City's investment portfolio did not contain any derivative products nor is it leveraged in any way, except as noted in the Fire and Police Pension Fund. For a listing of authorized investments, see Note 3.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventories and Prepaid Items

Inventories of 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 inventories. Under the consumption method, inventory acquisitions are recorded in inventory accounts and charged as expenditures (governmental fund types) or expenses (proprietary fund types) when used.

Prepaid items are goods and services that are paid for 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.

H. Capital Assets and Depreciation

1. 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 on the Statement of Net Assets. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. With the implementation of GASB Statement No. 34, the City has established capitalization thresholds for infrastructure and machinery and equipment which include computer equipment. Retroactive reporting of all infrastructure assets is reported in the financial statements and 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
Machinery and Equipment	2-20	$5
Furniture and Office Equipment	5-10	$5
Infrastructure	15-100	$250

2. City Public Service (CPS)

The CPS utility plant is stated at the cost of construction, including costs of contracted services, direct equipment material and labor, indirect costs, including general engineering, labor, equipment, and material overhead, and an allowance for funds used during construction (AFUDC). CPS computes AFUDC using rates which approximate the cost of borrowed funds, or the short-term investment rate for other funds used for construction. AFUDC is applied to projects estimated to cost in excess of $250 and require thirty days or more to complete.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets and Depreciation (Continued)

2. City Public Service (CPS) (Continued)

CPS computes depreciation using the straight-line method over the estimated service lives of the depreciable property using specifically identified service lives for each asset type. In 2003, a depreciation study was conducted to determine if existing depreciation rates remained applicable to the depreciable property groups. Changes were found to needed which caused annual depreciation to increase $10.9 million in 2003 when compared to what depreciation would have been in 2003 without applying the new rates. Total depreciation and depletion as a percentage of total depreciable assets net of nuclear fuel was 3.36 percent in 2003.

CPS amortizes its share of nuclear fuel for the South Texas Project (STP) to fuel expense on a unit-of-production method. Under the Nuclear Waste Policy Act of 1982, the federal government assumed responsibility for the permanent disposal of spent nuclear fuel. CPS is charged a fee for disposal of spent nuclear fuel, which is based upon CPS' share of the STP generation that is available for sale to CPS customers. The charge is included in fuel expense monthly. For further discussion regarding the STP, see Note 11.

3. San Antonio Water System (SAWS)

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

SAWS' capital assets are depreciated and property under capital lease is amortized on the straight-line method. This method is applied to all individual assets except distribution mains. Groups of mains are depreciated on the straight-line method using rates estimated to fully amortize the costs of the asset group over their estimated average useful life. The following estimated average useful lives are used in providing for depreciation of the SAWS' capital assets:

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

I. General Bonded Debt Service

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

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

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

K. Insurance

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

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

The City also provides employee health, workers' compensation, and unemployment benefits under its self-insured programs. The City is a member of the Texas Municipal League Workers' Compensation Joint Insurance Fund, and uses this fund as a mechanism for administering workers' compensation claims for employees that occurred prior to September 30, 1986. Workers' compensation claims that occurred after October 1, 1986 are administered by third party administrators. In addition, the City has excess workers' compensation coverage through the North River Insurance Company as of September 30, 2003. The City records all workers' compensation loss contingencies, including claims incurred but not reported.

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

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

L. Fund Equity

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Revenue Recognition

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

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

N. 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 2003, general government expenditures were reduced by $7,396, resulting in increased expenditures in other governmental functions and in business-type activities in the amounts of $4,565 and $2,831, respectively.

O. Nuclear Decommissioning

CPS, together with the other owners of the STP, filed with the Nuclear Regulatory Commission (NRC) a certificate of financial assurance for the decommissioning of the nuclear plant. The certificate assures that CPS will meet the minimum decommissioning funding requirements mandated by the NRC. The STP owners agreed in the financial assurance plan that their estimate of decommissioning costs would be reviewed and updated periodically. In 1995, the owners conducted a review of decommissioning costs. The results estimated CPS' share of decommissioning costs at approximately $270,000 in 1994 dollars. In 1999, the owners conducted an additional review of decommissioning, and results showed that CPS' share of decommissioning costs are now approximately $311,000 in 1998 dollars.

In 1991, CPS started accumulating the decommissioning funds in an external trust, in accordance with the NRC's regulations. The Decommissioning Trust assets and related liabilities are included in CPS' financial statements as a component unit. At January 31, 2003, CPS had accumulated approximately $183,300 of decommissioning funds in the external trust. Based on the annual calculation of financial assurance required by the NRC, CPS' trust balance exceeded the calculated financial assurance amount of $69,100 at December 31, 2002 and $61,400 at December 31, 2001. Based upon the 1998 and 1994 decommissioning cost studies, the annual level funding into the trust of $15,900 for 2003 and 2002, was expensed by CPS.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Long-Term Obligations

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

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

Q. Elimination of Internal Activity

Eliminations of internal activity, particularly those related to internal service fund transactions, are needed to make the transition from governmental funds to government-wide activities. The overriding objective in "eliminating the effects of internal service fund activity" is to adjust the internal charges to cause a break-even result. Eliminating the "effect" of internal service fund activity requires the City to "look back" and adjust the internal service funds' internal charges. Net income derived from internal service fund activity would cause a pro rata reduction in the charges made to the participating funds/functions. Conversely, an internal service fund net loss would require a pro rata increase in the amounts charged to the participating funds/functions. Therefore, eliminations made to the statement of activities remove the "doubling up" effect of internal service fund activity. The residual internal balances between the governmental and business–type activities are reported in the statement of net assets and the internal balance amounts that exist within the governmental funds or within business-type funds are eliminated. The City reports internal service fund balances in both governmental and business-type activities based on the pro-rata share of the amounts charged to the participating funds/functions.

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

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

R. Application of Restricted and Unrestricted Net Assets

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

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Other Budget Disclosures

Excess of expenditures, transfers and encumbrances over appropriations occurred as follows:

Excess of Expenditures, Transfers and Encumbrances Over Appropriations

Fund/Expenditures	Appropriations	Expenditures, Transfers and Encumbrances	Excess of Expenditures, Transfers and Encumbrances over Appropriations
General Fund:			
Health Services	$ 13,603	$ 13,815	$ 212
Sanitation	2,511	2,515	4
Special Revenue Funds:			
Alamodome	$ 8,267	$ 8,963	$ 696
Emergency Medical Services	38,046	38,786	740
International Center	810	815	5

With the exception of the Emergency Medical Services Fund, the excess expenditures over appropriations were fully offset by excess actual revenues or fund balances.

T. Prior Period Adjustments

A prior period adjustment for the San Antonio Water System has been made in the amount of $500 due to a recognition of a liability in the amount of $231, and an adjustment of prior year's revenue in the amount of $269.

A prior period adjustment for the Brooks Development Authority has been made in the amount of $2,635 due to the reduction of assets recorded in the prior year.

A prior period adjustment for the San Antonio Development Agency has been made in the amount of $18 to correct errors involving notes payable.

2. PROPERTY TAXES

Property taxes are levied and due upon receipt on October 1, attached as an enforceable lien on property as of January 1st, and become delinquent the following February 1st. Property tax receivables, including related interest and penalty receivable, net of allowances for uncollectible amounts, represent amounts the City believes will ultimately be collected. The portion of property tax receivable, net of allowances for uncollectible amounts, that is not considered available, is offset by deferred revenues in the governmental fund financial statements. 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. The tax rate approved by City ordinance for the year ended September 30, 2003 was $0.57854 per $100 taxable valuation, which means that the City has a tax margin of $1.92146 per $100 taxable valuation and could raise an additional $798,089 per year based on the net taxable valuation of $41,535,547 before the limit is reached.

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3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

City monies are deposited in demand accounts at the City's approved depository. The City utilizes a pooled cash and investment strategy with each fund's cash balance and pro rata share of highly liquid investments, including U.S. Treasury securities, U.S. Government Agency securities, and repurchase agreements with original maturities of ninety days or less, summarized by fund type and included in the combined statement of net assets as Cash and Cash Equivalents. Overdrafts which result from a fund overdrawing its share of pooled cash are reported as inter-fund payables by the overdrawn fund and as inter-fund receivables of the contributing funds.

Collateral is required for demand deposits and certificates of deposit at 100% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, school districts, and district corporations. Collateral pledged for demand deposits and certificates of deposit is required to be held in the City's name by the trust or safekeeping department of a bank other than the pledging bank.

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 fair value adequate to cover the deposits and that the collateral has been segregated either physically or by book entry. At fiscal year-end, cash deposits for the City were entirely collateralized by the City's depository or federal depository insurance.

The City entered into repurchase agreements in connection with the investment of certain bond proceeds. Although these repurchase agreements are considered securities for purposes of credit risk classification, due to their 100% overnight liquidity, they are included with Cash and Cash Equivalents in the combined statement of net assets.

The investment policy of the City is governed by state statute and by its own written investment policy. Authorized investments include: demand accounts, certificates of deposit, obligations of the U.S. Treasury and U.S. Government Agencies, commercial paper, and repurchase agreements. The City maintains in its investment portfolio U.S. Treasury securities and U.S. Government Agency securities with original maturities of more than ninety days. Each fund's pro rata share of these longer-term investments is combined with similar non-pooled securities (i.e., securities purchased and held for specific funds), including U.S. Treasury securities, and U.S. Government Agency securities, and are reported as investments in the combined statement of net assets, as of September 30, 2003.

The City accounts for and reports investments in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". The City's policy with respect to money market investments which have a remaining maturity of one year or less at the time of purchase is to report these investments at amortized cost. Amortized cost approximates fair value for these investments. The decrease in fair value for investments of the City with a remaining maturity of greater than one year at the time of purchase was $26 for the year ended September 30, 2003. The City does not participate in external investment pools.

Investments of the Fire and Police Pension Fund (Pension Fund), a blended component unit, are administered by the Fire and Police Pension Fund Board of Trustees. Investments of the Pension Fund are reported at fair value and include: corporate bonds; common stock; preferred stock; U.S. Treasury securities; U.S. Government Agency securities; notes, mortgages and contracts; and real estate. Equity and fixed income securities traded on a 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. Gains and losses on sales and exchange of securities are recognized on the trade date. Investments that do not have an established fair value are reported at estimated fair value. No investments in any one organization (other than those issued by the U.S. Government) represent five percent or more in plan net assets.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

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% and 105% for domestic and international securities, respectively, of the loaned securities is maintained by the custodial bank. Collateral may be in the form of cash, U.S. government securities and irrevocable letters of credit. Until such time as the loan is terminated, the borrower retains all incidents of ownership with respect to the collateral. In the event that the borrower fails to repay the borrowed securities when due and the value of the collateral is insufficient to replace the borrowed securities, the Pension Fund may suffer a loss. Management of the Pension Fund considers the possibility of such a loss to be remote.

As of September 30, 2003, the Pension Fund had lending arrangements outstanding with a total fair value of $84,995, which were fully collateralized with cash and securities. Related to these loaned securities, cash collateral of $87,107 is recorded in the accompanying statements. Net income for the year ended September 30, 2003 under the securities lending arrangement was $244.

The Pension Fund has only limited involvement with derivative and other structured financial instruments and does not use them for trading purposes. The Pension Fund's investment philosophy in bond portfolios has centered on using derivatives and other structured financial instruments only when comparable cash alternatives are not available. Specifically, the Pension Fund has used the following basic guidelines when entering into such transactions: (1) small allocations, (2) no use of leverage, (3) price floors, (4) short maturities to mitigate potential problems with liquidity and (5) attention to credit risk of the issuer. The fair value of structured financial instruments held for the Pension Fund during fiscal year ended September 30, 2003 was approximately $59,357.

The Pension Fund periodically participates in options and futures in order to hedge the value of a portion of its investments. Financial options and futures are agreements that give one party the right, but not the obligation, to buy or sell a specific amount of an asset for a specified price on or before a specified expiration date. Total exposure on these options and futures of approximately $52,992 is included in net appreciation (depreciation) in fair value of investments at September 30, 2003.

The Fire and Police Retiree Health Care Fund Board of Trustees administers investments of the Fire and Police Retiree Health Care Fund, a blended component unit. Investments are reported at fair value and short-term investments are reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established fair value are reported at estimated fair value. All investment income, including changes in fair value of investments, is reported as additions in the statement of changes in post employment health care net assets. No investments in any one organization (other than those issued by the U.S. Government) represent five percent or more in plan net assets.

The investment policies of SAWS and CPS, the City's major discretely presented component units, are governed by state statute, local ordinance, and their own respective written investment policies. Authorized investments include: demand accounts, certificates of deposit, obligations of the U.S. Treasury and U.S. Government Agencies, commercial paper, and repurchase agreements.

SAWS is permitted by City Ordinance No. 75686 to invest in time deposits or certificates of deposit secured in the manner required by law for public funds, or to invest in direct obligations of, including obligations for which the principal and interest are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities of the United States of America or as otherwise permitted by SAWS' investment policy, which is governed by state statutes. SAWS' general depository agreement does not require SAWS to maintain an average monthly balance.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Under the provisions of GASB Statement No. 31, SAWS reports money market investments with a remaining maturity at time of purchase of one year or less at amortized cost, which approximates fair value. SAWS reports money market investments with a remaining maturity at time of purchase of greater than one year at amortized cost. As of December 31, 2002, the difference between the reported amount and fair value was $1,948; therefore, an unrealized gain was reported.

CPS cash deposits at January 31, 2003 were entirely insured by federal depository insurance or collateralized by banks for the account of CPS. For deposits that were collateralized, the securities were U.S. Government or Government Agency or U.S. Government guaranteed obligations held in book entry form by the Federal Reserve Bank in CPS' name.

CPS investments with a maturity date within one year of the purchase date are reported at amortized cost, which approximates fair value. Amortization of premium and accretion of discount are recorded over the terms of the investments that mature within one year. CPS investments with a maturity date of one year or longer from the purchase date are accounted for using fair value. Fair value is determined by using generally accepted financial reporting services and publications and approved dealers and brokers as necessary. The specific identification method is used to determine costs in computing gain or loss on sales of securities.

CPS' allowable investments, excluding the Decommissioning Trust and the Employees Health and Welfare Plans, as defined by CPS Board Resolution and Policy, Bond Ordinances, Tax-Exempt Commercial Paper Ordinance, and State law include U.S. Government or Government Agency or U.S. Government guaranteed obligations, collateralized mortgage obligations issued by the U.S., fully secured certificates of deposit issued by a state, national bank, or savings bank domiciled in the State of Texas, direct repurchase agreements, reverse repurchase agreements, defined bankers acceptances and commercial paper, no-load money market mutual funds, and other types of specific secured or guaranteed investments.

CPS reports all South Texas Nuclear Project (STP) decommissioning master trust investments and employee health and welfare investments at fair value.

CPS' investments in the STP decommissioning master trust are held by an independent trustee. Trust investments are limited to U.S. Government or Government Agency or U.S. Government guaranteed obligations by CPS Board Resolution and Policy, Trust Agreement, and State law. These investments are subject to market risk and their fair value will vary as interest rates fluctuate. This could affect the value at which these securities are recorded.

Investments in the employee health and welfare plans are held by an independent trustee. These investments are limited to those authorized by the plans' Administrative Committees, the Trust Agreements, and State law. These investments are subject to market risk and their fair value will vary as interest rates fluctuate. This could affect the value at which these securities are recorded. These investment policies follow the "prudent man" concept.

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3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Combined cash and cash equivalents and investments are presented below as of year end for the City, and its significant discretely presented Component Units, SAWS and CPS. The information is provided to give an indication of the proportionate amount of cash and investments held by each respective entity.

Combined Cash, Cash Equivalents, and Investments

	City [1]	SAWS [2]	CPS [3]
Cash and Cash Equivalents	$ 430,621	$ 54,510	$ 319,204
Security Lending Collateral Cash and Cash Equivalents	95,492		
Investments	2,132,663	351,569	1,081,599
Less: Investments with original maturies of less than ninety days included in cash equivalents	(356,242)	(51,323)	(318,769)
Total	$ 2,302,534	$ 354,756	$ 1,082,034

[1] The following amounts were held by the City in a fiduciary capacity and are excluded from the primary government statement of net assets: Cash and Cash Equivalents of $45,695; Security Lending Collateral-Cash and Cash Equivalents of $95,492; Investments of $1,395,818.

[2] For the fiscal year ended December 31, 2002

[3] For the fiscal year ended January 31, 2003

	City [1]	SAWS [2]	CPS [3]
Totals from Statement of Net Assets and Fiduciary Fund Statements			
Cash and Cash Equivalents	$ 345,779	$ 0	$ 239,703
Security Lending Collateral Cash and Cash Equivalents	95,492		
Investments	1,678,202	11,849	57,614
Restricted Cash and Cash Equivalents	84,842	54,510	79,501
Restricted Investments	98,219	288,397	705,216
Total Cash, Cash Equivalents and Investments	$ 2,302,534	$ 354,756	$ 1,082,034

[1] The following amounts were held by the City in a fiduciary capacity and are excluded from the primary government statement of net assets: Cash and Cash Equivalents of $45,695; Security Lending Collateral-Cash and Cash Equivalents of $95,492; Investments of $1,395,818.

[2] For the fiscal year ended December 31, 2002

[3] For the fiscal year ended January 31, 2003

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3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

The composition of Cash and Cash Equivalents included in the financial statements for the City and its major discretely presented Component Units as of the respective year-ends is presented below.

	City	SAWS[1]	CPS[2]
Deposits with Financial Institutions	$ 36,178	$ 91,102	$ 318
Less: Deposits with Original Maturities of Greater than Ninety Days		(87,945)	
Investments with Original Maturities of Less than Ninety Days	356,242	51,323	318,769
Cash with Pension/Retiree Healthcare Fiscal Agents	37,983		
Cash with Other Financial Agents	29		
Petty Cash Funds	189	30	117
Total Cash and Cash Equivalents	$ 430,621	$ 54,510	$ 319,204

[1]For the fiscal year ended December 31, 2002
[2]For the fiscal year ended January 31, 2003

Cash with fiscal agents of the Fire and Police Pension Fund and the Fire and Police Retiree Healthcare Fund of the City of San Antonio have been approved by the Funds' Board of Directors and are invested as authorized by Texas State Statutes.

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3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Deposits with financial institutions are classified into three categories of custodial credit risk based upon the following:

Category	Description
1	Deposits insured by the FDIC or collateralized with securities held by the City or the City's agent in the City's name.
2	Deposits collateralized by securities held by the pledging bank's agent in the City's name.
3	Deposits uncollateralized which include deposits collateralized by securities held by the pledging financial institution or by its trust department or agent but not in the City's name.

Accordingly, deposits of the City, SAWS and CPS are categorized by custodial credit risk as follows:

Units	Carrying Amount	Bank Balance	Category 1	Category 2	Category 3
City Deposits:					
With Financial Institutions	$ 36,178	$ 48,342	$ 48,342	$ 0	$ 0
Deposits with Agents	38,012	38,012	38,012		
SAWS Deposits:					
Demand and Savings Accounts	3,157	6,305	6,305		
Certificates of Deposits	87,945	87,945	87,945		
CPS Deposits:					
With Financial Institutions	318	7,939	7,939		

Cash with fiscal agents of the Fire and Police Pension Fund and the Fire and Police Retiree Health Care Fund of the City of San Antonio are classified as Category 1. The Fire and Police Pension Fund also had securities lending collateral - cash and cash equivalents in the amount of $95,492 which is not categorized for custodial credit risk as it had been invested in a securities lending collateral investment pool.

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3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments are classified into three categories of custodial credit risk based upon the following:

Category	Description
1	Includes investments that are insured or registered, or for which the securities are held by the City or its agent in the City's name.
2	Includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name.
3	Includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the City's name.

Accordingly, the investments of the City, SAWS, and CPS are categorized below to give an indication of the level of custodial credit risk assumed:

Total Investments By Category

	Category 1	Category 2	Category 3	Carrying Amount	Fair Value
City:					
Corporate Bonds	$ 128,957	$ 0	$ 0	$ 128,957	$ 128,957
Preferred Stock	1,179			1,179	1,179
Common Stock	825,071			825,071	825,071
U.S. Treasury & Government Agency Securities	826,887			826,887	827,971
Repurchase Agreements		16,999		16,999	16,999
Total Categorized Investments	1,782,094	16,999	0	1,799,093	1,800,177
Investments not Categorized:					
Money Market Mutual Fund				61,638	61,638
Notes, Mortgages, Contracts				120,105	120,105
Real Estate Investments				52,078	52,078
Venture Capital Partnerships and Other Alternative Investments				99,749	99,749
Total City	$ 1,782,094	$ 16,999	$ 0	$ 2,132,663	$ 2,133,747
SAWS:					
Wachovia Held in Escrow	$ 0	$ 25,232	$ 0	$ 25,232	$ 25,232
Bank One Held in Escrow		27,246		27,246	27,246
U.S. Treasury & Government Agency Securities	211,146			211,146	211,213
Total SAWS	$ 211,146	$ 52,478	$ 0	$ 263,624	$ 263,691
CPS:					
U.S. Treasury & Government Agency Securities	$ 773,960	$ 0	$ 0	$ 773,960	$ 774,248
South Texas Nuclear Project Decommissioning Master Trust:					
U.S. Treasury & Government Agency Securities	181,467			181,467	181,467
Employee Health and Welfare:					
Corporate bonds	19,951			19,951	19,951
Common stock	56,976			56,976	56,976
U.S. Treasury & Government Agency Securities	30,030			30,030	30,030
Global Bonds	7,553			7,553	7,553
Total Health and Welfare Investments Categorized	114,510			114,510	114,510
Investments not Categorized:					
Money Market Mutual Fund				11,662	11,662
Total Employee Health and Welfare	114,510			126,172	126,172
Total CPS	$ 1,069,937	$ 0	$ 0	$ 1,081,599	$ 1,081,887

(amounts are expressed in thousands)

4. CAPITAL ASSETS

Capital asset activity for governmental activities, to include Internal Services Funds, for the year ended September 30, 2003 was as follows:

Capital Assets - Governmental Activities

Governmental Activities:	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Non-Depreciable Assets					
Land	$ 1,215,391	$ 23,517	$ 0	$ 0	$ 1,238,908
Construction in Progress	524,898	98,600		(37,540)	585,958
Total Non-Depreciable Assets	1,740,289	122,117		(37,540)	1,824,866
Depreciable Assets					
Buildings	367,827			17,306	385,133
Improvements	59,589	376	(12)	9,961	69,914
Infrastructure	1,939,300	402		10,273	1,949,975
Machinery and Equipment	150,693	37,450	(11,182)		176,961
Total Depreciable Assets	2,517,409	38,228	(11,194)	37,540	2,581,983
Accumulated Depreciation					
Buildings	(134,361)	(11,753)			(146,114)
Improvements	(32,842)	(2,098)			(34,940)
Infrastructure	(1,080,544)	(64,104)			(1,144,648)
Machinery and Equipment	(71,794)	(15,558)	7,247		(80,105)
Total Accumulated Depreciation	(1,319,541)	(93,513) (1)	7,247 (1)	0	(1,405,807)
Total Depreciable Assets, net	1,197,868	(55,285)	(3,947)	37,540	1,176,176
Total Capital Assets, net [1]	$ 2,938,157	$ 66,832	$ (3,947)	$ 0	$ 3,001,042

1 **Depreciation expense was charged to governmental functions as follows:**

General Government	$ 6,149
Public Safety	4,277
Public Works	63,335
Health Services	334
Welfare	364
Culture and Recreation	4,081
Convention and Tourism	22
Urban Redevelopment and Housing	4,208
Economic Development and Opportunity	4
Depreciation on capital assets held by the City's internal service funds is charged to various functions based on asset usage	10,739
Total Depreciation Expense for Governmental Activities	$ 93,513

[1] The capital assets of internal service funds are included in governmental activities. In fiscal year 2003, internal service fund capital assets increased by $14,092, decreased by $9,808, resulting in an ending balance of $106,850. Depreciation expense of $10,739 resulted in an ending accumulated depreciation balance of $63,790, to arrive at a net book value of $43,060.

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4. CAPITAL ASSETS (Continued)

Capital asset activity for business-type activities for the year ended September 30, 2003 was as follows:

Capital Assets - Business-type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Non-Depreciable Assets				
Land				
Aviation Fund	$ 2,970	$ 0	$ 0	$ 2,970
Parking Fund	8,125			8,125
Non-Major Funds	893			893
Total	11,988			11,988
Construction in Progress				
Aviation Fund	86,651	24,663	(13,837)	97,477
Parking Fund	10,916	679	(4)	11,591
Non-Major Funds	499	1		500
Total	98,066	25,343	(13,841)	109,568
Total Non-Depreciable Assets	110,054	25,343	(13,841)	121,556
Depreciable Assets				
Buildings				
Aviation Fund	112,133	3,524		115,657
Parking Fund	18,985			18,985
Non-Major Funds	46			46
Total	131,164	3,524		134,688
Improvements				
Aviation Fund	145,825	10,285		156,110
Parking Fund	1,639			1,639
Non-Major Funds	3,025			3,025
Total	150,489	10,285		160,774
Machinery and Equipment				
Aviation Fund	10,282	998	(1,048)	10,232
Parking Fund	759	1	(1)	759
Non-Major Funds	3,423	383	(32)	3,774
Total	14,464	1,382	(1,081)	14,765
Total Depreciable Assets	296,117	15,191	(1,081)	310,227
Accumulated Depreciation				
Buildings				
Aviation Fund	(48,510)	(2,637)		(51,147)
Parking Fund	(7,454)	(479)		(7,933)
Non-Major Funds	(227)	(1)		(228)
Total	(56,191)	(3,117)		(59,308)
Improvements				
Aviation Fund	(63,317)	(3,966)		(67,283)
Parking Fund	(503)	(73)		(576)
Non-Major Funds	(124)	(109)		(233)
Total	(63,944)	(4,148)		(68,092)
Machinery and Equipment				
Aviation Fund	(7,056)	(779)	927	(6,908)
Parking Fund	(710)	(24)		(734)
Non-Major Funds	(2,262)	(171)		(2,433)
Total	(10,028)	(974)	927	(10,075)
Total Accumulated Depreciation	(130,163)	(8,239)	927	(137,475)
Total Depreciable Assets, net	165,954	6,952	(154)	172,752
Total Capital Assets, net	$ 276,008	$ 32,295	$ (13,995)	$ 294,308

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(amounts are expressed in thousands)

4. CAPITAL ASSETS (Continued)

CPS and SAWS capitalize interest incurred on construction projects, in accordance with Statement of Accounting Standards No. 62 issued by the Financial Accounting Standards Board. CPS and SAWS capitalized construction period interest in the amount of $6,776 and $8,064, respectively. Capital asset activity for CPS and SAWS was as follows:

Capital Assets - City Public Service

City Public Service [1]	Beginning Balance	Increases	Decreases	Ending Balance
Non-Depreciable Assets				
Land	$ 54,889	$ 40	$ (1)	$ 54,928
Land held for future use	12,599			12,599
Construction in Progress	190,717	279,894	(139,939)	330,672
Total Non-Depreciable Assets	258,205	279,934	(139,940)	398,199
Depreciable Capital Assets				
Utility Plant in Service	6,300,740	199,266	(67,884)	6,432,122
Utility Property Leased	18,785			18,785
Nuclear Fuel	269,902	21,537		291,439
Total Depreciable Assets	6,589,427	220,803	(67,884)	6,742,346
Accumulated Depreciation				
Utility Plant in Service	(2,154,330)	(216,971)	69,278	(2,302,023)
Utility Property Leased	(204)	(66)		(270)
Nuclear Fuel	(238,934)	(14,009)		(252,943)
Total Accumulated Depreciation	(2,393,468)	(231,046)	69,278	(2,555,236)
Total Depreciable Assets, net	4,195,959	(10,243)	1,394	4,187,110
Total Assets, net	$ 4,454,164	$ 269,691	$ (138,546)	$ 4,585,309

Capital Assets - San Antonio Water System

San Antonio Water System [2]	Beginning Balance	Increases	Decreases	Ending Balance
Non-Depreciable Assets				
Land	$ 58,703	$ 15,262	$ (341)	$ 73,624
Construction in Progress	339,399	176,098	(210,263)	305,234
Total Non-Depreciable Assets	398,102	191,360	(210,604)	378,858
Depreciable Assets				
Utility Plant in Service	1,794,221	196,996	(2,125)	1,989,092
Machinery and Equipment	100,541	3,207	(8,045)	95,703
Total Depreciable Assets	1,894,762	200,203	(10,170)	2,084,795
Accumulated Depreciation				
Utility Plant in Service	(590,986)	(46,198)	2,124	(635,060)
Machinery and Equipment	(52,950)	(9,268)	6,709	(55,509)
Total Accumulated Depreciation	(643,936)	(55,466)	8,833	(690,569)
Total Depreciable Assets, net	1,250,826	144,737	(1,337)	1,394,226
Total Capital Assets, net	$ 1,648,928	$ 336,097	$ (211,941)	$ 1,773,084

[1] For the fiscal year ended January 31, 2003
[2] For the fiscal year ended December 31, 2002

4. CAPITAL ASSETS (Continued)

Construction-in-progress relating to the Capital Assets is comprised of the following:

Construction-In-Progress: Assets-Governmental Activities

	Project Authorization	Expended to Sept. 30, 2003	Committed	Required Future Financing
Buildings	$ 49,080	$ 24,965	$ 24,115	None
Streets and Bridges	178,070	131,349	46,721	None
Storm Drainage and Flood Prevention	134,468	118,797	15,671	None
Improvements Other Than Buildings	332,827	310,847	21,980	None
Total	$ 694,445	$ 585,958	$ 108,487	

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5. RECEIVABLES AND PAYABLES

A. Disaggregation of Receivables and Payables

Receivables

Net receivables at September 30, 2003 were as follows:

	Accounts	Taxes	Notes and Loans	Accrued Interest	Other	Total Net Receivables
Governmental Activities:						
General Government	$ 34,270	$ 47,331	$ 0	$ 742	$ 16	$ 82,359
Public Safety	11,537			2		11,539
Public Works	4,376			1,550	220	6,146
Health Services	62			11		73
Environmental Protection and Control	1			31		32
Culture and Recreation	461	2,929		29		3,419
Convention and Tourism	695	4,138				4,833
Conservation	20			5		25
Urban Redevelopment and Housing	878					878
Welfare	87		6,110	1		6,198
Economic Development Opportunity	66			164		230
Total - Governmental Activities	$ 52,453	$ 54,398	$ 6,110	$ 2,535	$ 236	$ 115,732
Business-type Activities:						
Airport System	$ 3,084	$ 0	$ 0	$ 19	$ 0	$ 3,103
Parking Facilities	26			4		30
Environmental Services	4,353			6		4,359
Total - Business-type Activities	$ 7,463	$ 0	$ 0	$ 29	$ 0	$ 7,492

The receivable balances for General Government, Public Safety, Environmental Protection and Control, Convention and Tourism, and Public Works Accounts have been reduced by the estimated allowance for doubtful accounts of $6,625, $61,013, $45, $168, and $81, respectively, and General Government Taxes of $2,279. The receivable balance for Business-type Activities (Airport System) has been reduced by the estimated allowance for doubtful accounts of $505.

The only receivables not expected to be collected within one year are $6,053 of notes and loans receivable in Welfare.

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5. RECEIVABLES AND PAYABLES (Continued)

A. Disaggregation of Receivables and Payables (Continued)

Payables

Payables at September 30, 2003 were as follows:

	Accounts	Accrued Payroll	Total Payables
Governmental Activities:			
General Government	$ 66,533	$ 1,671	$ 68,204
Public Safety	9,816	4,865	14,681
Public Works	6,879	160	7,039
Sanitation		34	34
Health Services	89	186	275
Culture and Recreation	1,672	814	2,486
Convention and Tourism	6,083		6,083
Urban Redevelopment and Housing	9,474	663	10,137
Welfare	2	220	222
Economic Development Opportunity	1,677	82	1,759
Total - Governmental Activities	$ 102,225	$ 8,695	$ 110,920
Business-type Activities:			
Airport System	$ 5,004	$ 306	$ 5,310
Parking Facilities	82	72	154
Environmental Services	3,415	420	3,835
Total - Business-type Activities	$ 8,501	$ 798	$ 9,299

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5. RECEIVABLES AND PAYABLES (Continued)

B. Interfund Receivable and Payable Balances

The following is a summary of interfund receivables and payables for the City as of September 30, 2003:

Summary Table of Interfund Receivables and Payables
As of September 30, 2003

	Due From Other Funds	Due To Other Funds
General Fund:		
Fiduciary Funds	$ 331	$ 0
Internal Service Funds	286	75
Nonmajor Governmental Funds	23,593	45
Total General Fund	24,210	120
Debt Service Funds:		
Nonmajor Governmental Funds	893	
Total Debt Service Funds	893	
Airport System Fund:		
Airport I&C Fund from the Airport Operating Fund	270	96
Airport I&C Fund from the Airport Debt Service Fund	66	
Airport Operating Fund to the Airport I&C Fund	96	270
Airport Debt Service Fund to the Airport I&C Fund		66
Nonmajor Governmental Funds		72
Internal Service Funds		7
Total Airport System Fund	432	511
Fiduciary Agency Funds:		
General Fund		331
Nonmajor Governmental Funds		71
Total Fiduciary Agency Funds		402
Internal Service Funds:		
General Fund	75	286
Airport Fund	7	
Internal Service Funds	9,395	9,395
Nonmajor Governmental Funds	288	
Nonmajor Enterprise Funds	6	
Total Internal Service Funds	9,771	9,681
Nonmajor Governmental Funds:		
General Fund	45	23,593
Debt Service Funds		893
Airport Fund	72	
Fiduciary Agency Funds	71	
Internal Service Funds		288
Nonmajor Governmental Funds	1,985	1,985
Total Nonmajor Funds	2,173	26,759
Nonmajor Enterprise Funds:		
Nonmajor Enterprise Funds	322	322
Internal Service Funds		6
Total Nonmajor Enterprise Funds	322	328
Total	$ 37,801	$ 37,801

(amounts are expressed in thousands)

5. RECEIVABLES AND PAYABLES (Continued)

B. Interfund Receivable and Payable Balances (Continued)

As of September 30, 2003, the balances represent short-term loans resulting from (1) timing differences between the dates that transactions are recorded in the accounting system and (2) short-term borrowings at year end. Of the $24,210 due from other funds in the General Fund, $20,643 is a result of overdraws of pooled cash.

6. LONG-TERM DEBT

A. Primary Government (City)

1. Governmental Activity Long-Term Debt

The City's on-going capital improvement financing for infrastructure and "quality of life" purposes resulted in the issuance of additional indebtedness during fiscal year 2003. In December 2002, the City issued the following: $55,850 General Improvement and Refunding Bonds, Series 2002 and $69,930 Combination Tax and Revenue Certificates of Obligation, Series 2002. The bonds are secured by a pledge of ad valorem taxes while the certificates are secured by a pledge of ad valorem taxes and revenues from certain revenue generating operations.

The General Improvement and Refunding Bonds, Series 2002 were utilized to refund a portion of the City's outstanding tax supported debt, fund capital improvement projects to include streets and pedestrian improvements; drainage improvements; parks and recreation facilities improvements; library system improvements; and public safety improvements. The Series 2002 General Improvement and Refunding Bonds are retired serially in the years 2003 through 2023 and bear interest rates ranging from 2.000% to 5.500%.

A portion in the amount of $25,581 of the net proceeds from the sale of the 2002 General Improvement and Refunding Bonds, including $1,161 of the original issue premium, was applied to fund an escrow fund for the redemption, discharge, and defeasance of the refunded obligations. As a result of the 2002 refunding, the City will realize a total reduction of $1,462 in debt service payments. Through the transaction, the City obtained a total economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,005.

Proceeds of the Combination Tax and Revenue Certificates of Obligation, Series 2002 will be utilized to fund capital improvements to include public safety, including constructing new fire stations and renovating and improving existing fire stations; street, sidewalk, bridge, and drainage improvements; improvements and renovations to existing municipal facilities; acquiring, constructing, renovating the City's library system; the construction of public improvements relating to KellyUSA and Brooks City-Base, including street and drainage improvements; construction of park improvements; the purchase of materials, supplies, machinery, land, and rights-of-way for authorized needs and purposes relating to public safety, drainage, street and public work purposes; the implementation of a new Enterprise Resource Management System, including development and installation costs relating thereto; and professional services related to the construction and financing of the aforementioned projects. The certificates are retired serially in the years 2004 through 2023 and bear interest rates ranging from 3.000% to 5.500%.

Additionally, in May 2003, the City issued $40,905 of General Improvement Refunding Bonds, Series 2003. Delivery of the bonds occurred on May 8, 2003, and they are secured by a pledge of ad valorem taxes. These obligations were issued to refund $43,200 of outstanding long-term debt. The obligations bear interest ranging from 2.750% to 5.000% and will be retired serially in the years 2004 through 2014.

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6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

1. Governmental Activity Long-Term Debt (Continued)

The net proceeds from the sale of the 2003 General Improvement Refunding Bonds, which included an original issue premium of $2,995, were applied, together with a cash contribution from the City, to fund an escrow fund for the redemption, discharge, and defeasance of the refunded obligations. As a result of the 2003 refunding, the City will realize a total reduction of $1,793 in debt service payments. Through the transaction, the City obtained a total economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,683.

Also, in May 2003, the City issued $44,150 of Municipal Drainage Utility System Revenue Bonds, Series 2003. Delivery of the bonds occurred on May 21, 2003. Pursuant to authority conferred by the Municipal Drainage Utility System Act, the City Council adopted an ordinance in 1993 declaring the drainage of the City to be a public utility, enabling the City to bill, along with other municipal utility system billings, a separate charge to lots and tracts of benefited property in the City for drainage services. Revenues of the System are pledged to the payment of the Bonds to the extent and in the manner specified in the ordinance. The obligations bear interest ranging from 2.000% to 5.000% and will be retired serially in the years 2004 through 2028.

Proceeds of the 2003 Municipal Drainage Utility System Revenue Bonds will be used to finance the costs of making drainage improvements, including the acquisition, construction, and repair of structures, equipment, and facilities for the City's Municipal Drainage Utility System (the "System").

