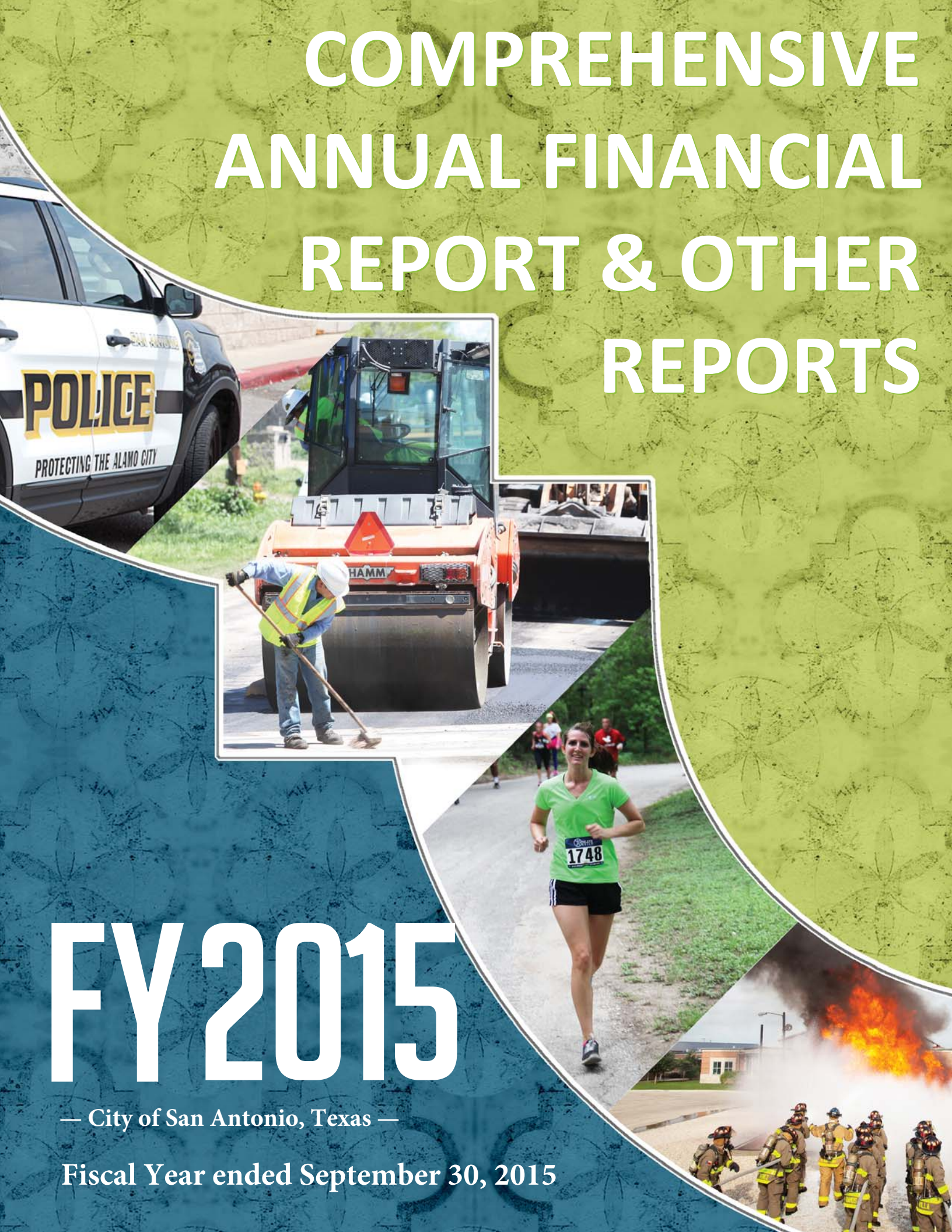
COMPREHENSIVE ANNUAL FINANCIAL REPORT & OTHER REPORTS



FY 2015

— City of San Antonio, Texas —

Fiscal Year ended September 30, 2015

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CITY OF SAN ANTONIO, TEXAS

Comprehensive Annual Financial Report & Other Reports

Year-Ended September 30, 2015

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

Prepared by:
DEPARTMENT OF FINANCE

Ben Gorzell Jr., CPA
Chief Financial Officer

Troy Elliott, CPA
Finance Director

Melanie Seale, CPA
Assistant Director

Victoria Roeder
Controller

Elizabeth Drouillard, CPA
Financial Reporting Manager

Jay Blackwell
General Ledger Manager

Financial Reporting
Cassie Arebalos
Jacqueline Bennett, CPA
Nathalie Bullock
Daisy Castillo
Augustine Fannah
Joseph Kobilka, CPA
Mary Lara
Theresa Littlefield
Kimberly Nunez
Mark Ramirez
Patrice Wallace

General Ledger
Carlos Beechner
Denise Fuller
Gerry Gavia
Haley Smith
Joe Vasquez

With Assistance From:

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

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

Public Utilities
Jeff Pullin, Public Utilities Administrator

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

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CITY OF SAN ANTONIO

March 2, 2016

To the Honorable Mayor, City Council and City Manager:

It is my pleasure to present the City of San Antonio's (City) Comprehensive Annual Financial Report (CAFR) and Other Reports for the fiscal year-ended September 30, 2015. These financial statements were prepared by the City's Finance Department and audited by the public accounting firm of Padgett Stratemann & Co., LLP. As reflected in the Independent Auditor's Report, the City's financial statements are presented fairly in all material respects in accordance with generally accepted accounting principles (GAAP) in the United States. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City.

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

CITY PROFILE

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

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

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

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

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CITY PROFILE (continued)

The City is located in South Central Texas, approximately 75 miles south of the state capital of Austin, and serves as the county seat for Bexar County. San Antonians enjoy first-rate medical services, a convenient and efficient airport, an excellent highway system, mild weather, and superb recreation choices, including: championship golf courses, 47 miles of linear greenway trails, theme parks, historical attractions, museums, professional sporting attractions, and a lively performing arts environment. As of September 30, 2015, the City's geographic area was approximately 467 square miles. The United States Census Bureau cites the City as the second most populated city in the State of Texas with 1,436,697 citizens and is additionally ranked as the seventh most populated city in the country. In the last five years the City's metropolitan area grew by 9.1% and is projected to grow an additional 7.6% through the year 2020.

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

San Antonio will celebrate its 300th anniversary on May 5, 2018, a milestone matched by few cities in the United States. From Yanaguana settlement to the Villa de Bejar to the seventh largest city in the United States, San Antonio's remarkable journey tells the story not just of its people and places but of larger forces that shaped the world we live in today. To ensure this historic date is celebrated, Mayor Ivy R. Taylor created the San Antonio Tricentennial Commission. The Tricentennial Commission will be supported by the Tricentennial Organizing Committee, composed of staff from the public sector, non-profit and philanthropic communities. The work of the Organizing Committee will build on extensive research conducted by City of San Antonio staff.

ECONOMIC CONDITIONS AND OUTLOOK

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

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

San Antonio's housing market remained very strong in 2015. According to the September 2015 Multiple Listing Service report by the San Antonio Board of REALTORS®, the average price of a single-family residential home in September 2015 rose to $228,069, a 6.0% increase from last year, and the median rose to $189,283, a 7.0% increase from September 2014.

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ECONOMIC CONDITIONS AND OUTLOOK (continued)

San Antonio's average unemployment rate for fiscal year 2015 was 3.7% compared to the national rate of 5.4%. The City's resilient economy was fueled by several targeted industry projects in fiscal year 2015. The City utilized a combination of tax abatements, grant agreements, equity investments, impact fee waivers, and nominations for State project designations that assisted in enticing businesses to move to or remain in San Antonio. In 2015, the City, in partnership with the San Antonio Economic Development Foundation (SAEDF), worked with 20 companies to create and/or retain 4,784 jobs in San Antonio and Bexar County. The City is constantly looking for efforts to support economic development opportunities.

In fiscal year 2015, $1.75 million was appropriated in economic development incentive funds to retain, expand, and attract job-creating businesses. Of this amount, $1 million was disbursed to attract a high-wage, biomed foreign direct investment project, and a home-grown Fortune 500 headquarters campus. The City additionally budgeted $2 million for downtown and central city neighborhoods to support market rate housing, retail, and development projects to continue Downtown San Antonio's redevelopment and evolution from a tourist destination to vibrant San Antonio neighborhoods.

MAJOR INITIATIVES – EDUCATION

Pre-K 4 SA aims to improve the educational trajectory of 22,400 four-year-old children over eight years while benefitting thousands more by training area school teachers, teacher's aides, community Pre-K providers, and education leaders. In fiscal year 2015, Pre-K 4 SA completed the second full year of school operations with all four locations in each quadrant of the City open and educating four-year olds. Each Education Center has the capacity to serve 500 students totaling 2,000 annually. Toward this goal, Pre-K 4 SA received over 4,000 student applications for the 2015-2016 school year.

Pre-K 4 SA strongly emphasizes family engagement in early education. Through a multi-pronged approach, the program provides training and events, dedicates family specialists to work and provide services to families, collects feedback with surveys and evaluations, and offers a plethora of resources. Pre-K 4 SA also partnered with a variety of community groups, including the HEB Read 3 and Baptist Family Children Services Parenting Program. Family specialists coordinated a variety of family events at Centers and throughout the community featuring topics like reading, stranger danger, nutrition and learning. Families were also encouraged to attend community events throughout San Antonio.

As part of the professional development services provided by the program, Pre-K 4 SA staff works with educators throughout San Antonio to improve educational practices and standards for children in Pre-K through 3rd grade. Services are provided in public, private and parochial schools as well as childcare centers throughout the City. Professional development coaches hosted a total of seven summer academies and provided resources to 456 educators throughout San Antonio. In addition, the professional development coaches researched, created and presented 12 citywide Saturday events for Pre-K and 1st grade teachers at the Pre-K 4 SA training facilities throughout the school year. The coaches conducted lab school visits, small group planning, curriculum development sessions and a variety of training events for educators, including training fairs for child care staff co-hosted by VOICES for Children and City Council. Pre-K 4 SA presented 35 unique sessions for childcare staff serving three and four year-old children.

Pre-K 4 SA contracted with Edvance Research, Inc. in collaboration with the National Institute for Early Education Research, affiliated with Rutgers University, to conduct an eight-year independent evaluation of the program. The Year 2 (2014-15) evaluation measured student growth on six outcomes using *Teaching Strategies Gold Assessment*: cognitive, literacy, mathematics, oral language, physical ability, and socio-emotional behavior.

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MAJOR INITIATIVES – EDUCATION (continued)

The Year 2 report measured the pre and post performance of Pre-K 4 SA students as compared to a nationally-normed sample of children of the same age group taking the same assessment, since a state comparison is not available. Though Pre-K 4 SA children began the program at a significantly lower level than the normed sample in all skill areas, over time students surpassed the nationally normed group in three of six outcomes: cognitive, mathematics, and literacy skills and were on par for oral language skills.

In February 2015, the City's Department of Human Services (DHS) received a grant award to establish an Early Head Start – Child Care Partnership (EHS-CCP) program. Early Head Start is a United States Department of Health and Human Services (HHS) funded early childhood education and development program for low-income families with infants and toddlers (ages 6 weeks to 35 months). A total of 216 low-income infants and toddlers are enrolled in the EHS-CCP program which supports a two-generation strategy by allowing parents to work or remain in school while providing access to high-quality early childhood education and care. Program facilities are licensed through the Texas Department of Family and Protective Services and meet high quality Early Head Start safety standards. Enrolled children benefit from low teacher-to-child ratios and small class sizes, qualified teachers receiving ongoing supervision and support with implementation of structured curriculum and responsive care giving, and broad-scale parent engagement activities.

MAJOR INITIATIVES – CAPITAL PROGRAMS

During the May 2012 election, citizens of San Antonio voted for and approved a $596 million General Obligation Bond Program. The 2012 General Obligation Bond Program, a five year program, is the City's largest bond program in history. There are 41 projects set for streets, bridges, and sidewalks; 17 projects set for drainage and flood control; 68 projects set for parks and recreation; 11 projects set for library, museum, and cultural arts facilities; and three projects set for public safety facilities. Of the $596 million approved, $538 million has been issued.

In May 2015, voters approved, for the fourth time, a 1/8-of-a-cent addition to the local sales tax to fund two environmental initiatives. One initiative provides funds to purchase sensitive properties located over the Edwards Aquifer which is the City's largest source of drinking water. Over 134,000 acres have been protected. Another initiative is to acquire property and develop linear greenway trails in flood zones along city-owned creeks. Currently there are 47 miles of linear greenway trails available for public enjoyment.

The $325 million expansion of the Henry B. Gonzales Convention Center was unveiled on January 26, 2016. The expansion marks the largest capital improvement project in the City of San Antonio's history and increases the footprint to 1.6 million square feet. To better accommodate larger, more varied events, 514,000 square feet of contagious exhibit space has been added, 86,500 square feet of column-free multipurpose space, a 54,000 square foot ballroom - the largest ballroom in Texas, and 70 meeting rooms. Others new features include enhanced access to areas throughout the building, innovative eco-friendly design, advanced technology and public art that exudes the history and culture of San Antonio. Demolition of the original west building is currently under way and will make room for the expansion of HemisFair Park, allowing for many other exciting changes yet coming to the community.

City Council approved over $43.5 million in capital project improvements to the Alamodome. The project scope for the Alamodome includes widening of the public-area concourses to reduce congestion, expansion of the North Plaza for ingress and pre-game activities, creation of a new underground 24,000 square foot media room, outdoor terraces at the club level, and various technological improvements. These improvements will maintain the facility as a choice venue for major national high-profile events and assist in meeting current required facility standards to host the NCAA Men's Final Four in 2018. Construction at the Alamodome commenced in January 2016 with final completion scheduled for November 2017.

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MAJOR INITIATIVES – CAPITAL PROGRAMS (continued)

At the San Antonio International Airport, planning and design for expansion of the Customs and Border Patrol space from 15,197 to 38,000 square feet began in 2015 with construction expected to begin January 2016. This improvement will increase volume of arriving international passengers from 300 per hour to 800 per hour. July 2015 saw the groundbreaking on the master plan-approved Consolidated Rental Car Facility (CONRAC) at the San Antonio International Airport. CONRAC will improve the rental car experience for millions of the City's visitors by centralizing the car rental facilities in one location on airport property and will replace the Airport's short term public parking garage. Construction of the facility is funded by a customer facility charge included on all airport car rental transactions. Public parking in the 1.8 million square foot, seven-story facility will be available to travelers in late 2017 with the rental car portion slated to be completed in March 2018.

MAJOR INITIATIVES – CONVENTION AND TOURISM

On July 5, 2015, San Antonio's five Spanish colonial missions have been designated a World Heritage Site by the United Nations Educational, Scientific and Cultural Organization. The five missions include Mission San José, Mission Concepción, Mission San Juan, Mission Espada, and the Alamo. This exceptional honor has been bestowed upon only 23 sites in the United States. The five missions represent the largest concentration of Spanish colonial missions in North America. This is the first World Heritage Site in Texas. By 2025, the World Heritage Site economic impact on San Antonio and Bexar County is expected to generate up to $105 million in additional economic activity and up to 1,098 extra jobs.

Fiscal year 2015 was a successful year for both the Henry B. Gonzalez Convention Center and Alamodome. With more than 850,000 attendees throughout 300 events, the Convention Center exceeded its annual budgeted revenue budget. Similarly, the Alamodome exceeded its annual revenue, and hosted more than 1.1 million visitors at 136 events throughout the year. In July, the City hosted the largest convention to date with over 65,000 attendees for the Seventh Day Adventist General Conference.

Under the direction of City Council, municipal staff is developing a multistage plan to convert the San Antonio Convention & Visitors Bureau (CVB) from a governmental agency into an independent nonprofit organization with greater funding flexibility and stakeholder input. The transition to an independent nonprofit organization was recommended by a Mayoral Task Force in December 2015. On February 18, 2016 City Council voted to approve a resolution that will allow CVB to pursue the establishment of a nonprofit entity. The proposed time line for a restructuring would begin with the establishment of a new nonprofit by the fall of 2016. If next steps are all approved, CVB personnel would transition into that organization by January 2017 and the process would be completed by October 2017.

The City and Bexar County formed a joint venture Public Facility Corporation (PFC) to purchase and own Toyota Field. Toyota Field is a professional soccer stadium that was built in 2013. It is located on the northeast side of San Antonio and is currently the home of San Antonio Football Club, a United Soccer League team. The stadium has a capacity of 8,296 for soccer matches and 13,000 for concerts and festivals. The newly formed joint venture will lease the facility to Spurs Sports and Entertainment in hopes of garnering a Major League Soccer Team to bring to San Antonio in the near future. The City, in conjunction with Bexar County and Spurs Sports and Entertainment, provided funds to the joint venture totaling $21 million for the Field's purchase in December 2015.

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MAJOR INITIATIVES – PLANNING AND COMMUNITY DEVELOPMENT

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

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

In March 2015, Mayor Ivy Taylor pledged, along with approximately 225 other mayors and City leaders throughout the Country, to end Veteran Homelessness by the end of 2015. San Antonio established a goal of housing 849 Veterans by December 31, 2015. As of November 16, 2015, 634 have been permanently housed and another 215 are in transitional housing. As a means of encouraging a concentrated effort to house the remaining by the end of the year, the City through Department of Human Services and the South Alamo Regional Alliance for the Homeless (SARAH) have gathered key members of SARAH including Family Endeavors, the American GI Forum, San Antonio Housing Authority, and Haven for Hope, among others to form a Veteran's Homelessness Working Group.

The group continues to discuss and create solutions to the barriers to housing for the most vulnerable homeless veterans. In an effort to assist with the barrier of insufficient housing units available for the most vulnerable homeless veterans, DHS and SARAH are partnering with private and community based organizations to initiate a campaign to provide sufficient resources to implement a model of Housing First with a goal of developing additional permanent supportive housing units in the San Antonio area.

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

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MAJOR INITIATIVES – PRIVATE PUBLIC PARTNERSHIPS

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

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

On June 4, 2015, City Council approved a real estate deal between the City, Weston Urban and Frost Bank that will result in a consolidated office tower for City operations, facilitate the development of 265 housing units in the Central Business District and forever change downtown San Antonio's skyline with the construction of the first new office tower downtown since 1989. Weston Urban, the local developer planning the new office tower, will build a $142 million, 400,000-square-foot office tower on Frost's motor bank and parking lot diagonally across from its current headquarters. Frost would occupy 250,000 square feet of the new tower, which would serve as its new headquarters, while making 150,000 square feet available for rent by other tenants. Construction on this project is expected to begin in fall 2016 with a completion planned for 2019.

The City will purchase the Frost Bank Tower and the Frost Parking Garage to serve as a consolidated office tower and garage for City operations. By 2020, over 1,300 employees will be consolidated into the upgraded building and will occupy 12 of the tower's 18 floors. The City will also sell five downtown properties (three buildings, two parking lots) to Weston Urban to offset the purchase price for the Frost Bank Tower. Weston Urban will develop the sold properties into residential units, adding 265 apartments to the City's Downtown Business District by 2023. One of the properties to be sold is the Municipal Plaza Building, which houses the City Council Chamber. The City will maintain ownership of the City Council Chambers and the B room, and Council meetings will continue to take place in the current Chamber. The timing of this sale will be after the City moves into the Frost Tower.

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

With the expansion of the City's Convention Center, HPARC is moving forward to develop Hemisfair Park, an area famous for hosting the 1968 World's Fair. HPARC was established in 2009 by City Council to lead the redevelopment of the Hemisfair area, including expanding and improving the parkland and public areas. In February 2012, City Council approved HPARC's Master Plan. HPARC's vision of Hemisfair is for it to become one of the world's great public spaces. To accomplish this goal, HPARC will be relying on several P3 opportunities.

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MAJOR INITIATIVES – PRIVATE PUBLIC PARTNERSHIPS (continued)

The first P3 relating to this new development is the Water Street P3. The purpose of the Water Street P3 is to create a vertical structure within the southwest quadrant of Hemisfair to accommodate public parking and mixed-income residential units and commercial space. All lease payments will be directed towards the maintenance, operations and programming of Yanaguana Garden, a 4.1 acre free and accessible public park built for all ages and abilities. On March 3, 2015, HPARC presented its selected vendor to the Economic and Community Development Committee, a subcommittee of City Council, and received approval to move forward with negotiations.

The Yanaguana Garden (Garden) is the first area of the redeveloped Hemisfair Park opened October 2, 2015, with 4.1 acres of active play environment designed for all ages and ability levels. The Garden serves a dual purpose to provide education and recreation to the community. Historic homes that line the property will soon be filled with new tenants including a coffee shop, a paleteria, a brewery and a café. Between climbing structures, public art, two games plazas, a splash pad, a sand-digging pit, and loads of activities and programming, the Garden has something for everyone! The Garden is only a small part of the total 37 acre development to come featuring even more park, new retail, ample parking options and new residences.

FINANCIAL INFORMATION

The management of the City is responsible for establishing a system of internal controls that are designed to provide reasonable assurance that assets are protected from loss, theft, or misuse. The City's accounting system supports the internal controls and procedures, which provide reliable financial records for preparing financial statements in conformity with GAAP. The internal control structure provides reasonable assurance that the City's assets are safeguarded as well as the reliability of financial records for preparing financial statements.

The concept of reasonable assurance first recognizes that the cost of a control should not exceed the benefits likely to be derived. Secondarily, the evaluation of costs and benefits require estimates and judgments by management.

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

Another budgetary control is the monthly revenue and expenditure report summarizing by department budget and actual balances with variances that are generated and reviewed by the Office of Management and Budget, Finance and the City Manager's Office. Each quarter, the Office of Management and Budget and Finance meet with department representatives to assess departments' expenditures based on actual to date and projected expenditures for the remainder of the fiscal year.

These projected expenditures are compared against the legally adopted budget for analysis and recommendations to the City Manager's Office and are presented to City Council. During the mid-year budget assessments, an additional step is added to the review process related to formal adjustment recommendations to Council for adoption to modify the original budget. At fiscal year-end, as part of the annual review and close-out process, Council is provided information and recommendations to again approve desired budget adjustments and carryforwards for the next fiscal year.

FINANCIAL INFORMATION (continued)

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

Each year the City prepares a five-year financial forecast (Forecast) prior to the adoption of the annual operating budget. The Forecast is a financial and budgetary planning tool that provides a current and long-range assessment of financial conditions and costs for City services. The Forecast includes the identification of service delivery policy issues that will be encountered in the next five years and that will have a fiscal impact upon the City's program of services.

The Forecast also examines the local and national economic conditions that have an impact on the City's economy and, ultimately, its budget. The Forecast serves as a foundation for development of the proposed budget by projecting revenues and anticipated expenditures under a defined set of assumptions. The Forecast enables the Council and staff to identify financial issues in sufficient time to develop a proactive strategy in order to address emerging strategic issues.

The annual budget serves as the foundation for the City's financial planning and control. The development of the City's annual budget begins in May, when all departments of the City are required to submit potential reductions and additional appropriation requests to the Office of Management and Budget.

During this period, the Office of Management and Budget reviews department's base budgets, potential reductions and additional appropriation requests with each department and Executive Leadership Team members to develop budget recommendations for the City Manager's consideration.

After obtaining the priorities of the community by hosting five Community Budget meetings, holding the City Council Goal Setting Session to establish priorities for the upcoming budget and conducting reviews of department budgets with the City Manager, the City Manager presents the proposed budget to the City Council for review in early August.

The proposed budget represents the City staff's professional recommendation to utilize revenues and expenditures in order to achieve a balanced budget, while optimizing City service deliveries, and addressing priorities of the City Council and residents. The fiscal year 2015 Budget incorporated the financial policies that were approved by City Council during the Goal Setting Sessions. The financial polices included the following: increase the General Fund budgeted financial reserves from 9.0% to 10.0%; manage "crowd-out" balance between Public Safety and Non Public Safety budgets within the General Fund; maintains Public Safety budgets at 66.0% of General Fund; manage the structural balance in the General Fund; maintain moderately conservative revenue projections; establish contingency reserves of $1 million for General Fund and $3 million for capital budget; address Internal Service Fund Deficits within three to five years; and maintain an available fund balance target of 15.0% for the General Fund.

Part of the recommendations presented to City Council for fiscal year 2015 also included results from initiatives to reduce administrative overhead and implement process improvements. The Office of Management & Budget Innovation Team completed an initiative to improve utility assistance by making it faster and easier for residents, and also resulted in over $220 thousand in savings.

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

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FINANCIAL INFORMATION (continued)

During City Council review, several budget work sessions were held to review the proposed service program details included in the proposed budget. The City held five additional Community Budget meetings after the fiscal year 2015 Budget was proposed and two City-Wide Public Hearings for community input. The City is required to hold at least one public hearing on the proposed budget during the period of its consideration.

City Council must adopt a final budget each year no later than September 27. The appropriated budget is prepared by fund (e.g., General Fund) and department (e.g., Finance Department).

The legal level of budgetary control is approved by City Council at the individual fund and departmental level. Expenditures by department and major category (personnel, non-personnel, and capital outlay) are further defined in the budget document.

The City Manager or designee may revise the approved department expenditure allotments during the fiscal year, but in no event shall the aggregate departmental expenditure allotment exceed the appropriation available to the department unless approved by City Council. The City Council may at any time transfer any unencumbered appropriation balance or any portion thereof within a department office or agency to another upon written recommendation by the City Manager.

As a means of managing the City's financial standing, the City established and maintains a budgeted financial reserve within the General Fund. The financial reserve provides budgetary flexibility for unexpected events, financial emergencies, and the usual fluctuation in revenue-expenditure patterns.