In addition, in July 2003, the City issued $56,515 of General Improvement Refunding Bonds, Series 2003-A. Delivery of the bonds occurred on July 16, 2003; they are secured by a pledge of ad valorem taxes. The obligations bear interest ranging from 2.000% to 5.000% and will be retired serially in the years 2006 through 2016. These obligations were issued to refund $57,930 of outstanding long-term debt, of which $57,105 was reported in governmental funds and $825 was reported in proprietary funds.

The net proceeds from the sale of the 2003-A General Improvement Refunding Bonds, which included an original issue premium of $7,307, were applied, together with a cash contribution from the City, to fund an escrow fund for the redemption, discharge, and defeasance of the refunded obligations. As a result of the 2003-A refunding, the City will realize a total reduction of $5,588 in debt service payments, of which $5,506 is governmental. Through the transactions, the City obtained a total economic gain (difference between the present values of the debt service payments on the old and new debt) of $3,846, of which $3,787 is classified governmental.

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6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

1. Governmental Activity Long-Term Debt (Continued)

The following table is a summary of changes for the year ended September 30, 2003 for Governmental Activity Debt:

Governmental Activity Long-Term Debt (Ad Valorem Tax Pledge)							
Issue	Original Amount	Final Principal Payment	Interest Amount (%)[1]	Balance Outstanding October 1, 2002	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2003
General Obligation Bonds:[1]							
1988 Refunding	$ 132,978	2006	7.250-7.400	$ 4,008	$	$ 0	$ 4,008
1993 Refunding	93,680		4.000-8.000	71,095		71,095	-
1994	30,450	2004	6.000	2,650		1,300	1,350
1996	35,330	2004	5.100	27,100		23,925	3,175
1996A Refunding	82,235	2016	4.650-6.000	74,180		23,025	51,155
1996B Refunding	6,030	2008	6.700	3,910		540	3,370
1998	30,855	2018	4.500-5.000	28,610		825	27,785
1998 Forward Refunding	53,950	2008	5.500-6.000	36,920		7,790	29,130
1998A Refunding	47,955	2019	4.000-5.250	46,185		3,075	43,110
1999	12,000	2020	5.500-6.000	11,640		380	11,260
2000	27,565	2020	4.500-5.000	26,655		950	25,705
2000A	15,615	2021	5.250-5.375	15,615		455	15,160
2001	84,945	2022	3.000-5.250	84,660		630	84,030
2002 Forward Refunding	239,910	2013	4.500-5.250	236,245		20,365	215,880
2002	55,850	2023	3.000-5.500		55,850	600	55,250
2003	40,905	2014	2.750-5.000		40,905		40,905
2003A	55,710	2016	2.000-5.000		55,710		55,710
Subtotal	$ 1,045,963			$ 669,473	$ 152,465	$ 154,955	$ 666,983
Tax-Exempt Commercial Paper:							
Series 2001	$ 32,700	2004	0.750-3.500	$ 20,800	$	$ 10,300	$ 10,500
Tax-Exempt Certificates of Obligation:							
Series 1994	$ 9,900	2004	6.000	$ 885	$	$ 420	$ 465
Series 1996	8,415	2005	5.100-5.200	6,475		5,700	775
Series 1996A	12,515	2006	4.600-4.750	9,870		8,205	1,665
Series 1998	4,315	2018	4.700-5.000	3,415		330	3,085
Series 1998A	36,535	2019	4.000-5.250	32,025		1,620	30,405
Series 1999	4,230	2020	5.750-6.000	4,105		135	3,970
Series 2000	8,490	2020	4.500-5.000	8,210		295	7,915
Series 2000A	8,810	2021	5.250-5.375	8,810		255	8,555
Series 2000C	6,415	2020	5.000-5.500	6,415			6,415
Series 2001	65,195	2014	4.000-5.250	65,195		2,095	63,100
Series 2002	69,930	2023	3.000-5.500		69,930		69,930
Subtotal	$ 234,750			$ 145,405	$ 69,930	$ 19,055	$ 196,280
Taxable Certificates of Obligation:							
Series 1996	$ 6,160	2009	6.550-6.650	$ 2,050	$	$ 225	$ 1,825
Series 1996B	7,375	2008	6.550-6.800	5,975		4,345	1,630
Series 2000B	1,755	2021	7.450-7.550	1,755		45	1,710
Subtotal	$ 15,290			$ 9,780	$	$ 4,615	$ 5,165
Revenue Bonds:[2]							
Series 1996 Occupancy Tax	$ 182,012	2026	4.900-6.000	$ 179,393	$	$ 2,045	$ 177,348
Series 2003 Muni. Drainage	44,150	2028	2.000-5.000		44,150		44,150
Series 2001 Municipal Facilitiy Corp.	14,465	2020	3.625-5.200	13,955		535	13,420
Subtotal	$ 240,627			$ 193,348	$ 44,150	$ 2,580	$ 234,918
	$ 1,569,330			$ 1,038,806	$ 266,545	$ 191,505	$ 1,113,846

1 Accretion of interest on the 1988 General Improvement Refunding Bonds through Fiscal Year 2003 has resulted in an increase of $7,652 in General Obligation Bonds Payable. This increase is reflected on the Combined Balance Sheet but is not shown on the above table.

2 A portion of the Hotel Occupancy Tax Revenue Bonds, Series 1996 was sold as Capital Appreciation Bonds (CABS). Interest on the CABS will accrete from the date of delivery and will be payable only at maturity or redemption. The interest accreted through fiscal year 2003 has resulted in an increase of $13,079 in Revenue Bonds Payable. This increase is reflected on the Combined Balance Sheet but is not shown on the above table.

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

1. Governmental Activity Long-Term Debt (Continued)

Annual Requirements

The annual requirements to amortize all General Obligation Bonds, Tax Exempt Commercial Paper, Certificates of Obligation, and Revenue Bonds outstanding as of September 30, 2003, are as follows:

Principal and Interest Requirements

Year Ending September 30,	General Obligation Bonds		Tax Exempt Commercial Paper		Certificates of Obligation		Revenue Bonds		Total Annual Requirements
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2004	$ 47,085	$ 33,170	$ 10,500	$ 11	$ 10,920	$ 9,820	$ 4,370	$ 11,227	$ 127,103
2005	43,844	35,612			11,225	9,334	5,150	11,042	116,207
2006	44,684	33,592			11,370	8,829	5,955	10,807	115,237
2007	49,670	26,610			13,650	8,250	6,855	10,489	115,524
2008	51,745	24,127			14,305	7,581	7,820	10,152	115,730
2009-2013	244,240	80,204			79,605	26,790	36,544	63,388	530,771
2014-2018	115,055	31,865			36,550	10,561	35,549	70,200	299,780
2019-2023	70,660	7,229			23,820	2,622	73,745	28,468	206,544
2024-2028							58,930	6,930	65,860
Total	$ 666,983	$ 272,409 [1]	$ 10,500	$ 11	$ 201,445	$ 83,787	$ 234,918 [1]	$ 222,703	$ 1,692,756

Total Principal & Interest Payable Within One Year

Principal	$ 47,085	$ 10,500	$ 10,920	$ 4,370	$ 72,875
Interest	33,170	11	9,820	11,227	54,228
Total	$ 80,255	$ 10,511	$ 20,740	$ 15,597	$ 127,103

1 Accretion of interest on the 1998 General Improvement Bonds through the year ended September 30, 2003 has resulted in an increase of $7,652 in General Obligation Bonds Payable. Total interest to be accreted is reflected in the interest portion of the above table.

2 A portion of the Hotel Motel Occupancy Tax Revenue Bonds (Series 1996) was sold as Capital Appreciation Bonds (CABS). Interest on the CABS accretes from the date of delivery and will be payable only at maturity or redemption. The interest accreted through September 30, 2003 has resulted in an increase of $13,079 in Revenue Bonds Payable. Total interest to be accreted is reflected in the interest portion of the above table.

(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

1. Governmental Activity Long-Term Debt (Continued)

Authorized But Unissued General Obligation Debt

Authorization Date	Purpose	Amount Authorized	Bonds Previously Issued	Bonds Authorized But Unissued
1-26-80 [1]	Drainage and Flood Control	$ 21,637	$ 17,413	$ 4,224
1-26-80 [1]	Fire Protection	4,257	2,125	2,132
1-26-80 [1]	Libraries	4,978	3,926	1,052
1-26-80 [1]	Street, Bridge, and Related Improvements	43,287	34,035	9,252
5-07-94	Street Improvements	25,600	25,600	
5-07-94	Drainage Improvements	34,400	34,400	
5-07-94	Parks and Recreation	41,600	41,600	
5-01-99	Streets and Pedestrian Improvements	41,300	41,300	
5-01-99	Drainage	19,000	19,000	
5-01-99	Flood Control	12,200	12,200	
5-01-99	Parks and Recreation	24,200	24,200	
5-01-99	Library System	13,200	13,200	
5-01-99	Public Safety	30,300	30,300	
Total		$ 315,959	$ 299,299	$ 16,660

[1] In addition to the debt authorized on May 1, 1999, the City has authority pursuant to an election held on January 26, 1980 to issue $16,660,000 in bonds. The City does not currently intend to issue the bonds authorized in 1980.

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% of the total assessed valuation. The total assessed valuation for the fiscal year ending 2003 was $46,320,796 which provides a debt ceiling of $4,632,080. The total outstanding debt that is secured by an ad valorem tax pledge is $881,038.

The Constitution of the State of Texas provides that the ad valorem taxes levied by the City for debt service and maintenance and operation purposes shall not exceed $2.50 for each one hundred dollars of assessed valuation of taxable property. There is no limitation within the $2.50 rate for interest and sinking fund purposes; however, it is the policy of the Attorney General of the State of Texas to prohibit the issuance of debt by a city if such issuance produces debt service requirements that exceed the amount that can be paid from $1.50 tax rate calculated at 90% collections.

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6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

Interfund Borrowings

As an alternative to the issuance of external debt to finance certain projects/purchases, the City has determined that the use of available cash balances in the Internal Service Equipment Replacement Funds is a viable option. 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 option, the City has authorized such internal temporary financing from available cash balances in the Internal Service Equipment Replacement Funds to meet these needs.

In June 1999, a loan was authorized from the City's Internal Service Fund to the International Center Special Revenue Fund to assist in the financing of permanent building improvements and leasing agent commissions. The principal amount of the note is $200 with an annual interest rate of 6% and a repayment period of October 1999 through September 2003. In December 1999, a second loan was authorized from the City's Internal Service Fund to the International Center Fund to cover additional permanent building improvements. The principal amount of the note is $137 with an annual interest rate of 6% and a repayment period of December 1999 through September 2003. In September 1999, a third loan was authorized from the City's Internal Service Fund to the International Center Fund to cover additional permanent building improvements. The principal amount of the note is $62 with an annual interest rate of 6% and a repayment period of April 2000 through September 2003. Revenues from the International Center rentals will be utilized to meet the annual principal and interest requirements of the notes. As of September 30, 2003, the remaining balance for the notes payable from the International Center Fund was paid in full.

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6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (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, 2003 were approximately $3.6 million.

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

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

Asset:		
Machinery and Equipment	$	15,850
Less: Accumulated Depreciation		(3,061)
Total	$	12,789

As of September 30, 2003, the City (excluding discretely presented component units) had future minimum lease payments under capital and operating leases with a remaining term in excess of one year for governmental activities as follows:

Leases - Governmental Activities

	Capital Leases	Operating Leases	Total
Governmental Activities:			
Fiscal year ending September 30:			
2004	$ 3,535	$ 3,085	$ 6,620
2005	3,066	2,483	5,549
2006	1,724	2,271	3,995
2007	1,379	1,147	2,526
2008	725	652	1,377
2009-2013		3,417	3,417
2014-2018		3,249	3,249
2019-2023		2,301	2,301
2024-2028		182	182
Future Minimum Lease Payments	10,429	$ 18,787	$ 29,216
Less: Interest	(633)		
Present Value of Future Minimum Lease Payments	9,796		
Less: Current Portion	(3,235)		
Capital Leases, net of current portion	$ 6,561		

(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

2. Proprietary Long-Term Debt

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

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

On April 19, 2001, the City Council approved the sale of the City of San Antonio, Texas Airport System Forward Refunding Revenue Bonds, Series 2003. Delivery of these obligations occurred on April 8, 2003. The principal amount is $50,230 with maturities from 2004 through 2013, and interest rates from 5.50% to 6.00%. These bonds are special obligations of the City payable from gross revenues of the City's airport system. Proceeds will be combined with a cash contribution from the City and used to refund other Airport System obligations. As a result of the 2003 refunding, the city will realize a reduction of debt service payments of $3,334 and obtained an economic gain of $2,551.

On March 20, 2003, the City Council approved the sale of the City of San Antonio, Texas Airport System Forward Refunding Revenue Bonds, Series 2003A and Series 2003B. Delivery of these obligations occurred on May 1, 2003. The principal amount for the Series 2003A is $8,175 with maturities from 2003 to 2006, and an interest rate from 2.00% to 2.25%. The principal amount for the Series 2003B is $3,255 with maturities from 2007 to 2009, with an interest rate from 2.30% to 3.00%. These bonds are special obligations of the City payable from gross revenues of the City's airport system. Proceeds will be combined with a cash contribution from the City and used to refund other Airport System obligations. As a result of the 2003A and 2003B refunding, the City will realize a total reduction of $793 in debt service payments and obtained an economic gain of $741.

Parking System: 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 general obligation and certificate of obligation debt and is paid from revenues derived from the operation of the Parking System. This allocated debt is additionally secured by an ad valorem tax pledge. The bonds are payable from and secured by a first lien on and a pledge of the gross revenues derived from the ownership and operation of the City's Parking system. The bonds are retired serially in years 2004 to 2024 and bear interest rates from ranging from 5.000% to 5.750%.

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6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

2. Proprietary Long-Term Debt (Continued)

In July 2003, the City issued $56,515 of General Improvement Refunding Bonds, Series 2003-A. Delivery of the bonds occurred on July 16, 2003. The obligations bear interest ranging from 2.000% to 5.000% and will be retired serially in the years 2006 through 2016. These obligations were issued to refund $57,930 of outstanding long-term debt, of which $57,105 was reported in governmental funds and $825 was reported in proprietary funds.

The net proceeds from the sale of the 2003-A General Improvement Refunding Bonds, which included an original issue premium of $7,307, were applied, together with a cash contribution from the City, to fund an escrow fund for the redemption, discharge, and defeasance of the refunded obligations. As a result of the 2003-A refunding, the City will realize a total reduction of $5,588 in debt service payments, of which $82 will be realized by the Parking Fund. Through the transactions, the City obtained a total economic gain (difference between the present values of the debt service payments on the old and new debt) of $3,846, of which $59 will be realized by the Parking Fund. Total annual principal and interest requirements for the Parking System are shown in the table at the end of this section.

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6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

2. Proprietary Long-Term Debt (Continued)

The following table is a summary of changes in revenue bonds, general obligation bonds and tax-exempt certificates of obligation for the fiscal year ended September 30, 2003.

Proprietary Long-Term Debt

Issues	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding October 1, 2002	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2003
Airport System							
Revenue Bonds:							
Series 1992 Refunding	$ 3,130		6.100	$ 3,130	$ 0	$ 3,130	$ 0
Series 1992	21,655		5.500-5.750	7,955		7,955	
Series 1993 Refunding	73,785		7.000-7.375	52,460		52,460	
Series 1996	38,000	2014	5.700-5.750	18,950		325	18,625
Series 2001	17,795	2016	5.375	17,795			17,795
Series 2002	92,470	2027	5.000-5.750	92,470			92,470
Series 2002 PFC	37,575	2027	4.000-5.750	37,575		775	36,800
Series 2003 Refunding	50,230	2013	5.500-6.000		50,230		50,230
Series 2003-A	8,175	2006	2.000-2.250		8,175	1,930	6,245
Series 2003-B	3,255	2009	2.300-3.000		3,255		3,255
Subtotal	$ 346,070			$ 230,335	$ 61,660	$ 66,575	$ 225,420
Parking System							
Revenue Bonds:							
Series 2000	$ 24,845	2024	5.000-5.750	$ 24,845	$ 0	$ 0	$ 24,845
General Obligation Bonds:							
Series 1996A Refunding	495	2014	4.650-6.000	495		120	375
Series 1998A Refunding	1,155	2013	4.000-5.250	1,155		105	1,050
Series 2002 Refunding	11,370	2013	4.000-5.250	11,205		960	10,245
Series 2003A Refunding	805	2016	2.000-5.000		805		805
Tax Exempt Certificates of Obligation							
Series 1994	700	2004	6.000	65		30	35
Series 1996	1,105	2005	5.100-5.200	850		750	100
Subtotal	$ 40,475			$ 38,615	$ 805	$ 1,965	$ 37,455
Total	$ 386,545			$ 268,950	$ 62,465	$ 68,540	$ 262,875

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(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

2. Proprietary Long-Term Debt (Continued)

The annual requirements to amortize long-term debt for the City's Enterprise Funds related to revenue bonds, general obligations, and certificates of obligation outstanding at September 30, 2003, are as follows:

Proprietary Long-Term Debt

	Airport System			Parking System		
Year End Sept. 30:	Principal	Interest	Total	Principal	Interest	Total
2004	$ 7,010	$ 12,057	$ 19,067	$ 1,590	$ 1,994	$ 3,584
2005	8,390	11,754	20,144	1,670	1,914	3,584
2006	8,790	11,381	20,171	1,760	1,831	3,591
2007	8,750	10,987	19,737	1,830	1,744	3,574
2008	9,265	10,545	19,810	1,900	1,654	3,554
2009-2013	61,300	43,956	105,256	10,415	6,692	17,107
2014-2018	49,035	26,382	75,417	7,110	4,397	11,507
2019-2023	36,195	15,539	51,734	9,045	2,228	11,273
2024-2028	36,685	4,942	41,627	2,135	123	2,258
Total	$ 225,420	$ 147,543	$ 372,963	$ 37,455	$ 22,577	$ 60,032

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(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

2. Proprietary Long-Term Debt (Continued)

Leases

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

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

Asset:		
Machinery and Equipment	$	709
Less: Accumulated Depreciation		(138)
Total	$	571

As of September 30, 2003, the City (excluding discretely presented component units) had future minimum payments under capital leases with a remaining term in excess of one year for business-type activities as follows:

Leases - Proprietary Activities: Nonmajor Enterprise Fund

		Capital Leases
Proprietary Activities		
Fiscal year ending September 30:		
2004	$	156
2005		156
2006		156
2007		117
2008		
Future Minimum Lease Payments		585
Less: Interest		(42)
Present Value of Future Minimum Lease Payments		543
Less: Current Portion		(137)
Capital Leases, net of current portion	$	406

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(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

3. Governmental and Proprietary Long-Term Debt

Long-Term Obligations and Amounts Due Within One Year

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	$ 669,473	$ 152,465	$ 154,955	$ 666,983	$ 47,085
Tax-Exempt Commercial Paper	20,800		10,300	10,500	10,500
Tax-Exempt Certificates of Obligation	145,405	69,930	19,055	196,280	10,335
Taxable Certificates of Obligation	9,780		4,615	5,165	585
Revenue Bonds	193,348	44,150	2,580	234,918	4,370
	1,038,806	266,545	191,505	1,113,846	72,875
Unamortized (Discount)/Premium	18,674	17,275	2,113	33,836	2,811
Deferred Amount on Refunding	(556)	(8,358)	(1,001)	(7,913)	(2,863)
Total Bonds Payable	1,056,924	275,462	192,617	1,139,769	72,823
Other Liabilities:					
Accrued Arbitrage Rebate Payable	1,580	136	372	1,344	344
Capital Leases	8,297	4,591	3,092	9,796	3,235
Compensated Absences	114,094	42,654	40,922	115,826	38,297
Total Other Liabilities	123,971	47,381	44,386	126,966	41,876
Total Governmental Activities Long-term Liabilities	$ 1,180,895	$ 322,843	$ 237,003	$ 1,266,735	$ 114,699
Business-type Activities:					
Bond Payable:					
General Obligation Bonds	$ 12,855	$ 805	$ 1,185	$ 12,475	$ 1,105
Revenue Bonds	255,180	61,660	66,575	250,265	7,410
Tax-Exempt Certificates of Obligation	915		780	135	85
	268,950	62,465	68,540	262,875	8,600
Unamortized (Discount)/Premium	917	2,760	132	3,545	
Deferred Amount on Refunding	(528)	(4,890)	(267)	(5,151)	
Total Bonds Payable	269,339	60,335	68,405	261,269	8,600
Other Payables:					
Aviation	649	1,521	575	1,595	1,595
Parking	445	225	313	357	357
Nonmajor Fund	1,053	30	22	1,061	1,061
Total Other Payables	2,147	1,776	910	3,013	3,013
Capital Leases-Nonmajor Fund	677		134	543	137
Compensated Absences	1,723	1,849	1,617	1,955	323
Total Other Liabilities	4,547	3,625	2,661	5,511	3,473
Total Business-type Activities Long-term Liabilities	$ 273,886	$ 63,960	$ 71,066	$ 266,780	$ 12,073

The accreted interest through Fiscal Year 2003 has resulted in an increase of $13,079 in Hotel Tax Revenue Bonds Payable in governmental activites and an increase of $7,652 in General Obligation Bonds Payable. The accreted interest in the amount of $20,731 is reflected on the governmental fund combined statement but is not reflected in this table.

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(amounts are expressed in thousands)

6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

3. Governmental and Proprietary Long-Term Debt (Continued)

Compensated Absences

The following is a summary of compensated absences for the year ended September 30, 2003:

Governmental Activities					
Fund Type	Short-Term Available	Short-Term Remaining	Total Short-Term	Long-Term	Total
Governmental Funds	$ 6,377	$ 31,734	$ 38,111	$ 76,599	$ 114,710
Internal Service Funds		186	186	930	1,116
Total Governmental Activities	$ 6,377	$ 31,920	$ 38,297	$ 77,529	$ 115,826

Business-Type Activities			
Fund	Short-Term	Long-Term	Total
Airport	$ 164	$ 838	$ 1,002
Parking	18	90	108
Non-Major Fund	141	704	845
Total Business-Type Activities	$ 323	$ 1,632	$ 1,955

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6. LONG-TERM DEBT (Continued)

A. Primary Government (City) (Continued)

3. Governmental and Proprietary Long-Term Debt (Continued)

Conduit Debt Obligations

The City facilitates the issuance of bonds to enable the San Antonio Industrial Development Authority, Health Facilities Development Corporation and the Education Facilities Corporation (formerly known as Higher Education Authority), component units of the City, to provide financial assistance to various entities for the acquisition, construction 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, 2003, there were thirty-five series of Industrial Revenue Bonds, twenty-one series of Health Facilities Development Bonds, and eleven series of Education Facility Revenue Bonds outstanding. The aggregate principal amount payable for the one series of Industrial Revenue Bonds, the one series of Health Facilities Development Bonds, and the four series Education Facility Revenue Bonds issued after October 1, 1997 was $5,500, $10,700, $55,066, respectively. The aggregate principal amount payable for the remaining series of Industrial Revenue Bonds, Health Facilities Development Bonds, and Education Facility Revenue Bonds issued prior to October 1, 1997 is $0, $69,000, and $0, respectively.

The City also facilitates the issuance of tax-exempt revenue bonds to enable the San Antonio Housing Finance Corporation to provide financing of residential developments for persons of low and moderate income. The bonds are secured by the property financed and are payable solely from and secured by a pledge of rental receipts. As of June 30, 2003, there were twenty-three four of tax-exempt revenue bonds outstanding with an aggregate principal amount payable of $231,155 and an aggregate principal amount issued of $253,950.

To provide for the acquisition and construction of certain airport facilities, the City has issued Special Facilities Airport Revenue Bonds, Series 1995 and Special Airport Facilities Revenue Refunding Bonds, Series 1999. The bonds are payable pursuant to lease agreements, which stipulate that various commercial entities are obligated to pay amounts to a third party trustee in-lieu of lease payments to the City. These payments are sufficient to pay when due the principal, premium, interest on and purchase price of the bonds. The aggregate principal amount payable for the Special Facilities Airport Revenue Bonds, Series 1995 and for the Special Airport Facilities Revenue Refunding Bonds, Series 1999 at September 30, 2003 was $4,400 and $3,826, respectively.

The Starbright Industrial Development Corporation was created to act on behalf of the City in the promotion and development of commercial, industrial and manufacturing enterprises to promote and encourage employment and the public welfare, including but not limited to the acquisition of land. The City of San Antonio, Starbright Industrial Development Corporation Contract Revenue Bonds, Series 2003 were issued to finance the acquisition and conveyance of land to Toyota Motor Manufacturing North America, Inc. for the construction of a training facility. The bonds are secured by pledged revenues and property are payable solely from payments made by the City sufficient to pay principal and interest on the bonds and are subject to annual budget appropriations. The bonds are not reported as liabilities in the accompanying financial statements. As of September 30, 2003, the Starbright Industrial Development Corporation Contract Revenue Bonds outstanding totaled $24,685.

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

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6. LONG-TERM DEBT (Continued)

B. City Public Service (CPS)

As of January 31, 2003 the Bond Ordinances for New Series Bonds issued on and after August 6, 1992 contain, among others, the following provisions:

Funds in CPS's General Account shall be pledged and appropriated to be used in the following priority: (a) for maintenance and operating expenses of the systems, (b) for payments of the New Series Bonds, including the establishment and maintenance of the reserve therefore, (c) for the payment of any obligations inferior in lien to the New Series Bonds which may be issued, (d) for an amount equal to 6% of the gross revenues of the systems to be deposited in the Repair and Replacement Account, (e) for cash payments and benefits to the City not to exceed 14% of the gross revenues of the systems, and (f) any remaining net revenues in the General Account to the Repair and Replacement Account.

The maximum amount in cash to be transferred or credited to the General Fund of the City from the net revenues of the systems during any fiscal year shall not exceed 14% of the gross revenues of the systems less the value of gas and electric services of the systems used by the City for municipal purposes and the amounts expended during the fiscal year for additions to the street lighting system. The percentage of gross revenues of the systems to be paid over or credited to the General Fund of the City each fiscal year shall be determined (within the 14% limitation) by the governing body of the City. The net revenues of the systems are pledged to the payment of principal and interest on the New Series Bonds. All New Series Bonds and the interest thereon shall have a first lien upon the net revenues of the systems.

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

(a) all maintenance and operating expenses, depreciation, replacement and betterment expenses, and other costs as may be required by Chapter 1502, as amended, Texas Government Code;
(b) the interest on and principal of all New Series Bonds, 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 New Series Bonds;
(c) to the extent the same are reasonably anticipated to be paid with available revenues (as defined in the ordinance authorizing the Commercial Paper), the interest on and principal of all Notes (as defined in said ordinance), and the credit agreement (as defined in said ordinance); and
(d) a legal debt or obligation of the systems as and when the same shall become due.

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6. LONG-TERM DEBT (Continued)

B. City Public Service (CPS) (Continued)

Revenue Bonds

A summary of revenue bonds is as follows:

City Public Service Revenue Bonds

Bond Series	Maturities	Weighted-Average Interest Rate on Outstanding Bonds	2003
Tax Exempt New Series Bonds, 1992-2002	2004-2021	5.067%	$2,357,985
Taxable New Series Bonds, 1998-2000	2004-2021	6.687%	141,540
Total New Series Bonds Outstanding		5.172%	2,499,525
Less: Current Maturities of Bonds			100,015
Total Revenue Bonds, net of current maturities			$2,399,510

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

City Public Service

Principal and Interest Requirements

Year	Principal	Interest	Total
2004	$ 100,015	$ 130,729	$ 230,744
2005	120,335	125,657	245,992
2006	126,635	119,412	246,047
2007	134,515	112,809	247,324
2008	141,265	106,082	247,347
2009-2013	811,805	415,637	1,227,442
2014-2018	696,445	206,314	902,759
2019-2021	368,510	33,029	401,539
Totals	$ 2,499,525	$ 1,249,669	$ 3,749,194

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6. LONG-TERM DEBT (Continued)

B. City Public Service (CPS) (Continued)

In August 2002 $144.2 million par value of 1997 Parity Improvement Bonds were legally defeased with cash. The net accounting loss of $7.1 million reported included $149.7 million paid for the actual defeasance, less the par value of the debt, plus unamortized reacquisition and bond issue costs net of float forward agreement proceeds of $1.6 million.

In September 2002, CPS issued $576.7 million of Revenue and Refunding Bonds to refund $445.1 million in certain outstanding New Series Bonds and to reimburse prior construction expenditures of $150.0 million. The bonds were sold at a combined net premium of $56.8 million.

The refunding bonds were issued to current refund $48.7 million in 1992 New Series Bonds and advance refund $396.3 in other New Series Bonds. The refunding transaction resulted in cash flow savings of $24.1 million, which equated to a present value savings of $18.1 million, or 4.06 percent of the par amount of refunded bonds. This transaction resulted in a loss for accounting purposes of $34.4 million, which has been deferred and will be amortized over the shorter of life of the refunded or refunding bonds.

Long-Term Debt Activity

Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding February 1, 2002	Additions During Year	Deletions During Year	Balance Outstanding January 31, 2003
Revenue and Refunding Bonds							
1992 Tax-exempt	$ 700,805	2017	6.048	$ 121,615	$ 0	$ 52,755	$ 68,860
1994-A Tax-exempt	684,700	2014	5.008	565,570		60,420	505,150
1994-C Tax-exempt	56,000	2006	5.008	42,710			42,710
1995 Tax-exempt	125,000	2018	5.500	109,300		19,100	90,200
1997 Tax-exempt	350,000	2020	5.738	332,570		162,855	169,715
1997 Tax-exempt	311,170	2014	5.509	244,305		129,215	115,090
1998A Tax-exempt	785,515	2021	4.918	743,150		92,750	650,400
1998B Taxable	99,615	2020	6.343	95,390		1,740	93,650
2000A Tax-exempt	170,770	2017	5.374	170,770		146,895	23,875
2000B Taxable	50,425	2021	7.403	49,200		1,310	47,890
2001 Tax-exempt	115,280	2011	3.843	115,280			115,280
2002 Tax-exempt	436,090	2017	4.055		436,090		436,090
2002 Tax-exempt	140,615	2020	4.751		140,615		140,615
				2,589,860	576,705	667,040	2,499,525
Less Bond current maturities				77,825	22,190		100,015
Less Bond discount/(premium)				(10,542)	(56,803)	(4,855)	(62,490)
Less Bond acquisition costs				145,729	54,877	40,862	159,744
Revenue Bonds, Net				2,376,848	556,441	631,033	2,302,256
Tax-Exempt Commercial Paper (TECP)				350,000			350,000
Long-term Debt, Net				$ 2,726,848	$ 556,441	$ 631,033	$ 2,652,256

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6. LONG-TERM DEBT (Continued)

C. San Antonio Water System (SAWS)

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

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

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

Reuse Contract: SAWS has a contract with City Public Service, the City owned electricity and gas utility, for the provision of reuse water. The revenues derived from the contract have been restricted in use to only reuse activities, are excluded from the calculation of Gross Revenues, and are not included in any transfers to the City's General Fund. Revenues derived from this contract were $2,000 during the twelve months ended December 31, 2002.

SAWS is developing a recycled water system, which will provide non-potable water to various customers now using Edwards Aquifer water. During the twelve months ended December 31, 2002, the System generated an additional $452 in revenue from sales of recycled water. Revenue from recycled water sales is recorded as revenue of the System and does have the restrictions of the reuse contract.

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

No Free Service: City Ordinance No. 75686 also provides for no free services except for municipal fire-fighting purposes.

6. LONG-TERM DEBT (Continued)

C. San Antonio Water System (SAWS) (Continued)

Revenue Bonds

Senior Lien Water System Revenue Bonds, comprised of Series 1996, Series 1997, Series 1999, Series 2001, Series 2002, and Series 2002-A outstanding in the amounts of $739,980 are collateralized by a senior lien and pledge of Gross Revenues of SAWS after deducting and paying the current expenses of operation and maintenance of the System and maintaining an operating reserve for operating and maintenance expenses. At December 31, 2002, these bonds are due in varying amounts, from a low of $865 in 2003 to a high of $58,405 in 2028.

Junior Lien Water System Revenue Bonds, comprised of Series 1999, Series 1999-A, Series 2001, and Series 2001-A, Series 2002, Series 2002-A outstanding in the amount of $157,480 at December 31, 2002, and are collateralized by a junior lien and pledge of the gross revenues of the System after deducting and paying the current expenses of operation and maintenance of the System, maintaining an operating reserve for operating and maintenance expenses, and debt service on senior lien debt. At December 31, 2002, the Junior Lien bonds were due in varying amounts, from a low of $2,210 in 2022 to a high of $12,880 in 2019.

Revenue bonds currently outstanding are as follows:

San Antonio Water System

Purpose	Interest Rates	Amount
Build, improve, extend, enlarge, and repair the System	0.00-6.5%	$ 897,460

The following summarizes transactions of the revenue bonds for the year ended December 31, 2002:

	Beginning Balance Jan. 1, 2002	Additions	Reductions	Ending Balance Dec. 1, 2002	Due Within One Year
Bonds Payable	$ 728,455	$ 466,070	$ 297,065	$ 897,460	$ 5,515
Deferred Amounts					
For issuance discounts/ premiums/losses		8,318	39,338	(31,020)	
Total Bonds Payable, Net	$ 728,455	$ 474,388	$ 336,403	$ 866,440	$ 5,515

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6. LONG-TERM DEBT (Continued)

C. San Antonio Water System (SAWS) (Continued)

Annual debt service requirements are shown as follows:

San Antonio Water System

Annual Debt Service Requirements

Revenue Bonds

Year Ended December 31,	Junior Lien Revenue and Refunding Bonds		Senior Lien Revenue and Refunding Bonds	
	Principal	Interest	Principal	Interest
2003	$ 4,650	$ 5,614	$ 865	$ 38,815
2004	4,790	5,474	955	38,773
2005	4,930	5,323	9,480	38,538
2006	5,085	5,164	15,145	37,908
2007	7,835	4,961	13,310	37,113
2008-2012	43,245	20,748	91,265	171,985
2013-2017	52,160	12,141	112,810	145,690
2018-2022	34,785	2,333	160,215	110,148
2023-2027			244,605	55,699
2028-2032			91,330	6,502
Total	$ 157,480	$ 61,758	$ 739,980	$ 681,171

Capitalized Interest Costs

Interest costs incurred on revenue bonds and short-term commercial paper debt totaled $46,915 during the twelve months ended December 31, 2002, of which $8,064 was capitalized as part of the cost of SAWS' utility plant additions.

Leases

SAWS entered into various lease agreements for financing the acquisition of computer equipment, software and heavy equipment. These lease agreements meet the requirements of capital lease for accounting purposes and therefore, are recorded at the present value of the future minimum lease payments as of the inception date. The terms of the leases are for three to five years with payments of $29,913 monthly and $355,785 annually. The annual percentage rate of the leases ranges from 3.18% to 5.8%. SAWS recorded capital leases related to computer equipment in the amount of $1,216,948 and $570,487 is related to vehicles. At the end of the respective lease terms, the ownership of the equipment transfers to SAWS. Please note the amounts in this paragraph are not stated in thousands.

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6. LONG-TERM DEBT (Continued)

C. San Antonio Water System (SAWS) (Continued)

The future minimum lease obligations as of December 31, 2002 are as follows:

San Antonio Water System
Minimum Lease Obligation

Year Ending December 31,	Principal	Interest	Total Annual Requirements
2003	$ 214	$ 76	$ 290
2004	123	8	131
2005	75	2	77
Total	$ 412	$ 86	$ 498

Note Payable

During fiscal year 2000, a contract was entered into between SAWS and CPS whereby SAWS acquired water rights from certain CPS properties. A note was signed for 116 payments of $40 at an interest rate of 7.5%. Total payments on this note are $4,640 including interest. The liability as of December 31, 2002 is included in the statement of net assets for both the current portion of $311 and long-term amount of $2,078. The annual principal and interest requirements are as follows:

San Antonio Water System
Principal and Interest Requirements

Year Ending December 31,	Principal	Interest	Total Annual Requirements
2003	$ 311	$ 169	$ 480
2004	336	144	480
2005	362	118	480
2006	390	90	480
2007	420	60	480
2008	452	28	480
2009	118	2	120
Total	$ 2,389	$ 611	$ 3,000

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7. COMMERCIAL PAPER PROGRAMS AND OTHER BORROWINGS

A. Primary Government (City)

Commercial Paper

On November 9, 2000, the City Council approved issuance of $35,000 Sales Tax Commercial Paper Notes, Series A. The proceeds from the sale of the Notes are to provide for the planning, acquisition, establishment, development, construction, and renovation of the "Parks Development and Expansion Venue Project" authorized at an election held on May 6, 2000 which includes the acquisition of open space over the Edwards Aquifer Recharge Zone and linear parks along Leon Creek and Salado Creek, and the construction of improvements or additions to such Open Space Parks and Linear Parks. The Notes are supported by an irrevocable direct-pay Letter of Credit, dated as of December 5, 2000 to be issued by Landesbank Hessen-Thuringen Girozentrale, acting through its New York Bank (Helaba or the Bank). The Letter of Credit in an amount equal to $37,589 enables the City to pay at maturity the principal amount of the Notes plus up to 270 days interest.

The City sold $32,700 in Sales Tax Revenue Commercial Paper Notes in fiscal year 2001. As of September 30, 2003, $10,500 of Commercial Paper notes are outstanding with interest rates on the notes between .750% and .850% and with various maturities ranging from 48 to 112 days. The aforementioned Commercial Paper Notes have been classified as long-term in accordance with the refinancing terms of the revolving credit agreement identified above.

The City has made the determination that it will not renew the existing Letter of Credit and Reimbursement Agreement which is currently due to expire on November 30, 2003 pertaining to the City's existing Sales Tax Commercial Paper Program (the "Program"). The City has made the determination that it will not take the actions at this point in time to secure a substitute credit provider for this Program, it will pay from lawfully available funds on hand all currently outstanding notes at maturity (currently outstanding in the principal amount of $10,500 scheduled to mature on November 3, 2003, November 5, 2003 and November 7, 2003), and it will not issue any additional Commercial Paper Notes.

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7. COMMERCIAL PAPER PROGRAMS AND OTHER BORROWINGS (Continued)

A. Primary Government (City) (Continued)

Revolving Line of Credit

The City uses a revolving line of credit for the Housing Asset Recovery Program. The line of credit is used to preserve housing stock and to revitalize neighborhoods by renovating and rehabilitating property owned by the City that is acquired through various programs (i.e. flood buyouts, facilities expansion, etc.). The City intends to finance their repayment with the proceeds received from the sale of the renovated houses. The amount of the line of credit is $1,250, of which $331 was outstanding as of September 30, 2003.