In fiscal year 2015, the City increased its budget reserve to 10.0% and achieved a two year budgeted financial reserve of 3.0%. Since 2005, the City has increased its financial reserves from 3.4% of total appropriations to 10.0% of total resources in fiscal year 2015. The total Budgeted Financial reserve for fiscal year 2015 is $103 million. The contingency reserve for the General Fund is $1 million and $3 million for capital budget. Additionally the City maintained the Public Safety budgets at 66% of General Fund.

The City continues to evaluate the financial reserve policy as a means of fiscal prudence in consideration with City operations, implications to the City's credit rating, and City Council priorities in order to maintain a strong and solid financial position coupled with flexibility to adapt to changing economic conditions.

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

GRANT FUNDS

The City also actively seeks and applies for Federal and State grants that are in line with the City's core operations or initiatives, as an additional tool in providing services to the citizens of San Antonio. In 2015, the City was awarded $196.6 million in Federal assistance and $16.6 million in State assistance for a total of $213.2 million. The City would have been unable to undertake the construction of public improvements and the operation of programs without the support of these grants.

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AWARDS

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

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

The State is currently redesigning the Leadership Award and ceased reviewing applications in 2015 while the redesign is being done. The City will continue to monitor the Award to determine what changes are being made and to what extent the City intends to adopt and apply.

The Office of Management and Budget received the Annual Distinguished Budget Award from the Government Finance Officers Association, recognizing outstanding achievement in preparation of the 2015 Operating and Capital Budget for the 32nd consecutive year.

The Office of Management and Budget additionally received the Performance Measurement Certificate of Excellence Award for the 4th year in a row from the International City/County Management Association (ICMA). San Antonio is one of 28 jurisdictions receiving this highest level of recognition this year.

According to the ICMA, "Jurisdictions meeting the qualifications have demonstrated leadership in continuous improvement and community engagement, and they serve as examples for other governments to follow."

The Finance Department received the Achievement of Excellence in Procurement (AEP) award for the 18th consecutive year in recognition of organizational excellence in public procurement.

Through the Risk Division of the Finance Department, the City was recognized as a high performer on the State's 2014 Performance Based Oversight (PBO) Audit with a score of 98.7 out of a possible 100. The City ranked 8th out of the 116 Employers randomly selected for the audit. The PBO Audit is a statutorily mandated review of insurance carriers, self insures and healthcare providers on the timely payment, processing and electronic reporting of temporary income benefits and medical bills. The Audit occurs every two years and covers January through June of the audited year.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year-ended September 30, 2014. This was the 39th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfies both GAAP and applicable legal requirements.

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

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INDEPENDENT AUDITS

State statutes and the City's Charter require that an annual audit by an independent certified public accountant be conducted. The City selected the accounting firm Padgett Stratemann & Co., LLP. In addition to meeting the requirements set forth in State statutes and the City's Charter, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996, OMB Circular A-133, Audit of State and Local Government and Nonprofit Organizations and State of Texas Single Audit Circular.

The Independent Auditor's Report on the basic financial statements, Management's Discussion and Analysis, required supplementary information, required disclosures and schedules are included in the Financial Section of this CAFR. The Federal Single Audit Report has been prepared in accordance with OMB Circular A-133 promulgated to implement the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, and the AICPA Audit Guide "Government Auditing Standards and Circular A-133 Audits." The State Single Audit Report has been prepared in accordance with the State of Texas Single Audit Circular.

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

ACKNOWLEDGEMENTS

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

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

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

Respectfully submitted,

Ben Gorzell Jr., CPA
Chief Financial Officer

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of San Antonio

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

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City of San Antonio Mayor and City Council

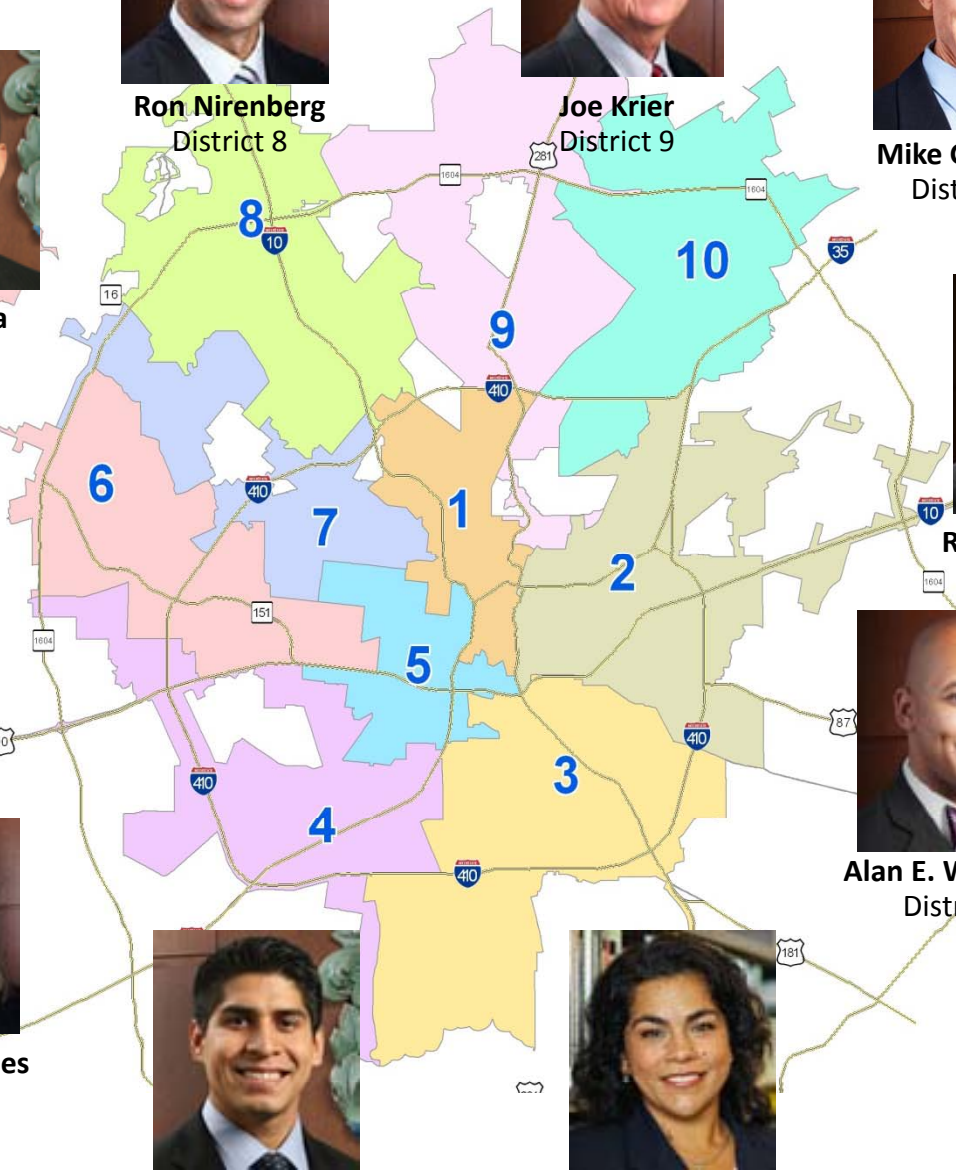
Ivy R. Taylor
Mayor

Ron Nirenberg
District 8

Joe Krier
District 9

Mike Gallagher
District 10

Cris Medina
District 7



Roberto C. Treviño
District 1

Ray Lopez
District 6

Alan E. Warrick, II
District 2

Shirley Gonzales
District 5

Rey Saldaña
District 4

Rebecca Viagran
District 3

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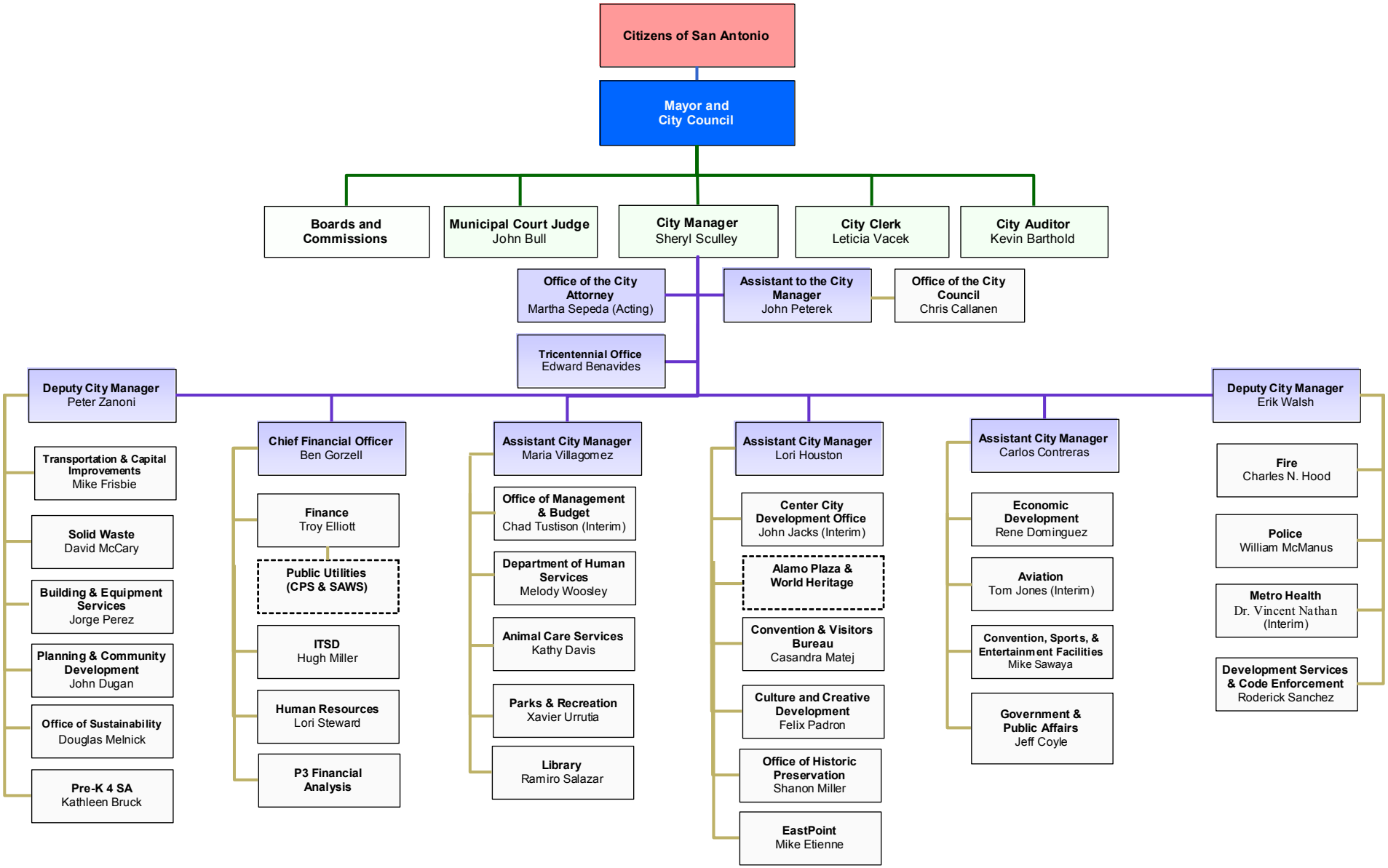

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FINANCIAL SECTION

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Independent Auditor's Report

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PS&Co.

Padgett Stratemann

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of HemisFair Park Area Redevelopment Corporation; San Antonio Economic Development Corporation; Westside Development Corporation; San Antonio Fire and Police Pension Fund; or the San Antonio Fire and Police Retiree Health Care Fund; blended and fiduciary component units, which represent 73%, 84%, and 9%, respectively, of the assets and deferred outflows, net position/fund balances, and revenues/additions of the aggregate remaining fund information. We also did not audit CPS Energy; SA Energy Acquisition Public Facility Corporation; San Antonio Housing Trust Finance Corporation; San Antonio Housing Trust Foundation, Inc.; or the San Antonio Housing Trust Public Facility Corporation, discretely presented component units, which represent 66%, 59%, and 80%, respectively, of the assets and deferred outflows, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of

AUSTIN
811 BARTON SPRINGS ROAD, SUITE 550
AUSTIN, TEXAS 78704
512 476 0717

HOUSTON
1980 POST OAK BOULEVARD, SUITE 1100
HOUSTON, TEXAS 77056
713 335 8630

SAN ANTONIO
100 N.E. LOOP 410, SUITE 1100
SAN ANTONIO, TEXAS 78216
210 828 6281

TOLL FREE: 800 879 4966
WEB: PADGETT-CPA.COM

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, effective October 1, 2014, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. As described in Note 18 to the financial statements, the City restated beginning net position for the adoption of GASB Statement No. 68 and GASB Statement No. 71. Our opinions are not modified with respect to these matters.

As described in Note 18 to the financial statements, the City also restated beginning net position/fund balance related to changes in component unit reporting. Our opinions are not modified with respect to this matter.

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Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Padgett, Stratemann + Co., L.L.P.

San Antonio, Texas
March 2, 2016

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Management's Discussion and Analysis

(Required Supplementary Information)

(Unaudited)

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Management's Discussion and Analysis

The City of San Antonio (City) presents the following discussion and analysis of the City's financial performance during the fiscal year-ended September 30, 2015. This discussion and analysis is intended to assist readers in focusing on significant financial issues and changes in the City's financial position, and identifying any significant variances from the adopted budget. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the financial statements provided in this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows by $2,592,557 (net position). A negative ending balance of ($528,629) in unrestricted net position is the result of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27).* In normal circumstances, the unrestricted net position would be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $1,103,086, a decrease of $96,133 compared to the fiscal year 2014 fund balance. Of this amount, $18,300 is nonspendable and $1,084,786 is spendable. Of the total spendable fund balance, $743,467 is restricted in use, $153,726 has been committed, $19,755 is assigned and $167,838 is unassigned, which is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $182,698, which is 18.2% of the total General Fund expenditures.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The *statement of net position* reports the difference between assets, deferred outflows, liabilities and deferred inflows as net position. Over time, increases or decreases in net position may help determine whether the financial position of the City is improving or deteriorating.

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

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development and opportunity. The business-type activities of the City include the Airport System, Development Services, Market Square, Parking System, and Solid Waste Management.

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

Fund Financial Statements

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

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

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

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

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

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

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presentation labeled "Nonmajor Enterprise Funds." Individual fund data for each nonmajor enterprise fund and each internal service fund is provided in the form of respective combining statements elsewhere in this report.

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

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

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

Government-Wide Financial Statement Analysis

The following tables, graphs, and analysis discuss the financial position and changes to the financial position for the City as a whole as of and for the year-ended September 30, 2015.

Net Position
Year-Ended September 30, 2015
(With Comparative Totals for September 30, 2014)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014 (Restated)*	2015	2014 (Restated)*	2015	2014 (Restated)*
Current and Other Assets	$ 1,750,794	$ 1,768,184	$ 381,583	$ 211,262	$ 2,132,377	$ 1,979,446
Capital Assets	4,408,642	4,135,738	674,943	655,691	5,083,585	4,791,429
Total Assets	6,159,436	5,903,922	1,056,526	866,953	7,215,962	6,770,875
Total Deferred Outflows of Resources	128,773	116,162	11,145	9,633	139,918	125,795
Current and Other Liabilities	608,196	530,772	64,305	48,592	672,501	579,364
Long-term Liabilities	3,437,878	3,350,745	614,206	472,244	4,052,084	3,822,989
Total Liabilities	4,046,074	3,881,517	678,511	520,836	4,724,585	4,402,353
Total Deferred Inflows of Resources	37,326		1,412		38,738	
Net Position:						
Net Investment in Capital Assets	2,615,833	2,554,305	316,995	300,791	2,932,828	2,855,096
Restricted	61,796	100,264	126,562	102,390	188,358	202,654
Unrestricted (Deficit)	(472,820)	(516,002)	(55,809)	(47,431)	(528,629)	(563,433)
Total Net Position	$ 2,204,809	$ 2,138,567	$ 387,748	$ 355,750	$ 2,592,557	$ 2,494,317

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

For the year-ended September 30, 2015, total assets and deferred outflows exceeded liabilities and deferred inflows by $2,592,557. The largest portion of the City's net position, $2,932,828 represents its net investment in capital assets used to acquire those assets that are still outstanding, and includes assets such as land, infrastructure, improvements, buildings, machinery and equipment, and intangibles.

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

The restricted portion of the total net position totaling $188,358 represents resources that are subject to external restrictions on how they may be used. The implementation of GASB 68, the long-term liability associated with pensions, changed the unrestricted net position from $97,814 to a deficit of ($528,629).

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

Changes in Net Position
Year-Ended September 30, 2015
(With Comparative Totals for September 30, 2014)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014 (Restated)*	2015	2014 (Restated)*	2015	2014 (Restated)*
Revenues:						
Program Revenues:						
Charges for Services	$ 217,773	$ 204,850	$ 223,331	$ 219,462	$ 441,104	$ 424,312
Operating Grants and Contributions	175,921	168,170			175,921	168,170
Capital Grants and Contributions	32,642	84,744	45,886	44,206	78,528	128,950
General Revenues:						
Property Taxes	446,705	423,781			446,705	423,781
Other Taxes	465,637	447,571			465,637	447,571
Revenues from Utilities	348,997	355,515			348,997	355,515
Investment Earnings	3,164	3,997	562	764	3,726	4,761
Miscellaneous	62,021	50,868	13,440	4,861	75,461	55,729
Total Revenues	1,752,860	1,739,496	283,219	269,293	2,036,079	2,008,789
Expenses:						
Primary Government:						
Governmental Activities:						
General Government	96,842	112,845			96,842	112,845
Public Safety	729,938	721,930			729,938	721,930
Public Works	247,087	324,257			247,087	324,257
Sanitation	7,535	7,142			7,535	7,142
Health Services	55,020	55,014			55,020	55,014
Culture and Recreation	179,480	167,463			179,480	167,463
Convention and Tourism	34,811	31,579			34,811	31,579
Urban Redevelopment and Housing	30,785	25,949			30,785	25,949
Welfare	121,932	115,094			121,932	115,094
Education	64,917	8,530			64,917	8,530
Economic Development and Opportunity	34,634	25,909			34,634	25,909
Bond Issuance Costs	2,544	1,862			2,544	1,862
Interest on Long-Term Debt	88,813	93,313			88,813	93,313
Business-Type Activities:						
Airport System			112,439	106,033	112,439	106,033
Development Services			26,042	22,273	26,042	22,273
Market Square			2,846	2,558	2,846	2,558
Parking System			10,038	12,165	10,038	12,165
Solid Waste Management			92,492	98,555	92,492	98,555
Total Expenses	1,694,338	1,690,887	243,857	241,584	1,938,195	1,932,471
Change in Net Position						
Before Transfers	58,522	48,609	39,362	27,709	97,884	76,318
Transfers	7,720	1,570	(7,364)	(4,552)	356	(2,982)
Net Change in Net Position	66,242	50,179	31,998	23,157	98,240	73,336
Beginning, Net Position (Previously Reported)	-	2,620,505		400,516		3,021,021
Adoption of GASB 68 and Other Restatements*		(532,117)		(67,923)		(600,040)
Beginning, Net Position (Restated)	2,138,567	2,088,388	355,750	332,593	2,494,317	2,420,981
Ending, Net Position	$ 2,204,809	$ 2,138,567	$ 387,748	$ 355,750	$ 2,592,557	$ 2,494,317

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

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The City's total revenues were $2,036,079 for fiscal year-ended September 30, 2015. Revenues from Governmental Activities totaled $1,752,860 (86.1%) and revenues from Business-Type activities totaled $283,219 (13.9%). Expenses for the City totaled $1,938,195. Of total expenses, Governmental Activity expenses totaled $1,694,338 (87.4%) and Business-Type expenses totaled $243,857 (12.6%).

Governmental Activities

Program revenues for the City's Governmental Activities totaled $426,336, which is $31,428 lower than the previous fiscal year's balance of $457,764. General revenues for the City's Governmental Activities totaled $1,326,524 compared to $1,281,732 in the prior year. General revenues represented 65.8% of the City's total revenue, while program revenues provided 34.2% of revenue received in fiscal year 2015. Expenses for Governmental Activities were $1,694,338 compared to prior year's expenses of $1,690,887.

Governmental Activities increased the City's net position by $66,242. The reason for the change is as follows:

- Charges for Services revenues increased by $12,923. The increase in EMS transports and transport fees resulted in higher EMS revenues in the amount of $2,222. Additionally, revenues for the Ambulance Supplemental Payment program increased by $10,000, primarily as a result of the State processing payments for claim years 2013 and 2014 earlier than the prior year, resulting in the recording of two years of claim supplements in fiscal year 2015.
- Operating Grants and Contributions increased by a total of $7,751 in fiscal year 2015. The Pre-K 4 SA program was awarded $933 in grant dollars by the Texas Department of Agriculture from the Child and Adult Care Food Program, for the first time in fiscal year 2015. An additional $800 was recognized for the newly created Early Head Start program, and due to timing issues, $5,501 of prior year revenues was recognized in fiscal year 2015 for the Child Care Development Block Grant.
- Capital Grant and Contribution revenues decreased by $52,102. Revenues for multiple years of federally, grant funded capital projects passed through TxDOT were recognized in fiscal year 2014.
- Property Tax Revenues increased by $22,924 due to the 6.8% increase in the net taxable property value.
- Other Taxes Revenues increased by $18,066 primarily in the General Sales and Use Tax, reflecting a continued consumer confidence in the San Antonio area. An uptick in tourism and convention business also increased Hotel Occupancy Taxes by $2,099 from the prior year.
- Revenues from Utilities decreased by $6,518 due to the CPS lease/leaseback terminating in fiscal year 2014. Fiscal year 2014 was the last year in which the City recognized revenues from the leaseback agreement.
- Miscellaneous Revenues increased by $11,153 due primarily to a contribution of $4,196 from Bexar County for improvements related to the Barbara Drive Area Drainage and a $2,071 increase in the Employee Benefits Fund due to the newly negotiated agreement that provides the City with 30.0% of retail prescription rebates from participating pharmacies. Additionally, in fiscal year 2015, the Pre-K 4 SA program opened two new education centers. Therefore, the City saw an increase of $5,580 in funding for the Pre-K 4 SA program due to higher expenses related to the increase in enrollment, staff, and other related expenses such as food and maintenance services.
- General Government decreased by $8,149 primarily due to expenses associated with the replacement of the LED street lights in fiscal year 2014.
- The decrease of $77,170 in Public Works expenses is due primarily to federally funded grant transfers that were recognized in fiscal year 2014.
- Education reflected an increase in expenses of $56,387. In fiscal year 2014, $27,320 was capitalized for the completion of the four Pre-K 4 SA education centers. In addition, fiscal year 2015 reflected an increase of $22,422 in operational expenses due to the opening of two new facilities, increased enrollment from 700 to 1,500, increased staff from 158 to 409, and increased food and maintenance services.
- The implementation of GASB 68 required the restatement of prior year expenditures. Governmental activities reflected a restatement of $532,117.

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- With the adoption of GASB 68 in fiscal year 2015, governmental activities reflected an overall decrease in expenses of $8,453. Of this decrease, $17,179 was reflected in Public Safety. This decrease was mitigated by increases in General Government $2,880, Public Works $465, Health Services $948, Culture and Recreation $2,190, Convention and Tourism $618, Welfare, $459, and Education $680.

Business-Type Activities

Program revenues for the City's Business-Type Activities totaled $269,217, which is $5,549 higher than the previous fiscal year. The remaining revenues were a result of investment earnings and other miscellaneous items. Expenses for Business-Type Activities were $243,857 compared to prior year's expenses of $241,584.

Business-Type Activities increased the City's net position by $31,998 primarily because of the following:

- Charges for Services for business-type activities increased by $3,869. The majority of this increase is reflected in the Solid Waste Management Fund attributed to the one dollar increase in the solid waste fee approved for fiscal year 2015.
- Miscellaneous Revenues increased by $8,579. The Airport System reflected a $12,426 increase of which $11,737 is attributed to revenues recognized for reimbursement of expenses related to the Consolidated Rental Car Special Facilities Project (CONRAC). This increase was mitigated by the Parking System's decrease of $1,095 due to a debt restructure in fiscal year 2014 for the Taxable General Obligations, Series 2004 and Series 2008.
- Expenses increased by $1,049 due to the adoption of GASB 68 in fiscal year 2015. Increases were recognized in the Development Services Fund $955, the Market Square Fund $18, the Parking Fund $35, and the Solid Waste Management Fund $163. This increase was mitigated by the Airport System's decrease of $122.
- The implementation of GASB 68 required the restatement of prior year expenditures. Business-type activities reflected a restatement of $67,923.

Financial Analysis of Governmental Funds

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

Revenues from taxes increased by $40,990, which is primarily attributable to: (1) a $14,400 increase in general sales and use tax revenues mainly in the General Fund ($11,086), (2) a $22,924 increase in property tax revenues primarily in the General Fund ($12,248) and the Debt Service Funds ($7,302), and (3) a $2,099 increase in occupancy taxes in the Community and Visitors Facilities and Hotel/Motel 2% Revenue Funds. The increase in general sales and use taxes and occupancy taxes are a result of a continued consumer confidence in the San Antonio area and an increased activity associated with tourism and convention.