Revolving Line of Credit			
Beginning Balance	Increases	Decreases	Ending Balance
$ 331	$ 0	$ 0	$ 331

B. City Public Service (CPS)

Commercial Paper

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

The TECP has been classified as long-term in accordance with the refinancing terms under a revolving credit agreement with a consortium of banks, which supports the commercial paper. Under the terms of the agreement, CPS may borrow up to an aggregate amount not to exceed $350,000 for the purpose of paying principal due under the TECP. The credit agreement has a term of two years, currently extended until November 1, 2004, and may be renewed for additional periods.

To date, there have been no borrowings under the credit agreement. The TECP is secured by the net revenues of the Systems. Such pledge of net revenues is subordinate and inferior to the pledge securing payment of existing New Series Bonds and any to be issued in the future.

CPS sold $97,200 of TECP in fiscal year 2002; $13,600 in proceeds remaining from 2002 has been used to fund construction expenditures in 2003.

As of January 31, 2003 a summary of TECP is as follows:

TECP Outstanding	$	350,000
Weighted-average interest rate of outstanding TECP, approximate		1.1%
Average life of outstanding TECP approximate number of days		80

7. COMMERCIAL PAPER PROGRAMS AND OTHER BORROWINGS (Continued)

C. San Antonio Water System (SAWS)

Commercial Paper

The System maintains a Commercial Paper Program that is used to provide funds for the interim financing of a portion of capital improvements to the System.

On January 11, 2001, the City Council approved the expansion of the TECP Program (Tax Exempt Commercial Paper) from $175,000 to $350,000. The increase in the program provides interim financing for the increased level of future expenditures on water resource projects. Notes payable under the program cannot exceed maturities of 270 days and scheduled maturities of the short-term borrowing under the Commercial Paper Program may not extend past May 14, 2032.

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 sufficient to pay the principal of the Commercial Paper Program. The credit facility is maintained under the terms of a revolving credit agreement.

To further support the issuance of the Commercial Paper Program, on June 2, 2001, the City entered into the agreements with the following:

- Dealer Agreements with Goldman, Sachs & Co., J.P. Morgan Securities Inc., and Ramirez & Co., Inc.
- Revolving Credit Agreement with Westdeutsche Landesbank Girozentrale and Landesbank Baden Wurttemberg.
- Issuing and Paying Agency Agreement with Bank One, National Association Chicago, Illinois.

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

Commercial paper notes of $255,000 are outstanding as of December 31, 2002. The proceeds of the notes have been used solely for financing of capital improvements of the System. The tax exempt commercial paper notes have been classified as long-term in accordance with the refinancing terms of the Credit Agreement and since management intends to continue the remarketing of the tax exempt commercial paper notes to maintain a portion of its debt in variable rates. Interest rates on the notes outstanding at year-end range from 1.00% to 1.65% and from 26 to 126 days in maturity. (The outstanding notes at December 31, 2002 had an average rate of 1.23% and averaged 76 days to maturity.)

The following summarizes transactions of the commercial paper program for the year ended December 31, 2002.

	Beginning Balance Jan. 1, 2002	Additions	Reductions	Ending Balance Dec. 31, 2002	Due Within One Year
Commercial Paper Notes	$185,000	$70,000	$ 0	$255,000	$ 0

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8. PENSION AND RETIREMENT PLANS

A. General Plan Information

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

Contributory Pension and Retirement Plans

Entity	Title	Type of Plan	Covered Payroll	Employee Contribution	Employer Contribution	Total Contributions
City	Fire and Police Pension Fund	Single Employer Defined Benefit Plan	$ 181,806	$ 22,504	$ 45,008	$ 67,512
	Texas Municipal Retirement System (TMRS)	Non Traditional Hybrid Defined Benefit Agent Plan	197,742	11,864	22,684	34,548
Component Units:						
SAWS	[1]Texas Municipal Retirement System (TMRS)	Non Traditional Defined Contribution Agent Plan	Not Available	1,645	1,772	3,417
	[2]PMLIC Contract	Agent Multiple Employer Defined Benefit Plan	51,303		2,857	2,857
CPS	[3]CPS All Employees Plan	Single Employer Defined Benefit Plan	180,292	8,733	5,213	13,946

[1] Plan year ended December 31, 2002
[2] Plan year ended December 31, 2002
[3] Fiscal year ended January 31, 2003

(amounts are expressed in thousands)

8. PENSION AND RETIREMENT PLANS (Continued)

B. Primary Government (City)

Fire and Police Pension Plan

The Pension Fund is a single-employer defined benefit retirement plan established in accordance with the laws of the State of Texas. The City provides retirement benefits for all eligible full-time Fire and Police employees through the Pension Fund. Employees who terminate having five to twenty years of service may apply to receive a refund of their original contribution. Employees retiring who have served and contributed for twenty years or more shall, upon application to the Board of Trustees of the Pension Fund, receive a retirement pension based on the average of the employee's total salary, excluding overtime pay, for the highest three years of pay of the last five years of service. The retirement annuity for employees retiring after September 30, 2001 is computed at the rate of 2.25% of this average for each of the first twenty years of service, plus 4.5% of the member's average total salary for each of the next seven years, plus three percent of the member's average total salary for each of the next three years of service, plus 0.5% of the member's average total salary for each of the next four years of service, with fractional years of service prorated based on full months served as a contributing member. In making the computation for a year, the year is considered to begin on the first day a contribution is made. A retirement annuity under this subsection may not exceed, as of the date of retirement, 87.5% of the member's average total salary.

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

There is also a provision for a 13th and a 14th pension check. The Board may authorize the disbursement of a 13th monthly pension check if the yield on the Pension Fund's investments exceeds the actuarial projections for the preceding five year period by at least 100 basis points. The Board may authorize a 14th monthly pension check if the yield on the Pension Fund's investments exceeds the actuarial projections for the preceding five year period by at least 300 basis points. The 13th and 14th pension checks are paid to each retiree and beneficiary receiving a pension at the time of the disbursement and are in an amount equal to the pension check paid in the last month of the preceding fiscal year of the Pension Fund (retirees/beneficiaries with less than one year of benefits will receive a prorated check, and no check will be paid to members who retired after the end of the fiscal year).

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

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

Contribution requirements of plan members and the City are established and may be amended by State statute. In the current year, the City contributed 24.64% of covered payroll and employees contributed 12.32% of covered payroll. The employer's required contribution of $45,008 and the employee's required contribution of $22,504 were made to the Pension Fund. (See summary of contribution information at Part A of this footnote).

8. PENSION AND RETIREMENT PLANS (Continued)

B. Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

Effective October 1, 2001, in addition to the changes for credited service and the 14th check as mentioned above, other new provisions include allowing the surviving spouse of an active member to elect to receive benefits in the form of a lump-sum payment and reduced annuity, similar to a Back DROP election made by a retiring member, increasing the maximum benefit for surviving spouses and dependent children equal to a 27 year pension, and increasing cost-of-living increases for all retirees who retired between August 30, 1971 and October 1, 1991.

For the year ended September 30, 2003, the City's annual pension cost of $45,008 for the Pension Fund was equal to the City's required and actual contributions. The annual required contribution was determined as part of the October 2002 actuarial valuation using the entry-age actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return, and (b) projected salary increase of 5.5% per year. Both (a) and (b) included an inflation component of 4.5%. 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 Pension Fund's unfunded actuarial liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at October 1, 2002 was 32.40 years.

Texas Municipal Retirement System

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

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

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percentage 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 plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average salary for the last three years. 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 plan also provides death and disability benefits. A member is vested after 5 years, but must leave accumulated contributions in the plan. If a member withdraws the contributions with interest, the member would not be entitled to the City-financed monetary credits, even if vested.

8. PENSION AND RETIREMENT PLANS (Continued)

B. Primary Government (City) (Continued)

Texas Municipal Retirement System (Continued)

The plan 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 also in the statutes.

Contribution requirements are actuarially determined by TMRS's actuary (See summary of TMRS Actuarial Assumptions and Methods in Part F of this footnote). The contribution rate for the City's employees is 6% and the matching percent is currently 11.42%, both as adopted by the governing body of the City. (See summary of contribution information in Part A of this footnote). Under the state law governing TMRS, the Employer's Contribution rates are annually determined by the actuary. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution finances the currently accruing monetary credits due to the City matching percent, 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 percent of payroll necessary to satisfy the obligation of the City to each employee at the time the employee's retirement becomes effective. The prior service contribution rate amortizes the unfunded actuarial liability over the remainder of the plan's twenty-five year amortization period. When the City periodically adopts updated service credits and increases annuities in effect, the increased unfunded actuarial liability is being amortized over a new twenty-five year period. Currently, the unfunded actuarial liability is being amortized over a constant twenty-five year period as a level percent 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.

C. San Antonio Water System (SAWS)

SAWS' retirement program includes benefits provided by the Texas Municipal Retirement System, a contract with Principal Mutual Life Insurance Company, and Social Security.

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

1. 20 Years of credited service regardless of age, or
2. 25 Years of credited service and at least age 50, or
3. 10 Years of credited service and at least age 60.

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

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

1. 1.2% of the Average Compensation, times years of credited service not in excess of 25 years, plus
2. 0.75% of the Average Compensation, times years of credited service in excess of 25 years but not in excess of 35 years, plus
3. 0.375% of the Average Compensation, times years of credited service in excess of 35 years.

8. PENSION AND RETIREMENT PLANS (Continued)

C. San Antonio Water System (SAWS) (Continued)

Upon retirement, an employee must select from one of seven alternative payment plans. Each payment plan provides for monthly payments as long as the retired employee lives. The options available address how plan benefits are to be distributed to the designated beneficiary of the retired employee. The program also provides death and disability benefits. The following information related to the Texas Municipal Retirement System and Principal Mutual Life Insurance has been prepared as of January 1, 2001.

Texas Municipal Retirement System

SAWS provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, defined benefit plan in the Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The TMRS was established in 1948 as a retirement and disability pension system for municipal employees in the State of Texas, and is administered in accordance with the Texas Municipal Retirement System Act. It is the opinion of the TMRS management that the plans in the 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 plan.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the SAWS-financed monetary credits, with interest. At the date the plan began, SAWS granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, and 200%) of the employee's accumulated contributions. In addition, SAWS may grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and SAWS matching percent 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 employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions and contribution requirements are adopted by SAWS within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contribution requirements are actuarially determined by TMRS's Actuary (See Summary of TMRS's Actuarial Assumptions and Methods in Part F of this footnote). The contribution rate for the employees is 3% of salary, and SAWS matching rate approximates 100% of the employee rate, both as adopted by the SAWS. Under the state law governing TMRS, SAWS' contribution rate is annually determined by the actuary. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to SAWS' matching percent, which are the obligation of SAWS as of an employee's retirement date not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of SAWS to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period.

8. PENSION AND RETIREMENT PLANS (Continued)

C. San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (Continued)

When SAWS periodically adopts updated service credits and increases the annuities in effect, the increased unfunded actuarial liability is to be amortized over a new twenty-five year period. Currently, the unfunded actuarial liability is to be amortized over the twenty-five year period, which began January 1, 1998. The unit credit actuarial cost method is used for determining SAWS contribution rate.

Contributions are made monthly by both the employees and SAWS. Since SAWS needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect. Significant assumptions used in the actuarial valuation of annual required contributions include a rate of return on the investment of present and future assets of 8.0% per year. Additionally, there is no need to project salary increases since the benefit credits earned for service to date are not dependent on future salaries. Likewise, inflation and cost-of-living adjustments are not accounted for in the actuarial study. Assets are valued at amortized cost.

Principal Mutual Life Insurance Company

The contract with Principal Mutual Life Insurance Company (PMLIC) serves as a supplement to the TMRS and Social Security benefits. SAWS' covered payroll at January 1, 2002 under this contract was $51,303.

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

Years of Service	Vested Percentage
Less than 5	0%
5	50%
6	60%
7	70%
8	80%
9	90%
10 or more	100%

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

Benefits for retired employees are fully guaranteed at retirement. The pension plans unallocated insurance contracts are valued at contract value. Contract value represents contributions made under the contract, plus interest at the contract rate, less funds used to purchase annuities or pay administrative expenses charged by Principal Life Insurance Co. The plan provisions and contribution requirements are governed by SAWS which may amend plan provisions and is responsible for the management of plan assets.

Significant assumptions used by PMLIC's actuary to compute the actuarially determined contribution requirements include: (a) a rate of return on the investment of present and future assets of 8.5% per year, (b) salary scale from Table S-5 of the Actuary's Pension Handbook, plus 3.4%, and (c) plan expenses according to the expense scales of the Service Agreements.

8. PENSION AND RETIREMENT PLANS (Continued)

C. San Antonio Water System (SAWS) (Continued)

Principal Mutual Life Insurance Company (Continued)

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

In subsequent years the Frozen Initial Liability is reduced by employer deposits to the plan in excess of employer Normal Cost and interest requirements. This reduced amount is known as the Unfunded Frozen Initial Liability. Contribution requirements are established and may be amended by the System. Active members are not required to contribute to the plan. Any obligation with respect to the pension plan shall be paid by the System. The actuarial valuation, which was performed for the plan year, ended December 31, 2001 reflects an unfunded frozen initial liability of $8,884.

The PMLIC issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Principal Life Insurance Company, Pension Diversified Retirement Services, Des Moines, Iowa 50392-0001 or by calling (515) 247-5111.

D. City Public Service (CPS)

All Employee Plan

The CPS Pension Plan is a self-administered, single-employer, defined-benefit contributory pension plan (Plan) covering substantially all employees who have completed one year of service. Normal retirement is age 65; however, early retirement is available with 25 years of benefit service and to those employees who are ages 55 or older with at least 10 years of benefit service. Retirement benefits are based on length of service and compensation, and benefits are reduced for retirement before age 55 with 25 years or more of benefit service, or age 62 with less than 25 years of service.

The Plan and contribution requirements are sponsored by and may be amended by CPS, acting by and through the General Manager and Chief Executive Officer of CPS. The Plan assets are held in a separate trust that is periodically audited and which financial statements include historical trend information. Additional information may be obtained by writing the Employee Benefits Division of CPS, P.O. Box 1771, San Antonio, Texas 78296 or by calling (210) 978-2484.

Funding levels are established through annual actuarial evaluations and recommendations of an Administrative/Investment Committee, using both employee and employer contributions. Participating employees contribute 5% of their total compensation and are fully vested after completing 7 years of credited service or at age 40. The balance of contributions made amounted to 2.9% and is the responsibility of CPS, considering actuarial information, budgetary compliance, and the need to amend the Plan with legal requirements. (See Summary of Contribution Information at Part A of this footnote).

8. PENSION AND RETIREMENT PLANS (Continued)

D. City Public Service (CPS) (Continued)

All Employee Plan (Continued)

As calculated under GASB Statement No. 27, CPS' annual pension cost and net pension obligation for the fiscal year ended January 31, 2003 were $4,921 and $0 respectively. The annual required contribution was determined as part of the January 1, 2002 actuarial valuation using (a) the five-year smoothed market method for asset valuation, (b) the projected unit credit for pension cost, and (c) the level dollar open for amortization. The remaining amortization period is 18.9 years and is calculated using the level dollar open amortization method.

Significant actuarial assumptions used for the January 1, 2002 actuarial valuation include (a) a rate of return on the investment of present and future assets of 8.5 % per year compounded annually, (b) projected salary increases averaging 5.0 %, and (c) post-retirement cost-of-living increases of 2.0 %. The projected salary increases include an inflation rate of 4.0 %.

E. Three Year Trend Information

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

Three Year Trend Information

Pension Plan	Fiscal Year	Annual Required Contribution (ARC)	Interest on Net Pension Obligation (NPO)	Adjustment To ARC	Annual Pension Cost (APC)	Contributions In relation to ARC	Increase (Decrease) in NPO	Net Pension Obligation at Beginning of Year	Net Pension Obligation at End Of Year	Percentage of APC Contributed
Fire and Police Pension-	2001	$ 42,065	$ 0	$ 0	$ 42,065	$ (42,065)	$ 0	$ 0	$ 0	100%
City of San Antonio	2002	43,615			43,615	(43,615)				100%
	2003	45,008			45,008	(45,008)				100%
TMRS-	2001	21,610			21,610	(21,610)				100%
City of San Antonio	2002	23,147			23,147	(23,147)				100%
	2003	22,684			22,684	(22,684)				100%
CPS All Empoyee	2001	5,397	8	(13)	5,392	(5,392)		99	99	100%
Plan [1]	2002	660	8	(14)	654	(753)	(99)	99		115%
	2003	4,921			4,921	(4,921)				100%
TMRS-	2000	1,620			1,620	(1,620)				100%
SAWS [2]	2001	1,044			1,044	(1,044)				100%
	2002	1,772			1,772	(1,772)				100%
PMLIC-	2000	2,770			2,770	(2,770)				100%
SAWS [3]	2001	2,969			2,969	(2,969)				100%
	2002	2,857			2,857	(2,857)				100%

1 Fiscal year ended January 31, 2003
2 Covers seven months ended May 31, 2001 and seven months ended December 31, 2001 and year ended 2002, respectively
3 Plan year ended December 31, 2002

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8. PENSION AND RETIREMENT PLANS (Continued)

F. Significant TMRS Actuarial Assumptions and Methods

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

TMRS Actuarial Assumptions and Methods	
Investment Return	8%
Inflation Rate	None
Projected Salary Increases	None
Post Retirement Benefit Increases	None
Actuarial Cost Method	Unit Credit
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	25 Years – Open Period
Asset Valuation Method	Amortized Cost

Location of Schedules of Funding Progress

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

9. POSTEMPLOYMENT RETIREMENT BENEFITS

A. Primary Government (City)

In addition to the pension benefits discussed in Note 8, the City provides all their retired employees with certain health benefits under two post-employment benefit programs. The first program is a health insurance plan, which provides benefits for all non-uniformed City retirees and for all, pre-October 1, 1989, uniformed (fire and police) retirees. Currently, there are 6,530 active civilian employees who may become eligible in the future. Employees become eligible for the program when they reach eligibility for the TMRS Pension Plan, discussed in Note 8. At September 30, 2003, there were 1,495 retirees participating in the program which covers eligible expenses at eighty percent after a deductible of $250 (single)/$500 (family) for non-Medicare and $125/$250 for Medicare retirees. The cost of the program is reviewed annually, and actuarially determined costs of medical claims are funded jointly by the City and retirees on a pay-as-you-go basis shared on a targeted 67% City - 33% retiree cost allocation. Please note that the number of employees, retirees, and deductible amounts in this paragraph are not expressed in thousands. For retirees, total expenses for the year were $6,302. For the year ended September 30, 2003, total contributions were as follows:

City	$ 3,329
Employees	1,942
TOTAL	$ 5,271

The second post-employment benefit program of the City provides retirement health care benefits for eligible Fire and Police retirees under the Fire and Police Retiree Healthcare Fund ("Fund"). The Fund was originally established as a fund of the City pursuant to the respective Fire and Police collective bargaining agreements to provide postemployment health benefits for San Antonio Fire Fighters and Police Officers who retired on or after October 1, 1989. Effective October 1, 1997, the Fund was created as a separate and distinct statutory trust. The Fund is governed by a nine member Board of Trustees comprised of the Mayor, two City Councilmembers, two active police officers, two active fire fighters, a retiree representative of the Fire Department, and a retiree representative of the Police Department. The Board of Trustees is responsible for the investment of the assets of the Fund. Contribution and benefit levels are determined by the respective collective bargaining agreements with the Fire and Police Associations.

9. POSTEMPLOYMENT RETIREMENT BENEFITS (Continued)

A. Primary Government (City) (Continued)

The benefits of this plan are financed on a prefunded basis. The City currently makes contributions on behalf of 3,429 active Fire Fighters and Police Officers who may be eligible for benefits under this plan in the future. The benefits of the plan are not available until the employee has completed twenty years of service and the plan is currently providing benefits to 962 eligible retirees. The Program reimburses 80 percent of the amount of eligible claims for standard medical costs and 100 percent for hospitalization costs incurred by the retiree and their eligible dependents. Based on the Police contract, the City contributed 9.4% of base pay plus longevity of all eligible police officers and each police officer contributed $20 per month for fiscal years 2002 and 2003. Based on the Fire contract, the City contributed 9.4% of base pay plus longevity and fire fighters contributed $20 per month, during the period from January 2001 to May 2002. Beginning in June 2002, the City contributed 8.92% of base pay plus longevity and active fire fighters contributed $40 per month. For fiscal year 2003, the City contributed 8.71% of base pay plus longevity and active fire fighters contributed $50 per month. Please note the number of firefighters and police officers, retirees, and monthly contribution rates in this section are not expressed in thousands. For the year ended September 30, 2003, total expenses for retired employees was $8,513 and total contributions were as follows:

City	$ 15,466
Employees and Retiree Dependent Premiums	1,678
TOTAL	$ 17,144

Historically, actuarial valuations have been performed periodically to determine the actuarial position of the Fund and whether the existing financing of the Fund can be reasonably expected to be adequate over a long period of time. The Board of Trustees had an actuarial valuation performed as of July 1, 2000 and the results of that study indicated that based on employer contributions of 9.4% of covered payroll (base pay plus longevity) plus the employee monthly contributions of $20, the unfunded liability of the Fund could be amortized over a 25 year period. Subsequently, the Board of Trustees engaged another actuarial firm to perform an actuarial valuation of the Fund as of October 1, 2001. The actuarial report was issued on May 20, 2002 and the results of this report indicated that the employer and employee contributions mentioned previously were not sufficient to amortize the unfunded liability. Additionally, the study recommended a contribution rate of 13.94% of covered payroll plus the employee monthly contributions of $20 to amortize the unfunded liability of the Fund over a 40 year period. Based on this rate, the total contribution to the Fund would be have been required to increase from an estimated $17,200 to $25,100, an increase of $7,900 beginning October 1, 2002.

Since then, the Board of Trustees has had another actuarial valuation of the Fund initiated with a valuation date of October 1, 2002. The results of the actuarial valuation as of October 1, 2002 were that, in the opinion of the actuary, the fund will have a long-term inadequate financing arrangement if present health benefits are left unchanged and if the monthly contribution rates remain at the level of $20 per month per active participant. The Fund's actuary has recommended that the City's contribution be increased to 19.52% of covered payroll. The increase is based on actuarial assumptions for current health benefit claims costs and future annual increases for health benefit claims costs.

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9. POSTEMPLOYMENT RETIREMENT BENEFITS (Continued)

A. Primary Government (City) (Continued)

While the results of both the 2002 and 2003 studies reflect significant changes in contribution levels, the actuarial reports also state that the Fund does not have a short term financing problem. As of September 30, 2003, net assets available for postemployment benefits were $107,111 while benefits payments for the fiscal year ended September 30, 2003 were $8,513. As noted above, contribution and benefit levels are established pursuant to the collective bargaining agreements. The current agreement with the Fire Association will expire September 30, 2005 and has an evergreen clause through September 30, 2015. This agreement was negotiated prior to the issuance of the actuarial valuation as of October 1, 2001, however, the agreement does contain a limited reopener related to contributions to the Fund. The City anticipates exercising the limited re-opener under its current agreement with the Fire Association in the Spring of 2004 for the purpose of discussing contributions to the Fund. As disclosed in Note 17, Subsequent Events, the City approved an agreement in November of 2003 with the Police Association which will expire on September 30, 2006 and has an evergreen clause through September 30, 2016.

This agreement with the Police Association increases both contributions by the City and active police officers over the term of the agreement. Effective November 1, 2003, the City will contribute an additional $20 per eligible police officer per month during the term of the Agreement. Contributions by active police officers will increase from $20 per month to the following based on the effective date: November 1, 2003 - $40; April 1, 2004 - $50; October 1, 2004 - $60; and April 1, 2005 - $ 70. The agreement makes certain changes in benefits such as expanding the list of preventive services and for in-network and out-of-network pharmacy benefits with increased co-payments for drugs purchased at out-of-network pharmacies which also became effective simultaneously under the Fire Contract. To coincide with the expiration of the City's current agreement with the Fire Association in September of 2005, the agreement with the Police Association also includes a re-opener on the benefits article in fiscal year 2005 which will allow the City to simultaneously work with both the Police and Fire Associations to continue to develop a comprehensive long-term solution for the Fund. Due to the differences in the results of the studies from July 2000 to October 2002, the City in conjunction with both the Fire and Police Associations are also currently in the process of completing an independent review and valuation of the Fund by another actuarial firm. In preparation for the negotiations in 2005, another actuarial valuation of the Fund will be completed, other similar plans and options from around the country will be reviewed, and a long-term dual-track strategy of restructuring benefits programs and increasing contributions will continue to be studied for potential implementation.

B. City Public Service (CPS)

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

These costs approximated $3,600 for 2003. CPS reimbursed certain retirees and their spouses enrolled in Medicare Part B a percentage of the monthly premium, which totaled $211 for fiscal year 2003.

Retired employees and covered dependents contributed $1,300 for their health care and life insurance benefits in fiscal year 2003. There were approximately 2,201 retirees and covered dependents eligible for health care and life insurance benefits. Please note the number of retirees is not stated in thousands.

9. POSTEMPLOYMENT RETIREMENT BENEFITS (Continued)

B. City Public Service (CPS) (Continued)

In view of the potential economic significance of these benefits, CPS has reviewed the present value of the postemployment benefit obligations for current retirees. The January 1, 2002 valuations are $65,400 for health and $17,300 for life insurance benefits. The actuarial analysis of the present value of postemployment benefit obligations for other participants fully eligible for benefits are estimated to be $39,400 for health, $5,300 for life insurance, and $2,800 for disability benefits. CPS began partial accrual and funding of projected future benefits in 1992. Funding totaled $4,800 in 2003. For the health care plan, the actuarial cost method used is the Projected Unit Credit Actuarial Cost Method. For the life insurance and disability plans, CPS uses a present value method to determine the cost of benefits.

Significant actuarial assumptions used in the calculations for the January 1, 2002 actuarial valuations include (a) a rate of return on the investment of present and future assets of 8.5% per year for the health, life, and disability plans, (b) projected salary increases for the plans ranging from 4.5% to 12.0% depending on age for base and other salaries, and (c) medical cost increases projected at 7.5% for 2002 decreasing to 6.0 percent in 2005 and thereafter.

C. San Antonio Water System (SAWS)

SAWS provides certain health care and life insurance benefits for retired employees. Substantially all full-time employees who retire from SAWS may become eligible for those benefits. On December 31, 2002, there were 404 retirees with life insurance and 423 retirees with medical coverage. Please note the numbers of retirees are not stated in thousands.

SAWS provides medical and life insurance for retirees and recognizes the cost of providing these benefits on a pay-as-you-go basis by expensing the annual insurance. Premiums for medical insurance and life insurance amounted to $3,571 and $60, respectively for January 1, 2002 through December 31, 2002. Those and similar benefits for active employees are provided through insurance companies.

10. CPS SOUTH TEXAS PROJECT (STP)

Joint Operations

CPS is one of four participants in the STP, which consists of two 1,250-megawatt nuclear generating units in Matagorda County, Texas. The other participants in the project are Texas Genco, L.P., formerly known as Houston Lighting & Power and Reliant Energy, American Electric Power - Central Power and Light Company, and the City of Austin. In-service dates for STP were August 1988 for Unit 1 and June 1989 for Unit 2. CPS' 28% ownership in the STP represents 700 megawatts of plant capacity. At January 31, 2003 and 2002, CPS' investment in the STP utility plant was approximately $1,700,000, net of accumulated depreciation. Effective November 17, 1997, the Participation Agreement among the owners of STP was amended and restated and the STP Nuclear Operating Company (STP OPCO), a Texas non-profit non-member 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 STP OPCO.

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10. CPS 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 $88,100, subject to adjustment for inflation, for the number of operating nuclear units and for each licensed reactor, payable at $10,000 per year per reactor for each nuclear incident. CPS and each of the other participants of STP are subject to such assessments, which will be borne on the basis of their respective ownership interests in STP. For purposes of these assessments, STP has two licensed reactors. The participants have purchased the maximum limits of nuclear liability insurance, as required by law, and have executed indemnification agreements with the Nuclear Regulatory Commission (NRC), in accordance with the financial protection requirements of the Price-Anderson Act.

A Master Worker Nuclear Liability policy, with a maximum limit of $400,000 for the nuclear industry as a whole, provides protection from nuclear-related claims.

NRC regulations require licensees of nuclear power plants to obtain on-site property damage insurance in a minimum amount of $1,060,000. NRC regulations also require that the proceeds from this insurance be used first to ensure that the licensed reactor is in a safe and stable condition so as to prevent any significant risk to the public health or safety, and then to complete any decontamination operations that may be ordered by the NRC. Any funds remaining would then be available for covering direct losses to property.

The owners of STP currently maintain $2,750,000 of nuclear property insurance, which is above the legally required amount of $1,060,000, but is less that the total amount available for such losses. The $2,750,000 of nuclear property insurance consists of $500,000 in primary property damage insurance and a layer of excess property damage insurance that would contribute $2,250,000 of excess property damage insurance, both subject to a retrospective assessment being paid by all members of Nuclear Electric Insurance Limited (NEIL). In the event that property losses as a result of an accident at the nuclear plant of any utility insured by NEIL exceed the accumulated funds available to NEIL, a retrospective assessment could occur. The maximum aggregate assessment under current policies for both primary and excess property damage insurance is $25,500 during any one-policy year.

Nuclear Decommissioning

CPS, together with the other owners of the STP, files with the NRC a certificate of financial assurance for the decommissioning of the nuclear power plant. The certificate assures that CPS will meet the minimum decommissioning funding requirements mandated by the NRC. The STP owners agreed in the financial assurance plan that their estimate of decommissioning costs would be reviewed and updated periodically. In 1995, the owners conducted a review of decommissioning costs. The results showed that CPS' share of decommissioning costs at approximately $270,000 in 1994 dollars. In 1999, the owners conducted an additional review of decommissioning, and results estimated CPS' share of decommissioning costs are now approximately $311,000 in 1998 dollars.

In 1991, CPS started accumulating the decommissioning funds in an external trust, in accordance with the NRC's regulations. The Decommissioning Trust assets and related liabilities are included in CPS' financial statements as a component unit. At January 31, 2003, CPS has accumulated approximately $183,300 of funds in the external trust. Based on the annual calculation of financial assurance required by the NRC, CPS' trust balance exceeded the calculated financial assurance amounts of $69,100 at December 31, 2002. Based upon the 1998 and 1994 decommissioning cost studies, the annual level funding into the trust of $15,900 for 2003 was expensed by CPS.

11. COMMITMENTS AND CONTINGENCIES

A. Primary Government (City)

Grants

The City has received significant financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a materially adverse effect on the City's financial position at September 30, 2003. Grants awarded by federal, state and other governmental agencies but not yet earned nor received in cash as of September 30, 2003 were $141,775.

Capital Improvement Program

The City will be undertaking various capital improvements to its airport system during fiscal year 2004. The estimated cost of these improvements is $226,586. Approximately $42,829 of the total will be funded by federal grants.

Litigation

The City is involved in various lawsuits related to alleged personal and property damages, wrongful death, breach of contract, various claims from contractors for additional amounts under construction contracts, property tax assessments, environmental matters, class action and promotional practices, and discrimination cases. The Office of the City Attorney estimates the probable liability for these suits, including those mentioned below, will approximate $8,995 which is included as a component of the reserve for claims liability in the amount of $16,179. The estimated liability, including an estimate of incurred but not reported claims, is recorded in the Insurance Reserve Fund. The City makes significant estimates in determining the amounts of unsettled claims under its self-insurance program and believes that the self-insurance reserves recorded in the Self-Insurance Funds are adequate to cover losses for which the City may be liable. It is not determinable whether additional claims or revisions to estimates required for settlement on existing claims could have a material effect on the government-wide financial statements.

Charles and Tracy Pollock, Individually and as next friend of Sarah Jane Pollock, a minor child v. City of San Antonio. This is a nuisance case alleging that benzene gas emitted from the West Avenue Landfill caused chromosomal damage to a fetus during the period of gestation, resulting in Plaintiff's contracting acute lymphoblastic leukemia. Although the trial court has entered against the City a judgment of approximately $20,000, the City believes that $19,980 of such sum ($10,000 in exemplary damages and $9,980 in personal injury damages) is not recoverable by the Plaintiff under a nuisance theory. Even if recoverable, the City believes that damages are capped at $250 under the Texas Tort Claims Act. The City is appealing the judgment.

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

11. COMMITMENTS AND CONTINGENCIES (Continued)

A. Primary Government (City) (Continued)

Arbitrage

The City has issued certain tax-exempt obligations that are subject to Internal Revenue Service (IRS) arbitrage regulations. Non-compliance with these regulations, which pertain to the utilization and investment of proceeds, can result in penalties including the loss of the tax-exempt status of the applicable obligations retroactive to the date of original issuance. In addition, the IRS requires that interest income earned on proceeds in excess of the arbitrage rate on applicable obligations be rebated to the federal government. The City monitors its bond proceeds in relation to arbitrage regulations, and "arbitrage rebate" is estimated and recorded in the government-wide and proprietary financial statements when susceptible to accrual and in the governmental fund type when matured.

Leases

The City leases City-owned property to others which consists of buildings, real property, and parking spaces. Costs of specific leased components are not readily determinable. Total rental revenue on operating leases for fiscal year ended September 30, 2003 was $16.3 million. As of September 30, 2003, the leases provide for the following future minimum rentals:

Leases Receivable

	Governmental Activities	Aviation	Parking	Total
Fiscal year ending September 30:				
2004	$ 1,915	$ 14,275	$ 133	$ 16,323
2005	1,667	14,046	42	15,755
2006	1,454	13,260		14,714
2007	917	1,866		2,783
2008	752	1,558		2,310
2009-2013	2,640	5,853		8,493
2014-2018	2,648	3,833		6,481
2019-2023	1,348	535		1,883
2024-2028	750	288		1,038
2029-2033	725			725
2034-2038	500			500
2039-2043	367			367
Future Minimum Lease Rentals	$ 15,683	$ 55,514	$ 175	$ 71,372

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11. COMMITMENTS AND CONTINGENCIES (Continued)

A. 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 thirty years. As of September 30, 1994, the City estimated these costs for postclosure of the Nelson Gardens Landfill at $3,800. The estimate was based on estimated costs for installation of a leachate and groundwater collection system, installation of a methane recovery system, geotechnical and environmental engineering services, and monitoring and maintaining the facility for a thirty-year period. In accordance with GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs", the estimated postclosure cost of $3,800 for the Nelson Gardens Landfill was recorded as a liability and expensed in the Environmental Services Fund in fiscal year 1994. This cost is an estimate and is subject to changes resulting from inflation/deflation, advances in technology, or changes in applicable laws or regulations.

Each fiscal year, the City performs an annual re-evaluation of the postclosure care costs associated with the Nelson Gardens Landfill. The annual re-evaluation conducted for the fiscal year ended September 30, 2003 resulted in an estimated postclosure care liability for the Nelson Gardens Landfill of $1,061. This represents an increase of $28 from the prior fiscal year for expenditures incurred for geotechnical and environmental engineering services.

TCEQ Financial Assurance

The City is required under the provision of the Texas Administrative Code to provide financial assurance to the Texas Commission on Environmental Quality (TCEQ), formerly known as the Texas Natural Resource Conservation Commission (TNRCC), related to the closure of municipal solid waste operations including, but not limited to, storage, collection, handling, transportation, processing, and disposal of municipal solid waste. As such, financial assurance is required to ensure that funds are available, when needed, to meet costs associated with the closure of the City's North East Transfer Station. Additionally, financial assurance is required to demonstrate financial responsibility for underground storage petroleum facilities. As of September 30, 2001, the permit for the North East Transfer Station has been transferred from the City and the new permitee has provided adequate financial assurance for this facility. Based on the number of underground petroleum storage tanks, the City is required to provide $1,000 of financial assurance related to the underground storage facilities.

Brooks City-Base – Electric and Gas Utilities

The Brooks City-Base Project is a collaborative effort between the U.S. Air Force (the "Air Force") and the City designed to retain the Air Force missions and jobs at Brooks Air Force Base, improve mission effectiveness, assist in reducing operating costs, and promote and enhance economic development at Brooks. On July 22, 2002, the land and improvements were transferred to the Brooks Development Authority (BDA) for the purpose of creating the Brooks Technology & Business Park, a facility which will foster the development of key targeted industries. The Air Force is currently the Park's anchor tenant and is leasing back facilities to perform its missions.

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

11. COMMITMENTS AND CONTINGENCIES (Continued)

A. Primary Government (City) (Continued)

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

With respect to BDA's obligation of $6,300, the City has agreed, under certain circumstances and if necessary, to assist BDA in funding its obligation. The City has agreed to contribute to BDA on an annual basis an amount equivalent to the incremental increase in the City's payment from CPS derived from Brooks. The City, as the owner of CPS, receives 14% of CPS' gross revenues and this amount represents additional resources available to the City as a result of its increased payment from CPS derived at Brooks. The first payment is due in fiscal year 2004 and is estimated at $75. Over the 20-year period, the City's annual payments will not exceed $3,400. In the event BDA has exhausted all of its available resources and has been unable to fulfill its obligation of $6,300 by the end of the 20-year term, the City has agreed in good faith to utilize all of its funding options to enable BDA to satisfy its obligation.

Alamodome Soil Remediation

The City has taken an aggressive approach to dealing with environmental issues resulting from the construction of the Alamodome, a multi-purpose domed facility. It is working in conjunction with the Texas Commission on Environmental Quality (TCEQ) on the continued development and implementation of a remediation plan that addresses both on and off-site locations that may contain contaminated soil. As of September 30, 2003, the City has expended approximately $13,447 related to Alamodome soil remediation efforts, inclusive of the supplemental environmental projects, and estimates the remaining cost for soil remediation to be approximately $21. In January 1996, TCEQ issued its Executive Director's Preliminary Report assessing a penalty against the City and VIA Metropolitan Transit (VIA) along with certain technical recommendations for alleged violations in the handling of contaminated soils at the Alamodome site. On February 12, 1997, the City and TCEQ entered into an Agreed Order relating to enforcement actions taken by the Commission against the City and VIA which provided for a reduced penalty amount because of positive actions taken by the City to initiate corrective actions in advance of the Agreed Order.

Under the Agreed Order, the Commission would also defer the remaining portion of the reduced fine upon successful completion, by the City, of certain supplemental environmental projects in the total amount of $628. The City, under separate agreement with VIA, would assume responsibility for the remediation of the remaining sites, with VIA contributing $350 towards these efforts.

The City to date has completed the Supplemental Environmental Projects as identified in the Agreed Order and has received concurrence from the TCEQ that these projects were successfully completed. Additionally, nine of the ten sites that require remedial activity under the Agreed Order have been completed. The TCEQ has provided closure letters for all of these sites. Final remediation is scheduled for fiscal year 2004 for the remaining site.

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11. COMMITMENTS AND CONTINGENCIES (Continued)

B. City Public Service (CPS)

Other

Purchase and construction commitments amounted to approximately $1,400,000 at January 31, 2003. This amount includes approximately $65,400 that is expected to be paid for natural gas purchases to be made under various contracts currently in effect through June 2007; the actual amount to be paid will depend upon CPS' actual requirements during the contract period and the price of gas. Commitments also include $68,300 for pipeline quality gas to be produced from the City of San Antonio "Nelson Gardens" landfill under the contract which is currently in effect through the year 2017. Also included is $31,500 for coal purchases through December 2003, $306,000 for coal transportation through December 2014, and $3,000 for treated cooling water through December 2005, based upon the minimum firm commitment under these contracts.

CPS has also committed to purchase $212,500 in wind power and $20,000 in purchased power; $28,400 for generation plant maintenance services, and $17,000 for distribution system construction and maintenance.

Additional purchase commitments at January 31, 2003, which are related to STP, include approximately $553,300 for raw uranium, associated fabrication and conversion services. This amount represents services that will be needed for refueling through the year 2028.

The PUC promulgated new rules in 1996 designed to comply with legislative changes affecting the utility industry. The Transmission Pricing and Access Rule (Rule) mandates that electric utilities charge customers for wholesale open transmission access according to a formula based on the amount of load served by each utility. CPS' cost for calendar years 2001 and 2002 were approximately $5,600 and $11,600, respectively. The estimated cost for calendar year 2003 is approximately $12,800.

Joint Operations Agreement

A 1997 Joint Operations Agreement (JOA) resulted from the litigation settlement with Texas Genco, L.P., formerly known as Reliant Energy, Inc., and Houston Lighting & Power, over its management of STP during the construction and early operating periods. The JOA is an arrangement to jointly dispatch CPS' and Texas Genco, L.P.'s generating plants to take advantage of the most efficient plants and favorable fuel prices of each utility. Until June 2002, CPS received, in monthly cash payments, ninety percent of the savings realized from the jointly operated systems. As of June 2002, when Texas Genco, L.P. met the JOA $200,000 cumulative savings obligation, monthly cash payments were reduced to 50 percent of the savings realized from the jointly operated systems. As of January 31, 2003, CPS' total cumulative payments from savings realized was $212,600.

Litigation

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

11. COMMITMENTS AND CONTINGENCIES (Continued)

C. San Antonio Water System (SAWS)

Other

SAWS is committed under various contracts for completion of construction or acquisition of utility plants totaling approximately $273,300 as of December 31, 2002. Funding of this amount will come from available revenues of SAWS, contributions from developers, and restricted assets.

Litigation

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

12. RISK FINANCING

A. Primary Government (City)

Property and Casualty Liability

At September 30, 2003, the City has excess insurance coverage through North River Insurance Company for liability. The blanket policy provides general and auto liability along with police professional errors and omissions and EMS Medical Malpractice, and Civil Rights and Employee Benefits Liability Coverage. Allianz Insurance Company provides property coverage on the City's building and contents inventory. The City utilizes a third party administrator for the handling of administration, investigation, and adjustment of liability claims.

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

Employee Health Benefits

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

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12. RISK FINANCING (Continued)

A. Primary Government (City) (Continued)

Workers' Compensation

The City self-insures for Workers' Compensation. The City is a member of the Texas Municipal League (TML) Workers' Compensation Joint Insurance Fund, an unincorporated association of political subdivisions of the State of Texas. The TML Workers' Compensation Joint Insurance Fund is not intended to operate as an insurance company, but rather is intended to be a contracting mechanism which the City as a member utilizes to administer self-insurance workers' compensation benefits to its employees for claims that occurred prior to September 30, 1986. The City also utilizes third party administrators for the handling of administration, investigation, and adjustment of workers' compensation claims that occurred after October 1, 1986. All loss contingencies, including claims incurred but not reported, if any, are recorded in the City's Self-Insurance Workers' Compensation Internal Service Fund and City departments are assessed premiums to cover expenditures. As of September 30, 2003, the City has excess workers' compensation coverage through the North River Insurance Company. Claims settlements did not exceed insurance coverage for each of the past three years.

Unemployment Compensation Program

The Unemployment Compensation Program of the Self-Insurance Internal Service Fund provides a central account for payment of unemployment compensation claims. As of the fiscal year end, claims were being administered internally by the City and are paid to the Texas Workforce Commission on a reimbursement basis. All costs incurred are recorded on a claim paid basis.

Extended Sick Leave Program

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

Employee Wellness Program

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

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12. RISK FINANCING (Continued)

A. Primary Government (City) (Continued)

Claims Liability

The liability for the Employees Benefits Program is based on the estimated aggregate amount outstanding at the balance sheet 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 balance sheet 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 which 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 feel 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 the Insurance Reserve and Workers' Compensation Programs is based on an undiscounted rate.

The following is a summary of changes in claims liability for the City's Insurance Reserve, Employee Benefits, and Workers' Compensation Programs for the year ended September 30, 2003.

Schedule of Changes In Claims Liability

Fund	Liability October 1,	Change in Estimates	Claims & Adjustments	Claims Payments	Liability Balance September 30, [1]
Insurance Reserve					
Fiscal Year 2002	$ 18,531	(2,352)	$ 6,285	$ (6,285)	$ 16,179
Fiscal Year 2003	16,179		4,836	(4,836)	16,179
Employee Benefits					
Fiscal Year 2002	$ 4,015	1,351	$ 38,980	$ (38,980)	$ 5,366
Fiscal Year 2003	5,366	3,182	36,997	(36,997)	8,548
Workers' Compensation[1]					
Fiscal Year 2002	$ 18,705	4,500	$ 9,946	$ (9,946)	$ 23,205
Fiscal Year 2003	23,205		10,035	(10,035)	23,205

[1]The Workers' Compensation Liability Balance of $23,205 is comprised of $20,879 recorded in the Workers' Compensation Fund and the remaining liability of $2,326 is recorded in Proprietary Funds.

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12. RISK FINANCING (Continued)

B. City Public Service (CPS)

CPS is exposed to various risks of loss including those related to torts, theft or destruction of assets, errors and omissions, and natural disasters. CPS purchases commercial liability and property insurance coverages to provide protection in event of large/catastrophic claims. CPS performs actuarial studies periodically to determine its insurance retentions. An actuarial study was last performed in 2001.

In addition, CPS is exposed to risks of loss due to death of, and injuries to, or illness of, its employees. CPS makes payments to external trusts to cover the claims under the related plans. At January 31, 2003, CPS accumulated approximately $122,700 in these external trusts. The trust accounts and related claims liabilities are included in CPS' financial statements. CPS has recorded $23,800 of expense related to these plans for the year ended January 31, 2003.

Based upon the guidance of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the following information is provided regarding the changes in the insurance reserves for property, and employee and public liability claims for the years ended January 31:

City Public Service
Schedule of Changes In Claims Liability

Fund	Liability Balance February 1,	Claims & Adjustments	Claims Payments	Liability Balance January 31,
Property Insurance				
Fiscal Year 2002	9,944	7	(1,327)	8,624
Fiscal Year 2003	8,624	(3,019)	(52)	5,553
Employee & Public Liability Claims				
Fiscal Year 2002	5,840	2,056	(2,888)	5,008
Fiscal Year 2003	5,008	1,968	(110)	6,866
Employee Health & Welfare Claims				
Fiscal Year 2002	0	28,022	(24,381)	3,641
Fiscal Year 2003	3,641	29,425	(28,894)	4,172

The employee health and welfare plan assets are segregated from CPS's assets. They are separately managed by committee whose members are appointed by the CPS General Manager and CEO. These plans have separate financial statements for calendar year 2002. These separately audited financial statements are available upon request from CPS.

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12. RISK FINANCING (Continued)

C. San Antonio Water System (SAWS)

Risk Management

SAWS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

SAWS is self administered and self-insured for the first $500 of each worker's compensation and $250 for general liability, automobile liability, public official's liability and $100 for pollution legal liability claim whereby any claim exceeding the self-insured retention limit would be covered through SAWS' comprehensive commercial insurance program. For the year ended December 31, 2002, there were no reductions in insurance coverage from the previous year and there were no claims which exceeded the self-insured retention limit. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

SAWS had recorded a liability in the amount of $1,184 as of December 31, 2002, which is reported as a current liability. The claims liability, including incurred but not reported claims, is based on the estimated ultimate cost of settling the claims. The claims liability includes medical and rehabilitation costs, which are considered incremental claim adjustment expenses. Changes in the liability amount for the last two fiscal years were:

San Antonio Water System
Schedule of Changes In Claims Liability

Year Ended	Balance at Beginning of Fiscal Year Liability	Claims & Adjustments	Claims Payments	Balance at End of Fiscal Year Liability
Seven Months Ended Dec. 31, 2001	$ 2,174	$ 824	$ (1,269)	$ 1,729
Dec. 31, 2002	$ 1,729	$ 1,058	$ (1,603)	$ 1,184

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13. INTERFUND TRANSFERS

The following is a summary of interfund transfers for the City for the year ended September 30, 2003:

Summary Table of Interfund Transfers for the Year Ended September 30, 2003

	Transfers From Other Funds	Transfers To Other Funds
General Fund:		
Airport System Fund	$ 230	$ 0
Parking System	261	446
Internal Service Funds	958	2,892
Nonmajor Governmental Funds	10,960	65,048
Nonmajor Enterprise Funds	712	
Total General Fund	13,121	68,386
Debt Service Funds:		
Nonmajor Governmental Funds	25,322	
Total Debt Service Funds	25,322	
Airport System Fund:		
General Fund		230
Internal Service Funds		171
Nonmajor Governmental Funds	1	129
Total Airport System Fund	1	530
Parking Facilities Fund:		
General Fund	446	261
Internal Service Funds		684
Nonmajor Governmental Funds		3,518
Total Parking Facilities Fund	446	4,463
Internal Service Funds:		
General Fund	2,892	958
Airport System	171	
Parking System	684	
Internal Service Funds	1,325	1,325
Nonmajor Governmental Funds	1,098	135
Nonmajor Enterprise Funds	230	
Total Internal Service Funds	6,400	2,418
Nonmajor Governmental Funds:		
General Fund	65,048	10,960
Debt Service		25,322
Airport System	129	1
Parking System	3,518	
Internal Service Funds	135	1,098
Nonmajor Governmental Funds	79,112	79,112
Total Nonmajor Governmental Funds	147,942	116,493
Nonmajor Enterprise Funds:		
General Fund		712
Internal Service Funds		230
Total Nonmajor Enterprise Funds		942
Total	$ 193,232	$ 193,232

(amounts are expressed in thousands)

13. INTERFUND TRANSFERS (Continued)

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

Other significant transfers by the General Fund include $615 set aside for the purchase of additional ladder trucks from fiscal year 2006 through fiscal year 2009. This is the second year that funds have been set aside for that purpose as the Master Plan recommended in fiscal year 2001 that $615 in funds be set aside each year through fiscal year 2005.

The Enterprise Resource Management Fund was established in fiscal year 2001 to record all operating revenues and expenditures associated with the development and implementation of the new enterprise system. Funding is provided by transfers from the Improvement Projects Fund. This year's support totaled $5,382.

In addition, the Parking Facilities Fund made a $3,318 transfer to the Hotel Motel Tax Capital Improvement Fund to cover demolition costs associated with the Hemisfair parking garage in fiscal year 2003.

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14. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

One element of this reconciliation states, "Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are not reported in the governmental funds." The detail of the $42,936 is as follows:

Revenues previously reported as deferred in the fund financial statements	$ 53,280
Receivable applicable to governmental activities, which are not available in the current period	565
Deferred revenues previously reported as income in the fund financial statements	(10,909)
Revenues collected after year end but are not available soon enough to pay for the current period's expenditures and therefore are recognized in governmental funds	$ 42,936

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

Total capital leases reported on the Government-wide Statement of Net Assets	$ 9,796
Less: Short-term available portion reported in fund financial statements	(442)
Net adjustment to decrease fund balance-total governmental funds to arrive at new assets-governmental activities for capital leases	$ 9,354

The details for the decrease related to accrued interest is as follows:

Total Accrued Interest reported on the Government-wide Statement of Net Assets	$ 8,992
Less: accrued interest reporting on the Debt Service Fund	(324)
Net adjustment to increase fund balance-total governmental funds to arrive at net assets-governmental activities for accrued interest	$ 8,668

14. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Cont'd)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

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

The details of the increase of bond costs are as follows:

Issuance costs expended per fund financial statements	$ 1,206
Less: amounts expended attributable to current period	(13,505)
Total bonds costs	$ (12,299)

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

Amortization of bond premiums on long-term debt-Debt Service Fund, previously expensed in the fund financial statements	$ 1,436
Amortization of bond premiums on long-term debt-General Obligation Bonds previously expensed in the fund financial statements	678
Less: premiums on bonds and certificates not previously recorded in the fund financial statements	(2,019)
Total amortization of bond premiums and deferred charges (net)	$ 95

Another element of this reconciliation states, "Some expenses reported in the Statement of Activities are not reported as expenditures in governmental funds." The details of the $1,154 are as follows:

Compensated Absences	$ (1,080)
Interest Expense	(704)
Principal Paid on Leases	2,703
Arbitrage Rebate Expense	235
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities.	$ 1,154

15. DEFICITS IN FUND BALANCES / NET ASSETS

Special Revenue Funds

As of September 30, 2003, deficit fund balance at year-end is reported in the HOME Program, Categorical Grant In-Aid, and Community Development Program in the amounts of $33, $513, and $251, respectively. The deficit is attributable to projects for which reprogramming of HOME Program and Community Development Program funds will occur subsequent to year-end. Upon reprogramming of funds, the deficit fund balances will be fully funded. The deficit for Categorical Grant-In Aid is attributable to projects that were overspent and for which local funding will be required to clear this deficit.

The Golf Course Fund had a deficit fund balance of $1,091 as of September 30, 2003. The deficit is attributable to a decline in revenues in recent years due to increased competition by the private sector and extreme weather patterns. In addition, increased labor and equipment costs have contributed to the deficit.

The Emergency Medical Services had a deficit fund balance of $424 as of September 30, 2003. The deficit is attributable to increased costs associated with ambulance services. Upon reprogramming of funds from the General Fund, the deficit balance will be fully funded in fiscal year 2004.

Internal Service Funds

As of September 30, 2003, a deficit of $19,919 in net assets is reported in the Employee Benefits Program. To address specific issues related to the increasing costs of health benefits, a consultant was contracted in fiscal year 2002 to perform a three-year actuarial study and plan design review of the City's Employee Benefits program. The consultant was hired specifically to make recommendations on plan design changes to allow the City to more effectively control costs. Future plan modifications recommended by the consultant to be considered include establishing health care medical management programs focused on providing managed care for employees having chronic, high risk ailments involving high costs such as back pain, high risk maternity, heart disease and depression. Programs such as these will be carefully studied as means of providing long term solutions to address rising health care costs and increasing fund balance deficits. In fiscal year 2004, the HMO, PPO and health benefits third party administrator contracts will be coming up for renewal. The renewals will provide an opportunity to review other options for future plan modifications to address the increasing cost of providing health benefits. Options could include establishment of an Exclusive Provider Organization (EPO) as a means of extending benefits whereby employees select from a more exclusive group of healthcare providers operating under more defined and consistent expense guidelines.

Within the Internal Service Funds, the Workers Compensation Program and the Employee Wellness Program also reported deficit net assets of $4,659 and $80, respectively, at September 30, 2003. The City will fund the deficits through assessments charged to various City funds in future years.

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16. OTHER DISCLOSURES

A. Donor Restricted Endowment

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

The San Jose Burial Park Permanent Fund generated $35 in interest to be expended for specified purposes. Chapter 713 of the Texas Health and Safety Code governs what expenditures the City may incur when spending the interest income. Per Chapter 713, the revenue can be spent for the maintenance and care of the graves, lots, and burial places, and to beautify the entire cemetery. The principal amount of this fund is increased each year by sales of lots from the San Jose Cemetery.

The Carver's Endowment Fund generated $5 in interest. These earnings can be used for the Carver Community Cultural Center's operating program, or reinvestment expenses (as detailed in the grant agreement). This fund is managed in accordance with the Uniform Management of Institutional Funds Act, which is codified as Section 163.001 in the Texas Property Code. The principal portion of the fund came from a one-time grant from the National Endowment for the Arts.

The San Antonio Housing Trust Fund generated $120 in interest. These earnings may be disbursed to projects with particular emphasis on housing programs as grants or secured loans. All distributions or disbursements of this 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 by, construed, regulated and administered in all respects under the laws of the State of Texas.

17. SUBSEQUENT EVENTS

A. Primary Government (City)

Bond Election

On November 4, 2003, City of San Antonio voters approved a $115,000 bond issue comprised of five individual propositions. These bond propositions include 113 projects throughout the city that will improve streets, drainage, libraries, parks and public health and safety facilities. Sale of bonds and construction of approved projects will occur over three years according to the following schedule:

First Year (2004) – First year of bond sale, work begins on projects
Second Year (2005) – Second year of bond sale, most design work completed
Third Year (2006) – Third year of bond sale, construction initiated on most projects
Fourth Year (2007) – Construction on all projects will be underway or substantially completed

Police Collective Bargaining Agreement

On November 13, 2003, the City Council approved the City's collective bargaining agreement with the San Antonio Police Officer's Association (SAPOA). The collective bargaining agreement is effective from October 1, 2002 to September 30, 2006 and contains an evergreen clause through September 30, 2016. The projected fiscal impact of the four year agreement is $53,400.

City of San Antonio
Texas

Required Supplementary Information Other Than MD&A

(Unaudited)

City of San Antonio
Texas

Budgetary Comparison Schedule - General Fund

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003			
	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
Resources (inflows):				
Taxes	$ 323,879,353	$ 323,998,717	$ 320,518,083	$ (3,480,634)
Licenses and Permits	14,747,404	14,701,151	13,912,258	(788,893)
Intergovernmental	2,985,627	3,019,892	2,878,131	(141,761)
Revenues from Utilities	174,743,000	174,744,315	210,466,156	35,721,841
Charges for Services	25,288,051	25,379,985	27,283,429	1,903,444
Fines and Forfeits	11,919,302	11,919,304	11,282,396	(636,908)
Miscellaneous	11,308,245	11,047,476	9,810,913	(1,236,563)
Transfers from other funds	12,972,173	13,263,245	13,120,941	(142,304)
Amounts Available for Appropriation	577,843,155	578,074,085	609,272,307	31,198,222
Charges to Appropriations (outflows):				
General Government	67,169,624	71,932,468	53,416,465	18,516,003
Public Safety	357,541,829	363,628,227	361,835,168	1,793,059
Public Works	10,567,266	12,942,577	11,920,629	1,021,948
Health Services	13,458,886	13,602,834	13,814,613	(211,779)
Sanitation	2,521,977	2,511,118	2,515,192	(4,074)
Culture and Recreation	16,314,278	17,049,088	16,317,480	731,608
Welfare	60,786,395	61,805,971	59,119,473	2,686,498
Economic Development and Opportunity	5,414,128	6,905,058	5,537,792	1,367,266
Transfers to other funds	67,612,306	71,236,894	70,377,939	858,955
Total Charges to Appropriations	601,386,689	621,614,235	594,854,751	26,759,484
Excess (Deficiency) of Resources Over (Under) Charges to Appropriations	(23,543,534)	(43,540,150)	14,417,556	57,957,706
Fund Balance Allocation	23,543,534	43,540,150	(14,417,556)	(57,957,706)
Excess (Deficiency) of Resources Over (Under) Charges to Appropriations	$ 0	$ 0	$ 0	$ 0

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.	$ 609,272,307
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(13,120,941)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 596,151,366
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 594,854,751
Differences - budget to GAAP:	
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	(2,779,853)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(70,377,939)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	$ 521,696,959

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.

City of San Antonio
Texas

Pension Schedules

REQUIRED SUPPLEMENTARY INFORMATION - (UNAUDITED)
SCHEDULES OF FUNDING PROGRESS
LAST THREE FISCAL YEARS

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
10-01-02	$ 1,341,274	$ 1,630,434	$ 289,160	82%	$ 183,686	157%
10-01-01	1,285,936	1,539,932	253,996	84%	179,554	141%
10-01-00	1,181,582	1,339,954	158,372	88%	168,944	94%

TEXAS MUNICIPAL RETIREMENT SYSTEM--CITY OF SAN ANTONIO

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	UNIT CREDIT ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL (1)	UAAL AS A PERCENTAGE OF COVERED PAYROLL
12-31-02	$ 436,046	$ 566,203	$ 130,157	77%	$ 197,678	66%
12-31-01	412,867	532,821	119,954	78%	189,495	63%
12-31-00	388,462	499,824	111,362	78%	168,040	66%

CITY PUBLIC SERVICE ALL EMPLOYEE PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	UNIT CREDIT ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-02	$ 758,200	$ 691,800	$ (66,400)	110%	$ 180,300	(37)%
01-01-01	713,600	643,500	(70,100)	111%	165,300	(42)%
01-01-00	648,100	610,800	(37,300)	106%	148,900	(25)%

NOTES: (1) Abstracted from City payroll records.

(amounts are expressed in thousands)

(unaudited - see accompanying accountants' report)

REQUIRED SUPPLEMENTARY INFORMATION - (UNAUDITED)
SCHEDULES OF FUNDING PROGRESS
LAST THREE FISCAL YEARS

SAN ANTONIO WATER SYSTEM - TMRS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	UNIT CREDIT ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
12-31-02	(2) $ 0	$ 0	$ 0		$ 0	
12-31-01	44,613	55,201	10,588	81%	51,958	20%
12-31-00	44,206	53,974	9,768	82%	51,312	19%

SAN ANTONIO WATER SYSTEM - PMLIC

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-02	$ 39,270	$ 45,947	$ 6,677	85%	$ 51,303	13%
01-01-01	31,341	40,797	9,457	77%	51,050	19%
01-01-00	26,417	46,229	19,812	57%	48,202	41%

(2) Balances for 12/31/02 not available

(amounts are expressed in thousands)

(unaudited - see accompanying accountants' report)

City of San Antonio
Texas

Combining Financial Statements & Schedules

(Unaudited)

City of San Antonio
Texas

Non-Major Governmental Funds

SPECIAL REVENUE FUNDS

HOTEL MOTEL TAX FUND *- to account for the operations of the City of San Antonio's Conventions and Tourism trade. Financing is provided by the Hotel-Motel Occupancy Tax.*

HOTEL MOTEL TAX CAPITAL IMPROVEMENT FUND *- to account for funds derived and activity relating to the additional 2% Municipal Hotel Motel Occupancy Tax.*

ALAMODOME FUND *- to account for the operations of the Alamodome System. Financing is provided by user fees, concessions, facility rental, and Hotel Motel Occupancy Tax (for Convention and Tourism only).*

STREET MAINTENANCE AND IMPROVEMENT FUND *- to account for funds used in the maintenance and improvement of street infrastructure. Financing is provided through transfer of funds from General Fund, and street resurfacing charges.*

PARKS DEVELOPMENT AND EXPANSION FUND *- to account for the additional one-eighth sales tax that funds the purchase and maintenance of new parkland in the Edwards Aquifer zones as well as linear parks along Leon Creek and Salado Creek.*

STORMWATER OPERATING FUND *- to account for the administrative and operational activities of the Stormwater Program. Financing is provided by a stormwater fee.*

PROJECT MANAGEMENT OFFICE FUND *- to account for funds used in administration related to the construction, expansion, and renovation of municipal facilities including the expansion of the Convention Center. Financing is provided from bonds proceeds and collections from the Municipal Hotel Motel Occupancy Tax.*

EMERGENCY MEDICAL SERVICES FUND *- to account for revenues received and expenditures made in conjunction with the City's Emergency Medical Service. Financing is provided by service fees and additional funds transferred from the General Fund.*

CAPITAL IMPROVEMENTS RESERVE FUND *- to account for the financing of special capital improvements designated by the City Council. Financing is derived from the sale of excess City land and from City Public Service Board non-budgeted sales to other utilities. Amounts are transferred to the Capital Project Improvement Projects Fund for construction purposes.*

NELSON WOLFF STADIUM *- to account for the operations of Nelson W. Wolff Stadium. Financing is provided by user fees, concessions, facility rental and event parking.*

CONFISCATED PROPERTY FUND *- to account for receipts and disbursement of funds confiscated by law enforcement officers within the City of San Antonio, Texas.*

PUBLIC HEALTH SUPPORT REVENUE FUND *- to account for funds provided for the City's Health Support Facilities. Financing is derived through reimbursements for local health care services provided to eligible legalized aliens.*

Non-Major Governmental Funds *(continued)*

SPECIAL REVENUE FUNDS (continued)

JOB TRAINING, NEIGHBORHOOD REVITALIZATION, AND ECONOMIC DEVELOPMENT FUND *- to account for the proceeds realized from the lease-lease back of City Public Service, the City's Electric Utility. The proceeds will be used to fund better jobs, neighborhood revitalization, technology accelerator initiative, and capital improvement programs.*

HOME PROGRAM FUND *- to accept, receipt and disburse federal funds designated for HOME Investment Partnership Programs.*

CATEGORICAL GRANT-IN AID FUNDS *- to account for receipt and disbursement of all federal and state grants except for Community Development Block Grants and Home Investment Partnership Grants.*

HUD 108 LOAN PROGRAM *- to accept, receipt and disburse federal funds designed for the financing of facility improvements at KellyUSA. The City, as the loan originator, has made a third party loan to the Greater Kelly Development Authority (GKDA) to make certain building improvements needed to accommodate the Boeing Corporation's Aerospace Support Center at KellyUSA.*

COMMUNITY DEVELOPMENT PROGRAM FUND *- to accept, receipt and disburse federal funds designated for Community Development Block Grants' programs.*

COMMUNITY SERVICES FUND *- to account for funds that provide various services to the community such as health, housing, education, safety, employment and economic development. Included in this fund are two blended component units, the San Antonio Industrial Development Authority which 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. The San Antonio Health Facilities Development Corporation established in accordance with state laws for the purpose of acquiring, constructing, improving, providing financing, refinancing for any real, personal, or mixed property for health care, research, and education and to assist in the maintenance of the public health.*

GOLF COURSE SYSTEM *- to account for the operation of the City's Golf Course Facilities. Financing for Golf Course Operations is provided by user fees.*

BROOKS CITY-BASE OFFICE *- to account for the operation of the Brooks City-Base Office for efficient internal control and monitoring.*

INTERNATIONAL CENTER FUND *- to account for revenues and the general maintenance of the International Center. Financing is provided by charges for rent, common area maintenance of the facility and a contribution from the General Fund.*

CAPITAL PROJECTS FUNDS

GENERAL OBLIGATION BONDS *- to account for financial resources to be used for acquisition or construction of major capital facilities such as Drainage, Library Improvements, excluding those financed by proprietary type funds and trust funds. Financing is derived by the sale of General Obligation Bonds.*

IMPROVEMENT PROJECTS *- to account for special capital improvements designated by City Council. Financing is derived from contributions from other funds.*

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.*

CONVENTION CENTER EXPANSION *- to account for financial resources to be used in the Convention Center Expansion Project. Financing was derived from a 2% Hotel/Motel tax, and proceeds from the subsequent sale of debt.*

Non-Major Governmental Funds *(continued)*

CAPITAL PROJECTS FUNDS (continued)

MUNICIPAL FACILITIES *- to account for the financing for the acquisition and construction of a One Stop Development Services Center for the City of San Antoinio, Texas. Financing was derived from the sale of "City of San Antonio, Texas Municipal Facilities Corporation Lease Revenue Bonds".*

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 sale of "City of San Antonio, Texas Municipal Drainage Utility System Revenue Bonds".*

STARBRIGHT INDUSTRIAL DEVELOPMENT CORPORATION FUND *- to account for the purchase of the project site for the proposed Toyota plant and finance other costs of the project site including site preparation and a training facility as provided in the Project Starbright Agreement. Financing is derived from the sale of "City of San Antonio, Texas Starbright Industrial Development Corporation Contract Revenue Bonds".*

PERMANENT FUNDS

SAN JOSE BURIAL PARK PERMANENT FUND *- to account for operation of City's burial park. Financing is provided by user fees.*

CARVER CULTURAL CENTER ENDOWMENT FUND *- to account for matching funds held by the City of San Antonio and grant funds awarded by the National Endowment for the Arts.*

SAN ANTONIO HOUSING TRUST FUND *- to account for funds utilized in programs administered by the San Antonio Housing Trust Foundation. Financing is provided from interest earned from investments that were designated from the sale of the Roger's Cable System.*

—— CITY OF SAN ANTONIO, TEXAS ——

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2003

	Special Revenue Funds									
	Hotel Motel Tax	Hotel Motel Tax Capital Improvement	Alamodome	Street Maintenance And Improvements	Parks Development And Expansion	Stormwater Operations	Project Management Office	Emergency Medical Services	Capital Improvements Reserve	Nelson Wolff Stadium
ASSETS										
Assets:										
Cash and Cash Equivalents	$ 6,558,874	$ 1,996,980	$ 1,058,907	$ 3,540,759	$ 10,245,398	$ 8,375,329	$ 19,081	$ 175,945	$ 972,706	$ 16,208
Investments	6,046,290	1,840,717	852,099	2,804,815	9,841,440	7,806,552	17,641	853,490	1,597,122	97,802
Receivables	298,985		91,268	2,023		976		72,228,458		
Less: Allowance for Uncollectibles	(76,473)		(90,570)					(61,012,873)		
Accrued Interest	18,128	5,512	4,895	3,391	25,358	21,537	9		5,623	28
Accrued Revenue	3,218,702	919,629	408,513	605,347	2,928,658	1,566,731				233,531
Prepaid Expenditures	4,518									
Due from Other Funds				518,117	7,882	192,437		10,011		
Due from Other Governmental Agencies				127,764	75,000					
Less: Allowance for Uncollectibles										
Inventories of Materials and Supplies, at Cost	153,704		413,361	181,797		137,651		362,918		38,413
Deposits	17,148									
Total Assets	16,239,876	4,762,838	2,738,473	7,784,013	23,123,736	18,101,213	36,731	12,617,949	2,575,451	385,982
LIABILITIES AND FUND BALANCES										
Liabilities:										
Vouchers Payable	2,121,780		239,130	1,348,978		110,142	3,855	149,819		69,252
Accounts Payable - Other	1,677,883		512,257	13,763		8,872	940	68,768		2,372
Accrued Payroll	347,226		73,309	234,975		200,296	4,742	176,017		4,294
Accrued Leave Payable	123,619		13,497	97,781		35,818	2,000	682,300		1,797
Deferred Revenues	17,258		(11,953)					11,215,586		
Due To:										
Other Funds	998		181,980	711,367	465,549	24,244	20,606	750,000		270,997
Other Governmental Agencies										
Amounts Held in Trust										
Total Liabilities	4,288,764		1,008,220	2,406,864	465,549	379,372	32,143	13,042,490		348,712
Fund Balances:										
Reserved:										
Reserved for Encumbrances	1,665,540		239,840	5,366,078	1,390,650	3,562,601		11,421	1,257,357	10,632
Reserved for Inventories	153,704		413,361	181,797		137,651		362,918		38,413
Reserved for Prepaid Expenditures	4,518									
Reserved for Employees' Pension/										
Unreserved:										
Designated: Special Revenue Funds	6,091,138		1,077,052			1,093,961	4,588		200,752	
Designated: Capital Projects Funds										
Designated: Permanent Funds										
Undesignated: Special Revenue Funds	4,036,212	4,762,838		(170,726)	21,267,537	12,927,628		(798,880)	1,117,342	(11,775)
Undesignated: Capital Projects Funds										
Undesignated: Permanent Funds										
Total Fund Balances	11,951,112	4,762,838	1,730,253	5,377,149	22,658,187	17,721,841	4,588	(424,541)	2,575,451	37,270
Total Liabilities and Fund Balances	$ 16,239,876	$ 4,762,838	$ 2,738,473	$ 7,784,013	$ 23,123,736	$ 18,101,213	$ 36,731	$ 12,617,949	$ 2,575,451	$ 385,982

—— CITY OF SAN ANTONIO, TEXAS ——

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2003

Special Revenue Funds											
Confiscated Property	Public Health Support Revenue	Job Training Neighborhood Revitalization And Economic Development	HOME Program	Categorical Grant-In Aid	HUD 108 Loan Program	Community Development Program	Community Services	Golf Course	Brooks City-Base	International Center	Total Nonmajor Special Revenue Funds
$ 1,353,490	$ 722,422	$ 2,419,972	$ 640,618	$ 44,184	$ 787,890	$ 6,894,715	$ 9,754,407	$ 9,884	$ 0	$ 116,577	$ 55,704,346
1,247,580	829,293	2,230,611		238,200	1,075,280		5,088,350	10,932	343,994	217,726	43,039,934
	30,442		2,330,151	940	2,056	3,779,863	1,562,680	26,745	1,420		80,356,007
							(45,000)				(61,224,916)
3,055	2,257	6,132					14,616			579	111,120
	22,593						951,965			5,724	10,861,393
	4,100			62,976			59,631				131,225
				845,153				17,837			1,591,437
				25,322,273			109,736	127,265			25,762,038
							29,281	158,114			1,475,239
							75,000				92,148
2,604,125	1,611,107	4,656,715	2,970,769	26,513,726	1,865,226	10,674,578	17,600,666	350,777	345,414	340,606	157,899,971
22,795	795		469,656	5,202,212		1,333,108	338,900	29,455	41,684	15,132	11,496,693
1,169	215			2,042,828		56,165	3,160,676	163,752	927	(9,077)	7,701,510
3	35,190		6,107	570,263		80,802	107,527	75,430	26,367	6,941	1,949,489
	11,320						26,616	25,686	682	2,418	1,023,534
	22,593		2,330,151			3,758,850	457,577	127,265			17,917,327
	22,593			19,185,162		730,759	2,163,074	1,020,619	113,251		25,661,199
			197,739	26,199	1,433,679	4,965,930					6,623,547
23,967	92,706		3,003,653	27,026,664	1,433,679	10,925,614	6,254,370	1,442,207	182,911	15,414	72,373,299
66,914	8,861	418,000					406,013	26,521	12,138		14,442,566
							29,281	158,114			1,475,239
	4,100			62,976			59,631				131,225
259,188	162,600	330,629					2,800			4,501	9,227,209
2,254,056	1,342,840	3,908,086	(32,884)	(575,914)	431,547	(251,036)	10,848,571	(1,276,065)	150,365	320,691	60,250,433
2,580,158	1,518,401	4,656,715	(32,884)	(512,938)	431,547	(251,036)	11,346,296	(1,091,430)	162,503	325,192	85,526,672
$ 2,604,125	$ 1,611,107	$ 4,656,715	$ 2,970,769	$ 26,513,726	$ 1,865,226	$ 10,674,578	$ 17,600,666	$ 350,777	$ 345,414	$ 340,606	$ 157,899,971

—— CITY OF SAN ANTONIO, TEXAS ——

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2003

Capital Projects Funds									Permanent Funds				
General Obligation Bonds	Improvement Projects	Certificates of Obligation	Convention Center Expansion	Parks Development and Expansion	Municipal Facilities	Municipal Drainage Utility System	Starbright Industrial Development Corporation	Total Nonmajor Capital Projects Funds	San Jose Burial Park	Carver Cultural Center Endowment	San Antonio Housing Trust	Total Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
$ 55,979,335	$ 17,031,602	$ 46,150,604	$ 1,162,706	$ 2,930,364	$ 884,456	$ 23,126,656	$ 6,376,263	$ 153,641,986	$ 1,464,747	$ 195,378	$ 10,295,869	$ 11,955,994	$ 221,302,326
51,656,777	10,411,951	43,249,526	1,002,541	2,701,065		21,317,006		130,338,866	1,350,108	180,090	97,800	1,627,998	175,006,798
1,020,077	19,683	37,600						1,077,360	44,155			44,155	81,477,522
(24,541)	(19,683)	(37,600)						(81,824)					(61,306,740)
144,786	31,792	135,254	2,972	3,419		57,403		375,626	3,786	503	4,975	9,264	496,010
													10,861,393
													131,225
	560,697		20,606					581,303					2,172,740
3,665,750	4,549,638							8,215,388			331,344	331,344	34,308,770
											(331,344)	(331,344)	(331,344)
													1,475,239
			261,359					261,359					353,507
112,442,184	32,585,680	89,535,384	2,450,184	5,634,848	884,456	44,501,065	6,376,263	294,410,064	2,862,796	375,971	10,398,644	13,637,411	465,947,446
1,594,561	4,758,112	833,337	199,216	1,713	255,151			7,642,090	543			543	19,139,326
3,078,760	13,659,749	785,477	720,895					18,244,881	403		37,493	37,896	25,984,287
									5,648			5,648	1,955,137
									10,712			10,712	1,034,246
4,661,286	5,110,335							9,771,621	44,155			44,155	27,733,103
980,549	72,450	41,759						1,094,758	3,382			3,382	26,759,339
													6,623,547
10,315,156	23,600,646	1,660,573	920,111	1,713	255,151			36,753,350	64,843		37,493	102,336	109,228,985
40,818,324	51,653,201	44,223,680	1,364,679	4,764,442		350,241		143,174,567	3,829		81,972	85,801	157,702,934
													1,475,239
													131,225
													9,227,209
									1,500,433	333,784	1,000,000	2,834,217	2,834,217
													60,250,433
61,308,704	(42,668,167)	43,651,131	165,394	868,693	629,305	44,150,824	6,376,263	114,482,147					114,482,147
									1,293,691	42,187	9,279,179	10,615,057	10,615,057
102,127,028	8,985,034	87,874,811	1,530,073	5,633,135	629,305	44,501,065	6,376,263	257,656,714	2,797,953	375,971	10,361,151	13,535,075	356,718,461
$ 112,442,184	$ 32,585,680	$ 89,535,384	$ 2,450,184	$ 5,634,848	$ 884,456	$ 44,501,065	$ 6,376,263	$ 294,410,064	$ 2,862,796	$ 375,971	$ 10,398,644	$ 13,637,411	$ 465,947,446