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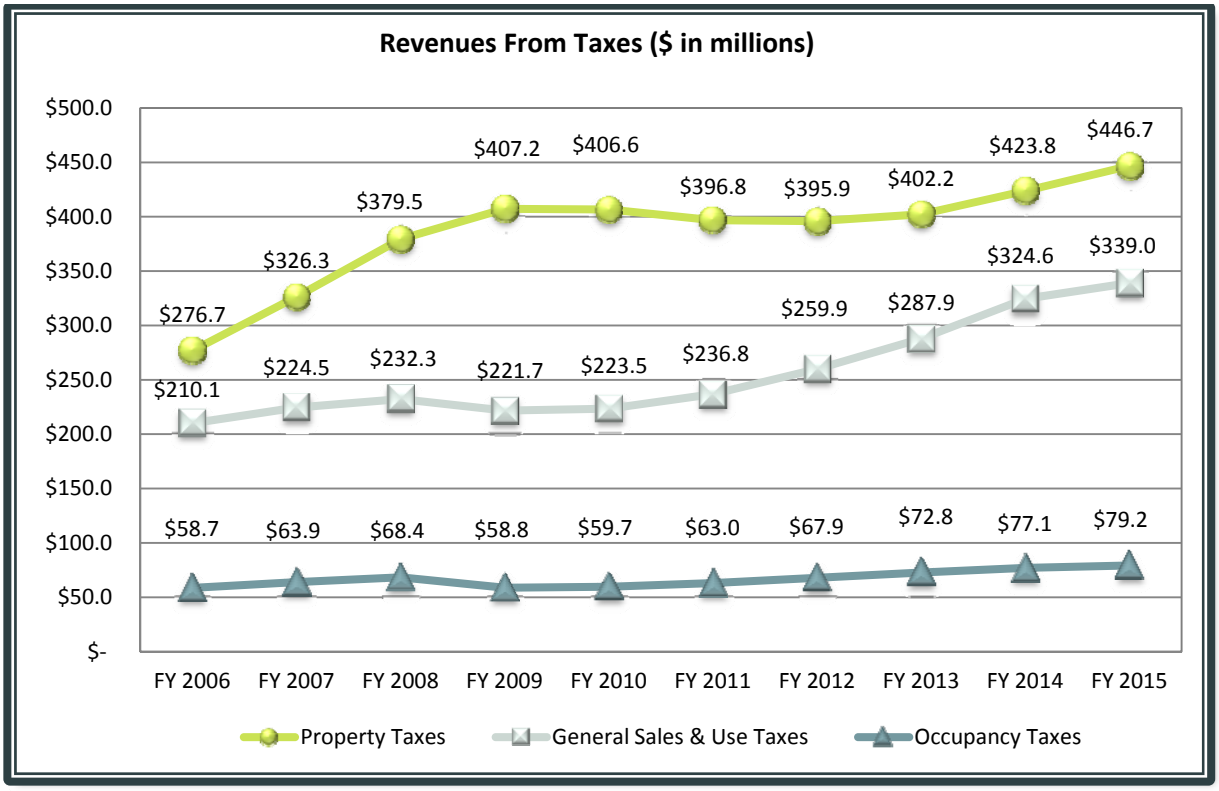

The total fund balance of the General Fund at year-end was $243,468, an increase of $24,873 from the total fund balance of $218,595 in fiscal year 2014. The total spendable General Fund balance for fiscal year 2015 is $236,442, which represents $537 in restricted, $52,686 in committed, $521 in assigned and $182,698 in unassigned fund balances. The unassigned fund balance represents financial reserve amounts held by the City as well as amounts available for additional appropriations at the end of the fiscal year.

The total fund balance of the Debt Service Fund at year-end was $45,438, a decrease of $1,370 from the total fund balance of $46,808 in fiscal year 2014. The entire fund balance is restricted for payment of debt service.

Pre-K 4 SA, a blended component unit, had an ending fund balance of $19,586, an increase of $2,029 from ending fund balance of $17,557 in fiscal year 2014. Pre-K 4 SA's fund balance is restricted for education.

CCHFC had an ending fund balance of $6,093 for fiscal year 2015, which was an increase of $8 from the fiscal year 2014 ending balance of $6,085. The fund balance is restricted for debt service expenditures related to the Grand Hyatt San Antonio.

The total fund balance of the 2012 General Obligation Bonds at year-end was $298,309, an increase of $31,834 from the total fund balance of $266,475 in fiscal year 2014. The increase is from the sale of General Obligation Bonds issued to support capital expenditures associated with the $596,000 bond program approved by voters in fiscal year 2012.

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General Fund Budgetary Highlights

Variances in Budget Appropriations (Budgetary Basis) General Fund	Original Budget	Final Budget	Actual Results
General Government	$ 76,648	$ 76,481	$ 74,075
Public Safety	689,294	697,453	693,371
Public Works	55,997	60,489	57,312
Health Services	23,415	23,952	23,425
Welfare	32,995	35,072	34,166
Culture and Recreation	87,848	89,466	88,567
Convention and Tourism	658	659	739
Economic Development and Opportunity	11,107	27,751	27,044
Urban Redevelopment and Housing	14,962	15,795	15,382
Debt Service:			
Principal Retirement	12,330	12,330	12,330
Interest	462	462	462
Transfers to Other Funds	45,365	49,766	48,921
Total	$ 1,051,081	$ 1,089,676	$ 1,075,794

Changes in original budget appropriations to the final amended budget appropriations resulted in a net $34,380 increase in appropriations. This increase can be summarized by the following:

- Public Safety increased by $8,159, due to an increase of $1,094 in prior year carryforward commitments and $7,065 in mid-year budget adjustment increases needed to cover uniform overtime and active healthcare.
- An increase of $4,492 in Public Works consisted of prior year carryforwards for NAMP projects.
- Economic Development and Opportunity increased $12,429 in which $3,084 was from prior year carryforwards and $9,345 was from the closing ordinance adjustments. The carryforwards will provide funding for incentive agreements for multiple corporations.
- Transfers to Other Funds increased $4,401 which comprised of prior year carryforwards and closing ordinance adjustments to the 2015 Street Maintenance projects.

Final budgeted appropriations for the General Fund were $1,089,676, while actual expenditures on a budgetary basis were $1,075,794, creating a favorable variance of $13,882. Significant variances are as follows:

- Public Safety had a favorable variance of $4,082 which is primarily due to uniform vacancies.
- Public Works' final variance to budget ended favorably at $3,177 which includes $443 in motor fuel savings due to lower fuel prices and electricity savings of $2,246, due to milder weather during the fiscal year.
- Convention and Tourism had an unfavorable variance of $80 due to expending more for materials and supplies. There is sufficient fund balance to cover this excess funding.

Financial Analysis of Proprietary Funds

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

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Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015 amounts to $5,083,585 (net of accumulated depreciation). This investment in capital assets includes land, other non-depreciable assets, buildings, improvements, infrastructure, machinery and equipment, intangible assets and construction in progress. The net increase in the City's investment in capital assets for the current fiscal year was $292,156, which is comprised of an increase of $272,904 in governmental activities and a $19,252 increase in business-type activities.

Capital Assets
Year-Ended September 30, 2015
(With Comparative Totals for September 30, 2014)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014 (Restated)*	2015	2014	2015	2014 (Restated)*
Land	$ 1,429,536	$ 1,404,226	$ 14,599	$ 14,599	$ 1,444,135	$ 1,418,825
Construction in Progress	618,794	422,488	85,124	62,673	703,918	485,161
Non-Depreciable Intangible Assets	139,508	123,169			139,508	123,169
Other Non-Depreciable Assets	2,166	2,166			2,166	2,166
Depreciable Intangible Assets	605	1,426			605	1,426
Buildings	547,322	557,967	260,812	268,656	808,134	826,623
Improvements	477,128	479,846	293,279	290,680	770,407	770,526
Infrastructure	1,015,774	969,165			1,015,774	969,165
Machinery and Equipment	177,809	175,285	21,129	19,083	198,938	194,368
Total	$ 4,408,642	$ 4,135,738	$ 674,943	$ 655,691	$ 5,083,585	$ 4,791,429

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

During fiscal year 2015, the City transferred $184,042 of construction in progress to non-depreciable and depreciable asset classes for completed capital projects, mainly comprised of city-wide streets and drainage projects, parks improvements, terminal improvements at the San Antonio International Airport, Rigsby Road Bulky Waste Collection Center, Plaza De Armas building improvements, and improvements to the City's information technology systems.

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

Change in Capital Assets
Year-Ended September 30, 2015

	Governmental Activities	Business-Type Activities	Total
Beginning Balance (Restated)	$ 4,135,738	$ 655,691	$ 4,791,429
Additions	452,728	56,468	509,196
Deletions	(26,490)	(16,511)	(43,001)
Accumulated Depreciation	(153,334)	(20,705)	(174,039)
Total	$ 4,408,642	$ 674,943	$ 5,083,585

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

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Debt Administration

Long-Term Debt

At the end of the current fiscal year, the City had a total of $2,967,616 in bonds, certificates, contractual obligations, and notes outstanding, an increase of 8.3% over last year. Additional information on the City's long-term debt, including descriptions of the new issues, can be found in Note 6 Long-Term Debt.

Outstanding Debt
Year-Ended September 30, 2015
(With Comparative Totals for September 30, 2014)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Bonds Payable:						
Tax-Exempt General Obligation Bonds	$ 1,060,870	$ 950,405	$ 2,365	$ 1,255	$ 1,063,235	$ 951,660
Taxable General Obligation Bonds	191,550	191,550	11,120	12,120	202,670	203,670
Tax-Exempt Certificates of Obligation	250,030	282,235	330	1,635	250,360	283,870
Taxable Certificates of Obligation	43,820				43,820	-
Tax Notes	26,610	38,070			26,610	38,070
Contractual Obligation	8,835	17,500			8,835	17,500
Revenue Bonds	862,869	870,919	488,880	342,885	1,351,749	1,213,804
Revenue Notes	15,725	28,055			15,725	28,055
Capital Appreciation Bonds (CAB)	4,612	2,930			4,612	2,930
Total	$ 2,464,921	$ 2,381,664	$ 502,695	$ 357,895	$ 2,967,616	$ 2,739,559

Governmental Activities

On December 16, 2014, the City issued $51,955 in General Improvement Refunding Bonds, Series 2014 to refund certain outstanding General Improvement obligations of the City and to pay the costs of issuing the Bonds.

On August 25, 2015, the City issued $234,510 in General Improvement and Refunding Bonds, Series 2015, $36,360 in Combination Tax and Revenue Certificates of Obligation, Series 2015, $4,780 in Tax Notes, Series 2015, and $43,820 in Combination Tax and Revenue Certificates of Obligation, Taxable Series 2015.

The General Improvement and Refunding Bonds, Series 2015, were issued to refund certain outstanding General Improvement obligations of the City, to pay costs of issuing the Bonds, and to finance improvements to streets, bridges, and sidewalks; drainage and flood control; parks, recreation and open spaces; library, museum, and cultural arts facilities; and public safety facilities.

The Combination Tax and Revenue Certificates of Obligation, Series 2015 were issued to finance improvements to street light programs; park and recreation facilities; public safety facilities; drainage facilities; street improvements; information technology systems; and for other public purposes.

The Tax Notes, Series 2015 were issued to finance improvements to streets, sidewalks, and drainage.

The Combination Tax and Revenue Certificates of Obligation, Taxable Series 2015 were issued to finance improvements to renovate and repair the City's Alamodome.

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Business-Type Activities

On July 29, 2015, the City issued $123,900 in Customer Facility Charge Revenue Bonds, Taxable Series 2015 and $38,805 in Airport System Revenue Improvement Bonds, Series 2015.

The Customer Facility Charge Revenue Bonds, Taxable Series 2015, were issued to finance the cost of consolidating all rental car facilities and operations into a single consolidated airport rental car facility (CONRAC).

The Airport System Revenue Improvement Bonds, Series 2015, were issued to finance the public parking area and infrastructure improvements related to the CONRAC facility.

On August 25, 2015, $1,290 of the $234,510 issued in General Improvement and Refunding Bonds, Series 2015, was allocated to Solid Waste Management to refund prior obligations.

Standard & Poor's, Moody's, and Fitch's underlying rating for City obligations during fiscal year 2015 were as follows:

Bond Ratings
Year-Ended September 30, 2015

	Standard & Poor's	Moody's	Fitch
General Obligation/Certificates of Obligation/Tax Notes	AAA	Aaa	AAA
Airport System	A+	A1	A+
Airport PFC	A	A2	A
Airport CFC	A-	A3	BBB+
Municipal Drainage Utility System Revenue Bonds	AA+	Aa2	AA

The Constitution of the State of Texas and the City Charter limit the amount of debt the City may incur. For more information related to these limits see Note 6 Long-Term Debt. The total gross assessed valuation for the fiscal year-ended 2015 was $92,471,859, which provides a debt ceiling of $9,247,186.

Currently Known Facts

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

Requests for Information

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

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Basic Financial Statements

Statement of Net Position
As of September 30, 2015
(In Thousands)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNITS
Assets:				
Current Assets:				
Cash and Cash Equivalents	$ 51,994	$ 8,900	$ 60,894	$ 345,144
Investments	345,781	71,300	417,081	292,923
Receivables, Net	148,560	13,194	161,754	348,962
Materials and Supplies, at Cost	7,296	876	8,172	203,002
Internal Balances	11,825	(13,716)	(1,891)	
Due From Other Governmental Agencies, Net	4,617	7	4,624	1,539
Deposits	134		134	
Prepaid Expenses	1,979	10	1,989	80,545
Other Assets				517
Restricted Assets:				
Cash and Cash Equivalents	292,648	166,697	459,345	523,321
Securities Lending Collateral				17,299
Investments	582,777	117,650	700,427	1,467,012
Receivables, Net	87,589	14,404	101,993	82,902
Materials and Supplies, at Cost	1,795		1,795	
Deposits	5,512		5,512	
Prepaid Expenses	48	2,190	2,238	
Due From Other Governmental Agencies	21,689	71	21,760	
Total Current Assets	1,564,244	381,583	1,945,827	3,363,166
Noncurrent Assets:				
Capital Assets:				
Non Depreciable	2,190,004	99,723	2,289,727	1,756,651
Depreciable, Net	2,218,638	575,220	2,793,858	10,839,234
Assets Held for Resale				2,241
Cash and Cash Equivalents				22,267
Receivables, Net	186,550		186,550	10,548
Prepaid Expenses				277,410
Net OPEB Asset and Pension Asset				261,122
Other Noncurrent Assets				189,095
Total Noncurrent Assets	4,595,192	674,943	5,270,135	13,358,568
Total Assets	6,159,436	1,056,526	7,215,962	16,721,734
Total Deferred Outflows of Resources	128,773	11,145	139,918	220,634
Liabilities:				
Current Liabilities:				
Accounts Payable and Current Liabilities	129,577	11,207	140,784	443,661
Accrued Interest		54	54	
Unearned Revenue	1,043	5,937	6,980	5,258
Current Portion of Long-term Obligations	90,470	8,760	99,230	
Due To Other Governmental Agencies				3
Restricted Liabilities:				
Accounts Payable and Current Liabilities	105,999	14,709	120,708	31,816
Accrued Interest on Bonds and Certificates	16,745	4,137	20,882	26,363
Securities Lending Obligation				17,299
Unearned Revenue	97,476		97,476	
Due To Other Governmental Agencies	140		140	
Current Portion of Long-term Obligations	166,746	19,501	186,247	318,854
Total Current Liabilities	608,196	64,305	672,501	843,254
Noncurrent Liabilities:				
Noncurrent Portion of Long-term Obligations	3,437,878	614,206	4,052,084	9,999,499
Total Noncurrent Liabilities	3,437,878	614,206	4,052,084	9,999,499
Total Liabilities	4,046,074	678,511	4,724,585	10,842,753
Total Deferred Inflows of Resources	37,326	1,412	38,738	69,070
Net Position:				
Net Investment in Capital Assets	2,615,833	316,995	2,932,828	4,291,629
Restricted for:				
Debt Service	37,328	39,332	76,660	69,299
Capital Projects	6,988	87,230	94,218	892,164
Operating and Other Reserves	523		523	4,070
Perpetual Care:				
Expendable	13,193		13,193	
Nonexpendable	3,764		3,764	
Temporarily Restricted				26
Unrestricted (Deficit)	(472,820)	(55,809)	(528,629)	773,357
Total Net Position	$ 2,204,809	$ 387,748	$ 2,592,557	$ 6,030,545

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

Statement of Activities

Year-Ended September 30, 2015

(In Thousands)

FUNCTION/PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION – PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	PRIMARY GOVERNMENT: TOTAL	COMPONENT UNITS
Primary Government:								
Governmental Activities:								
General Government	$ 96,842	$ 33,662	$ 850	$ 628	$ (61,702)	$ -	$ (61,702)	
Public Safety	729,938	60,147	10,640		(659,151)		(659,151)	
Public Works	247,087	49,111	23,242	21,565	(153,169)		(153,169)	
Sanitation	7,535	7,366	265		96		96	
Health Services	55,020	16,660	19,354		(19,006)		(19,006)	
Culture and Recreation	179,480	50,047	4,552	590	(124,291)		(124,291)	
Convention and Tourism	34,811		7,303	2	(27,506)		(27,506)	
Urban Redevelopment and Housing	30,785	148	16,663		(13,974)		(13,974)	
Welfare	121,932		86,496		(35,436)		(35,436)	
Education	64,917	412	4,048		(60,457)		(60,457)	
Economic Development and Opportunity	34,634	220	2,508	9,857	(22,049)		(22,049)	
Bond Issuance Costs	2,544				(2,544)		(2,544)	
Interest on Long-Term Debt	88,813				(88,813)		(88,813)	
Total Governmental Activities	1,694,338	217,773	175,921	32,642	(1,268,002)		(1,268,002)	
Business-Type Activities:								
Airport System	112,439	83,193		45,631		16,385	16,385	
Development Services	26,042	27,878				1,836	1,836	
Market Square	2,846	2,654				(192)	(192)	
Parking System	10,038	9,272				(766)	(766)	
Solid Waste Management	92,492	100,334		255		8,097	8,097	
Total Business-Type Activities	243,857	223,331		45,886		25,360	25,360	
Total Primary Government	$ 1,938,195	$ 441,104	$ 175,921	$ 78,528	(1,268,002)	25,360	(1,242,642)	
Discretely Presented Component Units:								
CPS Energy	$ 2,597,207	$ 2,629,677	$ 31	$ 43,729				$ 76,230
San Antonio Water System	465,058	499,643		101,138				135,723
Brooks Development Authority	17,993	9,163	220	4,985				(3,625)
Port Authority of San Antonio	37,088	36,587		3,941				3,440
SA Energy Acquisition Public Facility Corporation	54,254	47,653						(6,601)
San Antonio Housing Trust Finance Corp.	178	705						527
SA Water System District Special Project	69,271	68,663	11,462					10,854
San Antonio Housing Trust Foundation, Inc.	1,253	762						(491)
San Antonio Housing Trust Public Facility Corp.	1,247	1,011						(236)
Total Component Units	$ 3,243,549	$ 3,293,864	$ 11,713	$ 153,793				215,821
General Revenues:								
Taxes:								
Property					446,705		446,705	
General Sales and Use					339,012		339,012	
Selective Sales and Use					7,957		7,957	
Gross Receipts Business					36,202		36,202	
Occupancy					79,163		79,163	
Penalties and Interest on Delinquent Taxes					3,303		3,303	
Revenues from Utilities					348,997		348,997	
Investment Earnings					3,164	562	3,726	73,922
Miscellaneous					62,021	13,440	75,461	6,723
Special Items								43,414
Adjustment for STP Pension Cost								(12,988)
Transfers, net					7,720	(7,364)	356	
Total General Revenues, Special Items, and Transfers					1,334,244	6,638	1,340,882	111,071
Change in Net Position					66,242	31,998	98,240	326,892
Net Position - Beginning of Fiscal Year (restated)					2,138,567	355,750	2,494,317	5,703,653
Net Position - End of Fiscal Year					$ 2,204,809	$ 387,748	$ 2,592,557	$ 6,030,545

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

Balance Sheet
Governmental Funds
As of September 30, 2015
(In Thousands)

	MAJOR FUNDS						
	GENERAL	DEBT SERVICE	PRE-K 4 SA	CONVENTION CENTER HOTEL FINANCE CORP.	2012 GENERAL OBLIGATION BONDS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets:							
Cash and Cash Equivalents	$ 18,969	$ -	$ -	$ -	$ -	$ 16,072	$ 35,041
Investments	102,417					105,912	208,329
Receivables, Net	138,339					9,279	147,618
Materials and Supplies, at Cost	5,806					71	5,877
Prepaid Expenditures	1,220					84	1,304
Due From Other Funds	50,836					3,314	54,150
Due From Other Governmental Agencies, Net	3,012					858	3,870
Restricted Assets:							
Cash and Cash Equivalents	207	19,019	16,595	16,834	27,286	212,707	292,648
Investments	405	25,651			279,380	277,341	582,777
Receivables, Net	1	5,557	1,586	186,405	315	80,275	274,139
Materials and Supplies, at Cost						1,795	1,795
Deposits						5,512	5,512
Prepaid Expenditures						48	48
Due From Other Funds	3	262	3,138		199	75,015	78,617
Due From Other Governmental Agencies, Net						21,689	21,689
Total Assets	$ 321,215	$ 50,489	$ 21,319	$ 203,239	$ 307,180	$ 809,972	$ 1,713,414
Liabilities, Deferred Inflows, and Fund Balances:							
Liabilities:							
Vouchers Payable	$ 12,218	$ -	$ -	$ -	$ -	$ 3,039	$ 15,257
Accounts Payable - Other	8,883					8,325	17,208
Accrued Payroll	11,740					689	12,429
Accrued Leave Payable	9,220					1	9,221
Unearned Revenue	933					38	971
Due To Other Funds	578					10,758	11,336
Restricted Liabilities:							
Vouchers Payable			318			39,049	39,367
Accounts Payable - Other			1,415			52,510	53,925
Accrued Payroll						1,966	1,966
Unearned Revenue						97,711	97,711
Amounts Held in Trust				10,741			10,741
Due To Other Funds					8,871	105,554	114,425
Due To Other Governmental Agencies						140	140
Total Liabilities	43,572		1,733	10,741	8,871	319,780	384,697
Deferred Inflows of Resources	34,175	5,051		186,405			225,631
Fund Balances:							
Nonspendable	7,026					11,274	18,300
Restricted	537	45,438	19,586	6,093	298,309	373,504	743,467
Committed	52,686					101,040	153,726
Assigned	521					19,234	19,755
Unassigned	182,698					(14,860)	167,838
Total Fund Balances	243,468	45,438	19,586	6,093	298,309	490,192	1,103,086
Total Liabilities, Deferred Inflows and Fund Balances	$ 321,215	$ 50,489	$ 21,319	$ 203,239	$ 307,180	$ 809,972	$ 1,713,414

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

Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
As of September 30, 2015
(In Thousands)

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

Fund Balances - Total Governmental Funds		$ 1,103,086
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental Capital Assets:		
Land	1,429,536	
Other Non-Depreciable Assets	2,166	
Construction In Progress	618,794	
Non-Depreciable Intangible Assets	139,508	
Depreciable Intangible Assets	3,855	
Buildings	933,527	
Improvements	722,972	
Infrastructure	2,893,227	
Machinery and Equipment	307,523	
Less: Accumulated Depreciation	(2,723,260)	
Total Governmental Capital Assets		4,327,848
Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore, are not reported in the governmental funds as revenues, but as unearned revenues.		
Revenues previously recorded as unavailable revenue in the fund financial statements		225,866
Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The assets and liabilities of the Internal Service Funds are included in the governmental activities in the Statement of Net Position.		76,277
Deferred outflows of resources		122,899
Deferred inflows of resources		(36,128)
Long-term liabilities are not due and payable in the current year, therefore are not reported in the governmental funds.		
Governmental Bonds Payable	(2,464,921)	
Unamortized Discount/(Premium) on Bonds, Net	(122,618)	
Capital Lease Liability	(13,498)	
Notes Payable	(44,910)	
Net OPEB and Pension Liability	(746,377)	
Accrued Interest Payable	(16,745)	
Pollution Remediation Payable	(407)	
Accrued Leave Payable	(205,212)	
Other Payable	(351)	
		(3,615,039)
Net Position of Governmental Activities		$ 2,204,809

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

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year-Ended September 30, 2015
(In Thousands)

	MAJOR FUNDS						
	GENERAL	DEBT SERVICE	PRE-K 4 SA	CONVENTION CENTER HOTEL FINANCE CORP.	2012 GENERAL OBLIGATION BONDS	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:							
Taxes:							
Property	$ 269,863	$ 161,380	$ -	$ -	$ -	$ 16,054	$ 447,297
General Sales and Use	258,948					80,064	339,012
Selective Sales and Use	7,957						7,957
Gross Receipts Business	32,978					3,224	36,202
Occupancy						79,163	79,163
Penalties and Interest on Delinquent Taxes	2,035	1,218				50	3,303
Licenses and Permits	8,107						8,107
Intergovernmental	8,071		4,441			185,795	198,307
Revenues from Utilities	348,997						348,997
Charges for Services	70,692					98,800	169,492
Fines and Forfeits	12,235					354	12,589
Miscellaneous	10,790	3,546	391			42,819	57,546
Investment Earnings	525	47	47	1	720	1,421	2,761
Contributions	185			12,977		18,434	31,596
Total Revenues	1,031,383	166,191	4,879	12,978	720	526,178	1,742,329
Expenditures:							
Current:							
General Government	70,791	379			91	8,034	79,295
Public Safety	689,850					21,351	711,201
Public Works	54,156					58,314	112,470
Health Services	23,238					32,895	56,133
Sanitation						6,963	6,963
Welfare	34,040					89,024	123,064
Culture and Recreation	87,588					67,510	155,098
Convention and Tourism	739					22,667	23,406
Urban Redevelopment and Housing	14,974					15,522	30,496
Education			34,987			22,185	57,172
Economic Development and Opportunity	17,220					17,542	34,762
Capital Outlay						475,466	475,466
Debt Service:							
Principal Retirement	12,330	120,165		3,120		5,348	140,963
Interest	462	69,933		9,850		25,694	105,939
Issuance Costs		824			982	738	2,544
Total Expenditures	1,005,388	191,301	34,987	12,970	1,073	869,253	2,114,972
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,995	(25,110)	(30,108)	8	(353)	(343,075)	(372,643)
Other Financing Sources (Uses):							
Issuance of Long-Term Debt					140,295	97,470	237,765
Refunding Debt Issued		144,880					144,880
Payments to Refunded Bond Escrow Agent		(159,593)					(159,593)
Premium/(Discount) on Long-Term Debt		15,607			20,831	5,324	41,762
Transfers In	27,773	22,846	32,137			503,101	585,857
Transfers Out	(28,895)				(128,939)	(416,327)	(574,161)
Total Other Financing Sources (Uses)	(1,122)	23,740	32,137		32,187	189,568	276,510
Net Change in Fund Balances	24,873	(1,370)	2,029	8	31,834	(153,507)	(96,133)
Fund Balances October 1 (restated)	218,595	46,808	17,557	6,085	266,475	643,699	1,199,219
Fund Balances September 30	$ 243,468	$ 45,438	$ 19,586	$ 6,093	$ 298,309	$ 490,192	$ 1,103,086