—— CITY OF SAN ANTONIO, TEXAS ——

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Special Revenue Funds									
	Hotel Motel Tax	Hotel Motel Tax Capital Improvement	Alamodome	Street Maintenance and Improvements	Parks Development and Expansion	Stormwater Operations	Project Management Office	Emergency Medical Services	Capital Improvements Reserve	Nelson Wolff Stadium
Revenues										
Taxes:										
Property Taxes	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
General Sales and Use Taxes					17,360,375					
Selective Sales and Use Taxes										
Gross Receipts Business Taxes										
Occupancy Taxes	34,714,762	9,918,459								
Penalties and Interest on Delinquent Taxes		12,591								
Licenses and Permits										
Intergovernmental				513,161					694,937	
Revenues from Utilities										
Charges for Services	7,868,271		5,175,371	1,181,031		24,758,942		9,862,050		500,705
Fines and Forfeits										
Miscellaneous	208,370		1,888	256,291		3,286			348,863	51,687
Interest	169,449	27,905	55,290	39,856	210,791	171,272	97		47,569	252
Net Increase (Decrease) in Fair Value of Investments	(876)	(151)	(225)	(403)	(761)	(517)	(2)		(264)	(1)
In-Kind Contributions										
Total Revenues	42,959,976	9,958,804	5,232,324	1,989,936	17,570,405	24,932,983	95	9,862,050	1,091,105	552,643
Expenditures										
Current:										
General Government										
Public Safety										
Public Works				26,212,823		18,291,441				
Health Services								38,774,985		
Environmental Protection and Control										
Sanitation										
Welfare										
Culture and Recreation					516,895					648,051
Convention and Tourism	41,449,230	102,993	8,722,957				362,047			
Conservation										
Urban Redevelopment and Housing										
Economic Development and Opportunity										
Capital Projects										
Total Expenditures	41,449,230	102,993	8,722,957	26,212,823	516,895	18,291,441	362,047	38,774,985		648,051
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,510,746	9,855,811	(3,490,633)	(24,222,887)	17,053,510	6,641,542	(361,952)	(28,912,935)	1,091,105	(95,408)
Other Financing Sources (Uses)										
Long-Term Debt Issued										
Payments to Refunded Bond Escrow Agent										
Amounts from Notes and Loans										
Redemption of General Commercial Paper										
Premium on Long-term Debt										
Operating Transfers In	365,049	3,318,394	194,817	29,320,110		128,549	583,166	28,325,994	431,044	
Operating Transfers Out	(7,741,386)	(10,326,446)	(62,945)	(10,165,389)	(14,596,529)	(2,359,022)	(241,820)		(2,680,852)	(5,260)
Total Other Financing Sources (Uses)	(7,376,337)	(7,008,052)	131,872	19,154,721	(14,596,529)	(2,230,473)	341,346	28,325,994	(2,249,808)	(5,260)
Net Change in Fund Balances	(5,865,591)	2,847,759	(3,358,761)	(5,068,166)	2,456,981	4,411,069	(20,606)	(586,941)	(1,158,703)	(100,668)
Fund Balances, October 1	17,816,703	1,915,079	5,089,014	10,445,315	20,201,206	13,310,772	25,194	162,400	3,734,154	137,938
Fund Balances, September 30	$ 11,951,112	$ 4,762,838	$ 1,730,253	$ 5,377,149	$ 22,658,187	$ 17,721,841	$ 4,588	$ (424,541)	$ 2,575,451	$ 37,270

—— CITY OF SAN ANTONIO, TEXAS ——

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Special Revenue Funds											
Confiscated Property	Public Health Support Revenue	Job Training Neighborhood Revitalization And Economic Development	HOME Program	Categorical Grant-In Aid	HUD 108 Loan Program	Community Development Program	Community Services	Golf Course	Brooks City-Base	International Center	Total Nonmajor Special Revenue Funds
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 357,889	$ 0	$ 0	$ 0	$ 357,889
											17,360,375
											44,633,221
											12,591
	1,191,501		5,852,459	150,650,536	676,792	16,169,584	2,644,757				178,393,727
	1,457,434			10,772			2,743,680	6,104,809		1,003,761	60,666,826
1,757,193			569,954	4,212,833	1,548,942	1,188,016	3,979,661	14,222			14,141,206
24,111	17,944	54,916					196,741		265	4,444	1,020,902
(94)	(37)	(235)		(217)	(39)		(475)		(9)	(14)	(4,320)
				19,886,895							19,886,895
1,781,210	2,666,842	54,681	6,422,413	174,760,819	2,225,695	17,357,600	9,922,253	6,119,031	256	1,008,191	336,469,312
				12,727		117,003	11,316,626				11,446,356
945,178				11,322,289		415,615	1,101,716				13,784,798
				10,440,391		1,259,055	291,181				56,494,891
	1,914,149			28,727,185		286,249	215,288				69,917,856
				617,051		770					617,821
				116,293,568		1,722,132	239,337				118,255,037
				2,594,938		2,601,502	2,594,992	6,415,656			15,372,034
										815,219	51,452,446
			6,422,413	9,933,687		7,011,448	168,868				23,536,416
		16,471		6,526,984	1,941,390	3,150,575	2,091,765		950,790		14,677,975
945,178	1,914,149	16,471	6,422,413	186,468,820	1,941,390	16,564,349	18,019,773	6,415,656	950,790	815,219	375,555,630
836,032	752,693	38,210		(11,708,001)	284,305	793,251	(8,097,520)	(296,625)	(950,534)	192,972	(39,086,318)
							4,465,000				4,465,000
				12,558,639		4,517,937	6,213,697		959,000		86,916,396
(149,244)	(310,672)			(4,724,821)		(5,393,710)	(3,384,528)	(13,838)		(18,962)	(62,175,424)
(149,244)	(310,672)			7,833,818		(875,773)	7,294,169	(13,838)	959,000	(18,962)	29,205,972
686,788	442,021	38,210		(3,874,183)	284,305	(82,522)	(803,351)	(310,463)	8,466	174,010	(9,880,346)
1,893,370	1,076,380	4,618,505	(32,884)	3,361,245	147,242	(168,514)	12,149,647	(780,967)	154,037	151,182	95,407,018
$ 2,580,158	$ 1,518,401	$ 4,656,715	$ (32,884)	$ (512,938)	$ 431,547	$ (251,036)	$ 11,346,296	$ (1,091,430)	$ 162,503	$ 325,192	$ 85,526,672

—— CITY OF SAN ANTONIO, TEXAS ——

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Capital Projects Funds									Permanent Funds				
General Obligation Bonds	Improvement Projects	Certificates of Obligation	Convention Center Expansion	Parks Development and Expansion	Municipal Facilities	Municipal Drainage Utility System	Starbright Industrial Development Corporation	Total Nonmajor Capital Projects Funds	San Jose Burial Park	Carver Cultural Center Endowment	San Antonio Housing Trust	Total Nonmajor Permanent Funds	Total Nonmajor Governmental Funds
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 357,889
													17,360,375
													44,633,221
													12,591
3,385,255	1,128,549	526,436		500,000				5,540,240					183,933,967
									89,014			89,014	60,755,840
162,611	2,553,806		305,689				24,202,944	27,225,050					41,366,256
1,296,425	268,408	1,236,119	37,093	75,864	59,726	160,627	12,804	3,147,066	35,210	4,625	119,980	159,815	4,327,783
(4,538)	(1,039)	(3,635)	(186)	(267)				(9,665)	(161)	(18)	(22)	(201)	(14,186)
													19,886,895
4,839,753	3,949,724	1,758,920	342,596	575,597	59,726	160,627	24,215,748	35,902,691	124,063	4,607	119,958	248,628	372,620,631
									447,658			447,658	11,894,014
													13,784,798
													56,494,891
													69,917,856
													617,821
													118,255,037
													15,372,034
													51,452,446
											229,318	229,318	23,765,734
													14,677,975
30,292,770	56,282,359	15,271,548	435,117	2,685,428	7,325,376	622,840	17,839,485	130,754,923					130,754,923
30,292,770	56,282,359	15,271,548	435,117	2,685,428	7,325,376	622,840	17,839,485	130,754,923	447,658		229,318	676,976	506,987,529
(25,453,017)	(52,332,635)	(13,512,628)	(92,521)	(2,109,831)	(7,265,650)	(462,213)	6,376,263	(94,852,232)	(323,595)	4,607	(109,360)	(428,348)	(134,366,898)
31,220,000		69,930,000				44,150,000		145,300,000					149,765,000
1,386,348		3,716,258				813,278		5,915,884					5,915,884
5,452,506	55,261,570	74,032	237,398					61,025,506					147,941,902
(1,878,712)	(5,457,250)	(46,453,409)	(508,166)					(54,297,537)		(20,000)		(20,000)	(116,492,961)
36,180,142	49,804,320	27,266,881	(270,768)			44,963,278		157,943,853		(20,000)		(20,000)	187,129,825
10,727,125	(2,528,315)	13,754,253	(363,289)	(2,109,831)	(7,265,650)	44,501,065	6,376,263	63,091,621	(323,595)	(15,393)	(109,360)	(448,348)	52,762,927
91,399,903	11,513,349	74,120,558	1,893,362	7,742,966	7,894,955			194,565,093	3,121,548	391,364	10,470,511	13,983,423	303,955,534
$ 102,127,028	$ 8,985,034	$ 87,874,811	$ 1,530,073	$ 5,633,135	$ 629,305	$ 44,501,065	$ 6,376,263	$ 257,656,714	$ 2,797,953	$ 375,971	$ 10,361,151	$ 13,535,075	$ 356,718,461

SPECIAL REVENUE FUNDS
COMMUNITY SERVICES FUND
COMBINING SCHEDULE/BALANCE SHEET
AS OF SEPTEMBER 30, 2003

	ASSETS											
			RECEIVABLES									
FUNDS	CASH AND CASH EQUIVALENTS	INVESTMENTS	OTHER ACCOUNTS	LESS: ALLOWANCE FOR UNCOLLECTIBLES	ACCRUED INTEREST	ACCRUED REVENUE	DUE FROM OTHER FUNDS	DUE FROM OTHER GOV'T AGENCIES	PREPAID EXPENSES	INVENTORIES OF MATERIALS AND SUPPLIES AT COST	DEPOSITS	TOTAL ASSETS 2003
Public Library-Other Memorials and Gifts Fund	$ 43,872	$ 40,439	$ 0	$ 0	$ 138	$ 0	$ 0	$ 0	$	$ 0	$ 0	$ 84,449
Brown Bag Days Fund	126	116										242
Carver Community Contribution Fund	3,900	5,111			17							9,028
San Antonio Branch Libraries Gift Fund	77,569	71,499			230							149,298
San Antonio Library Foundation Gift Fund	867,244	799,382	174,000		2,519							1,843,145
San Antonio Friends of the Library Gift Fund	10,559	9,733			32							20,324
Bexar County Rabies Control						9,146		39,164				48,310
The City's Front Yard Program Fund	112,705	103,886			300							216,891
Market Square San Antonio Cultural Program	8,421	7,763			20							16,204
San Antonio Downtown Citizens' Beautification Program	235	216			1							452
Child Abuse Prevention Program/Kidcare	17	16			22							55
Martin Luther King Celebration	(22,739)											(22,739)
Special Art Acquisition and Maintenance Fund	1,198	1,105			3							2,306
Martin Luther King Scholarships Memorial Fund	(7,826)											(7,826)
La Villita Memorials and Gifts	2,274	2,096			6							4,376
Alamo Foundation Inc. Gift	(19,547)		20,000									453
Elizabeth Evelyn Beike Gift to Oakwell Library	29,925	27,583			76							57,584
Commission for Children and Families	2,907	2,679			9							5,595
San Antonio Petroleum Bulk Terminal Operators	2,832	2,611			7							5,450
City of San Antonio Historic Preservation Fund	13,009	11,991			33							25,033
Dies Y Seis Celebration	26,812	24,714			75							51,601
Cellular on Patrol Trust Funds	1,062	979			3							2,044
Woodlawn Lake July 4 Celebration	(322)											(322)
Miscellaneous Memorials and Gifts Fund	6,739	6,211			17							12,967
Market Square Improvement Trust Fund	63,763	58,774			198							122,735
Mayor's Conference on Status of Women	3,389											3,389
San Antonio Literacy Trust Fund	8,617	7,943			22							16,582
Work/Family Commission Contribution Fund	490	452			1							943
Economic Initiative Fund						158,143		3,111				161,254
San Antonio Public Library-Hertzberg Circus Fund	(15,933)											(15,933)
San Antonio Public Library-Alice Moore Fund	271	250			1							522
Knights of Pythias Cemetery Fund	1,567	1,444			4							3,015
Fire Prevention Week Trust Fund	3,851	3,549			10							7,410
Fire Ladder Truck Buy-In Project	669,310	616,937			1,695							1,287,942
Victim's Advocacy Trust Fund	2,395	2,207			6							4,608
Dwyer Center Rental Income Trust	101,208	125,179			369							226,756
School Zone Flashing Beacons	83,503											83,503
State Paid Traffic Signals	15,191					529,315						544,506
San Antonio Police Training Classes Fund	165,069	117,021			380							282,470
HIDTA Group Leasing Program	9,773								59,631			69,404
Community Action Program Projects Fund	4,231											4,231
Tree Preservation Mitigation Fund	21,906	20,192			56							42,154
Police Academy Memorial Plaza Construction	609	562			2							1,173
Forensic Mapping System	458	423			1							882
"C" Fire Technical Rescue Equipment Project	931		5,000									5,931
Affordable Housing Trust Fund	45,835	42,248			116							88,199
City Holiday Gift Program	(124)											(124)
City Volunteer Corp Trust Fund	(454)											(454)
San Antonio Flood Relief Fund	6,828	6,294			17							13,139
TIF 3 City Commercial TIF Fund	21,540	19,855			184							41,579
San Antonio Symphony/Zoo Obligation Project												
Americans w/Disability Act Access Enhancement	2,195	2,023			6							4,224
Better Jobs Expendable Trust Fund	1,738,729	1,602,674			4,604							3,346,007
Zoo Concession Area Capital Repair Trust	1											1
ACCD Settlement Education for City Employees Fund			937,190									937,190
ACCD Settlement Advanced Technology Center Fund			98,992									98,992
Prop 3 Habitat Mitigation Fund	2,068	1,907			5							3,980
Special Public Improvement District Fund	243,748	224,675	58,577		862						75,000	602,862
Seminar Operating Fund	183											183
Park's Recreation Athletic Fund	457,529	424,107			1,211							882,847
911 District Fund						125,081						125,081
Tax Clearance Account	1,514,407											1,514,407
San Antonio Health Facilities Development Corporation	18,426											18,426
San Antonio Industrial Development Authority	10,197											10,197
Otto Koehler Park					33	23,748						23,781
Child Safety					135	103,288						103,423
Soil Remediation	72,276	66,620	265,000	(45,000)	239							359,135
Official City Store	31,495	29,541	1,465		88					29,281		91,870
Housing Asset Recovery Program		1,137			15	3,244						4,396
Tax Increment Financing	457,467	412,920			683			67,461				938,531
Enterprise Resource Management Project	67,831	62,062	2,456									132,349
Park Acquisition and Development Fund	88,374	81,458			165							169,997
Equipment Acquisition Fund	2,674,285											2,674,285
TIF Unit Fund		37,766										37,766
TOTAL	$ 9,754,407	$ 5,088,350	$ 1,562,680	$ (45,000)	$ 14,616	$ 951,965	$ 0	$ 109,736	$ 59,631	$ 29,281	$ 75,000	$ 17,600,666

SPECIAL REVENUE FUNDS
COMMUNITY SERVICES FUND
COMBINING SCHEDULE/BALANCE SHEET
AS OF SEPTEMBER 30, 2003

FUNDS	LIABILITIES: VOUCHERS PAYABLE	ACCOUNTS PAYABLE OTHER	ACCRUED PAYROLL	ACCRUED LEAVE PAYABLE	DEFERRED REVENUE	DUE TO OTHER FUNDS	TOTAL LIABILITIES	FUND BALANCES	TOTAL LIABILITIES AND FUND BALANCES 2003
Public Library-Other Memorials and Gifts Fund	$ 2,014	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,014	$ 82,435	$ 84,449
Brown Bag Days Fund								242	242
Carver Community Contribution Fund								9,028	9,028
San Antonio Branch Libraries Gift Fund	717						717	148,581	149,298
San Antonio Library Foundation Gift Fund	129,631		3,214		174,000		306,845	1,536,300	1,843,145
San Antonio Friends of the Library Gift Fund	2,127						2,127	18,197	20,324
Bexar County Rabies Control	71		3,090	6,056		39,093	48,310		48,310
The City's Front Yard Program Fund	2,460						2,460	214,431	216,891
Market Square San Antonio Cultural Program Fund								16,204	16,204
San Antonio Downtown Citizens' Beautification Program								452	452
Child Abuse Prevention Program/Kidcare								55	55
Martin Luther King Celebration								(22,739)	(22,739)
Special Art Acquisition & Maintenance Fund								2,306	2,306
Martin Luther King Scholarship Memorial Fund								(7,826)	(7,826)
La Villita Memorials and Gifts								4,376	4,376
Alamo Foundation Inc. Gift								453	453
Elizabeth Evelyn Beike Gift to Oakwell Library								57,584	57,584
Commission for Children and Families								5,595	5,595
San Antonio Petroleum Bulk Terminal Operators								5,450	5,450
City of San Antonio Historic Preservation Fund								25,033	25,033
Dies Y Seis Celebration	1,894						1,894	49,707	51,601
Cellular on Patrol Trust Funds								2,044	2,044
Woodlawn Lake July 4 Celebration								(322)	(322)
Miscellaneous Memorials and Gifts Fund								12,967	12,967
Market Square Improvement Trust Fund	6,776	47	2				6,825	115,910	122,735
Mayor's Conference on Status of Women								3,389	3,389
San Antonio Literacy Trust Fund								16,582	16,582
Work/Family Commission Contribution Fund								943	943
Economic Initiative Fund		705	9,758	10,269		168,619	189,351	(28,097)	161,254
San Antonio Public Library-Hertzberg Circus Fund								(15,933)	(15,933)
San Antonio Public Library-Alice Moore Fund								522	522
Knights of Pythias Cemetery Fund								3,015	3,015
Fire Prevention Week Trust Fund								7,410	7,410
Fire Ladder Truck Buy-In Project								1,287,942	1,287,942
Victim's Advocacy Trust Fund								4,608	4,608
Dwyer Center Rental Income Trust	2,041	66	3,163	2,866			8,136	218,620	226,756
School Zone Flashing Beacons								83,503	83,503
State Paid Traffic Signals	20,091					529,315	549,406	(4,900)	544,506
San Antonio Police Training Classes Fund	2,669						2,669	279,801	282,470
HIDTA Group Leasing Program						69,332	69,332	72	69,404
Community Action Program Projects Fund								4,231	4,231
Tree Preservation Mitigation Fund								42,154	42,154
Police Academy Memorial Plaza Construction								1,173	1,173
Forensic Mapping System								882	882
"C" Fire Technical Rescue Equipment Project					5,000		5,000	931	5,931
Affordable Housing Trust Fund								88,199	88,199
City Holiday Gift Program								(124)	(124)
City Volunteer Corp Trust Fund								(454)	(454)
San Antonio Flood Relief Fund								13,139	13,139
TIF 3 City Commercial TIF Fund								41,579	41,579
San Antonio Symphony/Zoo Obligation Project									
Americans w/Disability Act Access Enhancement								4,224	4,224
Better Jobs Expendable Trust Fund								3,346,007	3,346,007
Zoo Concession Area Capital Repair Trust								1	1
ACCD Settlement Education for City Employees Fund								937,190	937,190
ACCD Settlement Advanced Technology Center Fund								98,992	98,992
Prop 3 Habitat Mitigation Fund								3,980	3,980
Special Public Improvement District Fund	125,489				58,577		184,066	418,796	602,862
Seminar Operating Fund								183	183
Park's Recreation Athletic Fund	17,162	5	5,980			76,365	99,512	783,335	882,847
911 District Fund			741			124,340	125,081		125,081
Tax Clearance Account		1,093,296				421,111	1,514,407		1,514,407
San Antonio Health Facilities Development Corporation								18,426	18,426
San Antonio Industrial Development Authority								10,197	10,197
Otto Koehler Park						23,781	23,781		23,781
Child Safety	3					103,420	103,423		103,423
Soil Remediation					220,000		220,000	139,135	359,135
Official City Store	1,204	9,306	1,311	251			12,072	79,798	91,870
Housing Asset Recovery Program	1,555	330,693				2,507	334,755	(330,359)	4,396
Tax Increment Financing						472,397	472,397	466,134	938,531
Enterprise Resource Management Project	22,908	6,310	72,316	9,344		16,289	127,167	5,182	132,349
Park Acquisition and Development Fund								169,997	169,997
Equipment Acquisition Fund		1,719,912					1,719,912	954,373	2,674,285
TIF Unit Fund	88	336	7,952	(2,170)		116,505	122,711	(84,945)	37,766
TOTAL	$ 338,900	$ 3,160,676	$ 107,527	$ 26,616	$ 457,577	$ 2,163,074	$ 6,254,370	$ 11,346,296	$ 17,600,666

SPECIAL REVENUE FUNDS
COMMUNITY SERVICES FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2003

				MISCELLANEOUS REVENUES				
	CHARGES FOR CURRENT SERVICES	TAXES	INTERGOV'TL	OTHER	INTEREST	NET INCREASE (DECREASE) IN FAIR VALUE OF INVESTMENTS	TOTAL MISCELLANEOUS REVENUES	GENERAL GOVERNMENT
Public Library-Other Memorials & Gifts Fund	$ 0	$ 0	$ 0	$ 30,392	$ 1,271	$ (5)	$ 31,658	$ 0
Brown Bag Days Fund					2		2	
Carver Community Contribution Fund	109,641			6,250	77		115,968	
San Antonio Branch Libraries Gift Fund				27,147	1,730	(5)	28,872	
San Antonio Library Foundation Gift Fund				1,113,463	24,023	(67)	1,137,419	
San Antonio Friends of the Library Gift Fund				7,976	350	(2)	8,324	
Bexar County Rabies Control			220,214				220,214	
The City's Front Yard Program Fund	6,239			50,951	2,731	(11)	59,910	
Market Square San Antonio Cultural Program				11,677	140		11,817	
San Antonio Downtown Citizens' Beautification Program					5		5	
Child Abuse Prevention Program				77,364	38		77,402	
Martin Luther King Celebration								
Special Art Acquisition & Maintenance Fund					27		27	
Martin Luther King Scholarships Memorial Fund				19,066		1	19,067	
La Villita Memorials and Gifts					52		52	
Alamo Foundation Inc. Gift								
Elizabeth Evelyn Beike Testamentary Gift to Oakwell Library					679	(3)	676	
Commission for Children and Families				(104)	87		(17)	
San Antonio Petroleum Bulk Terminal Operators					64		64	
City of San Antonio Historic Preservation Fund					295	(1)	294	
Dies Y Seis Celebration				500	625	(2)	1,123	
Cellular on Patrol Trust Fund					24		24	
Woodlawn Lake July 4 Celebration								
Miscellaneous Memorials and Gifts Fund					148	(1)	147	
Market Square Improvement Trust Fund				50,000	1,719	(7)	51,712	
Mayor's Conference on Status of Women								
San Antonio Literacy Trust Fund					195		195	
Work/Family Commission Contribution Fund					14		14	
Economic Initiative Fund				453,245			453,245	
San Antonio Public Library-Hertzberg Circus Fund								
San Antonio Public Library-Alice Moore Fund					6		6	
Knights of Pythias Cemetery Fund					35		35	
Fire Prevention Week Trust Fund				6,280	79		6,359	
Fire Ladder Truck Buy-In Project					15,173	(29)	15,144	
Victim's Advocacy Trust Fund				1,267	46		1,313	
Dwyer Center Rental Income Trust	196,243				2,945	(10)	199,178	
School Zone Flashing Beacons								
State Paid Traffic Signals			284,704				284,704	
San Antonio Police Training Program	6,201			196,573	3,103	(11)	205,866	
HIDTA Group Leasing Office				762,160			762,160	
Community Action Program Projects Fund	(381)						(381)	
Tree Preservation Mitigation Fund	21,530				412	(1)	21,941	
Police Academy Memorial Plaza Construction				100	13		113	
Forensic Mapping System					10		10	
"C" Fire Technical Rescue Equipment Project								
Affordable Housing Trust Fund					1,039	(4)	1,035	
City Holiday Gift Program								
City Volunteer Corp Trust Fund				(1,270)			(1,270)	
San Antonio Flood Relief Fund					155		155	
TIF 3 City Commercial TIF Fund					1,337	(1)	1,336	
San Antonio Symphony/Zoo Obligation Project								
Americans w/Disability Act Access Enhancement					48		48	
Better Jobs Expendable Trust Fund					44,364	(194)	44,170	
Zoo Concession Area Capital Repair Trust	12,511						12,511	
ACCD Settlement Education for City Employees Fund				585,510	21,416		606,926	516,781
ACCD Settlement Advanced Technology Center Fund								679,484
Prop 3 Habitat Mitigation Fund					47		47	
Special Public Improvement District Fund	1,286,040				9,533	(39)	1,295,534	
Seminar Operating Fund	34,325				25	(1)	34,349	
Park's Recreation Athletic Fund	448,330				11,875	(46)	460,159	
911 District Fund	125,979						125,979	
Tax Clearance Account								
San Antonio Health Facilities Development Corporation					33		33	
San Antonio Industrial Development Authority					79		79	
Otto Koehler Park	202,332				104		202,436	
Child Safety			1,268,864	382,025	635	(5)	1,651,519	136,908
Soil Remediation				15,000	2,328	(13)	17,315	
Official City Store	178,959				620	(3)	179,576	
Housing Asset Recovery Program				59,190	558	(1)	59,747	
Tax Increment Financing		357,889	870,975		6,667	(13)	1,235,518	820,386
Enterprise Resource Management Project				3,194			3,194	5,238,919
Park Acquisition and Development Fund				121,705	852	(1)	122,556	
Equipment Acquisition Fund					38,154		38,154	3,570,687
TIF Unit Fund	115,731				754		116,485	353,461
TOTAL	$ 2,743,680	$ 357,889	$ 2,644,757	$ 3,979,661	$ 196,741	$ (475)	$ 9,922,253	$ 11,316,626

SPECIAL REVENUE FUNDS
COMMUNITY SERVICES FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2003

EXPENDITURES								EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	OTHER FINANCING SOURCES (USES)	FUND BALANCES	
PUBLIC SAFETY	PUBLIC WORKS	HEALTH SERVICES	WELFARE	CULTURE AND RECREATION	URBAN REDEVELOPMENT AND HOUSING	ECONOMIC DEVELOPMENT AND OPPORTUNITY	TOTAL EXPENDITURES			10-01-02	09-30-03
$ 0	$ 0	$ 0	$ 0	$ 62,858	$ 0	$ 0	$ 62,858	$ (31,200)	$ 0	$ 113,635	$ 82,435
								2		240	242
				40,066			40,066	75,902	(15,000)	(51,874)	9,028
				2,349			2,349	26,523		122,058	148,581
				1,020,630			1,020,630	116,789	(70,800)	1,490,311	1,536,300
				19,858			19,858	(11,534)		29,731	18,197
		214,088					214,088	6,126		(6,126)	
				60,150			60,150	(240)		214,671	214,431
				4,559			4,559	7,258		8,946	16,204
								5		447	452
			44,444				44,444	32,958		(32,903)	55
				15,000			15,000	(15,000)	15,000	(22,739)	(22,739)
								27		2,279	2,306
			18,977				18,977	90		(7,916)	(7,826)
								52		4,324	4,376
										453	453
								676		56,908	57,584
			1,889				1,889	(1,906)		7,501	5,595
								64		5,386	5,450
								294		24,739	25,033
				21,428			21,428	(20,305)	15,000	55,012	49,707
								24		2,020	2,044
										(322)	(322)
								147	500	12,320	12,967
				79,098			79,098	(27,386)		143,296	115,910
			1,431				1,431	(1,431)		4,820	3,389
								195		16,387	16,582
			606				606	(592)		1,535	943
						466,085	466,085	(12,840)		(15,257)	(28,097)
										(15,933)	(15,933)
				32			32	(26)		548	522
								35		2,980	3,015
1,815							1,815	4,544		2,866	7,410
								15,144		1,272,798	1,287,942
558							558	755		3,853	4,608
			171,319				171,319	27,859		190,761	218,620
66,626							66,626	(66,626)		150,129	83,503
	291,181						291,181	(6,477)		1,577	(4,900)
144,650							144,650	61,216		218,585	279,801
762,088							762,088	72			72
			671				671	(1,052)		5,283	4,231
				5,153			5,153	16,788		25,366	42,154
								113		1,060	1,173
								10		872	882
										931	931
								1,035		87,164	88,199
										(124)	(124)
								(1,270)		816	(454)
								155		12,984	13,139
								1,336		40,243	41,579
				649,552			649,552	(649,552)	649,552		
								48		4,176	4,224
								44,170	(500,000)	3,801,837	3,346,007
				12,511			12,511			1	1
							516,781	90,145		847,045	937,190
							679,484	(679,484)		778,476	98,992
								47		3,933	3,980
						1,412,289	1,412,289	(116,755)		535,551	418,796
						41,420	41,420	(7,071)		7,254	183
				601,748			601,748	(141,589)	(50,886)	975,810	783,335
125,979							125,979				
		1,200					1,200	(1,167)		19,593	18,426
						1,200	1,200	(1,121)		11,318	10,197
								202,436	(202,436)		
							136,908	1,514,611	(1,514,611)		
								17,315	(45,406)	167,226	139,135
						170,771	170,771	8,805	(2,462)	73,455	79,798
					168,868		168,868	(109,121)		(221,238)	(330,359)
							820,386	415,132	(820,756)	871,758	466,134
							5,238,919	(5,235,725)	5,219,443	21,464	5,182
								122,556		47,441	169,997
							3,570,687	(3,532,533)	4,465,000	21,906	954,373
							353,461	(236,976)	152,031		(84,945)
$ 1,101,716	$ 291,181	$ 215,288	$ 239,337	$ 2,594,992	$ 168,868	$ 2,091,765	$ 18,019,773	$ (8,097,520)	$ 7,294,169	$ 12,149,647	$ 11,346,296

City of San Antonio
Texas

Internal Service Funds

SELF-INSURANCE PROGRAMS *- to account for Self-Insurance Programs including funds for the administration of all tort claims against the City and for the operation of the City's employee benefit programs. Included in the Self-Insurance Programs are the Insurance Reserve Program, Employee Benefits Program, Workers' Compensation Program, Unemployment Compensation Program, Extended Sick Leave Program, and Employee Wellness Program*

OTHER INTERNAL SERVICES *- to account for financing of goods or services (other than data processing and programming) provided to other departments or agencies. This fund has the following divisions: Central Stores, Motor Pool, Automotive Repair, Temporary Services and Building Maintenance and Repairs. Reserves for Equipment Renewal and Replacement are recorded by charges to the user departments.*

INFORMATION SERVICES *- to account for financing of goods or services provided to other departments or agencies in the field of data processing, programming, and communication services.*

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2003

	INSURANCE RESERVE	EMPLOYEE BENEFITS	WORKERS COMPENSATION	UNEMPLOYMENT COMPENSATION
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 8,095,663	$ 147,621	$ 6,081,169	$ 85,759
Investments	7,462,181	43,895	5,697,396	79,048
Receivables:				
Other Accounts	1,528	143,366		
Accrued Interest	25,184		22,775	4
Accrued Revenue		15,738		
Due From Other Funds	4,640,000		4,600,000	
Due From Other Governmental Agencies			7,686	
Allowance for Uncollectibles				
Inventories				
Prepaid Expenses				
Deposits	(79,612)		36,000	
Total Current Assets	20,144,944	350,620	16,445,026	164,811
Property, Plant and Equipment				
Computer Equipment	58,015	67,868	57,298	
Buildings				
Improvements Other than Buildings				
Machinery and Equipment	9,280	45,965	391,363	
Total Property, Plant and Equipment	67,295	113,833	448,661	
Less: Accumulated Depreciation	58,340	80,817	312,332	
Net Property, Plant and Equipment	8,955	33,016	136,329	
Total Assets	20,153,899	383,636	16,581,355	164,811
LIABILITIES				
Current Liabilities:				
Vouchers Payable	8,064	1,028,672	21,166	
Accounts Payable-Other	16,179,941	10,024,158	21,129,890	144,851
Accrued Payroll	23,874	18,981	32,481	
Accrued Leave Payable	6,078	5,118	9,549	
Accrued Interest				
Due to Other Funds	16,289	9,200,000		
Total Current Liabilities (Payable from Current Assets)	16,234,246	20,276,929	21,193,086	144,851
Current Liabilities (Payable from Restricted Assets)				
Lease Purchase				
Noncurrent Liabilities				
Accrued Leave Payable	30,389	25,587	47,747	
Lease Purchase				
Due to Other Governmental Agencies				
Total Noncurrent Liabilities	30,389	25,587	47,747	
Total Liabilities	16,264,635	20,302,516	21,240,833	144,851
NET ASSETS				
Invested In Capital Assets, net of related debt	8,955	33,016	136,329	
Unrestricted	3,880,309	(19,951,896)	(4,795,807)	19,960
Total Net Assets	$ 3,889,264	$ (19,918,880)	$ (4,659,478)	$ 19,960

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2003

EXTENDED SICK LEAVE	EMPLOYEE WELLNESS	OTHER INTERNAL SERVICE	INFORMATION SERVICES	TOTAL
$ 1,914	$ 366	$ 14,728,973	$ 2,249,688	$ 31,391,153
1,764	337	13,619,905	2,052,200	28,956,726
		3,694	138	148,726
6	34	34,954	1,545	84,502
		61,501	8,750	85,989
		444,255	86,972	9,771,227
6,714		265,841	67,860	348,101
			(23,290)	(23,290)
		970,685	774,735	1,745,420
		109		109
			317,393	273,781
10,398	737	30,129,917	5,535,991	72,782,444
	10,202	569,165	4,092,094	4,854,642
		157,634	20,465	178,099
		194,118		194,118
	37,472	100,365,730	773,792	101,623,602
	47,674	101,286,647	4,886,351	106,850,461
	36,555	59,404,118	3,898,137	63,790,299
	11,119	41,882,529	988,214	43,060,162
10,398	11,856	72,012,446	6,524,205	115,842,606
	19,023	1,293,083	479,762	2,849,770
	7,297	286,859	369,949	48,142,945
	8,815	599,635	233,859	917,645
	2,819	83,251	79,190	186,005
			493	493
	40,000	349,419	75,178	9,680,886
	77,954	2,612,247	1,238,431	61,777,744
		22,099	138,803	160,902
	14,094	416,257	395,947	930,021
		85,401	195,894	281,295
			710,754	710,754
	14,094	501,658	1,302,595	1,922,070
	92,048	3,136,004	2,679,829	63,860,716
	11,119	41,775,028	653,518	42,617,965
10,398	(91,311)	27,101,414	3,190,858	9,363,925
$ 10,398	$ (80,192)	$ 68,876,442	$ 3,844,376	$ 51,981,890

—— CITY OF SAN ANTONIO, TEXAS ——

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	INSURANCE RESERVE	EMPLOYEE BENEFITS	WORKERS COMPENSATION	UNEMPLOYMENT COMPENSATION	EXTENDED SICK LEAVE	EMPLOYEE WELLNESS	OTHER INTERNAL SERVICE	INFORMATION SERVICES	TOTAL
Operating Revenues									
Charges for Services	$ 8,512,287	$ 55,521,605	$ 11,137,481	$ 717,095	$ 13,972	$ 0	$ 54,619,188	$ 20,259,867	$ 150,781,495
Total Operating Revenues	8,512,287	55,521,605	11,137,481	717,095	13,972		54,619,188	20,259,867	150,781,495
Operating Expenses									
Personal Services	973,569	750,302	1,337,334		13,972	345,053	22,300,360	10,340,785	36,061,375
Contractual Services	587,358	65,112,655	1,237,800	468,410		340,549	5,546,449	3,450,704	76,743,925
Commodities	22,260	10,597	52,258			15,892	882,943	3,393,489	4,377,439
Materials							16,063,535	422,011	16,485,546
Other	7,131,404	7,479	10,551,380			279,945	950,669	659,125	19,580,002
Depreciation	7,779	4,249	24,961			3,740	10,326,802	371,389	10,738,920
Total Operating Expenses	8,722,370	65,885,282	13,203,733	468,410	13,972	985,179	56,070,758	18,637,503	163,987,207
Operating Income (Loss)	(210,083)	(10,363,677)	(2,066,252)	248,685		(985,179)	(1,451,570)	1,622,364	(13,205,712)
Nonoperating Revenues (Expenses)									
Interest and Other	215,870		207,227	13	85	148	326,948	7,427	757,718
Net (Decrease) in Fair Value of Investments	(1,084)		(783)			(1)	(1,362)	(34)	(3,264)
Other Nonoperating Revenue	69,927	502,918	283,829				724,645	15,239	1,596,558
Gain (Loss) on Sale of Fixed Assets							542,267		542,267
Interest and Debt Expense							(11,429)	(24,115)	(35,544)
Total Nonoperating Revenues (Expenses)	284,713	502,918	490,273	13	85	147	1,581,069	(1,483)	2,857,735
Change in Net Assets Before Contributions and Transfers	74,630	(9,860,759)	(1,575,979)	248,698	85	(985,032)	129,499	1,620,881	(10,347,977)
Capital Contributions									
Capital Contributions							1,115,547		1,115,547
Transfers In (Out)									
Transfers In	826,293	3,328,530	85,069			830,500	640,620	688,204	6,399,216
Transfers Out	(114,721)	(386,915)	(664,001)			(5,739)	(867,604)	(379,451)	(2,418,431)
Total Transfers	711,572	2,941,615	(578,932)			824,761	(226,984)	308,753	3,980,785
Change In Net Assets	786,202	(6,919,144)	(2,154,911)	248,698	85	(160,271)	1,018,062	1,929,634	(5,251,645)
Net Assets - Beginning	3,103,062	(12,999,736)	(2,504,567)	(228,738)	10,313	80,079	67,858,380	1,914,742	57,233,535
Net Assets - Ending	$ 3,889,264	$ (19,918,880)	$ (4,659,478)	$ 19,960	$ 10,398	$ (80,192)	$ 68,876,442	$ 3,844,376	$ 51,981,890