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

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

Year-Ended September 30, 2015

(In Thousands)

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

Net change in Fund Balances - Total Governmental Funds		$	(96,133)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current year.			
Expenditures for Capital Assets	418,397		
Pollution Remediation Capitalization	264		
Donated Capital Assets	2,188		
Less: Current Year Depreciation	(144,063)		
Less: Current Year Deletions	(11,409)		
			265,377
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund financial statements.			3,434
The issuance of long-term debt (e.g. bonds, notes and loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Bond, Note and Loan Amounts Issued	(382,645)		
(Premium)/Discount on Long-term Debt	(41,762)		
Payments to Escrow Agent	159,593		
Amortization of Bond Premiums/Discounts and Deferred Charges, Net	19,757		
Principal Payments	140,963		
			(104,094)
The following expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:			
Interest Expense	(2,631)		
Accrued Leave Payable	1,833		
Net OPEB and Pension Liability	(14,731)		
Pollution Remediation	1,089		
Principal Amounts on Leases and Notes	500		
Other Expenses	153		
			(13,787)
Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The change in net position remaining after allocation of business-type activities of the Internal Service Funds is reported with governmental activities.			11,445
Change in Net Position of Governmental Activities		$	66,242

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

Statement of Net Position
Proprietary Funds
As of September 30, 2015
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Assets:					
Current Assets:					
Unrestricted Assets:					
Cash and Cash Equivalents	$ 4,539	$ 1,759	$ 2,602	$ 8,900	$ 16,953
Investments	35,941	14,316	21,043	71,300	137,452
Receivables, Net	4,542	8,289	363	13,194	942
Materials and Supplies, at Cost	767	43	66	876	1,419
Deposits					134
Prepaid Expenses	10			10	675
Due From Other Funds					195
Due From Other Governmental Agencies, Net	5		2	7	747
Total Unrestricted Assets	45,804	24,407	24,076	94,287	158,517
Restricted Assets:					
Debt Service Accounts:					
Cash and Cash Equivalents	23,894	2	590	24,486	
Investments	14,214	3	4,742	18,959	
Receivables, Net			7	7	
Construction Accounts:					
Cash and Cash Equivalents	118,916	392	138	119,446	
Investments	44,059	33		44,092	
Prepaid Expenses	2,190			2,190	
Receivables, Net	11,763			11,763	
Due From Other Governmental Agencies, Net	71			71	
Improvement and Contingency Accounts:					
Cash and Cash Equivalents	22,397	94	274	22,765	
Investments	51,615	775	2,209	54,599	
Receivables, Net	1,330	3	4	1,337	
Other Restricted Assets:					
Receivables, Net	1,297			1,297	
Total Restricted Assets	291,746	1,302	7,964	301,012	
Total Current Assets	337,550	25,709	32,040	395,299	158,517
Noncurrent Assets:					
Capital Assets:					
Land	5,322	1,107	8,170	14,599	
Buildings	354,573	10,467	26,187	391,227	179
Improvements	452,094	9,210	13,244	474,548	244
Machinery and Equipment	14,989	38,041	1,963	54,993	190,453
Depreciable Intangible					250
Construction in Progress	83,787		1,337	85,124	
Total Capital Assets	910,765	58,825	50,901	1,020,491	191,126
Less: Accumulated Depreciation	300,013	26,236	19,299	345,548	110,332
Net Capital Assets	610,752	32,589	31,602	674,943	80,794
Total Noncurrent Assets	610,752	32,589	31,602	674,943	80,794
Total Assets	948,302	58,298	63,642	1,070,242	239,311
Total Deferred Outflows of Resources	5,289	2,986	2,870	11,145	5,874

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

Statement of Net Position
Proprietary Funds
As of September 30, 2015
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Liabilities:					
Current Liabilities:					
Payable from Current Unrestricted Assets:					
Vouchers Payable	$ 2,758	$ 1,971	$ 378	$ 5,107	$ 8,536
Accounts Payable-Other	1,462	803	1,731	3,996	3,385
Claims Payable					27,667
Accrued Payroll	712	828	564	2,104	1,722
Accrued Interest	15	39		54	
Current Portion of Accrued Leave Payable	1,962	1,449	822	4,233	3,358
Unearned Revenue	5,794	91	52	5,937	72
Current Portion of Capital Lease Liability	189	4,023		4,212	
Current Portion of Landfill Postclosure Costs		115		115	
Current Portion of Pollution Remediation	200			200	
Due To Other Funds		5	102	107	8,979
Total Payable from Current Unrestricted Assets	13,092	9,324	3,649	26,065	53,719
Payable from Restricted Assets:					
Vouchers Payable	7,809	105	137	8,051	
Accrued Interest	4,004	22	111	4,137	
Current Portion of Bonds and Certificates (net of premium/discount)	18,314	191	996	19,501	
Due To Other Funds		6		6	
Other Payables	6,658			6,658	
Total Payable from Restricted Assets	36,785	324	1,244	38,353	
Total Current Liabilities	49,877	9,648	4,893	64,418	53,719
Noncurrent Liabilities:					
Bonds and Certificates (net of current portion & premium/discount)	480,163	2,682	10,102	492,947	
Claims Payable					43,373
Accrued Leave Payable (net of current portion)	733	284	11	1,028	195
Capital Lease Liability (net of current portion)	2,370	8,998		11,368	
Net OPEB Obligation and Pension Liability	33,875	45,033	27,893	106,801	84,026
Pollution Remediation (net of current portion)	1,119			1,119	
Landfill Postclosure Costs (net of current portion)		943		943	
Total Noncurrent Liabilities	518,260	57,940	38,006	614,206	127,594
Total Liabilities	568,137	67,588	42,899	678,624	181,313
Total Deferred Inflows of Resources	444	588	380	1,412	1,198
Net Position:					
Net Investment in Capital Assets	275,802	19,542	21,651	316,995	80,794
Restricted:					
Debt Service	34,104		5,228	39,332	
Capital Projects	86,955		275	87,230	
Unrestricted (Deficit)	(11,851)	(26,434)	(3,921)	(42,206)	(18,120)
Total Net Position	$ 385,010	$ (6,892)	$ 23,233	$ 401,351	$ 62,674
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(13,603)	
			Net position of business-type activities	$ 387,748	

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

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year-Ended September 30, 2015
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
Operating Revenues:					
Charges for Services	$ 83,193	$ 100,334	$ 39,804	$ 223,331	$ 328,418
Total Operating Revenues	83,193	100,334	39,804	223,331	328,418
Operating Expenses:					
Personal Services	29,784	34,410	23,255	87,449	76,518
Contractual Services	13,664	26,853	5,039	45,556	36,793
Commodities	2,329	7,462	584	10,375	3,408
Materials					24,254
Claims					131,988
Other	8,745	19,940	6,767	35,452	21,536
Depreciation	28,206	4,695	1,470	34,371	22,992
Total Operating Expenses	82,728	93,360	37,115	213,203	317,489
Operating Income	465	6,974	2,689	10,128	10,929
Nonoperating Revenues (Expenses):					
Investment Earnings	413	45	104	562	401
Other Nonoperating Revenue	12,924	250	266	13,440	3,069
Gain (Loss) on Sale of Capital Assets	(2,765)			(2,765)	2,751
Interest and Debt Expense	(15,122)	(340)	(1,027)	(16,489)	
Other Nonoperating Expense	(11,956)	(1,119)	(10)	(13,085)	(44)
Total Nonoperating Revenues (Expenses)	(16,506)	(1,164)	(667)	(18,337)	6,177
Change in Net Position Before Capital Contributions and Transfers	(16,041)	5,810	2,022	(8,209)	17,106
Capital Contributions	45,631	255		45,886	
Transfers In (Out):					
Transfers In		434	3,891	4,325	1,141
Transfers Out	(228)	(2,350)	(9,111)	(11,689)	(5,117)
Total Transfers In (Out)	(228)	(1,916)	(5,220)	(7,364)	(3,976)
Change In Net Position	29,362	4,149	(3,198)	30,313	13,130
Net Position - October 1 (restated)	355,648	(11,041)	26,431		49,544
Net Position - September 30	$ 385,010	$ (6,892)	$ 23,233		$ 62,674
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				1,685	
Change in Net Position of Business-Type Activities				$ 31,998	

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

Statement of Cash Flows
Proprietary Funds
Year-Ended September 30, 2015
(In Thousands)

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	AIRPORT SYSTEM	SOLID WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTALS	INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:					
Cash Received from Customers	$ 85,681	$ 99,999	$ 39,974	$ 225,654	$ 328,941
Cash Payments to Suppliers for Goods and Services	(22,435)	(53,291)	(12,020)	(87,746)	(213,324)
Cash Payments to Employees for Service	(28,468)	(32,822)	(20,704)	(81,994)	(67,419)
Cash Received from Other Cash Receipts	1,607	250	266	2,123	3,069
Net Cash Provided by Operating Activities	36,385	14,136	7,516	58,037	51,267
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds		434	3,891	4,325	1,141
Transfers Out to Other Funds	(228)	(2,350)	(9,111)	(11,689)	(5,117)
Due to Other Funds	(8)	(11)	(43)	(62)	(3,331)
Due from Other Funds			1	1	748
Cash Received from Other Noncapital Financing Activities	11,317			11,317	
Net Cash Provided by (Used for) Noncapital Financing Activities	11,081	(1,927)	(5,262)	3,892	(6,559)
Cash Flows from Capital and Related Financing Activities:					
Acquisitions and Construction of Capital Assets	(64,802)	(4,890)	(1,019)	(70,711)	(31,813)
Contributed Capital	45,631			45,631	
Interest and Fees Paid on Long-Term Debt	(15,198)	(85)	(1,035)	(16,318)	
Interest Paid on Notes and Leases	(94)	(271)		(365)	
Principal Payments on Long-Term Debt	(16,710)	(195)	(994)	(17,899)	
Principal Payments on Notes and Leases	(182)	(4,612)		(4,794)	
Proceeds from Issuance of Long-Term Debt	162,705			162,705	
Proceeds from Sale of Assets					4,045
Net Cash Provided by (Used for) Capital and Related Financing Activities	111,350	(10,053)	(3,048)	98,249	(27,768)
Cash Flows from Investing Activities:					
Purchases of Investment Securities	(145,829)	(15,178)	(28,033)	(189,040)	(137,856)
Maturity of Investment Securities	137,600	11,129	29,645	178,374	126,250
Investments Earnings	404	46	98	548	387
Net Cash Provided by (Used for) Investing Activities	(7,825)	(4,003)	1,710	(10,118)	(11,219)
Net Increase (Decrease) in Cash and Cash Equivalents	150,991	(1,847)	916	150,060	5,721
Cash and Cash Equivalents, October 1	18,755	4,094	2,688	25,537	11,232
Cash and Cash Equivalents, September 30	$ 169,746	$ 2,247	$ 3,604	$ 175,597	$ 16,953
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income	$ 465	$ 6,974	$ 2,689	$ 10,128	$ 10,929
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	28,206	4,695	1,470	34,371	22,992
Other Nonoperating Revenues	1,607	250	266	2,123	3,069
Changes in Assets, Liabilities, Deferred Outflows and Deferred Inflows:					
(Increase) Decrease in Accounts Receivable	(1,704)	(426)	122	(2,008)	(604)
(Increase) Decrease in Due from Other Governmental Agencies	53		(2)	51	1,055
(Increase) Decrease in Materials and Supplies	(19)	(25)	(54)	(98)	179
(Increase) in Prepaid Expenses	(3)			(3)	(7)
Decrease in Deposits					4
Increase (Decrease) in Vouchers Payable	1,394	990	(231)	2,153	3,379
Increase in Claims Payable					1,338
Increase (Decrease) in Accounts Payable - Other	886	102	655	1,643	(234)
Increase in Accrued Payroll	107	108	89	304	431
Increase in Accrued Leave Payable	256	108	7	371	582
(Decrease) in Landfill Postclosure Liability		(103)		(103)	
Increase in Net OPEB Obligation and Pension Liability	2,125	3,721	3,602	9,448	12,762
Increase in Pollution Remediation Liability	45			45	
(Increase) in Deferred Outflows	(1,616)	(2,937)	(1,527)	(6,080)	(5,874)
Increase In Deferred Inflows	444	588	380	1,412	1,198
Increase in Unearned Revenue	4,139	91	50	4,280	68
Net Cash Provided by Operating Activities	$ 36,385	$ 14,136	$ 7,516	$ 58,037	$ 51,267
Noncash Investing, Capital and Financing Activities					
Acquisitions and Construction of Capital Assets from Debt Proceeds and Leases	$ -	$ 3,903	$ -	$ -	$ -
Contributed Capital		255			

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

Statement of Fiduciary Net Position/Balance Sheet
Fiduciary Funds
As of September 30, 2015
(In Thousands)

	FIRE AND POLICE PENSION AND HEALTH CARE FUNDS	PRIVATE PURPOSE TRUST FUND - SAN ANTONIO LITERACY PROGRAM	AGENCY FUNDS
Assets:			
Current Assets:			
Cash and Cash Equivalents	$ 51,814	$ 24	$ 11,620
Security Lending Collateral	111,932		
Investments:			
Common Stock	944,925		
U.S. Government Securities	56,675		4,525
Corporate Bonds	533,960		
Mutual Funds	99,847		
Hedge Funds	385,329		
Real Estate	303,487		
Alternative	547,674		
Receivables:			
Accounts	9,643		22
Accrued Interest	4,935		7
Prepaid Expenses	88		
Total Current Assets	3,050,309	24	16,174
Capital Assets:			
Machinery and Equipment	508		
Buildings	1,065		
Total Capital Assets	1,573		
Less: Accumulated Depreciation	431		
Net Capital Assets	1,142		
Total Assets	$ 3,051,451	$ 24	$ 16,174
Liabilities:			
Vouchers Payable	$ 5,501	$ -	$ -
Accounts Payable - Other	19,770		16,174
Claims Payable	2,511		
Accrued Payroll	278		
Securities Lending Obligation	111,932		
Total Liabilities	139,992		$ 16,174
Net Position:			
Net Position Held in Trust for Pension, OPEB Benefits and Other Purposes	$ 2,911,459	$ 24	

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year-Ended September 30, 2015
(In Thousands)

	FIRE AND POLICE PENSION AND HEALTH CARE FUNDS	PRIVATE PURPOSE TRUST FUND - SAN ANTONIO LITERACY PROGRAM
Additions:		
Contributions:		
Employer	$ 101,985	$ -
Employee	51,000	
Other Contributions	1,373	
Total Contributions	154,358	
Investment Earnings:		
Net (Decrease) in Fair Value of Investments	(99,058)	
Real Estate Income, Net	15,790	
Interest and Dividends	46,043	
Securities Lending	366	
Other Income	626	
Total Investment Earnings	(36,233)	
Less: Investment Expenses		
Investment Management Fees and Custodian Fees	(14,978)	
Less: Securities Lending Expenses		
Borrower Rebates and Lending Fees	(78)	
Net Investment Earnings	(51,289)	
Total Additions	103,069	
Deductions:		
Benefits	169,034	
Refunds of Contributions	703	
Administrative Expense	5,336	
Total Deductions	175,073	
Change in Net Position	(72,004)	
Net Position - October 1	2,983,463	24
Net Position - September 30	$ 2,911,459	$ 24

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

Statement of Net Position
Discretely Presented Component Units
As of September 30, 2015
(In Thousands)

	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNITS	TOTAL
Assets:				
Current Assets:				
Unrestricted Assets:				
Cash and Cash Equivalents	$ 213,070	$ 64,791	$ 67,283	$ 345,144
Investments	145,150	147,773		292,923
Receivables, Net	270,726	61,611	16,625	348,962
Materials and Supplies, at Cost	196,670	6,282	50	203,002
Due from Other Governmental Agencies			1,539	1,539
Prepaid Expenses	42,477	6,521	31,547	80,545
Other Assets		12	505	517
Total Unrestricted Assets	868,093	286,990	117,549	1,272,632
Restricted Assets:				
Debt Service Accounts:				
Cash and Cash Equivalents	13,210		69,439	82,649
Investments		61,554	9,850	71,404
Receivables			86	86
Capital Projects Accounts:				
Cash and Cash Equivalents	101,191	147,802		248,993
Investments	117,008	95,347		212,355
Ordinance Accounts:				
Cash and Cash Equivalents	138,866			138,866
Investments	398,165			398,165
Other Restricted Accounts:				
Cash and Cash Equivalents	31,913	11,796	9,104	52,813
Securities Lending Collateral	17,299			17,299
Investments	494,919	290,169		785,088
Receivables	13,565		69,251	82,816
Total Restricted Assets	1,326,136	606,668	157,730	2,090,534
Total Current Assets	2,194,229	893,658	275,279	3,363,166
Noncurrent Assets:				
Capital Assets:				
Land	71,154	83,800	56,430	211,384
Depreciable Intangible Assets	181,849	1,347		183,196
Infrastructure			72,251	72,251
Buildings			240,045	240,045
Utility Plant in Service	11,732,439	4,750,377	393,148	16,875,964
Machinery and Equipment		228,865	17,332	246,197
Construction in Progress	785,333	368,688	58,431	1,212,452
Water Rights and Other Non-Depreciable Intangible Assets	88,699	244,116		332,815
Nuclear Fuel	827,875			827,875
Total Capital Assets	13,687,349	5,677,193	837,637	20,202,179
Less: Accumulated Depreciation	5,734,425	1,587,715	284,154	7,606,294
Assets Held for Resale			2,241	2,241
Net Capital Assets	7,952,924	4,089,478	555,724	12,598,126
Other Noncurrent Assets:				
Cash and Cash Equivalents			22,267	22,267
Receivables		5,052	5,496	10,548
Prepaid Expenses			277,410	277,410
Net OPEB and Pension Asset	261,122			261,122
Other Noncurrent Assets	189,095			189,095
Total Other Noncurrent Assets	450,217	5,052	305,173	760,442
Total Noncurrent Assets	8,403,141	4,094,530	860,897	13,358,568
Total Assets	10,597,370	4,988,188	1,136,176	16,721,734
Deferred Outflows of Resources	168,745	44,606	7,283	220,634

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

Statement of Net Position
Discretely Presented Component Units
As of September 30, 2015
(In Thousands)

	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNITS	TOTAL
Liabilities:				
Current Liabilities:				
Payable from Current Unrestricted Assets:				
Accounts Payable and Other Current Liabilities	$ 362,886	$ 56,849	$ 23,926	$ 443,661
Unearned Revenues			5,258	5,258
Due to Other Governmental Agencies			3	3
Current Portion of Long-term Lease/Notes Payable			7,132	7,132
Current Portion of Other Payables	24,288	7,054	160	31,502
Total Payable from Current Unrestricted Assets	387,174	63,903	36,479	487,556
Payable from Restricted Assets:				
Accounts Payable and Other Current Liabilities		31,816		31,816
Accrued Bond and Certificate Interest		14,431	11,932	26,363
Securities Lending Obligation	17,299			17,299
Current Portion of Bonds and Certificates	174,470	64,840	34,745	274,055
Current Portion of Commercial Paper		3,245		3,245
Other Payables			2,920	2,920
Total Payable from Restricted Assets	191,769	114,332	49,597	355,698
Total Current Liabilities	578,943	178,235	86,076	843,254
Noncurrent Liabilities:				
Bonds and Certificates (net of current portion & premium/discount)	5,231,381	2,442,579	640,239	8,314,199
Commercial Paper (net of current portion)	360,000	135,305		495,305
Long-Term Lease/Notes Payable (net of current portion)			97,631	97,631
Net Pension and OPEB Obligation	266,760	87,204		353,964
Other Payables (net of current portion)	703,197	23,889	11,314	738,400
Total Noncurrent Liabilities	6,561,338	2,688,977	749,184	9,999,499
Total Liabilities	7,140,281	2,867,212	835,260	10,842,753
Deferred Inflows of Resources	69,070			69,070
Net Position:				
Net Investment in Capital Assets	2,187,922	1,871,202	232,505	4,291,629
Restricted for:				
Debt Service	12,736	47,123	9,440	69,299
Capital Projects	765,919	110,050	16,195	892,164
Operating and Other Reserves			4,070	4,070
Temporarily Restricted			26	26
Unrestricted	590,187	137,207	45,963	773,357
Total Net Position	$ 3,556,764	$ 2,165,582	$ 308,199	$ 6,030,545

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

Statement of Activities
Discretely Presented Component Units
Year-Ended September 30, 2015
(In Thousands)

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	CPS ENERGY	SAN ANTONIO WATER SYSTEM	NONMAJOR COMPONENT UNITS	TOTALS
CPS Energy	$ 2,597,207	$ 2,629,677	$ 31	$ 43,729	$ 76,230	$ -	$ -	$ 76,230
San Antonio Water System	465,058	499,643		101,138		135,723		135,723
Nonmajor Component Units	181,284	164,544	11,682	8,926			3,868	3,868
Total	$ 3,243,549	$ 3,293,864	$ 11,713	$ 153,793	76,230	135,723	3,868	215,821
General Revenues:								
Investment Earnings					66,483	5,792	1,647	73,922
Miscellaneous							6,723	6,723
Special Items					43,414			43,414
Adjustment for STP Pension Cost					(12,988)			(12,988)
Total General Revenues and Special Items					96,909	5,792	8,370	111,071
Change in Net Position					173,139	141,515	12,238	326,892
Net Position - Beginning of Fiscal Year					3,383,625	2,024,067	295,961	5,703,653
Net Position - End of Fiscal Year					$ 3,556,764	$ 2,165,582	$ 308,199	$ 6,030,545

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

Comprehensive Annual Financial Report
Notes to Financial Statements
Year-Ended September 30, 2015

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Note 1 Summary of Significant Accounting Policies

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

Reporting Entity

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

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

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

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

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

The criteria outlined above were excerpted from GASB Statement No. 39 and 61. For a more detailed explanation of the criteria established by the Statements, refer to the *Codification of Governmental Accounting and Financial Reporting Standards*, as of June 30, 2015, published by GASB, Section-2600. GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, further clarifies that a "not for profit" may not be financially accountable to the City, but may be considered a component unit based on the nature and significance of its relationship with the City. Predicated upon the application of the criteria outlined above, the following is a brief overview of component units included in the reporting entity.

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units

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

Following is a brief description of the City's blended component units:

Convention Center Hotel Finance Corporation P.O. Box 839966 San Antonio, TX 78283-3966 Contact: Margaret Villegas Telephone No. (210) 207-5734	The Convention Center Hotel Finance Corporation (CCHFC) was established in fiscal year 2005 in accordance with state laws for the purposes of, and to act on behalf of the City in, local economic development to stimulate business and commercial activity in the City. The CCHFC is governed by a board of directors, which is comprised of the City Council of San Antonio (City Council). CCHFC's governing board is substantially the same as the City's governing board, and CCHFC met the financial benefit/burden criteria.
HemisFair Park Area Redevelopment Corporation c/o City of San Antonio 434 S. Alamo Street San Antonio, TX 78205 Contact: Omar Gonzalez Telephone No. (210) 560-5733	The HemisFair Park Area Redevelopment Corporation (HPARC) was established in fiscal year 2009 in accordance with state laws for the purposes of, and to act on behalf of the City in, assisting with acquiring property, planning, developing, constructing, managing and financing projects within HemisFair Park and its surrounding area in order to promote economic development, employment, and to stimulate business, housing, tourism, and commercial activity within the City. The HPARC is governed by eleven members appointed by the City Council and it provides services entirely to the City. The City has the ability to impose its will.
Municipal Golf Association – San Antonio 2315 Avenue B San Antonio, TX 78215 Contact: James E. Roschek Telephone No. (210) 268-5110	Municipal Golf Association – San Antonio (MGA-SA) was established in fiscal year 2007 in accordance with state laws for the purposes of, and to act on behalf of the City in, operating and promoting the City's municipal golf facilities. MGA-SA is governed by a fifteen member board of directors, which is comprised of seven members selected by MGA-SA according to the approved process contained in its by-laws; two ex-officio member positions from City staff who are appointed by the City Manager; and six members appointed by the City Council. MGA-SA provides services entirely to the City and met the fiscal dependency and financial benefit/burden criteria.
San Antonio Early Childhood Education Municipal Development Corporation dba Pre-K 4 SA P.O. Box 839966 San Antonio, TX 78283-3966 Contact: Kathleen Bruck Telephone No. (210) 206-2740	The San Antonio Early Childhood Education Municipal Development Corporation dba Pre-K 4 SA was established in fiscal year 2012 in accordance with state laws for the purpose of, and to act on behalf of the City, developing and running authorized programs for early childhood education services. Pre-K 4 SA is governed by a board of trustees appointed by the City Council. Pre-K 4 SA's debt, including leases, is expected to be repaid almost entirely with the resources of the City, a 1/8 cent sales tax increase approved by San Antonio residents. The City has the ability to impose its will.

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

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

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

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

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

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

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

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Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

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

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

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

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

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

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Blended Component Units (Continued)

Urban Renewal Agency of the City of San Antonio dba Office of Urban Redevelopment of San Antonio
c/o City of San Antonio
1400 S. Flores
San Antonio, TX 78204
Contact: John Jack
Telephone No. (210) 207-2129

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

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

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

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

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Note 1 Summary of Significant Accounting Policies (Continued)

Fiduciary Component Units

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

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

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

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

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units

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

Brooks Development Authority
3201 Sidney Brooks
Brooks City-Base, TX 78235-5355
Contact: Milo Nitschke
Telephone No. (210) 678-3306

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

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

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

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

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

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

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

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

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

San Antonio Housing Trust Finance Corporation
2515 Blanco Rd
San Antonio, TX 78212
Contact: John Kenny
Telephone No. (210) 735-2772

The San Antonio Housing Trust Finance Corporation (HTFC) was established in 1997 under the Texas Housing Finance Corporations Act (the Act), in accordance with state laws for the purposes of, and to act on behalf of the City in, carrying out the purposes of the Act, including the issuance of single family and multi-family revenue bonds. HTFC's board of directors is appointed by the City Council and consists of five City Council members.

San Antonio Housing Trust Reinvestment Corporation
2515 Blanco Rd
San Antonio, TX 78212
Contact: John Kenny
Telephone No. (210) 735-2772

San Antonio Housing Trust Reinvestment Corporation (HTRC) was created to act as a duly constituted authority of the City and is authorized by the City Council to aid, assist, and act on behalf of the City to promote for the common good and general welfare of reinvestment zones. As HTRC had no activity through September 30, an audit is not deemed necessary in fiscal year 2015.

Note 1 Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Units (Continued)

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

San Antonio Housing Trust Foundation, Inc. (HTF) is a nonprofit entity incorporated in 1990 under the laws of the State of Texas. HTF was organized for the purposes of supporting charitable, educational, and scientific undertakings, and specifically for providing housing for low- and middle-income families, promoting public health, safety, convenience, and welfare, revitalizing neighborhoods and the downtown area through appropriate housing activities, and providing administrative and other support for the operations of the City of San Antonio Housing Trust Fund, a Special Revenue Fund of the City. HTF is governed by an eleven-member board of directors appointed by the City Council.

San Antonio Housing Trust Public Facility Corporation
2515 Blanco Rd.
San Antonio, TX 78212
Contact: John Kenny
Telephone No. (210) 735-2772

San Antonio Housing Trust Public Facility Corporation (HTPFC) was established in fiscal year 2010 as a nonprofit corporation, organized for the purpose of assisting the City in financing, refinancing, or providing public facilities. HTPFC enables housing resources to be better coordinated and directed to accomplish the City's revitalization goals, and gives the City another tool to establish housing in downtown and other areas targeted for development. HTPFC's board of directors is appointed by the City Council and consists of five City Council members.

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

The San Antonio Tricentennial Celebration Commission (Commission) is a public nonprofit local government entity incorporated in 2015. The Commission was organized for the purpose of aiding and acting on behalf of the City to provide a means of assisting with the planning, developing, identifying potential partners, fundraising, managing, and financing of projects involved with the City's 300th anniversary celebration scheduled for 2018. All powers of the Commission shall be vested in the Board of Directors. The Board shall consist of not less than 3 nor more than 19 persons, provided that 5 shall come at the recommendation of the Bexar County Commissioners Court. As the Commission had no activity through September 30th, an audit and inclusion of financial information is not required in fiscal year 2015.

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

SAWS and SAWS DSP fiscal year end is December 31, 2014, while CPS Energy and SA Energy Acquisition Public Facility Corporation's fiscal year end is January 31, 2015.

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

Note 1 Summary of Significant Accounting Policies (Continued)

Related Organizations

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

Basic Financial Statements - GASB Statement No. 34

Government-Wide and Fund Financial Statements – The basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The government-wide financial statements report information on all no fiduciary activities of the primary government and its component units. MD&A introduces the basic financial statements and provides an analytical overview of the City's financial activities. Additionally, the effect of interfund activity has been removed from the statements.

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

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

Fund Accounting

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

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

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

- The General Fund is always presented as a major fund.
- The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs, except those that are accounted for in enterprise funds.
- The City has designated Pre-K 4 SA, a blended component unit, as a major fund due to the high-profile nature and fiscal transparency for the program, which was funded by a voter-increased sales tax.
- The Convention Center Hotel Finance Corporation, a blended component unit, accounts for the receipt and disbursement of resources within the local economy in order to stimulate business and commercial activity in the City. It was created to issue debt for the construction of the Grand Hyatt and to further promote tourism within the City.
- The 2012 General Obligation Bonds Fund, a capital projects fund, accounts for the receipt and disbursement of $596,000 in bond sales for physical infrastructure development and improvement projects approved by a bond election held on May 13, 2012.

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

- The Airport System accounts for the operation of the San Antonio International Airport and Stinson Municipal Airport. Financing for the Airport System's operations is provided by user fees, while financing for the Airport System's capital is primarily funded by City issued revenue bonds (repaid with user fees), grants and facility charges assessed to users.
- Solid Waste Management accounts for all revenues and expenses associated with the operations and maintenance of the City's solid waste and environmental management programs, required debt service for outstanding bonds, and construction and management of Solid Waste Management's assets.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Governmental Funds

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

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

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

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

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

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

Proprietary Funds

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

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

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Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Fiduciary Funds

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

Measurement Focus and Basis of Accounting

Primary Government (City)

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

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

1) Charges for services are revenues generated by those who purchase goods or services from the City. Examples of charges for services include airport landing fees, solid waste collection and disposal fees, and flat rate parking fees. Fines and forfeitures, license and permits and intergovernmental revenues as reported in the General Fund are also reported under charges for services.
2) Operating grants and contributions are those revenues that are restricted in the way they may be spent for operations of a particular program.
3) Capital grants and contributions are also restricted revenues whose resources may only be spent to purchase, build or use capital assets for specified programs.

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included in their balance sheets and revenues are recognized in the accounting period in which they become available and measurable. “Available” means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period. Revenues from property taxes, sales and use taxes, occupancy taxes, gross receipts taxes, municipal court fines and fees, licenses, revenues from utilities, investment earnings, and charges for services are recorded on the modified accrual basis of accounting, and therefore, are considered susceptible to accrual. The City’s availability period is no more than 60 days beyond the end of the fiscal year.

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Primary Government (City) (Continued)

Grant revenues are recognized when reimbursable expenditures are made, all other eligibility requirements imposed by the provider have been met and the City receives reimbursement within 60 days of the fiscal year-end. Grant funds received in advance and delinquent property taxes are recorded as unearned revenue until earned and available.

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

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

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

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

CPS Energy

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

CPS Energy revenues are recorded when earned. Customers' meters are read or periodically estimated, and bills are prepared monthly based on billing cycles. Rate tariffs include adjustment clauses that permit recovery of electric and gas fuel costs. CPS Energy has used historical information from prior fiscal years as partial bases to estimate and record earned revenue not yet billed. This process has involved an extrapolation of customer usage over the days since the last meter read through the last day of the monthly period. Also included in unbilled revenue are the over/under-recoveries of electric and gas fuel costs and regulatory assessments. Unbilled revenue receivable recorded at January 31, 2015, including estimates for electric fuel and gas costs, was $37,189.

CPS Energy's electric fuel cost adjustment clause also permits recovery of regulatory assessments. Specifically, beginning in March 2000, CPS Energy began recovering assessments from the Public Utility Commission of Texas (PUCT) for transmission access charges and from the Texas Independent System Operator, also known as the Electric Reliability Council of Texas, for its operating costs and other charges applicable to CPS Energy as a wholesale provider of power to other utilities. Regulatory assessments for fiscal year 2015 were $79,334.

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

Nonoperating revenue consists primarily of investment income, including fair market value adjustments, and grant programs. The amortization of net gains from the lease/leaseback of J.K. Spruce Unit 1 is also included. Certain miscellaneous income amounts from renting general property and providing various services are also recorded as nonoperating revenue when they are not directly identified with the electric or gas systems. Beginning in fiscal year 2015, rental income from the sale of communication towers is also included in non-operating income.

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

CPS Energy (Continued)

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

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

San Antonio Water System (SAWS)

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

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

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

Deferred Inflows and Outflows

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

Primary Government (City)

Deferred outflows of resources in the Statement of Net Position totaled $139,918. The deferred outflows related to pensions totaled $114,116 ($107,193 in governmental activities and $6,923 in business-type activities) and the deferred outflows related to loss on bond refunding totaled $25,802 ($21,580 in governmental activities and $4,222 in business-type activities).

Deferred inflows of resources in the Statement of Net Position related to pensions totaled $38,738 ($37,326 in governmental activities and $1,412 in business-type activities).

Note 1 Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

Primary Government (City) (Continued)

Deferred outflows of resources in the Statement of Net Position Enterprise and Internal Service Funds related to pensions totaled $17,019 ($5,874 in governmental activities and $11,145 in business-type activities).

Deferred inflows of resources in the governmental fund financial statements related to the unavailable revenues associated with property taxes, EMS collections, fines and collections totaled $39,226. Additionally the CCHFC has a deferred inflow reported in the governmental fund financial statements for unavailable receipts for a loan from the Grand Hyatt Hotel totaling $186,405.

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

Discretely Presented Component Units

CPS Energy – Deferred outflows of resources in the Statement of Net Position consisting of unrealized losses on fuel hedges and reacquisition costs totaled $168,745. Deferred inflows of resources of $69,070 consists of the sale of future revenues associated with the sale of the communication towers totaling $5,287, and unrealized gains related to pension totaling $63,783.

SAWS - Deferred outflows of resources in the Statement of Net Position consisting of loss on bond refunding and accumulated decrease of fair value of hedging derivatives totaled $44,606.

BDA- Deferred outflows of resources related to a derivative instrument totaled $2,589.

Port- Deferred outflows of resources related to a derivative instrument totaled $1,033.

DSP- Deferred outflows of resources consisting of loss on bond refunding totaled $3,661.

Current Year GASB Statement Implementations

In fiscal year 2015, the City implemented the following GASB Statements:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)* will improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50*, Pension Disclosures – An Amendment of GASB Statements No. 25 and No. 27*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement. The City implemented this Statement in fiscal year 2015.

Note 1 Summary of Significant Accounting Policies (Continued)

Current Year GASB Statement Implementations (Continued)

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. Implementation of the provisions of this Statement did not result in changes to the City's accounting and financial reporting in fiscal year 2015.

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

Future GASB Statement Implementations

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Future GASB Statement Implementations (Continued)

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

GASB Statement No.75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, has as its primary objective to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, *as amended*, Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, *for OPEB*, Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. The City will implement this Statement in fiscal year 2018.

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

Note 1 Summary of Significant Accounting Policies (Continued)

Future GASB Statement Implementations (Continued)

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

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

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The requirements of this Statement No. 79 are effective for reporting periods beginning after June 15, 2015, except for the provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. In the period this Statement is first applied, changes made to comply with this Statement should be applied on a prospective basis. The City will analyze Statement No. 79 to see if this Statement impacts the City. If it does the City will implement in fiscal year 2016 and 2017.

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents and Investments

The City's investment practices are governed by state statutes and by the City's own Investment Policy. City cash is required to be deposited in Federal Deposit Insurance Corporation (FDIC) insured banks located within the State of Texas. A pooled cash and investment strategy is utilized, which enables the City to have one central depository. Investments are pooled into two primary categories: operating funds and debt service funds. The balances in these funds are invested in an aggregate or pooled amount, with principal and interest income distributed to each respective fund on a pro rata basis. In addition, the City may purchase certain investments with the available balance of a specific fund for the sole benefit of such fund. Fair market value of the City's investments is determined by quoted market prices. As of September 30, 2015, the City's investment portfolio did not contain any derivative or alternative investment products, nor was it leveraged in any way, except as noted in the Pension Fund and Health Fund. For a listing of authorized investments, see Note 3 Cash and Cash Equivalents and Investments.

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

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

Materials and Supplies and Prepaid Items

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

Prepaid items are goods and services that are paid in advance. These payments reflect costs applicable to future accounting periods, and are recorded in both government-wide and fund financial statements. Using the consumption method, prepaid items are charged as expenditures for governmental funds and as expenses for proprietary funds as the goods or services are used.

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Note 1 Summary of Significant Accounting Policies (Continued)

Capital Assets and Depreciation

Primary Government (City)

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

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

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

CPS Energy

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

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

Proceeds from customers to partially fund construction expenditures are reported as contributed capital in the Statement of Revenues, Expenses and Changes in Net Position increasing net position in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions. The amount reported for contributed capital was $43,729 for fiscal year 2015, including donated assets of $4,494. The remaining portion of these balances that represent contributions received from customers as payments for utility extensions and services was $39,235 for fiscal year 2015, as well as funding for the Light Emitting Diode streetlight project.

Note 1 Summary of Significant Accounting Policies (Continued)

CPS Energy (Continued)

Except for nuclear fuel, which is amortized over units of production, CPS Energy computes depreciation using the straight-line method over the estimated service lives of the depreciable property according to asset type. Total depreciation as a percent of total depreciable assets, excluding nuclear fuel, was 3.3% for fiscal year 2015.

The estimated useful lives of capital assets are as follows:

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

Thresholds contained in CPS Energy's capitalization policy for fiscal year 2015 are as follows:

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

San Antonio Water System (SAWS)

SAWS' capital assets in service are capitalized when the unit cost is greater than or equal to $5. Utility plant additions are recorded at cost, which includes materials, labor, overhead, and interest capitalized during construction. Capital assets include intangible assets, which consist of purchased water rights and land easements, costs associated with acquiring additional Certificates of Convenience and Necessity related to new service areas, and development costs for internally generated computer software. Overhead consists of internal costs that are clearly related to the acquisition of capital assets. Assets acquired through capital leases are recorded on the cost basis and included in utility plant in service. Assets acquired through contributions, such as from developers, are recorded at estimated fair market value at date of donation. Maintenance, repairs, and minor renewals are charged to operating expense; major plant replacements are capitalized. Capital assets are depreciated and property under capital lease is amortized on the straight-line method. This method is applied to all individual assets except mains and intangible assets.

Note 1 Summary of Significant Accounting Policies (Continued)

San Antonio Water System (SAWS) (Continued)

Groups of mains are depreciated on the straight-line method using rates estimated to fully depreciate the costs of the asset group over their estimated average useful lives. Intangible assets not considered to have indefinite useful lives are amortized over their estimated useful life. Capital assets are tested for impairment when a significant unexpected decline in its service utility occurs. The following table shows an estimated range of useful lives used for depreciation of capital assets:

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

Accrued Leave

Primary Government (City)

In the governmental fund financial statements, the City accrues annual leave and associated employee related costs when matured for both civilian and uniformed employees. In addition, the City accrues the matured portion of its uniformed employees' accrued sick leave, holiday, and bonus pay in accordance with the respective collective bargaining agreements, which state that uniformed employees must provide notice in writing ahead of the first pay period in October to be eligible for buyback. Because notice is provided to the City by fiscal year-end, the City accrues uniformed employees' eligible buyback, as it is due and payable by September 30.

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

CPS Energy

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

San Antonio Water System (SAWS)

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

Note 1 Summary of Significant Accounting Policies (Continued)

Insurance

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

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

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

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

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

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

Pensions

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

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Balance

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

- Nonspendable – The nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.
- Restricted – The fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or imposed by law through enabling legislation.
- Committed – The committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council. Those committed amounts cannot be used for other purposes unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- Assigned – Amounts in the assigned fund balance are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund assigned amounts represent intended uses established by City Council or City Manager, Executive Leadership Team, and Department Directors. Under the city charter, the City Manager, Executive Leadership Team, and Department Directors are authorized to assign individual amounts up to $50 and City Council is authorized to assign amounts over $50.
- Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and does not have a specific purpose. In the governmental funds, other than the General Fund, if expenditures incurred exceeded the amounts restricted, committed or assigned, the fund may report a negative unassigned fund balance.

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

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 2015, general government expenditures were reduced by $14,495, resulting in increased expenditures/expenses in other governmental functions and in business-type activities in the amounts of $5,076 and $9,419, respectively.

Note 1 Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

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

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

Elimination of Internal Activity

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

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

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

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

Note 1 Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Application of Restricted and Unrestricted Net Position

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

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Note 2 Property Taxes

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

The City is permitted by the Municipal Finance Law of the State of Texas to levy taxes up to $2.50 per $100 of taxable valuation (note amounts are not reflected in thousands). The tax rate approved by City ordinance for the fiscal year-ended September 30, 2015, was $0.56569 per $100 taxable valuation, which means that the City has a tax margin of $1.93431 per $100 taxable valuation (note that tax rate amounts are not reflected in thousands). This could raise an additional $1,532,559 per year based on the net taxable valuation of $79,230,253 before the limit is reached.

The City has approved a “TIF Manual” for the utilization of Tax Increment Financing (TIF) and the creation of Tax Increment Reinvestment Zones (TIRZ) pursuant to Chapter 311 of the Texas Tax Code. The City has utilized TIF as a vehicle to fund in whole or in part eligible capital costs for public infrastructure related to economic development, commercial, and residential projects. As of September 30, 2015, there were 20 existing TIRZ with a total taxable captured value of $1,832,004 for use by the City to fund capital costs of certain public infrastructure improvements in the TIRZ. For fiscal year 2015, this total taxable captured value produced $9,964 in tax increment revenues, which included an adjustment for fiscal year 2014 of $83. The existing TIRZ have initial terms ranging from 18 years to 35 years which are anticipated to expire starting in fiscal year 2017 through fiscal year 2037. It is estimated that the City will contribute approximately $358,475 in tax increment revenues in aggregate over the life of these TIRZ projects.

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Note 3 Cash and Cash Equivalents, Securities Lending and Investments

Summary of Cash and Cash Equivalents, Securities Lending and Investments

Totals from Statement of Net Position	City [1]	Fire and Police Pension Fund [2]	Fire and Police Retiree Health Care Fund [2]	CPS Energy [3]	SAWS [4]
Unrestricted:					
Cash and Cash Equivalents	$ 60,894	$ 44,866	$ 6,948	$ 213,070	$ 64,791
Security Lending Collateral		111,932	-		
Investments	417,081	2,561,318	310,579	145,150	147,773
Total Unrestricted	477,975	2,718,116	317,527	358,220	212,564
Restricted:					
Cash and Cash Equivalents	470,989			285,180	159,598
Security Lending Collateral				17,299	
Investments	704,952			1,010,092	447,070
Total Restricted	1,175,941			1,312,571	606,668
Total Cash and Cash Equivalents, Securities Lending Collateral and Investments	$ 1,653,916	$ 2,718,116	$ 317,527	$ 1,670,791	$ 819,232

[1] Private Purpose Trust and Agency Funds investments are included in the City's pooled cash and investments but are not available for City activities and are excluded from the primary government's Statement of Net Position. The Private Purpose Trust and Agency assets are presented above as Restricted Cash and Cash Equivalents of $11,644 and Investments of $4,525.

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

[3] For the fiscal year ended January 31, 2015.

[4] For the fiscal year ended December 31, 2014.

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

Summary of Cash and Cash Equivalents	City	Fire and Police Pension Fund	Fire and Police Retiree Health Care Fund	CPS Energy	SAWS
Deposits with Financial Institutions	$ 108,787	$ 278	$ -	$ 778	$ 54,755
Investments with Original Maturities of Less than Ninety Days	260,705	44,588	6,948	497,375	169,604
Cash with Other Financial Agents	162,229				
Petty Cash Funds	82			97	
Cash on Hand	80				30
Total Cash and Cash Equivalents	$ 531,883	$ 44,866	$ 6,948	$ 498,250	$ 224,389

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

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

Summary of Investments

	City	Fire and Police Pension Fund	Fire and Police Retiree Health Care Fund	CPS Energy[1]	SAWS
U.S. Treasury, Government Agencies, Money Market Mutual Funds, and Governmental Investment Pool	$ 1,381,442	$ 44,588	$ 6,948	$ 1,333,828	$ 764,447
Repurchase Agreements	946				
Corporate Bonds		533,960		119,239	
Foreign Bonds				20,698	
Government & Agency Notes		56,675			
Common Stock		937,082	7,843	133,259	
Mutual Funds			99,847		
Real Estate		255,853	47,634	44,864	
Preferred Stock	350			729	
Hedge Funds		378,874	6,455		
International Equities - Common Stock					
Alternative Investment		398,874	148,800		
Total Investments	1,382,738	2,605,906	317,527	1,652,617	764,447
Less: Investments with Original Maturities of Less than Ninety Days included in Cash and Cash Equivalents	(260,705)	(44,588)	(6,948)	(497,375)	(169,604)
Total	$ 1,122,033	$ 2,561,318	$ 310,579	$ 1,155,242	$ 594,843

[1] Does not include $17,299 cash collateral-security lending held in money market mutual funds.

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

The City's investment portfolio is managed in accordance with the Texas Public Funds Investment Act, as amended, and its own Investment Policy. Authorized investments include demand accounts, certificates of deposit, obligations of the U.S. Treasury and U.S. government agencies, commercial paper, repurchase agreements, money market mutual funds and government investment pools. The City maintains in its investment portfolio U.S. Treasury securities and U.S. government agency securities with original maturities greater than ninety days. Each fund's pro rata share of these investments with original maturities greater than ninety days is combined with similar nonpooled securities (i.e., securities purchased and held for specific funds), including U.S. Treasury securities and U.S. government agency securities, and are reported as investments in the combined Statement of Net Position, as of September 30, 2015.

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

Primary Government (City)

The City's policy with respect to money market investments that have a remaining maturity of one year or less at the time of purchase is to report these investments at amortized cost. Amortized cost approximates fair value for these investments. The increase in fair value for investments of the City with a remaining maturity of greater than one year at the time of purchase was $311 for the year-ended September 30, 2015.

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

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

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

City Investments

	Carrying Amount [1]	Fair Value [1]	Allocation [2]	Rating [3]	WAM
U.S. Government Agency Securities	$ 963,623	$ 963,709	69.7%	AA+/A-1+	.58 years
U.S. Treasuries	157,748	157,973	11.4%	N/A	.50 years
Money Market Mutual Fund	192,405	192,405	13.9%	AAAm	1 day
Government Investment Pool	67,355	67,355	4.9%	AAAm	1 day
Preferred Stock[4]	350	350	0.0%	N/A	
Repurchase Agreement	946	946	0.1%	N/A	1 day
Total City Investments	$ 1,382,427	$ 1,382,738	100.0%		

[1] The Carrying Amount and Fair Value include blended component unit investments for SIDC, TMFC, CCHFC, EDC, and TPFC, which total $138,722.

[2] The allocation is based on fair value.

[3] Standard & Poors Rating

[4] As of September 30, 2015 the EDC, which can invest in economic development projects and take out an equity position in projects, had a $350 investment in preferred stock of Innovative TramaCare, Inc.

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

Primary Government (City) (Continued)

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

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

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

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

Credit Risk – The City's Investment Policy requires the purchase of securities that are of the highest credit quality, based on current ratings provided by nationally recognized credit rating agencies. The City deems investments in U.S. Treasury securities and U.S. government agency securities that are guaranteed to be without credit risk. To limit the City's credit risk, investments in other debt securities will consist of securities rated 'A' or better by at least two nationally recognized rating agencies. As of September 30, 2015, the City's investment portfolio, with the exception of the repurchase agreement, the money market mutual fund investments, and the government investment pool, consisted only of U.S. Treasury securities and U.S. government agency securities. Investments in U.S. government agency securities, including Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Bank, Federal Agricultural Mortgage Corporation and Federal Farm Credit Bank were rated 'AA+' (Long-term) and 'A-1+' (Short-term) by Standard & Poor's. The investments in the money market mutual fund and governmental investment pool were rated 'AAAm' by Standard & Poor's, and the repurchase agreement were greater than 100.0% collateralized with U.S. government agency securities.

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

Primary Government (City) (Continued)

Concentration of Credit Risk – Although the City's Investment Policy does not limit the amount of the portfolio invested in any one U.S. government agency, the City manages exposure to concentration of credit risk through diversification. As of September 30, 2015, the U.S. government agency's 69.7% securities allocation was as follows: Federal National Mortgage Association 12.9%, Federal Home Loan Mortgage Corporation 14.7%, Federal Home Loan Bank 27.7%, Federal Agricultural Mortgage Corporation 10.4%, and Farm Federal Credit Bank 4.0%.

Securities Lending – The City engaged in securities lending transactions under a contract with its lending agent, Frost Bank. Authority to engage in these transactions is authorized under the Texas Public Funds Investment Act (the Act) and the City's Investment Policy. The City authorized Frost Bank to loan up to 100.0% of the par value of its investments in the Pooled Operating Funds Portfolio, which consisted of agency and treasury securities, in securities lending transactions for fiscal year 2015. The securities lending program ended effective April 1, 2015 with the expiration and non-renewal request of the contract by Frost Bank.