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	INSURANCE RESERVE	EMPLOYEE BENEFITS	WORKERS COMPENSATION
Cash Flows from Operating Activities			
Cash Received from Customers	$ 8,866,729	$ 55,477,028	$ 11,143,653
Cash Payments to Suppliers for Goods and Services	(7,896,883)	(59,236,326)	(10,780,450)
Cash Payments to Employees for Service	(986,737)	(735,434)	(1,331,246)
Other Operating Revenues	69,927	502,918	283,829
Net Cash Provided by (Used for) Operating Activities	53,036	(3,991,814)	(684,214)
Cash Flows from Non-Capital Financing Activities			
Operating Transfers In from Other Funds	1,193,323	3,328,530	(5,814)
Operating Transfers Out to Other Funds	(98,432)	(186,915)	(664,001)
Due from Other Funds			
Net Cash Provided by (Used for) Non-Capital Financing Activities	1,094,891	3,141,615	(669,815)
Cash Flows from Capital and Related Financing Activities			
Acquisitions and Construction of Capital Asset			
Proceeds from Issuance of Long-Term Debt			
Principal Payments on Long-term Debt			
Interest Paid on Long-term Debt			
Principal Payments on Notes			
Interest Paid on Notes			
Proceeds from Sale of Assets			
Net Cash (Used for) Capital and Related Financing Activities			
Cash Flows from Investing Activities:			
Purchases of Investment Securities	(44,985,182)	(264,615)	(34,346,312)
Maturity of Investment Securities	47,545,916	957,031	37,781,566
Interest on Notes			
Interest on Investments	229,284		211,512
Net Cash Provided by (Used for) Investing Activities	2,790,018	692,416	3,646,766
Net Increase (Decrease) in Cash and Cash Equivalents	3,937,945	(157,783)	2,292,737
Cash and Cash Equivalents, October 1	4,157,718	305,404	3,788,432
Cash and Cash Equivalents, September 30	$ 8,095,663	$ 147,621	$ 6,081,169
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income (Loss)	$ (210,083)	$ (10,363,677)	$ (2,066,252)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	7,779	4,249	24,961
Other Nonoperating Revenues	69,927	502,918	283,829
Changes in Assets and Liabilities:			
(Increase) Decrease In Other Accounts Receivable	346	(28,839)	2,462
Decrease In Allowance for Uncollectibles			
(Increase) Decrease In Accrued Revenues		(15,738)	3,710
Decrease In Due from Other Funds			
(Increase) Decrease In Due from Other Gov'tl Agencies			
Decrease In Inventories			
(Increase) Decrease In Prepaid Expenses			
(Increase) Decrease In Deposits	354,096		
Increase (Decrease) In Vouchers Payable	(116,095)	75,900	5,312
Increase (Decrease) In Other Payables	(39,766)	5,818,505	1,055,676
Increase In Due to Other Funds			
Increase (Decrease) In Accrued Payroll	2,438	3,893	5,255
Increase (Decrease) In Accrued Leave Payable	(15,606)	10,975	833
Increase (Decrease) In Contracts Payable			
Net Cash Provided by Operating Activities	$ 53,036	$ (3,991,814)	$ (684,214)
Noncash Investing, Capital and Financing Activities:			
Net (Decrease) in Fair Value of Investments	$ (1,084)	$	$ (783)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

UNEMPLOYMENT COMPENSATION	EXTENDED SICK LEAVE	EMPLOYEE WELLNESS	OTHER INTERNAL SERVICE	INFORMATION SERVICES	TOTAL
$ 717,095	$ 8,936	$ 0	$ 54,511,621	$ 20,221,690	$ 150,946,752
(429,206)		(649,506)	(22,834,880)	(7,821,943)	(109,649,194)
	(13,972)	(343,363)	(22,240,079)	(10,279,896)	(35,930,727)
			724,645	15,238	1,596,557
287,889	(5,036)	(992,869)	10,161,307	2,135,089	6,963,388
		830,500	640,620	688,204	6,675,363
(500,000)		(5,739)	(849,580)	(379,451)	(2,684,118)
		40,000	12,700,000		12,740,000
(500,000)		864,761	12,491,040	308,753	16,731,245
			(12,126,383)	(56,454)	(12,182,837)
			66,520		66,520
			(11,429)		(11,429)
				(329,811)	(329,811)
				(26,036)	(26,036)
			2,356,325		2,356,325
			(9,714,967)	(412,301)	(10,127,268)
(476,534)	(10,634)	(2,034)	(82,769,669)	(12,371,531)	(175,226,511)
663,895	14,964	92,587	80,038,260	11,920,465	179,014,684
9	93	222	340,155	7,370	788,645
187,370	4,423	90,775	(2,391,254)	(443,696)	4,576,818
(24,741)	(613)	(37,333)	10,546,126	1,587,845	18,144,183
110,500	2,527	37,699	4,182,847	661,843	13,246,970
$ 85,759	$ 1,914	$ 366	$ 14,728,973	$ 2,249,688	$ 31,391,153
$ 248,685	$	$ (985,179)	$ (1,451,570)	$ 1,622,364	$ (13,205,712)
		3,740	10,326,802	371,389	10,738,920
			724,645	15,238	1,596,557
			(1,450)	(138)	(27,619)
			(58,501)	(8,750)	(79,279)
				(86,972)	(86,972)
	(5,036)		(35,616)	(8,980)	(49,632)
			52,674	(91,592)	(38,918)
			(109)		(109)
				83,103	437,199
		(17,858)	151,115	100,425	198,799
39,204		4,737	395,421	11,450	7,285,227
			(12,000)	66,664	54,664
		1,772	55,867	27,697	96,922
		(81)	4,414	33,191	33,726
			9,615		9,615
$ 287,889	$ (5,036)	$ (992,869)	$ 10,161,307	$ 2,135,089	$ 6,963,388
$	$	$ (1)	$ (1,362)	$ (34)	$ (3,264)

City of San Antonio
Texas

Fiduciary Funds

Trust Funds are used to account for assets held by the government in a trustee capacity. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or funds.

***FIRE AND POLICE PENSION AND HEALTH CARE FUND** - to account for resources of the pension and health care fund established for the City's firefighters and police officers, as provided for under state law and the respective collective bargaining agreements.*

FIRE AND POLICE PENSION FUND - to account for resources of the pension fund established for the City's firefighters and police officers, as provided for under state law.

FIRE AND POLICE RETIREE HEALTH CARE FUND - to account for the collection and payment of funds for health care benefits of the City's firefighters and police officers who retired after October 1, 1989, as provided for under state law and the respective collective bargaining agreements.

***PRIVATE PURPOSE TRUST FUNDS** - to account for all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments. The City has established the following private purpose trust funds based upon the above definition:*

EMPLOYEE ASSISTANCE FUND - to account for collections and disbursements made to eligible employees experiencing financial difficulties. Financing is provided by contributions and funds raised through special events.

EMPLOYEE SCHOLARSHIP FUND - to account for funds awarded as scholarships to eligible employees and their dependents. Financing is provided by contributions and funds raised through special events.

SAN ANTONIO LITERACY PROGRAM - to account for funds that have restrictions specified by private citizens. Financing is provided by contributions from private citizens.

***AGENCY FUNDS** - to account for funds which are custodial in nature and for which the City is acting as an agent. The City has established the following agency funds based upon the above definition:*

DEPOSIT FUND - to account for the collection and payment of cash deposits held by the City pending the outcome of bids on contracts.

UNCLAIMED PROPERTY FUND - to account for the collection and administration of unclaimed property in accordance with the Texas Property Code - Title 6.

Fiduciary Funds (continued)

AGENCY FUNDS (continued)

STATE AND CITY SALES TAX FUND - to account for the collection and payment to the State of Texas for sales tax collected.

MUNICIPAL COURT CASH BOND FUND - to account for the collection and payment of Court Cash Bonds held by the City pending the outcome of court cases.

CRIMINAL JUSTICE PLANNING FUND - to account for the collection and payment to the State of Texas for Law Enforcement Fees collected.

LESSEE'S SPECIAL EVENTS LIABILITY INSURANCE - to account for funds utilized for the purchase of insurance coverage on special events. Financing is provided by contributions from lessees.

SPECIAL EVENTS SECURITY TRUST FUND - to account for collection and payment of funds pertaining to security provided at events held on City property. Financing is provided by users.

BEXAR COUNTY HOTEL/MOTEL TAX COLLECTION FUND - to account for the collection and payment to Bexar County for certain hotel occupancy taxes.

SINGLE PURPOSE NON-PROFIT FUND - to account for the provision of a Health Maintenance Organization Medical Coverage under the City's Self-Funded Health Benefits Program with Community First Health Plans, Inc.

CVB HOUSING BUREAU FUND – to account for individual hotel reservation deposits maintained by Convention & Visitors Bureau staff for confirmed City-wide conventions.

—— CITY OF SAN ANTONIO, TEXAS ——

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIRE AND POLICE PENSION AND HEALTH CARE FUNDS
AS OF SEPTEMBER 30, 2003
(In Thousands)

	FIRE AND POLICE PENSION FUND	FIRE AND POLICE RETIREE HEALTH CARE FUND	TOTAL
ASSETS			
Current Assets			
Cash and Cash Equivalents	$ 28,744	$ 8,258	$ 37,002
Security Lending Collateral	87,107	8,385	95,492
Investments, at fair value:			
US Government and Agency Issues	151,037	4,845	155,882
Corporate Bonds	120,010	8,946	128,956
Preferred Common Stock	1,179	63,676	64,855
Other	1,023,670	22,401	1,046,071
Total Investments, at fair value:	1,295,896	99,868	1,395,764
Receivables:			
Other Accounts	4,627		4,627
Accrued Interest	6,734	414	7,148
Accrued Revenue	882		882
Due From Other Gov'tl Agencies		157	157
Prepayments		12	12
Total Current Assets	1,423,990	117,094	1,541,084
Capital Assets			
Computer Equipment	76		76
Buildings	556		556
Total Capital Assets	632		632
Less: Accumulated Depreciation	(300)		(300)
Net Capital Assets	332		332
Total Assets	1,424,322	117,094	1,541,416
LIABILITIES			
Vouchers Payable	4,162	303	4,465
Accounts Payable- Other	5,744	1,295	7,039
Accrued Payroll	27		27
Securities Lending	87,107	8,385	95,492
Total Liabilities	97,040	9,983	107,023
NET ASSETS			
Held in Trust for Pension Benefits and Other Purposes	$ 1,327,282	$ 107,111	$ 1,434,393

—— CITY OF SAN ANTONIO, TEXAS ——

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIRE AND POLICE PENSION AND HEALTH CARE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

	FIRE AND POLICE PENSION FUND	FIRE AND POLICE RETIREE HEALTH CARE FUND	TOTAL
ADDITIONS:			
Contributions:			
Employer	$ 45,008	$ 16,797	$ 61,805
Employee	22,504	365	22,869
Total Contributions	67,512	17,162	84,674
Investment Earnings:			
Net Increase/(Decrease) in Fair Value of Investments	156,911	13,607	170,518
Real Estate Income, net	184		184
Interest and Dividends	26,981	2,687	29,668
Securities Lending	1,795		1,795
Other Income	540	64	604
Total Investment Earnings	186,411	16,358	202,769
Less Investment Expenses:			
Investment Management Fees and Custodian Fees	(4,285)	(647)	(4,932)
Securities Lending Expenses:			
Borrower Rebates	(1,420)		(1,420)
Lending Fees	(131)		(131)
Net Investment Income	180,575	15,711	196,286
Total Additions	248,087	32,873	280,960
DEDUCTIONS:			
Benefits	61,134	8,513	69,647
Refunds of Contributions	291		291
Administrative Expense	730	851	1,581
Salaries, Wage and Employee Benefits	534		534
Total Deductions	62,689	9,364	72,053
Change in Net Assets	185,398	23,509	208,907
Net assets - Beginning of Year	1,141,884	83,602	1,225,486
Net assets - End of Year	$ 1,327,282	$ 107,111	$ 1,434,393

—— CITY OF SAN ANTONIO, TEXAS ——

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
AS OF SEPTEMBER 30, 2003

	PRIVATE PURPOSE TRUST FUNDS			
ASSETS	EMPLOYEE ASSISTANCE PROGRAM	EMPLOYEE SCHOLARSHIP FUND	SAN ANTONIO LITERACY PROGRAM	TOTAL
Cash and Cash Equivalents	$ 4,786	$ 776	$ 17,375	$ 22,937
Investments, at fair value	4,411	716	16,015	21,142
Receivables:				
Accrued Interest	13	2	32	47
Total Assets	9,210	1,494	33,422	44,126
LIABILITIES				
Vouchers Payable			1,651	1,651
Total Liabilities			1,651	1,651
NET ASSETS				
Held in Trust for Pension Benefits and Other Purposes	$ 9,210	$ 1,494	$ 31,771	$ 42,475

—— CITY OF SAN ANTONIO, TEXAS ——

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
AS OF SEPTEMBER 30, 2003

	PRIVATE PURPOSE TRUST FUNDS			
	EMPLOYEE ASSISTANCE PROGRAM	EMPLOYEE SCHOLARSHIP FUND	SAN ANTONIO LITERACY PROGRAM	TOTAL
ADDITIONS:				
Contributions:				
Employer	$ 0	$ 0	$ 0	$ 0
Employees				
Other Contributions			20,286	20,286
Total Contributions			20,286	20,286
Investment Earnings:				
Net (Decrease) in Fair Value of Investments			(1)	(1)
Interest and Dividends	109	18	244	371
Total Investment Earnings	109	18	243	370
Less Investment Expenses:				
Investment Management Fees and Custodian Fees				
Securities Lending Expenses:				
Borrower Rebates				
Lending Fees				
Net Investment Income	109	18	243	370
Total Additions	109	18	20,529	20,656
DEDUCTIONS				
Benefits				
Refunds of Contributions				
Administrative Expense			12,871	12,871
Salaries, Wage and Employee Benefits				
Total Deductions			12,871	12,871
Change in Net Assets	109	18	7,658	7,785
Net Assets - Beginning of Year	9,101	1,476	24,113	34,690
Net Assets - End of Year	$ 9,210	$ 1,494	$ 31,771	$ 42,475

—— CITY OF SAN ANTONIO, TEXAS ——

COMBINING BALANCE SHEET
AGENCY FUNDS
AS OF SEPTEMBER 30, 2003

FUNDS	ASSETS				
			RECEIVABLES		
	CASH AND CASH EQUIVALENTS	INVESTMENTS	OTHER ACCOUNTS	ACCRUED INTEREST	TOTAL ASSETS
Deposit Fund	$ 2,853,509	$ 0	$ 0	$ 0	$ 2,853,509
Unclaimed Property Fund	1,014,899			1,692	1,016,591
State and City Sales Tax Fund	161,563				161,563
Municipal Court Cash Bond Fund	105,913				105,913
Criminal Justice Planning Fund	1,882,843				1,882,843
Lessee's Special Events Liability Insurance	14,706				14,706
Special Events Security Trust Fund			367,097		367,097
Bexar County Hotel/Motel Tax Collections Fund	844,924				844,924
Single Purpose Non-Profit Fund	1,756,202				1,756,202
CVB Housing Bureau	35,614	32,828		24	68,466
Total	$ 8,670,173	$ 32,828	$ 367,097	$ 1,716	$ 9,071,814

(Cont'd)

COMBINING BALANCE SHEET
AGENCY FUNDS
AS OF SEPTEMBER 30, 2003

FUNDS	LIABILITIES				
	VOUCHERS PAYABLE	ACCOUNTS PAYABLE OTHER	ACCRUED PAYROLL	DUE TO OTHER FUNDS	TOTAL LIABILITIES
Deposit Fund	$ 6,390	$ 2,847,119	$ 0	$ 0	$ 2,853,509
Unclaimed Property Fund	797	1,015,794			1,016,591
State and City Sales Tax Fund		90,621		70,942	161,563
Municipal Court Cash Bond Fund		105,913			105,913
Criminal Justice Planning Fund	240	1,882,603			1,882,843
Lessee's Special Events Liability Insurance	3,540	11,166			14,706
Special Events Security Trust Fund			36,253	330,844	367,097
Bexar County Hotel/Motel Tax Collections Fund		844,924			844,924
Single Purpose Non-Profit Fund	1,756,202				1,756,202
CVB Housing Bureau		68,466			68,466
Total	$ 1,767,169	$ 6,866,606	$ 36,253	$ 401,786	$ 9,071,814

(end of statement)

—— CITY OF SAN ANTONIO, TEXAS ——

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	BALANCE 10-01-02	ADDITIONS	DEDUCTIONS	BALANCE 09-30-03
Deposit Fund				
Assets				
Cash and Cash Equivalents	$ 2,356,611	$ 1,475,816	$ 978,918	$ 2,853,509
Liabilities				
Vouchers Payable	$ 30,374	$ 853,610	$ 877,594	$ 6,390
Accounts Payable-Other	2,326,237	1,475,816	954,934	2,847,119
Total Liabilities	$ 2,356,611	$ 2,329,426	$ 1,832,528	$ 2,853,509
Unclaimed Property Fund				
Assets				
Cash and Cash Equivalents	$ 1,036,563	$ 41,568	$ 63,232	$ 1,014,899
Receivables:				
Accrued Interest	1,648	30,362	30,318	1,692
Total Assets	$ 1,038,211	$ 71,930	$ 93,550	$ 1,016,591
Liabilities				
Vouchers Payable	$ 748	$ 63,029	$ 62,980	$ 797
Accounts Payable-Other	1,037,463	41,612	63,281	1,015,794
Total Liabilities	$ 1,038,211	$ 104,641	$ 126,261	$ 1,016,591
State and City Sales Tax Fund				
Assets				
Cash and Cash Equivalents	$ 145,611	$ 6,545,434	$ 6,529,482	$ 161,563
Liabilities				
Vouchers Payable	$ 8	$ 5,658,124	$ 5,658,132	$ 0
Accounts Payable-Other	85,693	6,474,492	6,469,564	90,621
Due to Other Funds	59,910	70,942	59,910	70,942
Total Liabilities	$ 145,611	$ 12,203,558	$ 12,187,606	$ 161,563
Municipal Court Cash Bond Fund				
Assets				
Cash and Cash Equivalents	$ 110,613	$ 117,606	$ 122,306	$ 105,913
Liabilities				
Accounts Payable-Other	$ 110,613	$ 117,606	$ 122,306	$ 105,913

(Cont'd)

—— CITY OF SAN ANTONIO, TEXAS ——

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	BALANCE 10-01-02	ADDITIONS	DEDUCTIONS	BALANCE 09-30-03
Criminal Justice Planning Fund				
Assets				
Cash and Cash Equivalents	$ 1,668,925	$ 6,722,163	$ 6,508,245	$ 1,882,843
Liabilities				
Vouchers Payable	$ 1,002	$ 3,451,165	$ 3,451,927	$ 240
Accounts Payable-Other	1,667,923	6,722,163	6,507,483	1,882,603
Total Liabilities	$ 1,668,925	$ 10,173,328	$ 9,959,410	$ 1,882,843
Lessee's Special Events Liability Insurance				
Assets				
Cash and Cash Equivalents	$ 12,598	$ 42,203	$ 40,095	$ 14,706
Liabilities				
Vouchers Payable	$ 6,005	$ 37,095	$ 39,560	$ 3,540
Accounts Payable-Other	6,593	42,563	37,990	11,166
Total Liabilities	$ 12,598	$ 79,658	$ 77,550	$ 14,706
Special Events Security Trust Fund				
Assets				
Cash and Cash Equivalents	$ 0	$ 1,748,977	$ 1,748,977	$ 0
Receivables:				
Other Accounts	284,325	1,128,380	1,045,608	367,097
Total Assets	$ 284,325	$ 2,877,357	$ 2,794,585	$ 367,097
Liabilities				
Accrued Payroll	$ 27	$ 36,226	$ 0	$ 36,253
Due To Other Funds	284,298	330,844	284,298	330,844
Total Liabilities	$ 284,325	$ 367,070	$ 284,298	$ 367,097
Bexar County Hotel/Motel Tax Collections Fund				
Assets				
Cash and Cash Equivalents	$ 695,274	$ 17,810,972	$ 17,661,322	$ 844,924
Investments		8,898,879	8,898,879	
Total Assets	$ 695,274	$ 26,709,851	$ 26,560,201	$ 844,924
Liabilities				
Accounts Payable-Other	$ 695,274	$ 8,915,777	$ 8,766,127	$ 844,924

(Cont'd)

—— CITY OF SAN ANTONIO, TEXAS ——

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	BALANCE 10-01-02	ADDITIONS	DEDUCTIONS	BALANCE 09-30-03
Single Purpose Non-Profit Fund				
Assets				
Cash and Cash Equivalents	$ 1,398,383	$ 20,345,925	$ 19,988,106	$ 1,756,202
Liabilities				
Vouchers Payable	$ 1,398,383	$ 20,344,356	$ 19,986,537	$ 1,756,202
CVB Housing Bureau				
Assets				
Cash and Cash Equivalents	$ 21,736	$ 175,959	$ 162,081	$ 35,614
Investments	52,405		19,577	32,828
Receivables:				
Accrued Interest	42	605	623	24
Total Assets	$ 74,183	$ 176,564	$ 182,281	$ 68,466
Liabilities				
Vouchers Payable	$ 11,237	$ 170,171	$ 181,408	$ 0
Accounts Payable-Other	62,946	175,940	170,420	68,466
Total Liabilities	$ 74,183	$ 346,111	$ 351,828	$ 68,466
Total All Agency Funds				
Assets				
Cash and Cash Equivalents	$ 7,446,314	$ 55,026,623	$ 53,802,764	$ 8,670,173
Investments	52,405	8,898,879	8,918,456	32,828
Receivables:				
Other Accounts	284,325	1,128,380	1,045,608	367,097
Accrued Interest	1,690	30,967	30,941	1,716
Total Assets	$ 7,784,734	$ 65,084,849	$ 63,797,769	$ 9,071,814
Liabilities				
Vouchers Payable	$ 1,447,757	$ 30,577,550	$ 30,258,138	$ 1,767,169
Accounts Payable-Other	5,992,742	23,965,969	23,092,105	6,866,606
Accrued Payroll	27	36,226		36,253
Due to Other Funds	344,208	401,786	344,208	401,786
Total Liabilities	$ 7,784,734	$ 54,981,531	$ 53,694,451	$ 9,071,814

(end of statement)

City of San Antonio
Texas

Non-Major Component Units

As set forth in GASB Statement Number 14, "The Reporting Entity", Component Units which by the nature and significance of their relationship with the City is such that their exclusion from the reporting entity's financial statements would be misleading or incomplete and as such are presented discretely with the City's financial statements.

The City has determined that the following component units meet the criteria for discrete presentation as set forth in GASB Statement Number 14:

SAN ANTONIO DEVELOPMENT AGENCY (SADA) *- SADA is responsible for implementing the City's Urban Renewal Program. A majority of the financing is provided from the City in the form of pass-through grants.*

CITY OF SAN ANTONIO EDUCATION FACILITIES CORPORATION (SAEFC) *- SAEFC, formerly the San Antonio Higher Education Authority, was established in accordance with state law for the purpose of aiding non-profit institutions of higher education in providing educational facilities and housing facilities. The corporation is authorized to issue revenue bonds for said purposes on behalf of the City but the bonds are not obligations of the City.*

GREATER KELLY DEVELOPMENT AUTHORITY (GKDA) *- GKDA was established for the purpose of monitoring the proposed closing of Kelly Air Force Base (Kelly) and formulating and adopting a comprehensive plan for the conversion and redevelopment of Kelly. The authority is authorized to issue bonds to finance related projects but the bonds are not obligations of the City.*

SAN ANTONIO HOUSING TRUST FOUNDATION, INC. (SAHTF) *- SAHTF is a non-profit corporation established in 1990 for the purpose of supporting charitable, educational, and scientific undertakings, specifically for providing housing for low and middle income families. In addition, the corporation provides administrative and other support for the operations of the San Antonio Housing Trust Fund, an Expendable Trust Fund of the City.*

SAN ANTONIO LOCAL DEVELOPMENT COMPANY (SALDC) *- SALDC is a non-profit corporation under agreement with the City which administers programs that provide qualifying local businesses with loans. Loan funds administered by SALDC include the Neighborhood Business Revitalization Program, U.S. Department of Commerce Title IX Revolving Loan Fund, Small Business Administration Microloan Program, and a Housing and Urban Development 108 Fund.*

BROOKS DEVELOPMENT AUTHORITY (BDA) *- BDA was designed 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.*

COMBINING STATEMENT OF NET ASSETS
NONMAJOR COMPONENT UNITS
AS OF SEPTEMBER 30, 2003

	SAN ANTONIO DEVELOPMENT AGENCY	SAN ANTONIO EDUCATION FACILITIES CORPORATION	GREATER KELLY DEVELOPMENT AUTHORITY	SAN ANTONIO HOUSING TRUST FOUNDATION INC.	SAN ANTONIO LOCAL DEVELOPMENT COMPANY	BROOKS DEVELOPMENT AUTHORITY	TOTAL
ASSETS							
Current Assets:							
Cash and Cash Equivalents	$ 502,480	$ 51,810	$ 8,894,877	$ 1,148,932	$ 1,789,643	$ 5,360,617	$ 17,748,359
Investments	41,079						41,079
Receivables:							
Notes	61,370		6,609,826	3,565,787	5,232,615	753,657	16,223,255
Other Accounts	8,467		2,937,295	584,294	481		3,530,537
Accrued Interest				32,112	35,321		67,433
Inventories of Materials and Supplies						14,102	14,102
Due from Other Governmental Agencies	299,015		2,041,036		77,755		2,417,806
Prepaid Expenses				2,292		377,024	379,316
Total Current Assets	912,411	51,810	20,483,034	5,333,417	7,135,815	6,505,400	40,421,887
Restricted Assets:							
Other Restricted Accounts:							
Cash and Cash Equivalents			2,424,339				2,424,339
Receivables							
Total Restricted Assets			2,424,339				2,424,339
Capital Assets:							
Land	580,156		7,553,706				8,133,862
Infrastructure			31,146,629				31,146,629
Buildings			98,539,152				98,539,152
Machinery and Equipment	153,643	824	1,098,647	2,753	20,886	59,701,597	60,978,350
Construction in Progress			2,098,536				2,098,536
Total	733,799	824	140,436,670	2,753	20,886	59,701,597	200,896,529
Less: Accumulated Depreciation	119,837		13,960,865		10,010	5,588,172	19,678,884
Net Capital Assets	613,962	824	126,475,805	2,753	10,876	54,113,425	181,217,645
Total Assets	$ 1,526,373	$ 52,634	$ 149,383,178	$ 5,336,170	$ 7,146,691	$ 60,618,825	$ 224,063,871
LIABILITIES							
Current Liabilities:							
Accounts Payable and Other Current Liabilities	249,824		8,208,663	2,527	226,825	1,152,781	9,840,620
Deferred Revenues			127,616				127,616
Notes Payable			2,058,256		288,740		2,346,996
Due to Other Governmental Agencies			1,122,436	579,787			1,702,223
Total Current Liabilities (Payable from Current Assets)	249,824		11,516,971	582,314	515,565	1,152,781	14,017,455
Current Liabilities (Payable from Restricted Assets):							
Other Payables						2,345,712	2,345,712
Noncurrent Liabilities:							
Long-Term Lease/Notes Payable			29,914,879		1,497,265	41,766,529	73,178,673
Other Payables						3,634,414	3,634,414
Total Noncurrent Liabilities			29,914,879		1,497,265	45,400,943	76,813,087
Total Liabilities	249,824		41,431,850	582,314	2,012,830	48,899,436	93,176,254
NET ASSETS							
Invested in Capital Assets, net of related debt	457,006	824	94,824,943		10,876		95,293,649
Restricted for Renewal and Replacement			1,430,393		162,605		1,592,998
Restricted for Debt Service			890,740	4,012,580			4,903,320
Unrestricted	819,543	51,810	10,805,252	741,276	4,960,380	11,719,389	29,097,650
Total Net Assets	$ 1,276,549	$ 52,634	$ 107,951,328	$ 4,753,856	$ 5,133,861	$ 11,719,389	$ 130,887,617

—— CITY OF SAN ANTONIO, TEXAS ——

COMBINING STATEMENT OF ACTIVITIES
NONMAJOR COMPONENT UNITS
FOR THE YEAR ENDED SEPTEMBER 30, 2003

		Program Revenues		Net (Expense) Revenue and Changes In Net Assets						
	EXPENSES	CHARGES FOR SERVICES	CAPITAL GRANTS AND CONTRIBUTIONS	SAN ANTONIO DEVELOPMENT AGENCY	SAN ANTONIO EDUCATION FACILITIES CORPORATION	GREATER KELLY DEVELOPMENT AUTHORITY	SAN ANTONIO HOUSING TRUST FOUNDATION INC.	SAN ANTONIO LOCAL DEVELOPMENT COMPANY	BROOKS DEVELOPMENT AUTHORITY	TOTAL
San Antonio Development Agency										
Urban Redevelopment and Housing	$ 2,328,028	$ 1,803,506	$ 0	$ (524,522)	$ 0	$ 0	$ 0	$ 0	$ 0	$ (524,522)
San Antonio Higher Education Authority										
Economic Development and Opportunity	1,200	1,200								
Greater Kelly Development Authority										
Economic Development and Opportunity	30,351,414	27,697,967	1,086,356			(1,567,091)				(1,567,091)
San Antonio Housing Trust Foundation, Inc.										
Urban Redevelopment and Housing	358,037	419,233					61,196			61,196
San Antonio Local Development Company										
Economic Development and Opportunity	826,262	668,124						(158,138)		(158,138)
Brooks Development Authority										
Economic Development and Opportunity	17,817,369	13,750,717	1,107,058						(2,959,594)	(2,959,594)
Total	$ 51,682,310	$ 44,340,747	$ 2,193,414	(524,522)	0	(1,567,091)	61,196	(158,138)	(2,959,594)	(5,148,149)
General Revenues:										
Investment Earnings				22,362	509	339,522	53,552	419,349	69,650	904,944
Gain (Loss) on Disposal of Capital Assets						(4,210,882)				(4,210,882)
Miscellaneous						4,187,688			2,488,710	6,676,398
Total General Revenues				22,362	509	316,328	53,552	419,349	2,558,360	3,370,460
Change in Net Assets				(502,160)	509	(1,250,763)	114,748	261,211	(401,234)	(1,777,689)
Cumulative Change in Accounting Policy										
Net Assets - Beginning				1,760,693	52,125	109,202,091	4,639,108	4,872,650	14,755,291	135,281,958
Prior Period Adjustment				18,016					(2,634,668)	(2,616,652)
Net Assets - Ending				$ 1,276,549	$ 52,634	$ 107,951,328	$ 4,753,856	$ 5,133,861	$ 11,719,389	$ 130,887,617

City of San Antonio
Texas

Capital Assets Used in Operation of Governmental Funds

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CAPITAL ASSETS BY SOURCE[1]
SEPTEMBER 30, 2003

Governmental Funds Capital Assets:		2003
Land	$	1,238,908,028
Buildings		384,955,693
Improvements Other Than Buildings		69,719,583
Infrastructures		1,949,974,520
General City Equipment		70,482,993
Construction in Progress		585,957,937
Total Governmental Funds Capital Assets	$	4,299,998,754

Investment in Governmental Funds Capital Assets by Source:		
Current Revenue	$	2,043,122,929
General Obligation Bonds and Certificates of Obligation		1,721,942,549
Special Revenue Bonds		15,000
Federal and State Grants		507,604,251
Special Assessments		1,007,709
Trusts		117,861
Private Citizens' Contribution		21,645,748
San Antonio Fair Inc.		4,542,707
Total Investment in Governmental Funds Capital Assets by Source	$	4,299,998,754

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CAPTIAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CAPITAL ASSETS BY FUNCTION AND ACTIVITY[1]
SEPTEMBER 30, 2003

	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS	INFRA-STRUCTURE	GENERAL CITY EQUIPMENT	TOTAL
General Government						
Legislative	$ 254,362	$ 0	$ 0	$ 0	$ 120,075	$ 374,437
Judicial		19,091,000			68,097	19,159,097
Executive	608,339	2,592,005			29,725,827	32,926,171
Administration	109,105,199	19,728,340	17,396,887	122,674,959	4,242,471	273,147,856
Total General Government	109,967,900	41,411,345	17,396,887	122,674,959	34,156,470	325,607,561
Public Safety						
Police	1,913,645	29,718,686	1,140,600		9,743,220	42,516,151
Fire	1,561,045	29,884,120	896,310		13,139,431	45,480,906
Building Inspection and Regulations		15,704,116			401,467	16,105,583
Administration		23,892,344			54,541	23,946,885
Other Protection	4,258,082	337,217			3,061,056	7,656,355
Total Public Safety	7,732,772	99,536,483	2,036,910		26,399,715	135,705,880
Public Works	2,982,009	505,420	13,293,509	1,808,863,443	375,413	1,826,019,794
Health Services	56,159	7,622,063	816,171		1,894,589	10,388,982
Sanitation	3,557,738	891,137				4,448,875
Welfare	1,079,153	5,645,031	302,642		1,045,746	8,072,572
Culture and Recreation						
Libraries	1,467,296	45,586,303	1,832,040	371,566	591,546	49,848,751
Parks	1,078,323,368	34,270,144	25,965,464	4,869,137	3,730,649	1,147,158,762
Total Culture and Recreation	1,079,790,664	79,856,447	27,797,504	5,240,703	4,322,195	1,197,007,513
Urban Redevelopment and Housing	15,637,101	141,552,986	7,975,960	13,195,415	2,113,822	180,475,284
Economic Development and Opportunity	18,104,532	7,934,781	100,000		175,043	26,314,356
Total Capital Assets Allocated to Functions	$ 1,238,908,028	$ 384,955,693	$ 69,719,583	$ 1,949,974,520	$ 70,482,993	3,714,040,817
Construction in Progress						585,957,937
Total Governmental Funds Capital Assets						$ 4,299,998,754

[1] This schedule presents only the capital assets balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CAPTIAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN CAPITAL ASSETS BY FUNCTION AND ACTIVITY[1]
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Function and Activity	Governmental Funds Capital Assets 10-01-02	Additions	Deductions	Governmental Funds Capital Assets 09-30-03
General Government				
Legislative	$ 373,093	$ 1,344	$ 0	$ 374,437
Judicial	19,159,097			19,159,097
Executive	25,406,557	7,519,614		32,926,171
Administration	268,905,385	4,340,577	98,106	273,147,856
Total General Government	313,844,132	11,861,535	98,106	325,607,561
Public Safety				
Police	34,187,506	8,809,090	480,445	42,516,151
Fire	45,264,228	474,847	258,169	45,480,906
Building Inspection and Regulations	390,012	15,715,571		16,105,583
Administration	23,946,885			23,946,885
Other Protection	7,656,355			7,656,355
Total Public Safety	111,444,986	24,999,508	738,614	135,705,880
Public Works	1,811,998,106	14,021,688		1,826,019,794
Health Services	9,025,975	1,363,007		10,388,982
Sanitation	4,448,875			4,448,875
Welfare	7,119,362	1,032,384	79,174	8,072,572
Culture and Recreation				
Libraries	49,750,816	97,935		49,848,751
Parks	1,134,405,929	13,184,028	431,195	1,147,158,762
Total Culture and Recreation	1,184,156,745	13,281,963	431,195	1,197,007,513
Urban Redevelopment and Housing	179,974,724	539,037	38,477	180,475,284
Economic Development and Opportunity	8,220,287	18,094,069		26,314,356
Construction in Progress	524,898,009	98,599,807	37,539,879	585,957,937
Total Governmental Funds Capital Assets	$ 4,155,131,201	$ 183,792,998	$ 38,925,445	$ 4,299,998,754

[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 the internal service funds are included as governmental activities in the statement of net assets.