Fire and Police Pension Fund

Investments of the Fire and Police Pension Fund (Pension Fund), a blended component unit, are administered by the Fire and Police Pension Fund Board of Trustees. Investments of the Pension Fund are reported at fair value and include corporate bonds, common stock, U.S. Treasury securities, U.S. government agency securities, notes, mortgages, hedge funds, contracts and real estate. Equity and fixed income securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Notes, mortgages, and contracts are valued on the basis of future principal and interest payments discounted at prevailing interest rates. The fair value of real estate investments is based on independent appraisals and on the equity position of real estate partnerships in which the Pension Fund has invested. The fair values of private equity investments are estimated by the General Partners based on consideration of various factors, including current net position valuations of underlying investments in limited partnerships, the financial statements of investee limited partnerships prepared in accordance with GAAP, and other financial information provided by the General Partners of investee-limited partnerships. Investment income is recognized as earned. Net appreciation/(depreciation) in fair value of investments includes gains and losses that are being recognized based on the change in the market value of the investments, but have not been realized because the assets have not been sold or exchanged as of the balance sheet date. The Pension Fund's assets are invested as authorized by Texas state law. The fair value of the Pension Fund's cash and investments are $2,718,116. A summary of the Pension Fund's cash, cash equivalents, and investments can be found at the beginning of Note 3.

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

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Investment Type	Target Allocation	2015 Actual Allocation
Large Cap U.S. Equities	15.0%	14.8%
Small Cap U.S. Equities	3.0%	3.5%
Developed International Equities	15.0%	12.5%
Emerging International Equities	6.0%	5.6%
Hedge Funds	10.0%	9.3%
Private Equity	7.0%	5.0%
Sub Total Equity	56.0%	50.7%
Risk Parity	5.0%	5.2%
High Yield	5.0%	5.6%
Bank Loans	5.0%	5.7%
Global Fixed Income	0.0%	2.8%
Unconstrained Fixed Income	3.0%	3.8%
Emerging Market Debt	7.0%	5.3%
Private Debt	7.0%	5.8%
Real Estate	9.0%	9.9%
Real Assets	3.0%	4.7%
Cash*	0.0%	0.5%
Sub Total Fixed Income	44.0%	49.3%
Total Investments	100.0%	100.0%

*This percentage does not include cash and short term securities help by asset managers. This amount is about 1.2% of the Pension Fund's total investments and is included with the allocation to the respective asset manager's asset class.

Money Weighted Rate of Return – The money weighted rates of return for the year ended September 30, 2015 was (2.0)%. The returns are net investment expenses and adjusted for the changing amounts actually invested.

Credit Risk – Credit Risk is the risk that an issuer will not fulfill its obligations. Using Standard and Poor's rating system for fixed income securities as of September 30, 2015, 3.0% of the Pension Fund's bonds were rated 'AAA', 3.0% were rated 'AA', 9.0% were rated 'A', 16.0% were rated 'BBB', 23.0% were rated 'BB', 32.0% were rated 'B', 5.0% were rated 'CCC', and 9.0% were unrated or not rated.

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

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributable to the magnitude of the Pension Fund's investment in a single issue. As of September 30, 2015, the Pension Fund did not have any single investment in any one organization which represented greater than 5.0% of plan net assets.

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Custodial Credit Risk – Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the Pension Fund will not be able to recover the value of the investment or collateral in possession of the counterparty. The Pension Fund does not have an investment policy regarding custodial credit risk. The Pension Fund considers only demand deposits as cash. The Federal Depository Insurance Corporation (FDIC) covered cash on deposit up to $250 at each financial institution. As of September 30, 2015, the Pension Fund had cash deposits held by investment managers in the amount of $1,779 that were uninsured and uncollateralized.

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

Securities that are subject to interest rate risk as of September 30, 2015 amount to $492,448 and have a weighted-average maturity (WAM) of 7.68 years. Securities that are subject to interest rate risk are shown in the following table.

Investment Type	Fair Value	Weighted-Average Maturity WAM (Years)
Corporate Bonds	$ 86,928	5.61
Government Agencies	9,275	3.19
Government Bonds	43,327	18.45
Municipal/Provincial bonds	4,234	14.31
Non-Government Backed C.M.O.s	3,441	30.73
Bank Loans	146,028	5.26
Ashmore[1]	54,295	
GoldenTree[2]	65,112	
Wellington Emerging Market Debt[3]	79,808	
Total Interest Rate Sensitive Securities	$ 492,448	

[1] Ashmore is a commingled fund invested in emerging market debt. They report effective duration in lieu of WAM. The effective duration was 5.08 as of September 30, 2015.

[2] GoldenTree is a commingled fund invested in high-yield corporate bonds. They report their portfolio effective duration in lieu of WAM as 3.22 as of September 30, 2015.

[3] Wellington, a commingled fund, also invests in emerging market debt. They report the effective duration of the portfolio in lieu of WAM. The effective duration for Wellington was 5.67 as of September 30, 2015.

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Foreign Currency Risk – The Pension Fund's investments include investments in equities, bonds, and cash in foreign currency denominations. Equities denominated in foreign currencies as of September 30, 2015 amounted to $371,604 in equities, $64,621 in bonds and $1,780 in cash, detailed as follows:

Country	Equities	Bonds	Cash	Total
Australian Dollar	$ 13,778	$ 5,136	$ 358	$ 19,272
Brazilian Real	13,998	5,559		19,557
Canadian Dollar	8,494			8,494
Swiss Franc	15,784			15,784
Chinese Yuan	9,529			9,529
Colombian Peso	32	2,786		2,818
Czech Republic Krona	86			86
Danish Krone	2,997			2,997
Euro	64,018	15,293	229	79,540
British Pound	42,007		100	42,107
Hong Kong Dollar	27,798		245	28,043
Hungarian Forint	22	3,075		3,097
Indonesian Rupiah	2,242	2,847		5,089
Israeli New Shekel	3,638		45	3,683
Indian Rupee	17,431			17,431
Japanese Yen	37,193		363	37,556
South Korean Won	28,640	903		29,543
Kazakhstan Tenge	150			150
Kenyan Shilling	299			299
Mexican Peso	5,270	13,726		18,996
Malaysian Ringgit	4,529	3,068	6	7,603
Nigerian Naira	374			374
Norwegian Krone	4,284		356	4,640
New Zealand Dollar	413	2,430	30	2,873
Pakistani Rupee	1,272			1,272
Peruvian Nuevo Sol	14,455	822		15,277
Philippine Peso	421			421
Polish Zloty	2,989	2,981		5,970
Qatar Riyal	431			431
Russian Ruble	2,887	977		3,864
Swedish Krona	7,400			7,400
Singapore Dollar	4,922		28	4,950
Thai Baht	8,069	1,249		9,318
Turkish New Lira	4,963			4,963
Taiwan Dollar	13,089			13,089
UAE Dirham	621			621
South African Rand	7,079	3,769	20	10,868
	$ 371,604	$ 64,621	$ 1,780	$ 438,005

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Securities Lending – State statutes and Pension Fund policies allow for securities lending transactions. The Pension Fund has entered into an agreement with its custodial bank to lend the Pension Fund's securities to one or more borrowers for a fee. It is the policy of the Pension Fund and the custodial bank to require that collateral equal to 102.0% and 105.0% for domestic and international securities, respectively, of the loaned securities be maintained by the custodial bank. Collateral may be in the form of cash, U.S. government securities, or irrevocable letters of credit. Until such time as the loan is terminated, the borrower retains all incidents of ownership with respect to the collateral. In the event that the borrower fails to repay the borrowed securities, the Pension Fund may suffer a loss. Management of the Pension Fund considers the possibility of such a loss to be remote. Cash open collateral is invested in a short-term investment pool with an average weighted maturity to the interest reset date of 38 days at September 30, 2015.

As of September 30, 2015, the Pension Fund had lending arrangements outstanding with a total market value of $117,955 which were fully collateralized with cash and securities. Cash collateral of $111,932 is recorded in the accompanying Statements of Fiduciary Net Position. Net income for the year-ended September 30, 2015, under the securities lending arrangement, was $285.

Cash Collateral Pool	
U.S. Asset Backed Securities	$ 3,503
U.S. Corporate Notes	1,455
U.S. Repo Agreements	31,554
U.S. Sweep Vehicle	2,306
U.S. Agencies Bonds	11,048
U.S. Certificates of Deposit	10,589
U.S. Medium Term Notes	201
U.S. Commercial Paper	1,288
International Commercial Paper	15,626
International Certificates of Deposit	20,495
International Time Deposits	9,637
International Repo Agreements	2,048
International Medium Term Notes	201
International Corporate Notes	1,981
Total	$ 111,932

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

Primary Government (City) (Continued)

Fire and Police Pension Fund (Continued)

Derivatives and Structured Investments – The Pension Fund has only limited involvement with derivatives and other structured financial instruments. The Pension Fund's investment philosophy regarding the use of derivatives and other structured financial instruments is to use derivatives to replicate exposures to equity or fixed income securities. The fair value of structured financial instruments held by the Pension Fund at September 30, 2015, was approximately $3,714 in commercial mortgage obligations and is included with investments in the Statement of Fiduciary Net Position. The Pension Fund also invests in hedge funds which may employ the use of derivatives to reduce volatility. The Pension Fund's total investment in hedge funds was $378,874 as of September 30, 2015.

As of September 30, 2015, the Pension Fund held foreign currency forward contracts as follows:

Currency	Market Value	Nominal Amount USD	Maturity Date
Australian Dollar	$ -	$ (61)	10/2/2015
British Pound	-	82	10/16/2015
Chilean Peso	(211)	5,029	10/19/2015
Euro	(3)	396	11/13/2015
Euro	(136)	(7,830)	11/13/2015
India Rupee	66	3,646	12/16/2015
Japanese Yen	6	3,710	12/4/2015
Japanese Yen	-	(148)	12/4/2015
New Zealand Dollar	3	243	10/16/2015
New Zealand Dollar	105	(2,531)	10/16/2015
Norwegian Krone	(103)	2,473	10/20/2015
Norwegian Krone	10	(386)	10/20/2015
Swedish Krona	40	2,781	10/21/2015
Swedish Krona	(2)	(334)	10/21/2015
Swiss Franc	-	156	12/16/2015
Total	$ (225)	$ 7,226	

Fire and Police Retiree Health Care Fund

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

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

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

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

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

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

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

The fair value of the Health Fund's cash and investments at September 30, 2015 is $317,527. A summary of the Health Fund's cash, cash equivalents, and investments can be found at the beginning of Note 3.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Health Fund's Investment Policy limits the maturities of money market mutual funds to 2 years at time of purchase. At September 30, 2015, the money market fund weighted average to maturity is 31 days. The Health Fund places no limit on maturities of Mutual Funds – Fixed Income.

Credit Risk – In accordance with the Health Fund's Investment Policy, investments in money market mutual fund must be rated at least 'A-2' by Standard and Poor's (S&P). At September 30, 2015, the money market mutual fund was rated 'AAAm' by S&P. The Health Fund's investments in Mutual Funds – Fixed Income are not rated by a nationally recognized statistical ranking organization.

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

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

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Custodial Credit Risk (Investments) – The custodial credit risk for investments is the risk that, in the event of failure of the counterparty to an investment transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At September 30, 2015, the Health Fund's common stock investments are held at Frost Bank's third-party custodian, Bank of New York. Since the investments are maintained separately from the bank's assets, in the event of failure of the bank, the investments held in trust would not be affected.

Concentration of Credit Risk – Concentration risk is the exposure to loss that can result from failing to diversify investments. Accordingly, a government should disclose investments that represent 5.0% or more of its total investments that are invested in a single issuer. Concentration risk does not arise in connection with U.S. government obligations and obligations explicitly guaranteed by the U.S. government; mutual funds; and, similar pooled investments which are designed, in part, to provide diversification. The Health Fund's investments for 2015 in Catalyst Fund Limited Partnership II and Catalyst Fund Limited Partnership III respectfully amount to $18,032 and $21,490 and respectfully represent 5.7% and 8.8% of the Health Fund's total investments.

Securities Lending – The Health Fund participated in a securities lending program as a means to augment income. The program was operated in accordance with a contract between the Health Fund and its custodian bank, Frost Bank, and compliance with State statutes and Health Fund policies. In March 2015, the Health Fund discontinued participation in the securities lending program. At September 30, 2015, the Health Fund was not exposed to credit risk to borrowers. There were no violations of legal or contractual provisions nor were there any borrower or lending agent default losses in fiscal year 2015.

Subscribed Capital Commitments – As of September 30, 2015, the Fund had non-binding commitments to invest capital in 28 investment companies under investment capital subscription agreements. These commitments are subject to periodic calls from the investment companies. The amount of this investment capital committed under the subscription agreements totaled to $73,778. As of September 30, 2015, $22,195 of this total had been called.

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

CPS Energy

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

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

CPS Energy's cash deposits at January 31, 2015 were either insured by federal depository insurance or collateralized by banks. For deposits that were collateralized, the securities were U.S. government, U.S. government agency, or U.S. government-guaranteed obligations held in book entry form by the Federal Reserve Bank of New York in CPS Energy's name.

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

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

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

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

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

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

CPS Energy (Continued)

Investments of the Decommissioning Trusts – CPS Energy's investments in the Decommissioning Trusts are held by an independent trustee. Investments are limited to those defined by CPS Energy Board Resolution, the South Texas Project Decommissioning Trust Investment Policy, the Investment Strategy Committee, the Trust Agreements and State law, as well as Public Utility Commission of Texas (PUCT) and Nuclear Regulatory Commission (NCR) guidelines. Allowable investments for the Decommissioning Trusts include those directly permissible for CPS Energy, as well as equities and corporate bonds (including international securities traded in U.S. dollars and on U.S. stock exchanges). In accordance with the Decommissioning Trusts' Investment Policy, total investments can include a maximum of 60.0% equity securities. In the summer of 2014, CPS Energy refined its target allocations for both Trusts in an effort to further reduce the overall risk of the portfolios. The new target allocations for both Trusts are 63.5% fixed-income investments, 28.0% equities and 8.5% U.S. real estate investment trusts.

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

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

CPS Energy (Continued)

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

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

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

GASB Statement No. 40 – In accordance with GASB Statement No. 40, additional disclosures have been provided in this Note that address investment exposure to interest rate risk, credit risk (including custodial credit risk and concentration of credit risk), and foreign currency risk, as applicable. CPS Energy's investments and those in the Decommissioning Trusts do not have custodial credit risk, as all investments are held either by an independent trustee or bank and are in CPS Energy's or the Decommissioning Trusts' names.

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

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

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

CPS Energy (Continued)

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

Investment Type	Carrying Value	Market Value	Allocation	Weighted-Average Maturity (Years)
U.S. Treasuries	$ 20,348	$ 20,348	1.8%	1.5
U.S. Agencies:				
Federal Home Loan Mortgage Corp.	132,542	132,540	11.7%	3.3
Federal National Mortgage Assn.	100,428	100,428	8.8%	5.7
Federal Home Loan Bank	177,744	177,746	15.7%	1.8
Federal Farm Credit Bank	143,650	143,650	12.7%	3.3
Small Business Administration	11,042	11,042	1.0%	5.7
Municipal Bonds	61,588	61,588	5.4%	2.0
Certificates of Deposit	496	496	0.0%	0.1
Commercial Paper	19,992	19,992	1.8%	0.1
Investment Pools	158,141	158,141	14.0%	N/A
Money Market Mutual Funds	307,529	307,529	27.1%	N/A
Total Fixed-Income Investments	$ 1,133,500	$ 1,133,500	100.0%	1.8

Credit Risk – In accordance with its Investment Policy, CPS Energy manages exposure to credit risk by limiting its long-term debt security investments to a credit rating of "A-" or better. As of January 31, 2015, CPS Energy held no debt securities with a long-term credit rating below A-, or equivalent, or short-term credit rating below "A-1/P-1/F-1."

Credit Rating	Carrying Value	Market Value	Allocation
U.S. Treasuries (AA+)	$ 20,348	$ 20,348	1.8%
AAA	378,173	378,173	33.4%
AA+	574,219	574,219	50.6%
AA	16,574	16,574	1.5%
AA-	18,954	18,954	1.6%
A+	5,169	5,169	0.5%
A	60,863	60,863	5.4%
A-	333	333	0.0%
Short-term:			
A-1 / P-1 / F-1	19,992	19,992	1.8%
Not rated	38,875	38,875	3.4%
Total Fixed-Income Investments	$ 1,133,500	$ 1,133,500	100.0%

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

CPS Energy (Continued)

Decommissioning Trust Investments – As mentioned previously, the Decommissioning Trusts report their assets on a calendar-year basis; therefore, the tables in this section are as of December 31, 2014. These tables address interest rate risk exposure by investment type, credit risk, concentration of credit risk and foreign currency risk. All investments held by the Decommissioning Trusts are long-term in nature and are recorded at fair value.

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

To mitigate this interest rate risk, a limitation is placed on the weighted-average duration of the fixed-income portfolio. Weighted-average duration is defined as the weighted-average time to return a dollar of principal and interest and also incorporates potential changes in the timing of principal and interest return that may occur as a result of changes in interest rates. It makes assumptions regarding the most likely timing and amounts of variable cash flows and is used as an estimate of the interest rate risk of a fixed-income investment – especially those with payment terms dependent on market interest rates. The overall portfolio duration is limited by the Investment Policy to a deviation of no more than +/- 1.5 years from the weighted-average duration of the Investment Committee's specified fixed-income index. The specified fixed-income index for the 28% Trust is a blended index that is based on 83.3% Barclays Capital Aggregate, 11.7% Barclays Credit A, and 5.0% Barclays Credit BAA; and the weighted-average duration of that blended index was 5.8 for calendar year 2014. The specified fixed-income index for the 12% Trust is Barclays Capital Aggregate, which was 5.6 for calendar year 2014.

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

CPS Energy (Continued)

Concentration of Credit Risk – In accordance with the Investment Policy, exposure to concentration of credit risk is managed through diversification and by limiting investments in each government-sponsored entity to 30.0% and investments in any nongovernment-sponsored issuer to 5.0% of the total fixed-income portfolio (excluding cash collateral from securities lending). Likewise, equity investments are limited to 5.0% of the total portfolio for any one issuer. At December 31, 2014, total other debt securities (corporate and foreign issuers) amounted to 47.3% of the fixed-income portfolio for the 28% Decommissioning Trust and 23.7% for the 12% Decommissioning Trust.

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

	28% Interest			12% Interest		
Investment Type	Market Value [1]	Allocation	Weighted-Average Duration (Years)	Market Value [1]	Allocation	Weighted-Average Duration (Years)
U.S. Treasuries	$ 29,421	11.7%	4.2	$ 35,620	40.1%	5.9
U.S. Agencies:						
Federal National Mortgage Assn.	37,279	14.8%	4.6	10,103	11.4%	7.0
Federal Home Loan Mortgage Corp.	22,660	9.0%	5.7	8,702	9.8%	6.9
Small Business Admin	5,133	2.1%	5.1			
Government National Mortgage Assn.	2,178	0.9%	1.4	823	0.9%	4.3
Municipal Bonds - Texas	1,542	0.6%	9.1	313	0.4%	7.3
Municipal Bonds - Other States	12,634	5.0%	8.9	2,214	2.5%	7.3
Corporate Bonds	98,154	39.0%	7.1	21,085	23.7%	7.0
Foreign Bonds	20,698	8.2%	6.2			
Money Market Mutual Funds	21,760	8.7%	N/A	9,946	11.2%	N/A
Total Fixed-income Investments	$ 251,459	100.0%	6.1	$ 88,806	100.0%	6.5
Cash Collateral - Securities Lending	14,088			3,211		
Total Fixed-income Portfolio	$ 265,547			$ 92,017		
Combined Decommissioning Trust Funds Total	$ 357,564					

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

Credit Risk – In accordance with the Investment Policy, exposure to credit risk is managed by limiting all fixed-income investments to a credit rating of "BBB-", or equivalent, or better from at least two nationally recognized credit rating agencies. If a security's rating falls below the minimum investment grade rating of "BBB-" after it has been purchased, the Investment Policy allows investment managers to continue to hold the security as long as the total fair value of securities rated below investment grade does not exceed 5.0% of the total fixed-income portfolio. As noted in the following tables, which list the fixed-income holdings by credit rating, investments with a credit rating below "BBB-" totaled 1.2% of the fixed-income portfolio for the 28% Trust at December 31, 2014. There were no securities with a credit rating below BBB- held in the 12% Trust at December 31, 2014.

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

CPS Energy (Continued)

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

Credit Rating	28% Interest		12% Interest	
	Market Value [1]	Allocation	Market Value [1]	Allocation
U.S. Treasuries (AA+)	$ 29,421	11.1%	$ 35,620	38.7%
AAA	59,380	22.3%	14,358	15.6%
AA+	71,629	27.0%	20,645	22.5%
AA	3,670	1.4%	1,444	1.6%
AA-	3,041	1.1%	1,326	1.4%
A+	10,029	3.8%	1,590	1.7%
A	14,534	5.5%	3,245	3.5%
A-	24,156	9.1%	6,257	6.8%
BBB+	20,210	7.6%	4,184	4.6%
BBB	20,565	7.8%	3,163	3.4%
BBB-	5,636	2.1%	185	0.2%
BB+	1,865	0.7%		0.0%
BB	1,176	0.4%		0.0%
BB-	235	0.1%		0.0%
Total Fixed-income Portfolio	$ 265,547	100.0%	$ 92,017	100.0%

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

Foreign Currency Risk – With the exception of dedicated foreign-equity portfolios, all investments authorized for purchase by the Decommissioning Trusts are U.S. dollars. This reduces the potential foreign currency risk exposure to the portfolio. All foreign bonds outstanding were issued in the U.S. and amounted to $20,698 as of December 31, 2014. In accordance with the Investment Policy, investments in international portfolios are limited to international commingled funds, American Depository Receipts and Exchange Traded Funds that are diversified across countries and industries. The international portfolio will be limited to 20.0% of the total portfolio. At December 31, 2014, total foreign equity securities amounted to 11.7% of the 28% Trust's total portfolio. At December 31, 2014, total foreign equity securities held by the 12% Trust amounted to 3.4% of the Trust's portfolio.

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

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

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

CPS Energy (Continued)

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

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

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

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

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

At January 31, 2015, neither CPS Energy nor the Decommissioning Trusts had any credit risk exposure to borrowers because the amounts CPS Energy and the Decommissioning Trusts owed to borrowers exceeded the amounts the borrowers owed. There were no violations of legal or contractual provisions nor were there any borrower or lending agent default losses related to securities lending in fiscal year 2015.

Direct Investments – At January 31, 2015, there was a total of $212,502 in securities, or 18.7% of CPS Energy's direct investments, out on loan to brokers/dealers. In exchange, CPS Energy received $216,869 in securities collateral, or 102.1% of the market value of the corresponding securities loaned. Income generated from securities lending transactions amounted to $779 in fiscal year 2015, of which 30.0% was paid as fees to the lending agent.

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

CPS Energy (Continued)

Decommissioning Trusts – For the 28% Decommissioning Trust at December 31, 2014, there was a total of $40,295 in securities, or 10.5% of the Decommissioning Trust's investments, out on loan to brokers/dealers. In exchange, the Trust received $14,088 in cash collateral and $27,202 in securities collateral, or a total of 102.5% of the market value of the corresponding securities loaned. Income generated from securities lending transactions for the Decommissioning Trust amounted to $105 in calendar year 2014, of which 30.0% was paid as fees to the lending agent.

For the 12% Decommissioning Trust at December 31, 2014, there was a total of $34,966 in securities, or 25.5% of the Decommissioning Trust's investments, out on loan to brokers/dealers. In exchange, the Trust received $32,507 in securities collateral and $3,211 in cash collateral or a total of 102.2% of the market value of the corresponding securities loaned. Income generated from securities lending transactions for this Decommissioning Trust amounted to $841 in calendar year 2014, of which 30.0% was paid as fees to the lending agent.

San Antonio Water System (SAWS)

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

Custodial Credit Risk (Deposit) – All funds are deposited in demand and savings accounts or certificates of deposit at Frost Bank, SAWS' general depository bank. As required by state law, all deposits are fully collateralized and/or are covered by federal depository insurance. At December 31, 2014, the collateral pledged is being held by the Federal Reserve Bank of Boston under SAWS' name so SAWS incurs no custodial credit risk. As of December 31, 2014, the bank balance of demand and savings account was $56,717 and the reported amount was $54,785 which included $30 of cash on hand.

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

Securities Lending – During 2014, SAWS engaged in securities lending transactions under a contract with its lending agent, Frost Bank. Authority to engage in these transactions is authorized under the Texas Public Funds Investment Act (PFIA) and SAWS Investment Policy. SAWS authorized Frost Bank to loan up to 100.0% of the par value of its eligible investments in securities lending transactions in 2014.

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

San Antonio Water System (SAWS) (Continued)

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

In securities lending transactions, SAWS through its lending agent, transfers securities to approved borrowers in exchange for collateral and simultaneously agrees to return the collateral for the same securities in the future.

Cash received as collateral from borrowers may be invested in 'AAA' rated money market mutual funds or investments that adhere to the PFIA and SAWS investment policy. The liquidity provided by the money market mutual funds allows for the easy return of collateral upon termination of a security loan. Securities Lending income is earned if the return on the cash collateral invested exceeds the rebate paid to borrowers of the securities. The income is then split with the lending agent to cover its fees based on a contractually negotiated rate split. Should the investment income of the cash collateral not provide a return exceeding the rebate amount or if the investment incurs a loss of principal, then part of the payment to the borrower would come from SAWS and the lending agent based on the negotiated rate split.

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

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

At December 31, 2014, there was a total of $347,000 in securities, or 59.0% of SAWS lendable investments out on loan to borrowers. In exchange, SAWS received $354,000 in securities collateral, or 102.0% of the market value of the corresponding securities loaned. No securities loaned at December 31, 2014 were secured by cash collateral.