City of San Antonio
Texas

Other Supplementary Information

GENERAL FUND
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Taxes	$ 323,998,717	$ 320,518,083	$ (3,480,634)
Licenses and Permits	14,701,151	13,912,258	(788,893)
Intergovernmental	3,019,892	2,878,131	(141,761)
Revenues from Utilities	174,744,315	210,466,156	35,721,841
Charges for Services	25,379,985	27,283,429	1,903,444
Fines and Forfeits	11,919,304	11,282,396	(636,908)
Miscellaneous	11,047,476	9,810,913	(1,236,563)
Total Revenues	564,810,840	596,151,366	31,340,526
Expenditures			
General Government	71,932,468	53,416,465	18,516,003
Public Safety	363,628,227	361,835,168	1,793,059
Public Works	12,942,577	11,920,629	1,021,948
Health Services	13,602,834	13,814,613	(211,779)
Sanitation	2,511,118	2,515,192	(4,074)
Welfare	17,049,088	16,317,480	731,608
Culture and Recreation	61,805,971	59,119,473	2,686,498
Economic Development and Opportunity	6,905,058	5,537,792	1,367,266
Total Expenditures	550,377,341	524,476,812	25,900,529
Excess of Revenues Over Expenditures	14,433,499	71,674,554	57,241,055
Other Financing Sources (Uses)			
Transfers In	22,066,104	13,120,941	(8,945,163)
Transfers Out	(71,236,894)	(70,377,939)	858,955
Total Other Financing (Uses)	(49,170,790)	(57,256,998)	(8,086,208)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(34,737,291)	14,417,556	$ 49,154,847
Fund Balances, October 1	62,452,494	62,452,494	
Add Encumbrances		4,772,022	
Fund Balances, September 30	$ 27,715,203	$ 81,642,072	

GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Taxes			
Property Taxes			
Current Taxes	$ 143,795,023	$ 146,884,063	$ 3,089,040
Delinquent Taxes	1,979,260	2,571,816	592,556
General Sales and Use Taxes			
City Sales Tax	148,056,627	138,962,225	(9,094,402)
Selective Sales and Use Taxes			
Alcoholic Beverages Tax	3,643,395	3,862,581	219,186
Gross Receipts Business Taxes			
Taxicabs	185,000	261,325	76,325
Telecommunication Access Lines Fees	17,037,713	16,131,658	(906,055)
Cablevision Franchise	7,615,799	8,416,743	800,944
Bingo Tax	300,000	260,794	(39,206)
Other	66,400	1,293,655	1,227,255
Penalties and Interest on Delinquent Taxes	1,319,500	1,873,223	553,723
Total Taxes	323,998,717	320,518,083	(3,480,634)
Licenses and Permits			
Alcoholic Beverages Licenses	484,281	364,362	(119,919)
Health Licenses	2,620,863	2,220,265	(400,598)
Amusement Licenses	225,804	256,025	30,221
Professional and Occupational Licenses	838,995	691,637	(147,358)
Animal Licenses	7,339	6,615	(724)
Building Permits	10,310,698	9,969,615	(341,083)
Street Permits	213,171	403,739	190,568
Total Licenses and Permits	14,701,151	13,912,258	(788,893)
Intergovernmental Revenues			
Library Aid from Bexar County	2,547,887	2,239,060	(308,827)
Park Reservation Services	30,797	30,959	162
Health Aid from Bexar County	395,818	563,988	168,170
Hotel/Motel Tax Collection Fee	45,390	44,124	(1,266)
Total Intergovernmental Revenues	3,019,892	2,878,131	(141,761)
Revenues from Municipally-Owned Utilities			
City Public Service Board	168,978,000	204,016,870	35,038,870
San Antonio Water System	5,766,315	6,449,286	682,971
Total Revenues from Municipally-Owned Utilities	174,744,315	210,466,156	35,721,841

(Cont'd)

GENERAL FUND
SCHEDULE OF REVENUES COMPARED TO BUDGET
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Charges for Services			
General Government	$ 9,142,151	$ 10,464,565	$ 1,322,414
Public Safety			
Police Department	3,834,050	4,416,389	582,339
Fire Department	1,332,325	1,180,204	(152,121)
Highway and Streets			
Street Repairing and Lighting		125	125
Barricade Fees	10,416	12,380	1,964
Sanitation			
Animal Pound Fees	197,562	208,120	10,558
Abatement of Nuisances	176,163	232,080	55,917
Health	2,007,268	2,171,255	163,987
Culture and Recreation			
Hemisfair Plaza	24,812	30,312	5,500
Tower of the Americas	1,643,730	1,490,197	(153,533)
La Villita	553,007	490,490	(62,517)
Recreation Fees	488,054	576,576	88,522
Brackenridge Park Concessions		101	101
Concessions in Other Parks	205,176	117,564	(87,612)
River Boats	3,195,722	3,341,308	145,586
Miscellaneous Recreation Revenue	479,033	336,829	(142,204)
Governor's Palace	37,005	39,723	2,718
Swimming Pools	10,896	24,564	13,668
Community Centers	40,089	1,330	(38,759)
Library	751,020	820,096	69,076
Market Square - Markets and Warehouses	1,123,768	1,089,193	(34,575)
Cemeteries	127,738	240,028	112,290
Total Charges for Services	25,379,985	27,283,429	1,903,444
Fines and Forfeits			
Municipal Court Fines	11,919,304	11,282,396	(636,908)
Miscellaneous			
Interest Earned	2,950,315	1,283,043	(1,667,272)
Net (Decrease) in Fair Value of Investments		(3,552)	(3,552)
Sales	1,470,211	1,589,687	119,476
Recovery of Expenditures	1,899,903	2,151,188	251,285
Contributions from Governmental Agencies	24,000	24,000	
Interfund Charges	3,986,847	3,813,227	(173,620)
Rents, Leases and Concessions	499,733	892,686	392,953
Other	216,467	60,634	(155,833)
Total Miscellaneous	11,047,476	9,810,913	(1,236,563)
Total Revenues	$ 564,810,840	$ 596,151,366	$ 31,340,526

(end of statement)

GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Expenditures			
General Government			
Legislative:			
Personal Services	$ 9,762,110	$ 4,689,004	$ 5,073,106
Contractual Services	2,275,279	1,587,802	687,477
Commodities	353,274	157,100	196,174
Other Expenditures	1,823,932	1,536,899	287,033
Total Legislative	14,214,595	7,970,805	6,243,790
Judicial:			
Personal Services	8,354,865	7,886,394	468,471
Contractual Services	3,099,237	3,111,956	(12,719)
Commodities	330,049	271,452	58,597
Other Expenditures	83,060	83,060	
Total Judicial	11,867,211	11,352,862	514,349
Executive:			
Personal Services	21,874,067	18,765,472	3,108,595
Contractual Services	21,972,699	14,520,195	7,452,504
Commodities	1,601,653	491,873	1,109,780
Other Expenditures	352,752	265,767	86,985
Capital Outlay	49,491	49,491	
Total Executive	45,850,662	34,092,798	11,757,864
Total General Government	71,932,468	53,416,465	18,516,003
Public Safety			
Police:			
Personal Services	168,935,624	166,496,607	2,439,017
Contractual Services	12,176,494	13,453,560	(1,277,066)
Commodities	978,782	894,953	83,829
Other Expenditures	1,300,448	1,300,448	
Capital Outlay	6,465	6,465	
Total Police	183,397,813	182,152,033	1,245,780
Fire:			
Personal Services	92,514,348	92,045,936	468,412
Contractual Services	3,711,921	3,942,167	(230,246)
Commodities	2,388,812	1,845,757	543,055
Other Expenditures	3,128,141	3,128,142	(1)
Capital Outlay	10,276	10,276	
Total Fire	101,753,498	100,972,278	781,220

(Cont'd)

GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Public Safety (Cont'd)			
Building Inspection and Regulations:			
Personal Services	$ 7,670,085	$ 7,435,474	$ 234,611
Contractual Services	1,838,031	1,889,527	(51,496)
Commodities	462,695	384,486	78,209
Other Expenditures	127,848	127,848	
Total Building Inspection and Regulations	10,098,659	9,837,335	261,324
Administration:			
Personal Services	17,489,494	18,580,934	(1,091,440)
Contractual Services	7,267,026	7,118,728	148,298
Commodities	1,103,952	1,011,119	92,833
Other Expenditures	305,966	304,168	1,798
Total Administration	26,166,438	27,014,949	(848,511)
Other Protection:			
Personal Services	27,315,756	26,196,225	1,119,531
Contractual Services	9,699,480	10,867,442	(1,167,962)
Commodities	4,810,222	4,408,545	401,677
Other Expenditures	294,461	294,461	
Capital Outlay	91,900	91,900	
Total Other Protection	42,211,819	41,858,573	353,246
Total Public Safety	363,628,227	361,835,168	1,793,059
Public Works			
Streets:			
Personal Services	320,716	302,486	18,230
Contractual Services	53,657	11,916	41,741
Commodities	74,671	30,378	44,293
Other Expenditures	3,133	3,133	
Capital Outlay		401,800	(401,800)
Total Streets	452,177	749,713	(297,536)
Lighting:			
Contractual Services	12,430,532	11,170,916	1,259,616
Commodities	59,868		59,868
Total Lighting	12,490,400	11,170,916	1,319,484
Total Streets and Roadways	12,942,577	11,920,629	1,021,948
Health Services			
Personal Services	10,157,917	10,001,505	156,412
Contractual Services	2,553,612	2,825,915	(272,303)
Commodities	744,422	840,310	(95,888)
Other Expenditures	120,112	120,112	
Capital Outlay	26,771	26,771	
Total Health Services	13,602,834	13,814,613	(211,779)

(Cont'd)

GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Sanitation			
Personal Services	$ 2,220,425	$ 2,178,779	$ 41,646
Contractual Services	197,015	238,370	(41,355)
Commodities	76,946	81,311	(4,365)
Other Expenditures	16,732	16,732	
Total Sanitation	2,511,118	2,515,192	(4,074)
Welfare			
Personal Services	7,988,257	7,915,333	72,924
Contractual Services	4,268,276	3,701,239	567,037
Commodities	156,758	191,649	(34,891)
Other Expenditures	4,635,797	4,509,259	126,538
Total Welfare	17,049,088	16,317,480	731,608
Culture and Recreation			
Libraries:			
Personal Services	13,610,161	12,789,660	820,501
Contractual Services	2,614,118	2,760,498	(146,380)
Commodities	3,084,862	2,353,685	731,177
Other Expenditures	261,279	306,632	(45,353)
Total Libraries	19,570,420	18,210,475	1,359,945
Parks:			
Personal Services	24,290,456	22,532,403	1,758,053
Contractual Services	13,595,988	14,411,511	(815,523)
Commodities	3,394,073	2,997,120	396,953
Other Expenditures	818,089	819,866	(1,777)
Capital Outlay	136,945	148,098	(11,153)
Total Parks	42,235,551	40,908,998	1,326,553
Total Culture and Recreation	61,805,971	59,119,473	2,686,498
Economic Development and Opportunity			
Urban Redevelopment and Housing:	367,641	365,428	2,213
Personal Services	19,041	2,214	16,827
Contractual Services	3,910	2,391	1,519
Commodities	231,284	231,284	
Total Urban Redevelopment and Housing	621,876	601,317	20,559

(Cont'd)

GENERAL FUND
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Economic Development and Opportunity (Cont'd)			
Economic Development:			
Personal Services	$ 2,563,965	$ 2,445,325	$ 118,640
Contractual Services	2,212,688	1,499,900	712,788
Commodities	87,748	102,366	(14,618)
Other Expenditures	1,418,781	888,884	529,897
Total Economic Development	6,283,182	4,936,475	1,346,707
Total Economic Development and Opportunity	6,905,058	5,537,792	1,367,266
Total Expenditures	$ 550,377,341	$ 524,476,812	$ 25,900,529

(end of statement)

SPECIAL REVENUE FUNDS
HOTEL MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Taxes:			
Hotel Occupancy Tax	$ 37,210,000	$ 34,714,762	$ (2,495,238)
Charges for Services	6,612,875	7,868,271	1,255,396
Miscellaneous:			
Interest	415,490	169,449	(246,041)
Net (Decrease) in Fair Value of Investments		(876)	(876)
Recovery of Expenditures	128,000	151,267	23,267
Other	27,500	57,103	29,603
Total Revenues	44,393,865	42,959,976	(1,433,889)
Expenditures			
Convention and Tourism:			
International Affairs:			
Personal Services	459,656	454,518	5,138
Contractual Services	409,936	985,686	(575,750)
Commodities	56,058	52,521	3,537
Other Expenditures	2,728	2,728	
Capital Outlay	5,557		5,557
Total	933,935	1,495,453	(561,518)
Economic and Employee Development			
Personal Services			
Contractual Services	309,070	262,339	46,731
Commodities	5,000		5,000
Total	314,070	262,339	51,731
Arts and Cultural Affairs:			
Personal Services	542,210	507,374	34,836
Contractual Services	514,159	260,982	253,177
Commodities	14,705	13,681	1,024
Other Expenditures	2,438	2,438	
Capital Outlay	5,327		5,327
Total	1,078,839	784,475	294,364
Convention Facilities:			
Personal Services	10,089,695	9,912,717	176,978
Contractual Services	6,818,515	6,259,518	558,997
Commodities	862,404	779,190	83,214
Other Expenditures	676,725	676,725	
Capital Outlay	505,421	102,843	402,578
Total	18,952,760	17,730,993	1,221,767
Convention & Visitors Bureau			
Personal Services	4,665,797	4,508,851	156,946
Contractual Services	11,795,742	10,601,626	1,194,116
Commodities	168,019	262,432	(94,413)
Other Expenditures	49,529	49,529	
Capital Outlay	100,667		100,667
Total	16,779,754	15,422,438	1,357,316
Non-Departmental:			
Personal Services	171,234	150,997	20,237
Contractual Services	3,382,353	2,520,619	861,734
Commodities	1,000	1,165	(165)
Other Expenditures	84,296	1,572,584	(1,488,288)
Capital Outlay	4,000		4,000
Total	3,642,883	4,245,365	(602,482)
Contributions to Other Agencies	2,866,068	2,869,408	(3,340)
Total Expenditures	44,568,309	42,810,471	1,757,838
Deficiency of Revenues Over Expenditures	(174,444)	149,505	323,949
Other Financing Sources (Uses)			
Transfers In	365,049	365,049	
Transfers Out	(10,375,820)	(8,045,685)	2,330,135
Total Other Financing Sources (Uses)	(10,010,771)	(7,680,636)	2,330,135
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(10,185,215)	(7,531,131)	$ 2,654,084
Fund Balances, October 1	17,816,703	17,816,703	
Add Encumbrances		1,665,540	
Fund Balances, September 30	$ 7,631,488	$ 11,951,112	

SPECIAL REVENUE FUNDS
HOTEL MOTEL TAX CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Taxes	$ 10,630,000	$ 9,918,459	$ (711,541)
Miscellaneous:			
Interest		27,905	27,905
Net (Decrease) in Fair Value of Investments		(151)	(151)
Other	12,901	12,591	(310)
Total Revenues	10,642,901	9,958,804	(684,097)
Expenditures			
Convention and Tourism:			
Other Expenditures	92,574	102,993	(10,419)
Excess of Revenues Over Expenditures	10,550,327	9,855,811	(694,516)
Other Financing Source (Uses)			
Transfers In		3,318,394	3,318,394
Transfers Out	(10,309,844)	(10,326,446)	(16,602)
Total Other Financing Sources	(10,309,844)	(7,008,052)	3,301,792
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Uses	240,483	2,847,759	$ 2,607,276
Fund Balances, October 1	1,915,079	1,915,079	
Fund Balances, September 30	$ 2,155,562	$ 4,762,838	

SPECIAL REVENUE FUNDS
ALAMODOME FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Charges for Services	$ 5,027,039	$ 5,175,371	$ 148,332
Miscellaneous:			
Interest	17,210	55,290	38,080
Net (Decrease) in Fair Value of Investments		(225)	(225)
Recovery of Expenditures		1,886	1,886
Other		2	2
Total Revenues	5,044,249	5,232,324	188,075
Expenditures			
Convention and Tourism:			
Administration:			
Personal Services	402,654	272,188	130,466
Contractual Services	190,618	474,960	(284,342)
Commodities	4,100	20,084	(15,984)
Other Expenditures	51,970	51,970	
Capital Outlay	2		2
Total	649,344	819,202	(169,858)
Fiscal Operations:			
Personal Services	227,774	238,975	(11,201)
Contractual Services	49,329	99,822	(50,493)
Commodities	1,050	5,702	(4,652)
Other Expenditures	37,020	37,020	
Total	315,173	381,519	(66,346)
Planning and Administration:			
Personal Services	175,748	176,670	(922)
Contractual Services	14,767	20,687	(5,920)
Commodities	4,800	13,209	(8,409)
Other Expenditures	36,568	36,568	
Total	231,883	247,134	(15,251)
Marketing & Promotions:			
Personal Services	134,017	189,528	(55,511)
Contractual Services	64,583	32,194	32,389
Commodities	14,050	1,222	12,828
Other Expenditures	37,058	37,058	
Total	249,708	260,002	(10,294)
Maintenance and Operations:			
Personal Services	1,356,619	1,181,259	175,360
Contractual Services	3,351,596	3,848,049	(496,453)
Commodities	386,463	403,477	(17,014)
Other Expenditures	166,041	166,041	
Capital Outlay	153,340	131,096	22,244
Total	5,414,059	5,729,922	(315,863)
Event Services:			
Personal Services	217,001	210,844	6,157
Contractual Services	301,265	373,777	(72,512)
Commodities	3,042	22,598	(19,556)
Other Expenditures	75,272	75,272	
Capital Outlay	23,011		23,011
Total	619,591	682,491	(62,900)
Event Contractual Staff Services:			
Personal Services	59,915	69,141	(9,226)
Contractual Services	564,661	606,572	(41,911)
Commodities	21,373	44,090	(22,717)
Other Expenditures	78,480	78,480	
Capital Outlay	63,521	44,245	19,276
Total	787,950	842,528	(54,578)
Total Expenditures	8,267,708	8,962,798	(695,090)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,223,459)	(3,730,474)	(507,015)
Other Financing Sources (Uses)			
Transfers In	334,000	194,817	(139,183)
Transfers Out	(152,797)	(62,945)	89,852
Total Other Financing Sources (Uses)	181,203	131,872	(49,331)
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses	(3,042,256)	(3,598,602)	$ (556,346)
Fund Balances, October 1	5,089,014	5,089,014	
Add Encumbrances		239,841	
Fund Balances, September 30	$ 2,046,758	$ 1,730,253	

SPECIAL REVENUE FUNDS
STREET MAINTENANCE AND IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Intergovernmental	$ 257,251	$ 513,161	$ 255,910
Charges for Services	1,021,250	1,181,031	159,781
Miscellaneous:			
Interest	171,540	39,856	(131,684)
Net (Decrease) in Fair Value of Investments		(403)	(403)
Recovery of Expenditures		256,291	256,291
Total Revenues	1,450,041	1,989,936	539,895
Expenditures			
Streets and Roadways:			
Area Supervision:			
Personal Services	3,350,539	2,017,469	1,333,070
Contractual Services	1,325,162	977,554	347,608
Commodities	252,131	127,568	124,563
Other Expenditures	72,370	50,044	22,326
Capital Outlay	6,416	6,416	
Total	5,006,618	3,179,051	1,827,567
Gravel and Asphalt Maintenance:			
Personal Services	7,255,844	7,149,564	106,280
Contractual Services	2,061,504	2,656,599	(595,095)
Commodities	5,044,221	9,094,586	(4,050,365)
Other Expenditures	522,027	407,275	114,752
Capital Outlay	12,350	12,350	
Total	14,895,946	19,320,374	(4,424,428)
Maintenance and Construction:			
Personal Services	2,213,489	2,283,230	(69,741)
Contractual Services	814,600	851,770	(37,170)
Commodities	4,246,733	1,160,556	3,086,177
Other Expenditures	111,558	111,558	
Total	7,386,380	4,407,114	2,979,266
Total Expenditures	27,288,944	26,906,539	382,405
(Deficiency) of Revenues (Under) Expenditures	(25,838,903)	(24,916,603)	922,300
Other Financing Sources (Uses)			
Transfers In	29,126,625	29,320,110	193,485
Transfers Out	(17,671,663)	(14,837,751)	2,833,912
Total Other Financing Sources (Uses)	11,454,962	14,482,359	3,027,397
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses	(14,383,941)	(10,434,244)	$ 3,949,697
Fund Balances, October 1	10,445,315	10,445,315	
Add Encumbrances		5,366,078	
Fund Balances, September 30	$ (3,938,626)	$ 5,377,149	

SPECIAL REVENUE FUNDS
PARKS DEVELOPMENT AND EXPANSION FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Taxes:			
City Sales Tax	$ 17,992,229	$ 17,360,375	$ (631,854)
Miscellaneous:			
Interest	160,056	210,791	50,735
Net (Decrease) in Fair Value of Investments		(761)	(761)
Total Revenues	18,152,285	17,570,405	(581,880)
Expenditures			
Culture and Recreation:			
Contractual Services	2,080,889	1,490,545	590,344
Commodities		343	(343)
Other Expenditures		28,619	(28,619)
Total Expenditures	2,080,889	1,519,507	561,382
Excess of Revenues Over Expenditures	16,071,396	16,050,898	(20,498)
Other Financing (Uses)			
Transfers Out	(15,406,413)	(14,984,567)	421,846
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	664,983	1,066,331	$ 401,348
Fund Balances, October 1	20,201,206	20,201,206	
Add Encumbrances		1,390,650	
Fund Balances, September 30	$ 20,866,189	$ 22,658,187	

SPECIAL REVENUE FUNDS
STORMWATER OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Charges for Services	$ 25,150,012	$ 24,758,942	$ (391,070)
Miscellaneous:			
Interest	200,790	171,272	(29,518)
Net (Decrease) in Fair Value of Investments		(517)	(517)
Recovery of Expenditures		3,286	3,286
Total Revenues	25,350,802	24,932,983	(417,819)
Expenditures			
Public Works:			
Administration:			
Personal Services	1,046,397	956,064	90,333
Contractual Services	3,532,377	3,455,023	77,354
Commodities	139,439	92,890	46,549
Other Expenditures	8,733	65,364	(56,631)
Capital Outlay	32,947	32,947	
Total	4,759,893	4,602,288	157,605
Vegetation Control:			
Personal Services	2,015,269	1,891,946	123,323
Contractual Services	390,630	833,810	(443,180)
Commodities	334,041	320,335	13,706
Other Expenditures	23,427	23,427	
Capital Outlay	96,322	96,322	
Total	2,859,689	3,165,840	(306,151)
River Maintenance:			
Personal Services	2,435,122	2,795,535	(360,413)
Contractual Services	916,998	1,122,373	(205,375)
Commodities	720,729	593,956	126,773
Other Expenditures	48,432	72,676	(24,244)
Capital Outlay	112,705	112,705	
Total	4,233,986	4,697,245	(463,259)
Street Sweeping:			
Personal Services	2,340,191	2,308,915	31,276
Contractual Services	659,249	929,548	(270,299)
Commodities	292,168	455,632	(163,464)
Other Expenditures	17,362	17,362	
Total	3,308,970	3,711,457	(402,487)
Tunnel Maintenance:			
Personal Services	1,085,471	1,012,850	72,621
Contractual Services	985,473	360,077	625,396
Commodities	421,909	261,764	160,145
Other Expenditures	9,856	9,856	
Capital Outlay	19,447	19,447	
Total	2,522,156	1,663,994	858,162
Design Engineering:			
Personal Services	496,099	566,707	(70,608)
Contractual Services	24,298	14,130	10,168
Commodities	60,283	13,542	46,741
Other Expenditures	11,813	11,813	
Total	592,493	606,192	(13,699)
Total Expenditures	18,277,187	18,447,016	(169,829)
Excess of Revenues Over Expenditures	7,073,615	6,485,967	(587,648)
Other Financing Sources (Uses)			
Transfers In		128,549	128,549
Transfers Out	(13,270,356)	(5,766,048)	7,504,308
Total Other Financing Sources (Uses)	(13,270,356)	(5,637,499)	7,632,857
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(6,196,741)	848,468	$ 7,045,209
Fund Balances, October 1	13,310,772	13,310,772	
Add Encumbrances		3,562,601	
Fund Balances, September 30	$ 7,114,031	$ 17,721,841	

SPECIAL REVENUE FUNDS
PROJECT MANAGEMENT OFFICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Miscellaneous:			
Interest	$ 0	$ 97	$ 97
Net (Decrease) in Fair Value of Investments		(2)	(2)
Total Revenues		95	95
Expenditures			
Convention and Tourism:			
Personal Services	361,331	225,679	135,652
Contractual Services	146,456	88,144	58,312
Commodities	19,740	8,391	11,349
Other Expenditures	8,756	39,833	(31,077)
Total Expenditures	536,283	362,047	174,236
(Deficiency) of Revenues (Under) Expenditures	(536,283)	(361,952)	174,331
Other Financing Sources (Uses)			
Transfers In	907,006	583,166	(323,840)
Transfers Out	(395,917)	(241,820)	154,097
Total Other Financing Sources (Uses)	511,089	341,346	(169,743)
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses	(25,194)	(20,606)	$ 4,588
Fund Balances, October 1	25,194	25,194	
Fund Balances, September 30	$ 0	$ 4,588	

SPECIAL REVENUE FUNDS
EMERGENCY MEDICAL SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Charges for Services:			
Ambulance Service Fees	$ 9,612,648	$ 9,473,102	$ (139,546)
Ambulance Contract Fees	385,002	379,878	(5,124)
Miscellaneous:			
Recovery of Expenditures		9,070	9,070
Total Revenues	9,997,650	9,862,050	(135,600)
Expenditures			
Health Services:			
Personal Services	32,473,436	32,689,957	(216,521)
Contractual Services	3,970,909	4,291,235	(320,326)
Commodities	1,290,245	1,492,947	(202,702)
Other Expenditures	278,047	278,047	0
Capital Outlay	34,221	34,221	0
Total Expenditures	38,046,858	38,786,407	(739,549)
(Deficiency) of Revenues (Under) Expenditures	(28,049,208)	(28,924,357)	(875,149)
Other Financing Sources			
Transfers In	28,325,994	28,325,994	0
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures	276,786	(598,363)	$ (875,149)
Fund Balances, October 1	162,400	162,400	
Add Encumbrances		11,421	
Fund Balances, September 30	$ 439,186	$ (424,542)	

SPECIAL REVENUE FUNDS
CAPITAL IMPROVEMENTS RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Intergovernmental:			
Street Light Installation	$ 725,000	$ 694,937	$ (30,063)
Miscellaneous:			
Interest	128,740	47,569	(81,171)
Net (Decrease) in Fair Value of Investments		(264)	(264)
Recovery of Expenditures	25,000	26,900	1,900
Other	200,000	321,963	121,963
Total Revenues	1,078,740	1,091,105	12,365
Expenditures			
General Government:			
Contractual Services	7,000		7,000
Total Expenditures	7,000		7,000
Excess of Revenues Over Expenditures	1,071,740	1,091,105	19,365
Other Financing Sources (Uses)			
Transfers In	431,044	431,044	
Transfers Out	(5,970,327)	(3,938,209)	2,032,118
Total Other Financing Sources (Uses)	(5,539,283)	(3,507,165)	2,032,118
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses	(4,467,543)	(2,416,060)	$ 2,051,483
Fund Balances, October 1	3,734,154	3,734,154	
Add Encumbrances		1,257,357	
Fund Balances, September 30	$ (733,389)	$ 2,575,451	

SPECIAL REVENUE FUNDS
NELSON WOLFF STADIUM
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Charges for Services	$ 552,501	$ 500,705	$ (51,796)
Miscellaneous:			
Interest		252	252
Net (Decrease) in Fair Value of Investments		(1)	(1)
Recovery of Expenditures	54,641	45,807	(8,834)
Other	6,473	5,880	(593)
Total Revenues	613,615	552,643	(60,972)
Expenditures			
Culture and Recreation:			
Personal Services	266,315	234,574	31,741
Contractual Services	322,254	338,429	(16,175)
Commodities	57,470	47,134	10,336
Other Expenditures	38,546	38,546	
Capital Outlay	8,299		8,299
Total Expenditures	692,884	658,683	34,201
(Deficiency) of Revenues (Under) Expenditures	(79,269)	(106,040)	(26,771)
Other Financing Sources			
Transfers In	87,550		(87,550)
Transfers Out	(5,203)	(5,260)	(57)
Total Other Financing Sources	82,347	(5,260)	(87,607)
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures	3,078	(111,300)	$ (114,378)
Fund Balances, October 1	137,938	137,938	
Add Encumbrances		10,632	
Fund Balances, September 30	$ 141,016	$ 37,270	

SPECIAL REVENUE FUNDS
CONFISCATED PROPERTY FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Miscellaneous:			
Interest	$ 19,540	$ 24,111	$ 4,571
Net (Decrease) in Fair Value of Investments		(94)	(94)
Other	801,000	1,757,193	956,193
Total Revenues	820,540	1,781,210	960,670
Expenditures			
Public Safety:			
Office of Chief of Police:			
Personal Services	133,950	87,247	46,703
Contractual Services	1,369,136	468,618	900,518
Commodities	726,566	388,723	337,843
Other Expenditures	11,686	11,686	
Capital Outlay	55,818	55,818	
Total Expenditures	2,297,156	1,012,092	1,285,064
(Deficiency) of Revenues (Under) Expenditures	(1,476,616)	769,118	2,245,734
Other Financing (Uses)			
Transfers Out	(149,244)	(149,244)	
(Deficiency) of Revenues (Under) Expenditures and Other Financing Uses	(1,625,860)	619,874	$ 2,245,734
Fund Balances, October 1	1,893,370	1,893,370	
Add Encumbrances		66,914	
Fund Balances, September 30	$ 267,510	$ 2,580,158	

CITY OF SAN ANTONIO, TEXAS

SPECIAL REVENUE FUNDS
PUBLIC HEALTH SUPPORT REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Intergovernmental	$ 1,055,140	$ 1,191,501	$ 136,361
Charges for Services	1,083,762	1,457,434	373,672
Miscellaneous:			
Interest	15,160	17,944	2,784
Net (Decrease) in Fair Value of Investments		(37)	(37)
Total Revenues	2,154,062	2,666,842	512,780
Expenditures			
Health Services:			
Administration:			
Personal Services	819,873	740,890	78,983
Contractual Services	85,109	89,614	(4,505)
Commodities	653,166	217,511	435,655
Other Expenditures	8,145	243,638	(235,493)
Total	1,566,293	1,291,653	274,640
Animal Control:			
Personal Services	649,188	574,746	74,442
Contractual Services	17,889	32,680	(14,791)
Commodities	9,679	19,014	(9,335)
Other Expenditures	4,917	4,917	0
Total	681,673	631,357	50,316
Total Expenditures	2,247,966	1,923,010	324,956
Excess (Deficiency) of Revenues Over (Under) Expenditures	(93,904)	743,832	837,736
Other Financing Sources (Uses)			
Transfers In			
Transfers Out	(356,646)	(310,672)	45,974
Total Other Financing Sources (Uses)	(356,646)	(310,672)	45,974
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(450,550)	433,160	$ 883,710
Fund Balances, October 1	1,076,380	1,076,380	
Add Encumbrances		8,861	
Fund Balances, September 30	$ 625,830	$ 1,518,401	

SPECIAL REVENUE FUNDS
JOB TRAINING, NEIGHBORHOOD REVITALIZATION, AND ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Intergovernmental	$ 0	$ 0	$ 0
Miscellaneous:			
Interest	105,300	54,916	(50,384)
Net (Decrease) in Fair Value of Investments		(235)	(235)
Total Revenues	105,300	54,681	(50,619)
Expenditures			
Economic Development and Opportunity:			
Contractual Services	765,100	434,471	330,629
(Deficiency) of Revenues (Under) Expenditures	(659,800)	(379,790)	280,010
Other Financing (Uses)			
Transfers Out			0
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses	(659,800)	(379,790)	$ 280,010
Fund Balances, October 1	4,618,505	4,618,505	
Add Encumbrances		418,000	
Fund Balances, September 30	$ 3,958,705	$ 4,656,715	

SPECIAL REVENUE FUNDS
GOLF COURSE FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Charges for Services	$ 7,426,034	$ 6,104,809	$ (1,321,225)
Miscellaneous:			
Interest		(70)	(70)
Recovery of Expenditures	9,870	13,975	4,105
Other	5,280	317	(4,963)
Total Revenues	7,441,184	6,119,031	(1,322,153)
Expenditures			
Culture and Recreation:			
Personal Services	3,590,569	3,564,068	26,501
Contractual Services	1,826,008	1,413,077	412,931
Commodities	791,368	806,268	(14,900)
Other Expenditures	319,301	658,764	(339,463)
Total Expenditures	6,527,246	6,442,177	85,069
Excess (Deficiency) of Revenues Over (Under) Expenditures	913,938	(323,146)	(1,237,084)
Other Financing (Uses)			
Transfers Out	(351,042)	(13,838)	337,204
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	562,896	(336,984)	$ (899,880)
Fund Balances, October 1	(780,967)	(780,967)	
Add Encumbrances		26,521	
Fund Balances, September 30	$ (218,071)	$ (1,091,430)	

SPECIAL REVENUE FUNDS
BROOKS CITY-BASE FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Miscellaneous:			
Interest	$ 0	$ 265	$ 265
Net Increase in Fair Value of Investments		(9)	(9)
Total Revenues		256	256
Expenditures			
Convention and Tourism:			
Personal Services	390,773	287,118	103,655
Contractual Services	1,071,388	667,664	403,724
Commodities	15,870	6,689	9,181
Other Expenditures	1,457	1,457	
Total Expenditures	1,479,488	962,928	516,560
(Deficiency) of Revenues (Under) Expenditures	(1,479,488)	(962,672)	516,816
Other Financing Sources			
Transfers In	728,641	959,000	230,359
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses	(750,847)	(3,672)	$ 747,175
Fund Balances, October 1	154,037	154,037	
Add Encumbrances		12,138	
Fund Balances, September 30	$ (596,810)	$ 162,503	

SPECIAL REVENUE FUNDS
INTERNATIONAL CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Charges for Services	$ 941,891	$ 1,003,761	$ 61,870
Miscellaneous:			
Interest	5,410	4,444	(966)
Net (Decrease) in Fair Value of Investments		(14)	(14)
Total Revenues	947,301	1,008,191	60,890
Expenditures			
Convention and Tourism:			
Personal Services	359,321	330,770	28,551
Contractual Services	323,474	367,973	(44,499)
Commodities	49,095	38,422	10,673
Other Expenditures	31,054	31,054	
Capital Outlay	47,000	47,000	
Total Expenditures	809,944	815,219	(5,275)
Excess (Deficiency) of Revenues Over (Under) Expenditures	137,357	192,972	55,615
Other Financing Sources (Uses)			
Transfers In	86,743		(86,743)
Transfers Out	(267,113)	(18,962)	248,151
Total Other Financing Sources (Uses)	(180,370)	(18,962)	161,408
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(43,013)	174,010	$ 217,023
Fund Balances, October 1	151,182	151,182	
Add Encumbrances			
Fund Balances, September 30	$ 108,169	$ 325,192	

SPECIAL REVENUE FUNDS
ENTERPRISE RESOURCE MANAGEMENT PROJECT (ERM) FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Miscellaneous:			
Other	$ 0	$ 3,194	$ 3,194
Total Revenues		3,194	3,194
Expenditures			
General Government:			
Personal Services	3,116,462	2,727,594	388,868
Contractual Services	1,693,368	1,959,735	(266,367)
Commodities	143,589	237,311	(93,722)
Other Expenditures	8,462	332,564	(324,102)
Total Expenditures	4,961,881	5,257,204	(295,323)
(Deficiency) of Revenues (Under) Expenditures	(4,961,881)	(5,254,010)	(292,129)
Other Financing Sources			
Transfers In	5,312,660	5,381,614	68,954
Transfers Out	(486,825)	(162,171)	324,654
	4,825,835	5,219,443	393,608
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources	(136,046)	(34,567)	$ 101,479
Fund Balances, October 1	21,464	21,464	
Add Encumbrances		18,285	
Fund Balances, September 30	$ (114,582)	$ 5,182	

DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Taxes:			
Current Taxes	$ 85,989,456	$ 87,793,916	$ 1,804,460
Delinquent Taxes	1,314,400	1,606,751	292,351
Penalties and Interest on Delinquent Taxes	856,000	1,183,511	327,511
Miscellaneous:			
Interest Revenue	3,894,348	2,343,471	(1,550,877)
Total Revenues	92,054,204	92,927,649	873,445
Expenditures			
Principal Retirement	68,950,000	66,650,000	2,300,000
Interest	54,266,898	50,928,691	3,338,207
Cash Contribution to Escrow Agent		2,118,409	(2,118,409)
Arbitrage Expense	132,770		132,770
Issuance Costs	79,750	1,206,054	(1,126,304)
Total Expenditures	123,429,418	120,903,154	2,526,264
(Deficiency) of Revenues (Under) Expenditures	(31,375,214)	(27,975,505)	3,399,709
Other Financing Sources (Uses)			
Operating Transfers In	24,948,619	25,322,635	374,016
Transfer to Construction Fund	(7,000,000)		7,000,000
Long-Term Debt Issued		121,245,000	121,245,000
Premium on Long-Term Debt		11,358,801	11,358,801
Payment to Refunded Bond Escrow Agent		(131,409,868)	(131,409,868)
Total Other Financing Sources (Uses)	17,948,619	26,516,568	8,567,949
Excess of Revenues and Other Financing Sources Over Expenditures	(13,426,595)	(1,458,937)	$ 11,967,658
Fund Balances, October 1	89,347,645	89,347,645	
Fund Balances, September 30	$ 75,921,050	$ 87,888,708	

PERMANENT FUNDS
SAN JOSE BURIAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES-COMPARED TO BUDGET
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	2003		
	BUDGET	ACTUAL	VARIANCE-POSITIVE (NEGATIVE)
Revenues			
Miscellaneous:			
Sales	$ 31,000	$ 89,014	$ 58,014
Interest on Time Deposits			
Other	72,270	35,049	(37,221)
Total Revenues	103,270	124,063	20,793
Expenditures			
General Government:			
Personal Services	291,749	312,844	(21,095)
Contractual Services	109,931	60,564	49,367
Commodities	20,587	23,764	(3,177)
Capital Outlay	20,702	6,516	14,186
Total Expenditures	442,969	403,688	39,281
(Deficiency) of Revenues (Under) Expenditures	(339,699)	(279,625)	$ 60,074
Other Financing Sources			
Operating Transfers Out	(47,799)	(47,799)	
Total Other Financing Sources	(47,799)	(47,799)	
(Deficiency) of Revenues and Other Financing Sources (Under) Expenditures and Other Financing Uses	(387,498)	(327,424)	$ 60,074
Fund Balances, October 1	3,121,548	3,121,548	
Add Encumbrances		3,829	
Fund Balances, September 30	$ 2,734,050	$ 2,797,953	

City of San Antonio
Texas

Statistical Section

(Unaudited)

STATISTICAL DATA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

	FISCAL YEAR	GENERAL GOVERNMENT	PUBLIC SAFETY	PUBLIC WORKS	HEALTH SERVICES	ENVIRONMENTAL PROTECTION/ SANITATION	WELFARE
	1994	$ 36,862,536	$ 206,389,581	$ 8,347,017	$ 9,494,977	$ 2,572,816	$ 7,250,532
	1995	40,685,167	222,923,105	8,425,639	10,040,732	2,635,611	9,131,932
	1996	42,529,874	237,255,653	8,918,131	10,573,920	2,773,727	9,171,600
	1997	45,565,493	251,646,029	8,740,273	10,267,013	2,732,660	8,382,401
	1998	44,617,078	267,566,794	9,162,860	10,753,132	2,780,539	10,232,506
	1999	49,438,915	289,777,427	9,467,167	11,277,893	2,399,358	11,407,269
	2000	55,436,446	305,859,236	9,909,813	12,299,792	2,600,995	12,857,131
	2001	68,364,225	326,227,746	9,804,123	13,401,383	2,754,077	16,464,593
(1)	2002	64,153,082	364,240,290	67,128,230	76,541,219	3,045,224	133,160,777
(1)	2003	63,729,413	375,090,038	68,350,520	83,607,443	3,131,662	134,018,587

NOTE: (1) Commencing in Fiscal Year 2002, expenditures were adjusted to reflect the General Government amounts, which include the General Fund, Special Revenue Fund, and the Debt Service Fund.