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

At December 31, 2014, SAWS had no custodial credit risk exposure to borrowers because the amount of collateral held by SAWS exceeded the amount of the securities loaned to the borrowers. There were no violations of legal or contractual provisions nor were there any borrower or lending agent default losses related to securities lending during 2014. In March 2015, Frost terminated the Securities Lending program.

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

San Antonio Water System (SAWS) (Continued)

At December 31, 2014, SAWS had no credit risk exposure to borrowers because the amounts that SAWS owed to borrowers, in the form of pledged collateral from the borrower, exceeded the amounts the borrowers owed.

Income generated from securities lending transactions amounted to $823 for the year ended December 31, 2014, of which 30.0% was paid as fees to the lending agent.

As of December 31, 2014, SAWS had the following investments and maturities:

Investments Maturities (in Days)						
Investment Type	90 Days or Less	91 to 180	181 to 365	Greater than 365	Fair Value	Reported
U.S. Treasury Securities	$ -	$ -	$ -	$ 9,960	$ 9,960	$ 9,960
U.S. Agency Discount Notes	15,004	69,563	5,995		90,562	90,574
U.S. Agency Coupon Notes	150,836	125,792	192,449	21,110	490,187	490,285
Municipal Bonds	4,024				4,024	4,024
Money Market Funds:						
Bank of New York Mellon	130,337				130,337	130,337
Frost Bank	39,267				39,267	39,267
	$ 339,468	$ 195,355	$ 198,444	$ 31,070	$ 764,337	$ 764,447
Percentage of Portfolio	44.4%	25.6%	26.0%	4.0%	100.0%	

Interest Rate Risk – As a means of limiting its exposure to fair value losses due to rising interest rates, SAWS' Investment Policy limits its investment maturities to no more than five years. As indicated in the table above, 96.0% of SAWS' investment portfolio is invested in maturities less than one year.

Credit Risk – In accordance with its Investment Policy, SAWS manages exposure to credit risk by limiting its investments in long-term obligations of other states and cities to those with a credit rating of 'A' or better. Additionally, any short-term investments require a rating of at least 'A-1' or 'P-1'. As of December 31, 2014, SAWS held no direct investments with a credit rating below 'AA'.

Credit Rating	Carrying Value	Market Value	Allocation	Investment Policy Limit
A-1+/AAA	$ 260,178	$ 260,166	34.0%	Max. = 100.0%
AA+	500,245	500,147	65.5%	Max. = 100.0%
AA	4,024	4,024	0.5%	Max. = 100.0%
Total Portfolio	$ 764,447	$ 764,337	100.0%	

Concentration of Credit Risk – SAWS' Investment Policy does not limit the amount it may invest in U.S. Treasury securities, government-guaranteed securities, or government-sponsored entity securities. However, in order to manage its exposure to concentration of credit risk, SAWS' Investment Policy does limit the amount that can be invested in any one government-sponsored issuer to no more than 50.0% of the total investment portfolio, and no more than 30.0% of the total investment portfolio on any non-government issuer unless it is fully collateralized. As of December 31, 2014, the following investments in any one organization that represent more than 5.0% of total SAWS investments are: 44.0% in Federal Home Loan Bank, 10.0% in Federal National Mortgage Association, and 12.0% in Federal Home Loan Mortgage Corporation.

Note 4 Capital Assets

Primary Government (City)

Impairments of $1,757 were identified and reduced in capital assets for governmental activities. Capital asset activity for governmental activities, to include internal service funds, for the year-ended September 30, 2015 is as follows:

Capital Assets - Governmental Activities

	Beginning Balance (Restated)	Increases	Decreases	Transfers	Ending Balance
Non-Depreciable Assets:					
Land	$ 1,404,226	$ 25,545	$ (235)	$ -	$ 1,429,536
Other Non-Depreciable Assets	2,166				2,166
Construction in Progress	422,488	362,443	(8,739)	(157,398)	618,794
Non-Depreciable Intangible Assets	123,169	16,345	(6)		139,508
Total Non-Depreciable Assets	1,952,049	404,333	(8,980)	(157,398)	2,190,004
Depreciable Assets:					
Intangible Assets	4,105				4,105
Buildings	920,139	10	(1,515)	15,072	933,706
Improvements	695,135	468	(860)	28,473	723,216
Infrastructure	2,780,934		(47)	112,340	2,893,227
Machinery and Equipment	463,634	47,917	(15,088)	1,513	497,976
Total Depreciable Assets	4,863,947	48,395	(17,510)	157,398	5,052,230
Accumulated Depreciation:					
Intangible Assets	(2,679)	(821)			(3,500)
Buildings	(362,172)	(24,911)	699		(386,384)
Improvements	(215,289)	(31,969)	172		(247,086)
Infrastructure	(1,811,769)	(65,691)	7		(1,877,453)
Machinery and Equipment	(288,349)	(43,663)	12,843		(319,169)
Total Accumulated Depreciation	(2,680,258)	(167,055)	13,721		(2,833,592)
Total Depreciable Assets, net	2,183,689	(118,660)	(3,789)	157,398	2,218,638
Total Capital Assets, net	$ 4,135,738	$ 285,673	$ (12,769)	$ -	$ 4,408,642

Depreciation expense was charged to governmental functions as follows:	
General Government	$ 18,118
Public Safety	11,707
Public Works	87,452
Health Services	791
Sanitation	15
Welfare	1,169
Culture and Recreation	14,484
Convention and Tourism	9,073
Urban Redevelopment and Housing	141
Economic Development and Opportunity	132
Education	981
Depreciation on Capital Assets Held by City's Internal Service Funds are Charged to Various Functions Based on Asset Usage	22,992
Total Depreciation Expense for Governmental Activities	$ 167,055

The capital assets of internal service funds are included in governmental activities. In fiscal year 2015, internal service funds capital assets increased by $31,879, and decreased by $12,063, of which $431 are impairments, resulting in an ending balance of $191,126. Depreciation expense of $22,992, less the $10,703 in previously depreciated assets disposed of during the current year, resulted in an ending accumulated depreciation balance of $110,332. Net book value is $80,794.

Note 4 Capital Assets (Continued)

Primary Government (City) (Continued)

The City capitalizes interest incurred on construction projects, in accordance with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. In fiscal year 2015, the City capitalized construction period interest for the Airport System in the amount of $555. Interest costs for nonmajor enterprise funds were not capitalized as construction in progress, but were funded by capital contributions from governmental funds. Impairments of $12,569 were identified for the Airport System and reduced in capital assets during fiscal year 2015. Neither Solid Waste Management nor the nonmajor enterprise funds had impaired assets.

Capital asset activity for business-type activities for the year-ended September 30, 2015, is as follows:

Capital Assets - Business-Type Activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Non-Depreciable Assets:					
Land:					
Airport System	$ 5,322	$ -	$ -	$ -	$ 5,322
Solid Waste Management	1,107				1,107
Nonmajor Enterprise Fund	8,170				8,170
Total Land	14,599				14,599
Construction in Progress:					
Airport System	58,463	46,394		(21,070)	83,787
Solid Waste Management	3,583	1,751		(5,334)	
Nonmajor Enterprise Fund	627	950		(240)	1,337
Total Construction in Progress	62,673	49,095		(26,644)	85,124
Total Non-Depreciable Assets	77,272	49,095		(26,644)	99,723
Depreciable Assets:					
Buildings:					
Airport System	365,136		(10,577)	14	354,573
Solid Waste Management	5,133			5,334	10,467
Nonmajor Enterprise Fund	25,947			240	26,187
Total Buildings	396,216		(10,577)	5,588	391,227
Improvements:					
Airport System	435,700	31	(4,511)	20,874	452,094
Solid Waste Management	9,210				9,210
Nonmajor Enterprise Fund	13,244				13,244
Total Improvements	458,154	31	(4,511)	20,874	474,548
Machinery and Equipment:					
Airport System	14,091	1,672	(956)	182	14,989
Solid Waste Management	32,990	5,503	(452)		38,041
Nonmajor Enterprise Fund	1,811	167	(15)		1,963
Total Machinery and Equipment	48,892	7,342	(1,423)	182	54,993
Total Depreciable Assets	903,262	7,373	(16,511)	26,644	920,768
Accumulated Depreciation:					
Buildings:					
Airport System	(114,347)	(10,485)	8,591		(116,241)
Solid Waste Management	(471)	(306)			(777)
Nonmajor Enterprise Fund	(12,742)	(655)			(13,397)
Total Buildings	(127,560)	(11,446)	8,591		(130,415)
Improvements:					
Airport System	(160,943)	(16,484)	3,653		(173,774)
Solid Waste Management	(2,895)	(374)			(3,269)
Nonmajor Enterprise Fund	(3,636)	(590)			(4,226)
Total Improvements	(167,474)	(17,448)	3,653		(181,269)
Machinery and Equipment:					
Airport System	(9,717)	(1,237)	956		(9,998)
Solid Waste Management	(18,626)	(4,015)	451		(22,190)
Nonmajor Enterprise Fund	(1,466)	(225)	15		(1,676)
Total Machinery and Equipment	(29,809)	(5,477)	1,422		(33,864)
Total Accumulated Depreciation	(324,843)	(34,371)	13,666		(345,548)
Total Depreciable Assets, net	578,419	(26,998)	(2,845)	26,644	575,220
Total Capital Assets, net	$ 655,691	$ 22,097	$ (2,845)	$ -	$ 674,943

Note 4 Capital Assets (Continued)

CPS Energy

CPS Energy's plant-in service includes four power stations that are solely owned and operated by CPS Energy. In total, there are 21 generating units at these four power stations—four are coal-fired and 17 are gas-fired. The following is a list of power stations and relative generating units in service at January 31, 2015:

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

In fiscal year 2012, CPS Energy announced plans to mothball its J.T. Deely Units 1 and 2 coal-fired power plants in fiscal year 2019 instead of the originally projected dates of fiscal year 2032 and fiscal year 2033, respectively. Therefore, depreciation for these two units was accelerated beginning in fiscal year 2013. To continue operating the units past the announced mothball dates, CPS Energy would need to install $550,000 in flue gas desulfurization equipment (commonly referred to as scrubbers) to cut sulfur dioxide emissions in order to be compliant with more stringent environmental regulations scheduled to take effect in the future.

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

Included in the general plant are: the Energy Management Center; the main office complex; the construction and customer service centers; the Villita Assembly Building; and a fleet of automobiles, trucks, and work equipment.

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

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

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

Note 4 Capital Assets (Continued)

CPS Energy (Continued)

In accordance with the sale agreement, the purchaser has six months from the closing date to complete their review of outstanding environmental and structural issues related to the conveyed towers. CPS Energy agreed to receive into escrow $2,000 of the total purchase price to be used for any damage payments that might be required related to any identified issues. In July 2014, subsequent to completion of the due diligence work on the 62 conveyed towers; the escrowed balance was released to CPS Energy and was recorded as a current liability. Upon completion of all due diligence work related to the communication towers sale, the balance remaining will be reclassified from a current liability to accumulated depreciation.

Plant Purchase – In the first quarter of fiscal year 2013, taxable senior lien bonds were issued to purchase the Rio Nogales combined-cycle natural gas electric generating plant in Seguin, Texas. The 800-MW plant is being utilized to provide a portion of its power to a third party that has executed a multiyear agreement, which expired September 2015, for an option to call on power from the plant, with the remaining power available for CPS Energy to sell into the ERCOT market or to utilize to meet its commitments. CPS Energy will be integrating the Rio Nogales plant into its rate base to provide generation capacity that will not otherwise be available once J.T. Deely Units 1 and 2 are mothballed.

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

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

Impairments – No capital asset impairments were identified for fiscal year 2015.

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Note 4 Capital Assets (Continued)

CPS Energy (Continued)

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

On October 29, 2007, the CPS Energy board of trustees approved a resolution enabling CPS Energy to participate in development activities related to new nuclear generation units to be constructed near Bay City, Texas, on a site where STP Units 1 and 2 currently operate. These generation units are referred to as STP Units 3 and 4. At January 31, 2010, CPS Energy held a 50.0% interest in the development. As a result of a litigation settlement with CPS Energy's partner in the project, Nuclear Innovation North America, Inc. (NINA), CPS Energy's ownership in STP Units 3 and 4 was reduced from 50.0% to 7.6% effective March 1, 2010. Including AFUDC of $20,975, project costs incurred by CPS Energy to date of $391,417 are included as construction in progress. Effective fiscal year 2012, AFUDC is not being recorded for the STP Units 3 and 4 project since efforts have been limited primarily to licensing-related activities. For more detailed information on project development and legal events associated with STP Units 3 and 4, see Note 10, CPS Energy South Texas Project.

STP Capital Investment, Net	
	January 31, 2015
STP Capital Assets, net	
Land	$ 5,701
Construction in progress, STP Units 1&2	57,978
Construction in progress, STP Units 3&4	391,417
Electrical and general plant	923,825
Software	12
Nuclear Fuel	109,194
Total STP Capital Assets, net	$ 1,488,127
Total CPS Energy Capital Assets, net	$ 7,952,924
STP Capital Investments as a percentage of total CPS Energy Capital Assets, net	18.7%

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Note 4 Capital Assets (Continued)

CPS Energy (Continued)

The following tables provide more detailed information on the activity of CPS Energy's net capital assets as presented on the balance sheet, including capital asset activity for fiscal year 2015:

Capital Assets - CPS Energy	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Non-Depreciable Assets:					
Land	$ 69,279	$ -	$ 1,877	$ (2)	$ 71,154
Land Easements	88,633		66		88,699
Construction in Progress	668,985	432,391	(316,043)		785,333
Total Non-Depreciable Assets	826,897	432,391	(314,100)	(2)	945,186
Depreciable Assets:					
Utility Plant in Service:					
Electric Plant	10,039,112	52,562	248,090	(49,014)	10,290,750
Gas Plant	776,727	11,061	28,145	(434)	815,499
General Plant	652,519	25,273	30,024	(81,626)	626,190
Intangibles:					
Software	219,743	39	7,841	(74,478)	153,145
Other	28,704				28,704
Nuclear Fuel	791,074	36,801			827,875
Total Depreciable Assets	12,507,879	125,736	314,100	(205,552)	12,742,163
Accumulated Depreciation and Amortization:					
Utility Plant in Service:					
Electric Plant[1]	(4,126,564)	(324,134)		64,451	(4,386,247)
Gas Plant	(304,531)	(17,742)		943	(321,330)
General Plant[1]	(278,957)	(40,399)		80,619	(238,737)
Intangibles:					
Software[1]	(128,180)	(12,410)		74,450	(66,140)
Other[1]	(2,271)	(1,102)		83	(3,290)
Nuclear Fuel	(676,993)	(41,688)			(718,681)
Total Accumulated Depreciation Depletion and Amortization	(5,517,496)	(437,475)		220,546	(5,734,425)
Total Capital Assets, net	$ 7,817,280	$ 120,652	$ -	$ 14,992	$ 7,952,924

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

Cash flow information – Cash paid for additions and net removal costs was $522,793. This included $521,326 in additions to construction in progress, software, and electric, gas and general plant, and excludes salvage and removal costs of $12,727, $6,504 in AFUDC and $4,494 in donated assets.

Other – Depreciation and amortization expense for the period totaled $395,788, while amortization of nuclear fuel of $41,688 was reported as an expense on the Statements of Revenues, Expenses and Change in Net Position.

Note 4 Capital Assets (Continued)

San Antonio Water System (SAWS)

SAWS' interest expense during the construction period is capitalized as part of the cost of capital assets. For the year-ended December 31, 2014, interest capitalized was $10,146. Capital asset activity for SAWS is as follows:

Capital Assets - San Antonio Water System	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Non-Depreciable Assets:					
Land	$ 85,813	$ 259	$ (35)	$ (2,237)	$ 83,800
Intangible Assets:					
Acquisition of Water Rights	242,736		1,003		243,739
Other	370		7		377
Construction in Progress	506,829	245,310	(381,924)	(1,527)	368,688
Total Non-Depreciable Assets	835,748	245,569	(380,949)	(3,764)	696,604
Depreciable Assets:					
Utility Plant in Service:					
Structures and Improvements	606,339		68,724	(3,936)	671,127
Pumping and Purification	156,082	522	12,119		168,723
Distribution and Transmission System	1,832,666		112,971	(2,322)	1,943,315
Treatment Facilities	1,813,250		153,962		1,967,212
Total Utility Plant in Service	4,408,337	522	347,776	(6,258)	4,750,377
Machinery and Equipment:					
Machinery and Equipment	144,110	7,380	6,847	(3,811)	154,526
Furniture and Fixtures	5,108				5,108
Computer Equipment	15,636	1,222	1,242	(387)	17,713
Software	26,143	291	25,084		51,518
Total Machinery and Equipment	190,997	8,893	33,173	(4,198)	228,865
Intangible Assets	1,347				1,347
Total Depreciable Assets	4,600,681	9,415	380,949	(10,456)	4,980,589
Accumulated Depreciation:					
Utility Plant in Service:					
Structures and Improvements	(144,091)	(14,800)		1,321	(157,570)
Pumping and Purification	(41,238)	(4,095)			(45,333)
Distribution and Transmission System	(556,200)	(43,005)		2,322	(596,883)
Treatment Facilities	(621,460)	(40,358)			(661,818)
Machinery and Equipment:					
Machinery and Equipment	(74,482)	(14,159)		3,800	(84,841)
Furniture and Fixtures	(4,726)	(171)			(4,897)
Computer Equipment	(10,736)	(2,000)		382	(12,354)
Software	(19,260)	(4,454)			(23,714)
Intangible Assets	(236)	(69)			(305)
Total Accumulated Depreciation	(1,472,429)	(123,111)		7,825	(1,587,715)
Total Depreciable Assets, net	3,128,252	(113,696)	380,949	(2,631)	3,392,874
Total Capital Assets, net	$ 3,964,000	$ 131,873	$ -	$ (6,395)	$ 4,089,478

Asset Impairment – SAWS periodically reviews its capital assets for possible impairment. As part of SAWS' capital improvement program, SAWS incurs costs to design capital improvement projects. These costs are included in capital assets as Construction in Progress. Periodically the actual construction of these projects may not occur due to changes in plans. Once it has been determined that construction will not proceed, any capitalized costs are charged off to operating expenses. Design and other project costs were charged off totaling $1,527 in fiscal year 2014.

Note 5 Receivables and Payables

Primary Government (City)

Disaggregation of Receivables

Net receivables at September 30, 2015 are as follows:

	Accounts	Taxes	Note and Loans	Accrued Interest	Other	Total Net Receivables
Governmental Activities	$ 134,247	$ 21,202	$ 245,311	$ 1,335	$ 20,604	$ 422,699
Business-Type Activities:						
Airport System	$ 18,764	$ -	$ -	$ 168	$ -	$ 18,932
Solid Waste Management	8,269			23		8,292
Nonmajor Enterprise Funds	327			47		374
Total Business-Type Activities	$ 27,360	$ -	$ -	$ 238	$ -	$ 27,598

The receivable balances for Governmental Activities have been reduced by estimated allowances for doubtful accounts of $118,674 against customer accounts, $6,751 against property and occupancy taxes, and $66,351 against other receivables. The receivable balances for Business-Type Activities have been reduced by estimated allowances for doubtful accounts of $1,934 against customer accounts.

Of the $245,311 recorded in note and loans, $244,941 is not expected to be collected within one year. Included in the $244,941 is a loan receivable for $186,405 associated with CCHFC that is expected to be paid off in 2039. The remaining $58,536 note and loans receivable not expected to be collected within one year is related to Urban Redevelopment and Housing and Economic Development and Opportunity, net of allowance for doubtful accounts of $12,183. The $12,183 allowance is fully comprised of forgivable non-interest bearing notes and loans. The $58,536 notes and loans have a corresponding unearned revenue balance recorded within the respective funds.

Disaggregation of Payables

Payables at September 30, 2015 are as follows:

	Accounts	Accrued Payroll	Claims Payable	Total Payables
Governmental Activities	$ 148,420	$ 16,116	$ 71,040	$ 235,576
Business-Type Activities:				
Airport System	$ 18,687	$ 712	$ -	$ 19,399
Solid Waste Management	2,879	828		3,707
Nonmajor Enterprise Funds	2,246	564		2,810
Total Business-Type Activities	$ 23,812	$ 2,104	$ -	$ 25,916

Note 5 Receivables and Payables (Continued)

Primary Government (City) (Continued)

Interfund Receivable and Payable Balances

As of September 30, 2015, the interfund receivable and payable balances represent short-term loans resulting from (1) timing differences between the dates that transactions are recorded in the accounting system and (2) short-term borrowings at fiscal year-end. Of the $50,839 due from other funds in the General Fund, $48,019 is a result of overdraws of pooled cash. Except for the internal loan from the Other Internal Service Fund of $20 to the General Fund, all interfund balances are expected to be paid within one year.

Different fiscal year ends exist between the City and Pre-K 4 SA component unit, September 30 and June 30, therefore interfund receivables and payables do not eliminate by $1,891. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the City's transfer to Pre-K 4 SA represents its obligation to provide the 1/8 cents sales tax collected 60 days after September 30; however, Pre-K 4 SA's due from other funds illustrates the City's 1/8 cents sales tax collected 60 days after June 30, 2015. These transactions are in accordance with legislative and contractual requirements.

The following is a summary of interfund receivables and payables for the City as of September 30, 2015:

	Due from Other Funds	Due To Other Funds
General Fund:		
Debt Service Fund	$ -	$ 256
Nonmajor Governmental Funds	41,804	302
Nonmajor Enterprise Funds	83	
Internal Service Funds	8,952	20
Total General Fund	50,839	578
Debt Service Fund:		
General Fund	256	
Solid Waste Management	6	
Total Debt Service Fund	262	
Pre-K 4 SA:		
Nonmajor Governmental Funds	3,138	
Total Pre-K 4 SA	3,138	
2012 General Obligation Bonds:		
Nonmajor Governmental Funds	199	8,871
Total 2012 General Obligation Bonds	199	8,871
Nonmajor Governmental Funds:		
General Fund	302	41,804
Pre-K 4 SA		5,029
2012 General Obligation Bonds	8,871	199
Nonmajor Governmental Funds	69,110	69,110
Nonmajor Enterprise Funds	19	
Internal Service Funds	27	170
Total Nonmajor Governmental Funds	78,329	116,312

(Continued)

Note 5 Receivables and Payables (Continued)

Primary Government (City) (Continued)

Interfund Receivable and Payable Balances (Continued)

	Due from Other Funds	Due To Other Funds
Solid Waste Management:		
Debt Service	$ -	$ 6
Internal Service Funds		5
Total Solid Waste Management		11
Nonmajor Enterprise Funds:		
General Fund		83
Nonmajor Governmental Funds		19
Total Nonmajor Enterprise Funds		102
Internal Service Funds:		
General Fund	20	8,952
Nonmajor Governmental Funds	170	27
Solid Waste Management	5	
Total Internal Service Funds	195	8,979
Total	$ 132,962	$ 134,853

CPS Energy

Disaggregation of Receivables – Net customer accounts receivable as of January 31, 2015, included $37,189 for unbilled revenue receivables and $198,287 for billed utility services. Interest and other receivables included $7,167 for regulatory-related receivables; $13,773 for interest receivable; and $27,875 for other miscellaneous receivables.

Disaggregation of Payables – At January 31, 2015, accounts payable and accrued liabilities included $178,726 related to standard operating supplier and vendor payables, including fuels payable; $33,555 for employee-related payables; $33,156 for customer related payables; $51,058 for STP-related payables; and $66,391 for other miscellaneous payables and accrued liabilities.

San Antonio Water System (SAWS)

Disaggregation of Receivables – Gross customer accounts receivables as of December 31, 2014, included $32,782 from customers, $25,692 in unbilled revenue, $4,674 receivable from SAWS DSP, $1,090 in interest receivable, and $6,478 receivable from other governmental agencies, less an allowance of $4,053.

Disaggregation of Payables – At December 31, 2014, accounts payable and other current liabilities included $49,264 in accounts payable, $4,844 in vacation payable, $2,741 in accrued payroll and benefits, $21,501 in construction contracts, and $10,315 in customer deposits.

Note 6 Long-Term Debt

Primary Government (City)

Governmental Activity Long-Term Debt

Issuances

The City's debt management and on-going capital improvement financing for infrastructure and "quality of life" purposes resulted in the issuance of additional indebtedness during fiscal year 2015:

On December 16, 2014, the City issued $51,955 in General Improvement Refunding Bonds, Series 2014. The refunded governmental activities included a premium of $6,214, which was used to fund an escrow account for the redemption, discharge, and defeasance of the refunded obligations. As a result of defeasing the debt, the City will realize a total decrease of $7,445 in debt service payments and total deferred charges of $2. Through this defeasance, the City obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of $7,225. The Bonds have maturities ranging from 2015 to 2025, with interest rates ranging from 0.5% to 5.0%.

On August 25, 2015, the City issued $234,510 in General Improvement and Refunding Bonds, Series 2015, $36,360 in Combination Tax and Revenue Certificates of Obligation, Series 2015, $4,780 in Tax Notes, Series 2015, and $43,820 in Combination Tax and Revenue Certificates of Obligation, Taxable Series 2015.

The General Improvement and Refunding Bonds, Series 2015 allocated $1,290 from the refunded obligations to Solid Waste Management and the remaining $233,220 was allocated to governmental activities. The refunded portion of the governmental activities of $92,925 included a premium of $9,393, which was used to fund an escrow account for the redemption, discharge, and defeasance of the refunded obligations. As a result of defeasing the debt, the City will realize a total decrease of $29,866 in debt service payments and total deferred charges of $3,838. Through this defeasance, the City obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of $26,037.