STATISTICAL DATA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS

CULTURE AND RECREATION	CONVENTION AND TOURISM	CONSERVATION	URBAN REDEVELOPMENT AND HOUSING	ECONOMIC DEVELOPMENT AND OPPORTUNITY	PRINCIPAL AND INTEREST	TOTAL
$ 33,342,495	$	$	$	$ 3,898,488	$	$ 308,158,442
37,483,790				4,262,984		335,588,960
41,489,469				4,561,839		357,274,213
41,049,946				4,555,513		372,939,328
42,809,012				4,783,117		392,705,038
48,025,859				5,189,929		426,983,817
52,938,397				5,864,158		457,765,968
58,137,342				6,394,692		501,548,181
74,984,722	49,764,207	62,699	17,227,891	25,907,990	117,043,513	993,259,844
74,289,454	51,452,446		23,536,416	20,046,610	120,903,154	1,018,155,743

STATISTICAL DATA
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS

	FISCAL YEAR ENDED	TAXES	LICENSES AND PERMITS	INTER-GOVERNMENTAL	REVENUES FROM UTILITIES	
	1994	$ 191,063,575	$ 7,646,164	$ 2,012,771	$ 131,039,382	
	1995	202,220,554	8,530,428	2,016,305	127,343,665	
	1996	214,635,376	9,438,492	2,141,719	145,189,566	
	1997	228,059,883	9,627,427	2,346,577	140,453,797	(2)
	1998	245,430,127	11,159,736	2,354,189	150,833,144	
	1999	261,392,418	12,164,099	2,526,778	149,956,113	
	2000	277,833,729	12,257,775	2,669,780	172,300,674	
	2001	291,378,953	12,683,156	2,865,885	187,939,902	
(3)	2002	462,933,800	13,302,392	183,492,912	171,234,083	
(3)	2003	473,466,337	13,912,258	181,271,858	210,466,156	

CITY OF SAN ANTONIO
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

	FISCAL YEAR ENDED	PROPERTY TAXES	SALES TAX	ALCOHOLIC BEVERAGE TAX	BUSINESS TAX	
	1994	$ 82,070,073	$ 92,669,237	$ 2,259,577	$ 12,993,110	
	1995	87,138,323	97,667,344	2,353,138	13,952,024	
	1996	93,367,838	103,032,541	2,511,937	14,523,943	
	1997	97,726,308	110,034,458	2,568,331	16,660,109	
	1998	101,763,992	118,991,708	2,810,446	20,569,499	(1)
	1999	108,043,972	126,472,730	2,967,461	22,462,669	
	2000	115,194,535	135,130,522	3,224,213	22,898,881	
	2001	125,533,518	136,810,787	3,426,706	24,197,809	
(3)	2002	227,598,531	157,593,310	3,628,359	26,042,328	
(3)	2003	239,214,435	156,322,600	3,862,581	26,364,175	

NOTES: (1) Revenue increase due to revision in a Business Tax contract.

(2) Stormwater Revenue transferred to Stormwater Program Special Revenue Fund.

(3) Commencing in Fiscal Year 2002, revenues were adjusted to reflect the General Government amounts, which include the General Fund, Special Revenue Fund and the Debt Service Fund.

STATISTICAL DATA
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS

CHARGES FOR SERVICES	FINES AND FORFEITS	MISCELLANEOUS	IN-KIND CONTRIBUTIONS	TOTAL
$ 17,041,469	$ 6,667,543	$ 7,467,656	$	$ 362,938,560
16,670,522	8,262,390	9,764,240		374,808,104
18,422,483	9,051,481	8,927,797		407,806,914
18,666,543	8,475,837	9,601,800		417,231,864
21,676,353	11,525,034	10,862,192		453,840,775
21,726,181	11,838,121	12,705,684		472,309,394
23,010,824	11,593,504	13,017,615		512,683,901
23,211,576	11,116,047	14,249,362		543,444,881
84,532,397	10,828,974	30,393,910	14,504,494	971,222,962
87,950,255	11,282,396	27,312,172	19,886,895	1,025,548,327

CITY OF SAN ANTONIO
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS

HOTEL/MOTEL OCCUPANCY TAXES	PENALTIES AND INTEREST AND JUDGMENTS	TOTAL
$	$ 1,071,578	$ 191,063,575
	1,109,725	202,220,554
	1,199,117	214,635,376
	1,070,677	228,059,883
	1,294,482	245,430,127
	1,445,586	261,392,418
	1,385,578	277,833,729
	1,410,133	291,378,953
45,007,330	3,063,942	462,933,800
44,633,221	3,069,325	473,466,337

STATISTICAL DATA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED	CURRENT NET TAX LEVY	CURRENT TAX COLLECTIONS AND ACCRUALS (4)	PERCENT OF LEVY COLLECTED OR ACCRUED	DELINQUENT TAX COLLECTIONS (1) (4)
1994	$ 133,977,540	$ 130,408,296	97.34%	$ 2,444,098
1995	142,934,773	139,649,105	97.70%	2,214,664
1996	155,347,338	152,173,798	97.96%	2,607,183
1997	164,201,161	161,315,799	98.24%	1,616,889
1998	170,587,464	167,894,836	98.42%	2,265,936
1999	181,204,963	178,218,790	98.35%	2,731,401
2000	193,159,815	189,575,621	98.14%	3,272,233
2001	208,917,594	204,502,303	97.89%	2,957,004
2002	229,030,010	223,942,558	97.78%	3,373,532
2003	240,299,754	234,955,823	97.78%	3,503,868
Average Ten Years			97.96%	

NOTES: (1) Penalty, Judgments, and Interest on Judgments are excluded.

(2) Includes annexed Public Utility Districts.

(3) Balance is adjusted for subsequent cancellations & supplements to original tax rolls.

(4) Does not include excess Special Revenue Tax.

STATISTICAL DATA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

TOTAL TAX COLLECTIONS AND ACCRUALS	PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY	CUMULATIVE OUTSTANDING DELINQUENT TAX BALANCE (1) (2) (3)	PERCENT OF CUMULATIVE DELINQUENT TAXES TO CURRENT NET TAX LEVY
$ 132,852,394	99.16%	$ 15,095,003	11.27%
141,863,769	99.25%	15,562,521	10.89%
154,780,981	99.64%	15,412,653	9.92%
162,932,688	99.23%	15,429,754	9.40%
170,160,772	99.75%	14,957,421	8.77%
180,950,191	99.86%	14,765,521	8.15%
192,847,854	99.84%	16,888,906	8.74%
207,459,307	99.30%	18,169,442	8.70%
227,316,090	99.25%	18,967,966	8.28%
238,459,691	99.23%	18,888,837	7.86%
	99.45%		

STATISTICAL DATA
ASSESSED AND ESTIMATED APPRAISED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

		REAL PROPERTY		PERSONAL PROPERTY	
FISCAL YEAR ENDED	TAX ROLL YEAR	ASSESSED VALUE	ESTIMATED APPRAISED VALUE	ASSESSED VALUE	ESTIMATED APPRAISED VALUE
1994	1993	$ 18,418,110,540	$ 18,418,110,540	$ 4,043,379,430	$ 4,043,379,430
1995	1994	19,985,487,015	19,985,487,015	4,305,791,112	4,305,791,112
1996	1995	22,064,630,592	22,064,630,592	4,708,124,599	4,708,124,599
1997	1996	23,435,144,195	23,435,144,195	4,862,753,404	4,862,753,404
1998	1997	24,300,123,833	24,300,123,833	5,093,431,010	5,093,431,010
1999	1998	26,000,081,705	26,000,081,705	5,220,745,756	5,220,745,756
2000	1999	27,715,416,138	27,715,416,138	5,565,180,250	5,565,180,250
2001	2000	30,259,398,730	30,259,398,730	5,722,088,609	5,722,088,609
2002	2001	33,244,132,323	33,244,132,323	6,286,505,217	6,286,505,217
2003	2002	35,419,223,027	35,419,223,027	6,027,667,599	6,027,667,599

NOTE: (1) The basis of assessment is 100%. Amounts shown are net taxable assessed values after deductions of residential homestead exemptions granted to persons 65 years of age and older and disabled veterans. In addition, other exemptions include Historic Properties, Tax Phase-Ins, Freeport and Transitional Housing.

STATISTICAL DATA
ASSESSED AND ESTIMATED APPRAISED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

MOBILE HOMES		TOTAL		RATIO OF TOTAL ASSESSED TO TOTAL ESTIMATED APPRAISED VALUE
ASSESSED VALUE	ESTIMATED APPRAISED VALUE	ASSESSED VALUE (1)	ESTIMATED APPRAISED VALUE	
$ 19,094,620	$ 19,094,620	$ 22,480,584,590	$ 22,480,584,590	100%
18,597,037	18,597,037	24,309,875,164	24,309,875,164	100%
20,969,780	20,969,780	26,793,724,971	26,793,724,971	100%
22,901,544	22,901,544	28,320,799,143	28,320,799,143	100%
28,729,831	28,729,831	29,422,284,674	29,422,284,674	100%
32,723,564	32,723,564	31,253,551,025	31,253,551,025	100%
34,882,474	34,882,474	33,315,478,862	33,315,478,862	100%
51,833,990	51,833,990	36,033,321,329	36,033,321,329	100%
56,946,740	56,946,740	39,587,584,280	39,587,584,280	100%
88,656,382	88,656,382	41,535,547,008	41,535,547,008	100%

STATISTICAL DATA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

		CITY OF SAN ANTONIO, TEXAS		
FISCAL YEAR ENDED	TAX ROLL	GENERAL FUND	DEBT SERVICE FUNDS	TOTAL
1994	1993	$ .36866	$ .22731	$ .59597
1995	1994	.36066	.22731	.58797
1996	1995	.34979	.23000	.57979
1997	1996	.34712	.23267	.57979
1998	1997	.34669	.23310	.57979
1999	1998	.34579	.23400	.57979
2000	1999	.34579	.23400	.57979
2001	2000	.35079	.22900	.57979
2002	2001	.35454	.22400	.57854
2003	2002	.36204	.21650	.57854

TAX LEVIES FOR LAST TEN FISCAL YEARS

		CITY OF SAN ANTONIO, TEXAS		
FISCAL YEAR ENDED	TAX ROLL	GENERAL FUND	DEBT SERVICE FUNDS	TOTAL
1994	1993	$ 82,876,920	$ 51,100,620	$ 133,977,540
1995	1994	87,675,996	55,258,777	142,934,773
1996	1995	93,721,771	61,625,567	155,347,338
1997	1996	98,307,158	65,894,003	164,201,161
1998	1997	102,004,119	68,583,345	170,587,464
1999	1998	108,071,654	73,133,309	181,204,963
2000	1999	115,201,594	77,958,221	193,159,815
2001	2000	126,401,288	82,516,306	208,917,594
2002	2001	140,353,821	88,676,189	229,030,010
2003	2002	150,375,295	89,924,459	240,299,754

NOTES:

(1) Twelve (12) Independent School Districts.

(2) Includes the Bexar County Education District Levy for Tax Year 1992. The Bexar County Education District was a taxing entity created by the 72nd Texas Legislature in SPA 351 and HB 2885. The function of this district was limited to the levying, collecting and distributing of property taxes to the school districts in Bexar County in those years.

STATISTICAL DATA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(PER $100 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

SCHOOLS (1)	ALAMO COLLEGE	COUNTY	OTHER
Various	$ 0.11160	$ 0.36559	$ .24517
Various	0.11160	0.37359	.24469
Various	0.11000	0.35143	.24469
Various	0.10900	0.34427	.24444
Various	0.10900	0.34347	.24444
Various	0.11150	0.34191	.24387
Various	0.10690	0.33946	.24387
Various	0.10690	0.33946	.24387
Various	0.10460	0.32076	.24387
Various	0.10710	0.31757	.26030

TAX LEVIES FOR LAST TEN FISCAL YEARS

SCHOOLS (2)	ALAMO COLLEGE	COUNTY	OTHER	TOTAL
$ 445,739,084	$ 36,665,336	$ 110,199,159	$ 84,158,738	$ 810,739,857
479,546,436	36,921,430	119,593,207	90,034,213	869,030,059
528,627,260	41,542,342	122,304,546	95,880,023	943,701,509
550,693,607	41,852,615	125,310,923	99,500,627	981,558,933
585,984,991	42,982,681	130,485,037	99,847,338	1,029,887,511
622,983,906	46,155,042	136,196,326	104,085,382	1,090,625,619
744,458,186	50,061,809	142,205,334	109,757,236	1,239,642,380
807,757,184	53,493,874	154,157,033	129,477,426	1,353,803,111
862,593,532	57,093,099	159,719,635	129,597,389	1,438,033,665
821,549,416	61,061,789	167,471,307	146,697,561	1,437,079,827

STATISTICAL DATA
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED	POPULATION	NET ASSESSED VALUE (1)*	GROSS BONDED DEBT*	DEBT SERVICE FUNDS AVAILABLE*	DEBT PAYABLE FROM ENTERPRISE FUNDS (2) *	NET BONDED DEBT*	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
1994	1,029,900	$ 22,480,585	$ 667,328	$ 44,370	$ 27,250	$ 595,708	2.65%	$ 578.41
1995	1,068,600	24,309,875	688,613	46,493	26,690	615,430	2.53%	575.92
1996	1,109,600	26,793,725	714,318	49,354	26,565	638,399	2.38%	575.34
1997	1,133,000	28,320,799	740,393	52,381	25,260	662,752	2.34%	584.95
1998	1,162,600	29,422,285	734,238	58,052	23,655	652,531	2.22%	561.27
1999	1,187,600	31,253,551	754,958	61,356	21,745	671,857	2.15%	565.73
2000	1,207,500	33,315,479	780,378	65,380	20,220	694,778	2.09%	575.39
2001	1,226,250	36,033,321	768,693	70,423	18,995	679,275	1.89%	553.94
2002	1,241,100	39,587,584	838,428	69,942	13,770	754,716	1.91%	608.10
2003	1,262,800	41,535,547	881,038	64,862	12,610	803,566	1.93%	636.34

* Amounts expressed in Thousands

NOTES: (1) From Statistical Data Schedule titled "Assessed and Estimated Appraised Value of Taxable Property."

(2) Includes General Obligation Bonds and Certificates of Obligation being repaid from Parking Facilities.

STATISTICAL DATA
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2003

Assessed Valuations:		
Net Assessed Value		$ 41,535,547,008
Plus Exempt Property		4,785,249,204
Total Assessed Value		$ 46,320,796,212
Legal Debt Margin:		
Debt Limitation-10 percent of Total Assessed Value (See Note)		$ 4,632,079,621
Debt Applicable to Limitation:		
Total Bonded Debt	$ 881,038,108	
Less: Self-Supporting Debt:		
Debt Supplemented by Other Sources	(14,210,000)	
Assets Available for Payment of Principal in:		
Debt Service Fund	(64,861,786)	
Total Debt Applicable to Limitation		801,966,322
Legal Debt Margin		$ 3,830,113,299
Bonds Authorized - Unissued *		$ 16,660,000

NOTE: City Charter sets limits of Bond Indebtedness at 10% of Assessed Valuation.

*The City has authority pursuant to an election held January 26, 1980 to issue $16,660,000 in bonds for libraries, fire protection, drainage and flood control, and street, bridge and related improvements. The City does not currently intend to issue bonds for any of the remaining purposes authorized in 1980.

STATISTICAL DATA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2003

JURISDICTION	NET DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO THIS GVT. UNIT	AMOUNT APPLICABLE TO THIS GVT. UNIT
Direct:			
City of San Antonio	$ 803,566,322	100.00%	$ 803,566,322
Overlapping:			
Alamo Community College District	92,318,962	79.38%	73,282,792
Alamo Heights Independent School District	40,398,336	48.53%	19,605,312
Bexar County	121,653,644	79.37%	96,556,497
Bexar County Hospital District	-0-	0.00%	-0-
Comal Independent School District	343,154,616	0.00%	-0-
East Central Independent School District	54,515,630	44.21%	24,101,360
Edgewood Independent School District	68,008,566	100.00%	68,008,566
Harlandale Independent School District	17,613,766	100.00%	17,613,766
Judson Independent School District	161,077,812	37.04%	59,663,222
Northeast Independent School District	468,547,974	88.09%	412,743,910
Northside Independent School District	801,640,315	82.75%	663,357,361
San Antonio Independent School District	533,922,731	98.96%	528,369,935
San Antonio River Authority	56,959,509	79.37%	45,208,762
South San Antonio Independent School District	82,789,695	99.50%	82,375,747
Southside Independent School District	36,669,272	14.99%	5,496,724
Southwest Independent School District	56,366,792	43.57%	24,559,011
Total Overlapping Net Debt			2,120,942,965
Total Direct and Overlapping Net Debt			$ 2,924,509,287

STATISTICAL DATA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENT EXPENDITURES LAST TEN FISCAL YEARS

FISCAL YEAR ENDED	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	TOTAL GENERAL GOVERNMENT EXPENDITURES (4)	RATIO OF DEBT SERVICE TO TOTAL GENERAL GOVERNMENT EXPENDITURES
1994	$ 59,865,000 (2)	$ 39,750,251	$ 99,615,251 (1)	$ 308,158,442	32.33%
1995	18,805,000	39,203,983	58,008,983	335,588,960	17.29%
1996	24,075,000	40,144,133 (3)	64,219,133	357,274,213	17.97%
1997	27,145,000	40,382,651 (3)	67,527,651 (1)	372,939,328	18.11%
1998	31,225,000	39,436,301 (3)	70,661,301 (1)	392,705,038	17.99%
1999	36,095,000	40,000,695 (3)	76,095,695 (1)	426,983,817	17.82%
2000	40,750,000	40,837,784 (3)	81,587,784 (1)	457,509,696	17.83%
2001	43,885,000	41,575,075 (3)	85,460,075 (1)	501,548,181	17.04%
2002	66,295,000	49,091,890 (3)	115,386,890 (1)	993,259,844	11.62%
2003	66,650,000	50,928,691 (3)	117,578,691 (1)	1,018,155,743	11.55%

NOTE: (1) Expenditures in Debt Service Fund exclude issue costs and payment to refunded bond escrow agent.

(2) Includes principal and interest requirements on the Taxable Combination Tax and Stadium Agreement Revenue Refunding Obligations, Series 1992 composed of a November 1, 1993 regularly scheduled principal payment of $19,070,000 plus the redemption of $25,875,000 on July 15, 1994 which was regularly scheduled for payment in fiscal year 1995.

(3) Excludes interest payments on Hotel Occupancy Tax Revenue Bonds.

(4) Commencing in Fiscal Year 2002, expenditures were adjusted to reflect General Government amounts, which include the General Fund, Special Revenue Fund, and the Debt Service Fund.

STATISTICAL DATA
SCHEDULE OF ENTERPRISE FUND DEBT COVERAGE
AIRPORT SYSTEM REVENUE BONDED DEBT
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED	GROSS REVENUES (1)	EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	ANNUAL DEBT SERVICE REQUIREMENTS	COVERAGE
1994	$ 30,835,353	$ 17,263,678	$ 13,571,675	$ 9,473,986	1.43
1995	32,248,195	17,335,575	14,912,620	9,413,772	1.58
1996	35,426,390	19,593,232	15,833,158	9,454,783	1.67
1997	35,897,243	18,874,441	17,022,802	11,570,093	1.47
1998	37,134,969	19,469,337	17,665,632	11,669,744	1.51
1999	38,128,184	21,449,007	16,679,177	11,957,544	1.39
2000	41,579,509	21,588,034	19,991,475	11,965,869	1.67
2001	42,928,794	23,612,635	19,316,159	11,960,544	1.61
2002	42,377,654	22,296,698	20,080,956	13,441,791	1.49
2003	43,930,686	25,363,607	18,567,079	12,782,896	1.45

NOTES: (1) Revenues consist of Operating Revenue plus Nonoperating Revenues (excluding Federal Contributions and Consignment Sales).

(2) Expenses consist of Operating Expenses plus Nonoperating Expenses (excluding Depreciation, Loss on Disposal of Fixed Assets, Interest on Debt Expense and Extraordinary Items).

STATISTICAL DATA
SCHEDULE OF ENTERPRISE FUND DEBT COVERAGE
PARKING FACILITIES GENERAL IMPROVEMENT BONDED DEBT
LAST TEN FISCAL YEARS

FISCAL YEAR ENDED	GROSS REVENUES (1)	EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	ANNUAL DEBT SERVICE REQUIREMENTS	COVERAGE
1994	$ 5,271,883	$ 3,377,531	$ 1,894,352	$ 1,230,934	1.54
1995	6,491,317	3,866,105	2,625,212	1,428,136	1.84
1996	7,109,327	4,257,742	2,851,585	1,661,544	1.72
1997	7,124,200	4,236,062	2,888,138	1,716,514	1.68
1998	7,126,636	4,539,211	2,587,425	1,930,171	1.34
1999	7,786,796	5,093,349	2,693,447	2,163,143	1.25
2000	7,632,443	5,241,523	2,390,920	2,477,770	0.96
2001	8,364,904	4,949,441	3,415,463	3,082,075	1.11
2002	8,093,994	5,628,930	2,465,064	3,374,377	0.73
2003	8,548,640	4,768,836	3,779,804	3,181,446	1.19

NOTES: (1) Revenues consist of Operating Revenues plus Nonoperating Revenues (excluding Gain on Disposal of Fixed Assets and Interest Income in the Construction Fund).

(2) Expenses consist of Operating Expenses plus Nonoperating Expenses (excluding Depreciation, Loss on Disposal of Fixed Assets and Interest on Debt Expense).

STATISTICAL DATA
SCHEDULE OF ENTERPRISE FUND DEBT COVERAGE
ENVIRONMENTAL SERVICES DEBT
LAST TEN FISCAL YEARS (3)

FISCAL YEAR ENDED	GROSS REVENUES (1)	EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	ANNUAL DEBT SERVICE REQUIREMENTS	COVERAGE
1994	$ 33,424,384	$ 32,105,595	$ 1,318,789	$ 82,306	16.02
1995	35,875,280	30,290,049	5,585,231	452,305	12.35
1996	38,760,380	32,943,474	5,816,906	442,880	13.13
1997	36,528,803	35,398,013 (4)	1,130,790	449,200	2.52
1998	37,178,902	34,640,088	2,538,814	449,000	5.65
1999	39,835,646	38,414,716	1,420,930	452,400	3.14
2000	41,444,685	41,168,905	275,780	0	0
2001	42,027,420	44,429,392	(2,401,972)	0	0
2002	46,983,025	46,420,710	562,315	0	0
2003	49,940,815	47,193,672	2,747,143	0	0

NOTES:

(1) Revenues consist of Operating Revenues plus Nonoperating Revenues (excluding Gain on Disposal of Fixed Assets and Interest Income in the Construction Fund).

(2) Expenses consist of Operating Expenses plus Nonoperating Expenses (excluding Depreciation, Loss on Disposal of Fixed Assets and Interest on Debt Expense).

(3) Environmental Service Debt Service Fund established FY 1993.

(4) Excludes Nonoperating Expenses related to a Capital Project.

STATISTICAL DATA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

FISCAL YEAR	POPULATION (1)	PER CAPITA INCOME (1)	MEDIAN AGE (1)	EDUCATION LEVELS IN YEARS OF FORMAL SCHOOLING (1)	SCHOOL ENROLLMENT (2)	UNEMPLOYMENT RATE (3)
1994	1,029,900	15,300	30.7	13.7	238,048	5.2%
1995	1,068,600	16,700	30.9	13.7	237,348	5.3%
1996	1,109,600	18,200	31.0	13.7	240,676	4.1%
1997	1,133,000	18,600	31.7	13.8	245,812	4.1%
1998	1,162,600	19,500	32.1	13.9	245,946	4.3%
1999	1,187,600	19,770	32.2	13.9	247,471	3.8%
2000	1,207,500	19,950	32.5	13.9	262,567	4.0%
2001	1,226,250	20,200	31.8	13.9	267,184	4.1%
2002	1,241,100	19,300	32.0	14.0	270,025	5.1%
2003	1,262,800	19,960	32.2	14.0	275,796	5.5%

NOTES: (1) Source: Planning Department, City of San Antonio, Texas.

(2) Individual School Districts Annual Census.

(3) Texas Workforce Commission.

STATISTICAL DATA
PROPERTY VALUE AND CONSTRUCTION
LAST TEN FISCAL YEARS

(Dollar amounts expressed in Thousands)

FISCAL YEAR	COMMERCIAL CONSTRUCTION		RESIDENTIAL CONSTRUCTION		NET ASSESSED VALUE (2)
	PERMITS (1) (3)	VALUE (1) *	PERMITS (1)	VALUE (1) *	
1994	9,067	$ 354,986	8,083	$ 370,125	$ 22,480,585
1995	8,022	409,359	8,152	328,643	24,309,875
1996	7,581	510,336	9,242	355,228	26,793,725
1997	7,273	559,023	8,243	314,140	28,320,799
1998	7,540	962,383	8,891	400,151	29,422,285
1999	8,990	894,587	9,999	533,100	31,253,551
2000	9,686	904,295	9,647	528,807	33,315,479
2001	7,837	1,108,770	10,542	567,077	36,033,321
2002	12,646	939,264	10,910	605,120	39,587,584
2003	6,043 (4)	811,098	16,285 (4)	566,660	41,535,547

* Amounts expressed in Thousands

NOTES:

(1) Source: Departments of Building Inspection and Zoning, City of San Antonio, Texas.

(2) Source: Finance Department, City of San Antonio, Texas.

(3) Certificates of Occupancy are included with permits, the certificates have no monetary value.

(4) Variances from prior year due to the implemetation of the enhanced permit-tracking sytem of the Hansen Software. This software provides better tracking of residential and commercial permits.

STATISTICAL DATA
PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2003

TAXPAYER	TYPE OF BUSINESS	PRINCIPAL TAXPAYER TAXABLE VALUATION	PERCENTAGE TO NET TAXABLE VALUATION
H.E. Butt Grocery Stores	Retail/Grocery	$ 492,683,940	1.19%
Southwestern Bell Telephone Company	Telecommunications	458,598,540	1.10%
United Services Automobile Association	Insurance/Banking/Real Estate	334,926,906	0.81%
Wal-Mart Stores, Inc.	Retail/Grocery	210,287,190	0.51%
Marriott Corporation	Hotels	170,201,350	0.41%
Methodist Healthcare System	Hospital/Healthcare Provider	167,435,610	0.40%
Time Warner	Cable Television	119,875,820	0.29%
Simon Property Group (Texas)	Shopping Centers	111,836,860	0.27%
Hyatt Regency	Hotels	111,809,350	0.27%
North Star Mall	Shopping Centers	108,781,510	0.26%
TOTALS		$ 2,286,437,076	5.51%

STATISTICAL DATA
SPECIAL ASSESSMENTS LEVY AND COLLECTIONS
SEPTEMBER 30, 2003

FISCAL YEAR ENDED	TAX ROLL YEAR	SPECIAL ASSESSMENTS LEVY (1)	CURRENT SPECIAL ASSESSMENTS COLLECTED	PERCENT OF CURRENT ASSESSMENTS COLLECTED	OUTSTANDING CURRENT YEAR LEVY	DELINQUENT TAX COLLECTIONS (3)	DELINQUENT TAX ADJUSTMENTS/ CANCELLATIONS	OUTSTANDING DELINQUENT TAXES	PERCENT OF DELINQUENT TAXES COLLECTED	TOTAL SPECIAL ASSESSMENTS COLLECTED
1994	1993	$ 706,768	$ 693,298	98.09%	$ 13,470	$ 15,033	$ (3,934)	$ 37,526	38.46%	$ 708,331
1995	1994	746,618	718,410	96.22%	28,208	18,506	(10,478)	37,187	67.33%	736,916
1996	1995	762,068	753,941	98.93%	8,127	8,848	(16,101)	20,365	41.96%	762,789
1997	1996	708,103	706,283	99.74%	1,820	9,452	(5,844)	6,889	65.09%	715,735
1998	1997	733,830	728,148	99.23%	5,682	(1,007)	(4,919)	8,658	-51.09%	727,142
1999	1998	761,909	736,533	96.67%	25,376	(5,015)	(6,744)	32,304	-61.96%	731,518
2000	1999	1,966,307 (2)	1,958,774	99.62%	7,533	11,285	(8,869)	15,282	48.15%	1,970,059
2001	2000	1,216,971 (2)	1,186,429	97.49%	30,542	2,785	(310)	1,926	56.24%	1,189,214
2002	2001	1,182,348 (2)	1,168,584	98.84%	13,764	21,659	(3,201)	13,518	66.71%	1,190,243
2003	2002	1,177,972 (2)	1,152,404	97.83%	25,567	7,255		17,728	26.59%	1,159,659

NOTES: (1) Assessment District was established by City Resolution dated November 20, 1986. The final Levy was assessed in Fiscal Year 2000.

(2) Public Improvement District was established by Ordinance No. 89696, approved by City Council on April 29, 1999.

(3) Interest is excluded.

STATISTICAL DATA
MISCELLANEOUS STATISTICAL DATA
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Date of Incorporation	December 14, 1837
Date of Adoption of City Charter	October 2, 1951
Form of Government	Council-Manager
Area	505.86 square miles
Miles of Sewer:	
Storm	383.7
Sanitary (SAWS)	4,967
Building Permits:	
Permits Issued	22,328
Estimated Value of Construction	$1,377,757,875
Fire Protection and Emergency Medical Services:	
Number of Fire Stations	48
Number of Firefighters	1,091
Number of EMS Units	26
Number of EMS Paramedics	323
Police Protection:	
Number of Stations	6
Number of Police Officers	1,991
Number of School Crossing Guards	255
Recreation:	
Parks Acreage	14,509
Number of Parks and Recreation Areas Larger than One Acre	192
Number of Municipal Golf Courses	6
Number of Municipal Swimming Pools	23
Number of Recreation Centers - All Year	26
Number of Recreation Centers - Summer	72
Sewer Service:	
Number of Sewer Customers	305,050
Estimated Number of Persons Served	1,156,131
Water Service:	
Number of Water Customers	338,783
Estimated Number of Persons Served	1,266,273

STATISTICAL DATA
MISCELLANEOUS STATISTICAL DATA
FOR THE YEAR ENDED SEPTEMBER 30, 2003

Education:	
(Twelve School Districts Wholly or Partly Within San Antonio City Limits)	
Number of Schools	389
Number of Teachers	18,394
Number of Students Registered	275,796
Average Daily Attendance	259,736
City Employees:	
Unclassified:	
Regular	97
Part-time (Annual)	6
Temporary	1,811
Part-time	694
Classified:	
Regular	9,733
Other	98
Total	12,439
Election:	
Registered Voters	678,725 (2)
Number of Votes Cast Last City Regular Election	41,117 (2)
Percentage of Registered Voters voting	6.1% (2)

Population		Increase
1900	53,321	-------
1910	96,614	81.2%
1920	161,379	67.0%
1930	231,543	43.5%
1940	253,854	9.6%
1950	408,442	60.9%
1960	587,718	43.9%
1970	654,153	11.3%
1980	786,023	20.2%
1990	938,900	19.4%
2000	1,207,500	28.6%
2003	1,262,800 (1)	4.6%

NOTE: Source of this information is the U.S. Census Bureau

(1) Estimate By City of San Antonio, Texas, Planning Department, as of September 30, 2003.

(2) Information taken from last City Election held May, 2003.

STATISTICAL DATA
SCHEDULE OF ENTERPRISE FUNDS INSURANCE COVERAGE
AIRPORT SYSTEM
SEPTEMBER 30, 2003

AIRPORT SYSTEM PROPERTIES

Type of Policy:	Property Insurance - Protected Self-Insurance Program
Insurance Co.:	Allianz Insurance Company
Policy No. :	CLP3002752
Policy Period :	December 31, 2002 to December 31, 2003
$500,000 per occurrence deductible	
Maximum Limits:	$300,000,000 (Subject to certain exclusions)

Type of Policy:	Property Insurance - Boiler and Machinery Insurance
Insurance Co.:	Allianz Insurance Company
Policy No. :	CLP3002752
Policy Period :	December 31, 2002 to December 31, 2003
$10,000 any one loss deductible	
Maximum Limits:	$100,000,000 per accident (Subject to certain exclusions)

Type of Policy:	Crime Policy (Blanket Dishonesty and 3-D Policy)
Insurance Co.:	Great American Insurance Company
Policy No. :	GVT2687625
Policy Period :	October 1, 2001 to October 1, 2004

Employee Dishonesty:	Limit	$1,000,000	Deductible	$10,000*
Forgery and Alteration:	Coverage	$100,000	Deductible	$2,500*
Theft, Disappearance, Destruction:	Cash	$150,000	Deductible	$5,000*

* Subject to certain exclusions

This policy insures the City against loss or destruction of monies and securities, and damage to property as the result of a safe robbery or holdup, when the loss is caused by other than a City employee. Covers loss caused by any fraudulent or dishonest act or acts committed by any City employee(s).

STATISTICAL DATA
SCHEDULE OF ENTERPRISE FUNDS INSURANCE COVERAGE
AIRPORT SYSTEM
SEPTEMBER 30, 2003

AIRPORT SYSTEM PROPERTIES (Continued)

Type of Policy:	Airport Liability
Insurance Co.:	Westchester Fire Insurance Co
Policy No. :	AAPN00051494
Policy Period :	March 31, 2003 to March 31, 2004

$10,000 per occurrence deductible, any one loss, $100,000 aggregate per year

Maximum Limits:	$10,000,000 (Subject to certain exclusions and limits)

Type of Policy:	Aircraft Hull & Liability
Insurance Co.:	Westchester Fire Insurance Co
Policy No. :	ACN670374
Policy Period :	March 31, 2003 to March 31, 2004
Maximum Limits:	$10,000,000 per occurrence (Subject to certain exclusions and limits)

STATISTICAL DATA
SCHEDULE OF ENTERPRISE FUNDS INSURANCE COVERAGE
PARKING SYSTEM
SEPTEMBER 30, 2003

PARKING FACILITIES PROPERTIES

Type of Policy:	Property Insurance - Protected Self-Insurance Program
Insurance Co.:	Allianz Insurance Company
Policy No. :	CLP3002752
Policy Period :	December 31, 2002 to December 31, 2003
$500,000 per occurrence deductible	
Maximum Limits:	$300,000,000 (Subject to certain exclusions)

Type of Policy:	Property Insurance - Boiler and Machinery Insurance
Insurance Co.:	Allianz Insurance Company
Policy No. :	CLP3002752
Policy Period :	December 31, 2002 to December 31, 2003
$10,000 any one loss deductible	
Maximum Limits:	$100,000,000 per accident (Subject to certain exclusions)

Type of Policy:	Crime Policy (Blanket Dishonesty and 3-D Policy)
Insurance Co.:	Great American Insurance Company
Policy No. :	GVT2687625
Policy Period :	October 1, 2001 to October 1, 2004

Employee Dishonesty:	Limit	$1,000,000	Deductible	$10,000*
Forgery and Alteration:	Coverage	$100,000	Deductible	$2,500*
Theft, Disappearance, Destruction:	Cash	$150,000	Deductible	$5,000*

* Subject to certain exclusions

This policy insures the City against loss or destruction of monies and securities, and damage to property as the result of a safe robbery or holdup, when the loss is caused by other than a City employee. Covers loss caused by any fraudulent or dishonest act or acts committed by any City employee(s).

STATISTICAL DATA
SCHEDULE OF ENTERPRISE FUNDS INSURANCE COVERAGE
PARKING SYSTEM
SEPTEMBER 30, 2003

PARKING FACILITIES PROPERTIES (Continued)

Type of Policy:	Excess General Liability and Workers' Compensation
Insurance Co.:	North River Insurance Company
Policy No. :	544000152-6
Policy Period :	December 31, 2002 to December 31, 2003

$500,000 per occurrence deductible, any one loss

Maximum Limits:	$4,500,000 (Subject to certain exclusions)

STATISTICAL DATA
SCHEDULE OF ENTERPRISE FUNDS INSURANCE COVERAGE
ENVIRONMENTAL SERVICES
SEPTEMBER 30, 2003

ENVIRONMENTAL SERVICES PROPERTIES

Type of Policy:	Property Insurance - Protected Self-Insurance Program
Insurance Co.:	Allianz Insurance Company
Policy No. :	CLP3002752
Policy Period :	December 31, 2002 to December 31, 2003
$500,000 per occurrence deductible	
Maximum Limits:	$300,000,000 (Subject to certain exclusions)

Type of Policy:	Property Insurance - Boiler and Machinery Insurance
Insurance Co.:	Allianz Insurance Company
Policy No. :	CLP3002752
Policy Period :	December 31, 2002 to December 31, 2003
$10,000 any one loss deductible	
Maximum Limits:	$100,000,000 per accident (Subject to certain exclusions)

Type of Policy:	Crime Policy (Blanket Dishonesty and 3-D Policy)
Insurance Co.:	Great American Insurance Company
Policy No. :	GVT2687625
Policy Period :	October 1, 2001 to October 1, 2004

Employee Dishonesty:	Limit	$1,000,000	Deductible	$10,000 *
Forgery and Alteration:	Coverage	$100,000	Deductible	$2,500 *
Theft, Disappearance, Destruction:	Cash	$150,000	Deductible	$5,000 *

* Subject to certain exclusions

This policy insures the City against loss or destruction of monies and securities, and damage to property as the result of a safe robbery or holdup, when the loss is caused by other than a City employee. Covers loss caused by any fraudulent or dishonest act or acts committed by any City employee(s).

STATISTICAL DATA
SCHEDULE OF ENTERPRISE FUNDS INSURANCE COVERAGE
ENVIRONMENTAL SERVICES
SEPTEMBER 30, 2003

ENVIRONMENTAL SERVICES PROPERTIES (Continued)

Type of Policy:	Excess General Liability and Workers' Compensation
Insurance Co.:	North River Insurance Company
Policy No. :	544000152-6
Policy Period :	December 31, 2002 to December 31, 2003

$500,000 per occurrence deductible, any one loss

Maximum Limits:	$4,500,000 (Subject to certain exclusions)

CITY OF SAN ANTONIO, TEXAS