The remaining governmental proceeds of $140,295 included a premium of $20,831, which were issued to finance improvements to: streets, bridges, and sidewalks; drainage and flood control; parks, recreation and open spaces; library, museum, and cultural arts facilities; and public safety facilities. The Bonds have maturities ranging from 2016 to 2035, with interest rates ranging from 4.0% to 5.0%.

The Combination Tax and Revenue Certificates of Obligation, Series 2015 proceeds included a premium of $5,018, which were issued to finance improvements to: street light programs; parks and recreation facilities; public safety facilities; drainage facilities; street improvements; information technology systems; and for other public purposes. The Certificates have maturities ranging from 2016 to 2035, with interest rates ranging from 1.5% to 5.0%.

The Tax Notes, Series 2015 proceeds included a premium of $300, which were issued to finance improvements to streets, sidewalks, and drainage. The Tax Notes have maturities ranging from 2016 to 2018, with an interest rate of 5.0%.

The Combination Tax and Revenue Certificates of Obligation, Taxable Series 2015 proceeds included a premium of $6, which were issued to finance improvements to renovate and repair the City's Alamodome. The Taxable Certificates have maturities ranging from 2016 to 2035, with interest rates ranging from 0.9% to 4.2%.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Pledges

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

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

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

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

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

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

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

Prior Years' Defeased Debt

In prior years, the City advance refunded, prior to maturity, certain general obligation bonds, revenue bonds, certificates of obligation and tax notes. The refunding bonds were utilized to purchase securities, which are direct obligations of the United States of America (the Purchased Securities). The Purchased Securities plus cash were deposited into irrevocable escrow accounts in amounts scheduled to mature in principal amounts that, when added to interest earned on the Purchased Securities plus remaining balances in the escrow fund, are fully sufficient to make timely payment on the principal, premium if any, and interest scheduled to come due on the refunded obligations. The refunded obligations represent a legal defeasance and are no longer a liability of the City; therefore, they are not included in the City's financial statements. On September 30, 2015, $228,200 of previously defeased bonds was outstanding.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

The following table is a summary of changes for the year-ended September 30, 2015 for governmental activity debt:

Governmental Activity Long-Term Debt							
	Time of Original Issuance						
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding October 1, 2014	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2015
Tax-Exempt General Obligation Bonds:							
Series 2005	$ 116,170	2015	3.500-5.250	$ 68,150	$ -	$ (68,150)	$ -
Series 2006 Forward Refunding	33,090	2016	5.250-5.500	3,500		(1,700)	1,800
Series 2006 Refunding	170,785	2026	3.500-5.000	73,180		(17,190)	55,990
Series 2007 Refunding	121,220	2017	5.000	68,980		(58,810)	10,170
Series 2008	75,060	2028	4.000-5.500	63,550		(3,225)	60,325
Series 2010 Refunding	156,255	2023	2.000-5.000	111,180		(2,600)	108,580
Series 2010A	8,800	2020	5.000	8,800			8,800
Series 2011	59,485	2031	2.000-5.000	52,955		(2,280)	50,675
Series 2012 Refunding	33,410	2024	2.000-5.000	25,545		(2,195)	23,350
Series 2012	148,600	2032	2.000-5.000	141,600		(8,000)	133,600
Series 2013	114,435	2033	2.000-5.000	105,935		(3,440)	102,495
Series 2014	227,275	2034	2.000-5.000	227,030		(6,120)	220,910
Series 2014 Refunding	51,955	2025	0.500-5.000		51,955	(1,000)	50,955
Series 2015	233,220	2035	4.000-5.000		233,220		233,220
Total Tax-Exempt General Obligation Bonds	$ 1,549,760			$ 950,405	$ 285,175	$ (174,710)	$ 1,060,870
Taxable General Obligation Bonds:							
Series 2010B BABs	$ 191,550	2040	4.314-6.038	$ 191,550	$ -	$ -	$ 191,550
Total Taxable General Obligation Bonds	$ 191,550			$ 191,550	$ -	$ -	$ 191,550
Tax-Exempt Certificates of Obligation:							
Series 2005	$ 10,535	2015	4.000-5.250	$ 6,230	$ -	$ (6,230)	$ -
Series 2006	73,155	2026	3.500-4.370	33,320		(12,295)	21,025
Series 2007	106,755	2017	4.000-5.000	39,555		(35,280)	4,275
Series 2008	85,005	2028	3.500-5.500	66,640		(3,465)	63,175
Series 2010	38,375	2019	4.000-5.000	31,785		(6,905)	24,880
Series 2011	79,780	2031	2.000-5.000	71,760		(2,835)	68,925
Series 2012	19,340	2032	1.000-5.000	18,590		(760)	17,830
Series 2013	15,145	2028	2.000-5.000	14,355		(795)	13,560
Series 2015	36,360	2035	1.500-5.000		36,360		36,360
Total Tax-Exempt Certificates of Obligation	$ 464,450			$ 282,235	$ 36,360	$ (68,565)	$ 250,030
Taxable Certificates of Obligation:							
Series 2015	$ 43,820	2035	0.880-4.162	$ -	$ 43,820	$ -	$ 43,820
Total Taxable Certificates of Obligation	$ 43,820			$ -	$ 43,820	$ -	$ 43,820
Tax Notes:							
Series 2011	$ 9,445	2016	2.000-4.000	$ 3,985	$ -	$ (1,955)	$ 2,030
Series 2012	17,635	2016	1.500-2.000	8,975		(4,445)	4,530
Series 2014	1,400	2021	1.800	1,400		(180)	1,220
Series 2014A	17,740	2016	0.220-0.330	17,740		(8,855)	8,885
Series 2014B	5,970	2021	2.000-3.000	5,970		(805)	5,165
Series 2015	4,780	2018	5.000		4,780		4,780
Total Tax Notes	$ 56,970			$ 38,070	$ 4,780	$ (16,240)	$ 26,610
Public Property Finance Contractual Obligations							
Series 2013	$ 17,500	2016	0.540	$ 17,500	$ -	$ (8,665)	$ 8,835
Total Contractual Obligations	$ 17,500			$ 17,500	$ -	$ (8,665)	$ 8,835
Revenue Bonds:							
Series 2005 Municipal Drainage	$ 61,060	2015	3.500-5.250	$ 1,935	$ -	$ (1,935)	$ -
Series 2013 Municipal Drainage	70,685	2030	3.000-5.000	69,275		(1,455)	67,820
Series 2010 Municipal Facility Corp Ref	9,090	2020	1.000-3.250	6,070		(950)	5,120
Series 2011 Municipal Facility Corp	27,925	2041	2.000-5.000	26,785		(590)	26,195
Convention Series 2005A	129,930	2039	4.750-5.000	129,930			129,930
Convention Series 2005B	78,215	2028	4.500-5.310	65,660		(3,120)	62,540
Starbright Industrial Dev Corp Series 2013	20,890	2033	1.078-4.750	20,890			20,890
Series 2012 Public Facilities Corp[1]	550,374	2042	3.000-5.100	550,374			550,374
Total Revenue Bonds	$ 948,169			$ 870,919	$ -	$ (8,050)	$ 862,869
Revenue Notes:							
Series 2013	$ 18,460	2015	0.850	$ 9,460	$ -	$ (9,460)	$ -
Series 2013A	20,900	2020	2.320	18,595		(2,870)	15,725
Total Revenue Notes	$ 39,360			$ 28,055	$ -	$ (12,330)	$ 15,725
Total	$ 3,311,579			$ 2,378,734	$ 370,135	$ (288,560)	$ 2,460,309

[1] A portion of the Public Facilities Corporation Improvement and Refunding Lease Revenue Bonds, Series 2012 was sold as Capital Appreciation Bonds (CABS). Interest on the CABS accretes from date of delivery and will be payable only at maturity or redemption. The interest accreted has resulted in an increase of $1,682 in revenue bonds payable, resulting in an ending balance of $4,612. This increase is reflected in the combined Statement of Net Position but is not reflected in this table.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Annual Requirements

The annual requirement to amortize all general obligation bonds, certificates of obligation, tax notes, contractual obligations, revenue bonds, and revenue notes outstanding as of September 30, 2015 are as follows:

Principal and Interest Requirements							
	General Obligation Bonds[2]			Certificates of Obligation[3]		Tax Notes	
Year Ending September 30,	Principal	Interest	Direct Subsidy[1]	Principal	Interest	Principal	Interest
2016	$ 83,365	$ 59,010	$ (3,565)	$ 23,955	$ 12,779	$ 17,970	$ 438
2017	101,910	55,431	(3,565)	22,555	12,052	2,610	246
2018	87,330	50,912	(3,565)	21,235	11,098	2,715	144
2019	78,495	47,057	(3,565)	16,005	10,169	1,070	77
2020	78,575	43,191	(3,565)	14,405	9,503	1,105	47
2021-2025	326,850	163,427	(16,452)	82,520	37,049	1,140	16
2026-2030	246,960	94,681	(13,226)	77,945	16,763		
2031-2035	188,595	39,277	(8,958)	35,230	3,157		
2036-2040	60,340	11,210	(3,657)				
Total	$ 1,252,420	$ 564,196	$ (60,118)	$ 293,850	$ 112,570	$ 26,610	$ 968

[1] The City issued Build America Bonds (BABs) in fiscal year 2010. These BABs are eligible for Direct Subsidies or rebates from the Federal Government for issuing the debt as taxable instruments. In fiscal year 2015, the City collected $3,546 in Direct Subsidies.

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

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

Principal and Interest Requirements						
	Contractual Obligations		Revenue Bonds		Revenue Notes	
Year Ending September 30,	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 8,835	$ 24	$ 9,260	$ 36,009	$ 2,960	$ 330
2017			12,555	35,667	3,050	261
2018			13,130	35,164	3,140	189
2019			13,760	34,612	3,240	115
2020			14,450	34,006	3,335	39
2021-2025			95,665	158,438		
2026-2030			151,295	130,133		
2031-2035			196,909	105,226		
2036-2040			238,640	110,628		
2041-2042			117,205	7,109		
Total	$ 8,835	$ 24	$ 862,869	$ 686,992	$ 15,725	$ 934

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

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

Authorized but Unissued General Obligation Debt				
Authorization Date	Purpose	Amount Authorized	Bonds Previously Issued[1]	Bonds Authorized but Unissued
5/12/2012	Streets, Bridges, and Sidewalks[2]	$ 337,441	$ 298,546	$ 34,895
5/12/2012	Drainage and Flood Control	128,031	112,411	15,620
5/12/2012	Parks, Recreation, and Open Space	87,150	85,292	1,858
5/12/2012	Library, Museum, and Cultural Art Facilities	29,032	28,023	1,009
5/12/2012	Public Safety Facilities	14,346	13,947	399
Total		$ 596,000	$ 538,219	$ 53,781

[1] Includes, from prior bond issues sold pursuant to the 2012 voted authority, a portion of the net reoffering premium in the amount of $60,712 allocated against voter authorization.

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

Debt Limitation

The amount of debt that the City may incur is limited by City Charter and by the Constitution of the State of Texas. The City Charter establishes a limitation on the general obligation debt supported by ad valorem taxes to an amount not to exceed 10.0% of the total assessed valuation. The total assessed valuation for the fiscal year 2015 was $92,471,859 which provides a debt ceiling of $9,247,186. The total outstanding debt that is secured by an ad valorem tax pledge is $1,595,530 including $13,815 that is reported in business-type activities.

The Constitution of the State of Texas provides that the ad valorem taxes levied by the City for debt service and maintenance and operation purposes shall not exceed $2.50 for each $100 of assessed valuation of taxable property. There is no limitation within the $2.50 rate for interest and sinking fund purposes; however, it is the policy of the Attorney General of the State of Texas to prohibit the issuance of debt by a city if such issuance produces debt service requirements that exceed the amount that can be paid from $1.50 tax rate calculated at 90.0% collections (Figures in this paragraph are not in thousands). The Debt Service component is determined by the City's debt service requirements. The FY 2015 Debt Service rate is 21.150 cents per $100 of taxable valuation.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

Notes Payable

In December 1999, a loan in the amount of $40, bearing interest of 8.5%, was received by the Urban Renewal Agency of the City of San Antonio dba Office of the Urban Redevelopment of San Antonio (Our SA). The proceeds of the loan were utilized to purchase land located at 1946 Nolan. In September 2015, the remaining balance of the outstanding loan was paid in full as the related property was sold.

In September 2004, City Council authorized the submission of a $57,000 HUD 108 loan application to HUD, which was received August 2006. Proceeds of the loan have been utilized to fund various capital improvement projects including streets and drainage projects, and to fund improvements to public health facilities, parks, libraries, and community recreation and cultural facilities. The loan amount outstanding as of September 30, 2015 was $38,810.

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

Interfund Borrowings

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

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

The HemisFair Fountain uses an estimated 36,000 gallons of water each year which equates to an annual estimated cost of $130 to the General Fund. These savings, along with the one-time rebate and interest earnings, will be transferred to the Other Internal Service Fund to reimburse the Other Internal Service Fund for its loan for the capital project.

The following is a summary of changes in the loan for the fiscal year-ended September 30, 2015:

Balance October 1, 2014	Additions	Reductions	Balance September 30, 2015
$ 41	$ -	$ 21	$ 20

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

In June 2010, a 15 year, 3.7% interest loan was authorized in the amount of $1,185 from the City to MGA-SA to finance improvements to City owned golf courses. MGA-SA will repay the interfund borrowing with interest from revenues generated by its golf operations. The loan amount outstanding as of September 30, 2015 is $860.

In addition, during 2015, a 10 year, 4.8% interest loan was authorized in the amount of $4,000 from the City to MGA-SA to finance further improvements to City owned golf courses. MGA-SA will repay the interfund borrowing with interest from revenues generated by its golf operations. The loan amount outstanding as of September 30, 2015 is $1,803.

The following is a summary of changes in the loans for the fiscal year-ended September 30, 2015:

Balance October 1, 2014	Additions	Reductions	Balance September 30, 2015
$ 930	$ 1,803	$ 70	$ 2,663

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, 2015 were approximately $11,808.

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

Machinery and Equipment	$ 32,867
Less: Accumulated Depreciation	(21,867)
Total	$ 11,000

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental Activity Long-Term Debt (Continued)

As of September 30, 2015, the City had future minimum lease payments under capital and operating leases with a remaining term in excess of one year for governmental activities as follows:

	Capital Leases	Operating Leases	Total
Fiscal Year Ending September 30,			
2016	$ 2,073	$ 10,870	$ 12,943
2017	2,179	8,775	10,954
2018	2,163	8,033	10,196
2019	2,030	7,130	9,160
2020	1,978	5,718	7,696
2021-2025	3,989	7,593	11,582
2026-2030	941	779	1,720
2031-2035		639	639
2036-2040		361	361
2041-After		10,171	10,171
Future Minimum Lease Payments	15,353	$ 60,069	$ 75,422
Less: Interest	(1,855)		
Present Value of Future Minimum Lease Payments	13,498		
Less: Current Portion	(1,703)		
Capital Lease, Net of Current Portion	$ 11,795		

Business-Type Activity Long-Term Debt

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

Issuances

On July 29, 2015, the City issued $123,900 in Customer Facility Charge Revenue Bonds, Taxable Series 2015. The Customer Facility Charge Revenue Bonds, Taxable Series 2015 were issued to finance the cost of consolidating all rental car facilities and operations into a single consolidated airport rental car facility (CONRAC). The Customer Facility Charge Revenue Bonds, Taxable Series 2015 proceeds included a discount of $732, which were issued to finance the cost of design, construction and equipping of the CONRAC Facility and to pay the costs of issuing the Bonds. The Bonds have maturities ranging from 2019 to 2045, with interest rates ranging from 2.9% to 5.9%.

On July 29, 2015, the City issued $38,805 in Airport System Revenue Improvement Bonds, Series 2015 (AMT). The Airport System Revenue Improvement Bonds, Series 2015 proceeds included a premium of $3,349, which were issued to finance the public parking area and infrastructure improvements related to the CONRAC Facility. The Bonds have maturities ranging from 2020 to 2045, with an interest rate of 5.0%.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Business-Type Activity Long-Term Debt (Continued)

On August 25, 2015, $1,290 of the $234,510 in General Improvement and Refunding Bonds, Series 2015 was allocated to Solid Waste Management. The net proceeds for the allocated portion of the bonds included a premium of $130, which was applied to fund an escrow account for the redemption, discharge, and defeasance of the refunded obligations. As a result of defeasing the debt, the City will realize a total decrease of $32 in debt service payments and total deferred charges of $46. Through this defeasance, the City obtained an economic gain of $303. The Bonds have maturities ranging from 2022 to 2028, with interest rates ranging from 4.0% to 5.0%.

Pledges

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

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

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

Capitalized Interest Costs – Interest costs incurred on revenue bonds and other borrowing totaled $16,527 for the Airport System. For fiscal year 2015, the amount of $555 was capitalized for the Airport System and included as an addition to construction in progress. Nonmajor enterprise funds did not have any capitalized interest in fiscal year 2015.

Prior Years' Defeased Debt

In prior years, the City advance refunded, prior to maturity, certain revenue bonds. The refunding bonds were utilized to purchase securities, which are direct obligations of the United States of America (the Purchased Securities). The purchased securities plus cash were deposited into irrevocable escrow accounts in amount scheduled to mature in principal amounts that, when added to interest earned on the purchased securities plus remaining balances in the escrow fund, are fully sufficient to make timely payment on the principal, premium if any, and interest scheduled to come due on the refunded obligations. The refunded obligations represent a legal defeasance and are no longer a liability of the City; therefore, they are not included in the City's financial statements. On September 30, 2015, $9,795 of previously defeased bonds was outstanding.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Business-Type Activity Long-Term Debt (Continued)

The following table is a summary of changes for the year-ended September 30, 2015 for business-type activity debt:

Business-Type Long-Term Debt							
	Time of Original Issuance						
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding October 1, 2014	Additions During Year	Deletions During Year	Balance Outstanding September 30, 2015
Airport System:							
Revenue Bonds:							
Series 2005 PFC	$ 38,085	2030	3.375-5.250	$ 29,330	$ -	$ (1,220)	$ 28,110
Series 2007	82,400	2032	4.950-5.250	71,540		(2,510)	69,030
Series 2007 PFC	74,860	2032	5.000-5.250	61,760		(2,165)	59,595
Series 2010A Refunding	42,220	2040	2.000-5.250	41,415		(820)	40,595
Series 2010B Refunding	20,885	2018	3.197-4.861	17,885		(4,220)	13,665
Series 2010 PFC Refunding	37,335	2040	2.000-5.375	34,185		(760)	33,425
Series 2012 Refunding	70,135	2027	2.000-5.000	63,375		(3,700)	59,675
Series 2012 PFC Refunding	25,790	2027	2.000-5.000	23,395		(1,315)	22,080
Series 2015	38,805	2045	5.000		38,805		38,805
Series 2015 CFC	123,900	2045	2.910-5.871		123,900		123,900
Subtotal	$ 554,415			$ 342,885	$ 162,705	$ (16,710)	$ 488,880
Parking System:							
Taxable General Obligation Bonds:							
Series 2004 Refunding	$ 13,245	2016	1.400-4.650	$ 2,000	$ -	$ (1,000)	$ 1,000
Series 2008 Refunding	10,120	2024	5.820-6.570	10,120			10,120
Subtotal	$ 23,365			$ 12,120	$ -	$ (1,000)	$ 11,120
Solid Waste Management:							
Tax-Exempt General Obligation Bonds:							
Series 2006 Refunding	$ 1,000	2026	3.500-5.000	$ 465	$ -	$ (180)	$ 285
Series 2010 Refunding	545	2021	2.000-5.000	545			545
Series 2014 Refunding	245	2023	5.000	245			245
Series 2015 Refunding	1,290	2028	4.000-5.000		1,290		1,290
Tax-Exempt Certificate of Obligations:							
Series 2006	400	2026	3.500-5.000	200		(80)	120
Series 2007	2,500	2017	4.000-5.000	1,435		(1,225)	210
Subtotal	$ 5,980			$ 2,890	$ 1,290	$ (1,485)	$ 2,695
Total	$ 583,760			$ 357,895	$ 163,995	$ (19,195)	$ 502,695

The annual requirements to amortize long-term debt for the City's Enterprise Funds related to general obligation bonds, certificates of obligation, and revenue bonds outstanding at September 30, 2015 are as follows:

Principal and Interest Requirements									
	Airport System			Parking System			Solid Waste Management		
Year Ending September 30,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016	$ 17,400	$ 24,101	$ 41,501	$ 1,000	$ 648	$ 1,648	$ 165	$ 130	$ 295
2017	18,195	23,987	42,182	1,025	625	1,650	175	122	297
2018	19,060	23,137	42,197	1,080	565	1,645	180	111	291
2019	15,665	22,267	37,932	1,145	502	1,647	190	102	292
2020	17,355	21,574	38,929	1,215	433	1,648	205	92	297
2021-2025	103,555	94,561	198,116	5,655	934	6,589	1,160	298	1,458
2026-2030	109,850	67,207	177,057				620	42	662
2031-2035	72,230	42,521	114,751						
2036-2040	62,610	25,723	88,333						
2041-2045	52,960	9,356	62,316						
Total	$ 488,880	$ 354,434	$ 843,314	$ 11,120	$ 3,707	$ 14,827	$ 2,695	$ 897	$ 3,592

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Business-Type Activity Long-Term Debt (Continued)

Leases

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

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

Machinery and Equipment	$ 25,810
Less: Accumulated Depreciation	(13,610)
Total	$ 12,200

As of September 30, 2015 the City had future minimum payments under capital and operating leases with a remaining term in excess of one year for business-type activities as follows:

	Capital Leases	Operating Leases	Total
Fiscal Year Ending September 30,			
2016	$ 4,490	$ 660	$ 5,150
2017	2,835	557	3,392
2018	2,741	220	2,961
2019	2,462	87	2,549
2020	1,539		1,539
2021-2025	2,207		2,207
2026-2030	346		346
Future Minimum Lease Payments	16,620	$ 1,524	$ 18,144
Less: Interest	(1,040)		
Present Value of Future Minimum Lease Payments	15,580		
Less: Current Portion	(4,212)		
Capital Leases, Net of Current Portion	$ 11,368		

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

Governmental and Business-Type Activities Long-Term Debt

Long-term obligations and amounts due within one year:

	Beginning Balance (Restated)	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
Tax-Exempt General Obligation Bonds	$ 950,405	$ 285,175	$ (174,710)	$ 1,060,870	$ 83,365
Taxable General Obligation Bonds	191,550			191,550	
Tax-Exempt Certificates of Obligation	282,235	36,360	(68,565)	250,030	22,165
Taxable Certificates of Obligation		43,820		43,820	1,790
Tax Notes	38,070	4,780	(16,240)	26,610	17,970
Contractual Obligations	17,500		(8,665)	8,835	8,835
Revenue Bonds	870,919		(8,050)	862,869	9,260
Revenue Notes	28,055		(12,330)	15,725	2,960
Gross Bonds Payable	2,378,734	370,135	(288,560)	2,460,309	146,345
Unamortized (Discount) / Premium	107,224	41,762	(26,368)	122,618	20,207
Net Bonds Payable	2,485,958	411,897	(314,928)	2,582,927	166,552
Other Payables:					
Capital Lease Liability	8,916	6,410	(1,828)	13,498	1,703
Accrued Leave Payable	218,978	46,677	(47,669)	217,986	85,801
Notes Payable	41,320	6,100	(2,510)	44,910	2,621
Pollution Remediation Liability [4]	1,496	32	(1,121)	407	194
Net Pension Liability [1]	639,609	18,642	(53,389)	604,862	
Net OPEB Obligation [2]	194,273	31,268		225,541	
Other Payable	498	351	(498)	351	345
Total Other Payables	1,105,090	109,480	(107,015)	1,107,555	90,664
Total Governmental Activities	$ 3,591,048	$ 521,377	$ (421,943)	$ 3,690,482	$ 257,216
Business-Type Activities:					
Bonds Payable:					
Tax-Exempt General Obligation Bonds	$ 1,255	$ 1,290	$ (180)	$ 2,365	$ 45
Taxable General Obligation Bonds	12,120		(1,000)	11,120	1,000
Tax-Exempt Certificates of Obligation	1,635		(1,305)	330	120
Revenue Bonds	342,885	162,705	(16,710)	488,880	17,400
Gross Bonds Payable	357,895	163,995	(19,195)	502,695	18,565
Unamortized (Discount) / Premium	7,832	3,483	(1,562)	9,753	936
Net Bonds Payable	365,727	167,478	(20,757)	512,448	19,501
Other Payables:					
Capital Lease Liability	16,471	3,903	(4,794)	15,580	4,212
Accrued Leave Payable	4,890	4,203	(3,832)	5,261	4,233
Accrued Landfill Postclosure Costs [3]	1,161		(103)	1,058	115
Pollution Remediation Liability [4]	1,274	45		1,319	200
Net Pension Liability [1]	63,866	2,318	(328)	65,856	
Net OPEB Obligation [2]	38,056	2,889		40,945	
Total Other Payables	125,718	13,358	(9,057)	130,019	8,760
Total Business-Type Activities	$ 491,445	$ 180,836	$ (29,814)	$ 642,467	$ 28,261

NOTE: Interest accreted increased by $1,682 due to the bond payment's maturity schedule, resulting in an ending balance of $4,612, which increases governmental activities' revenue bonds payable. This increase is reflected in the combined Statement of Net Position but is not reflected in this table.

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

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

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

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

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

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

Accrued Leave

The following is a summary of accrued leave payable for the fiscal year-ended September 30, 2015:

Governmental Activities					
Fund Type	Short-Term Available	Short-Term Remaining	Total Short-Term	Long-Term	Total
Governmental Funds	$ 9,221	$ 73,222	$ 82,443	$ 131,990	$ 214,433
Internal Service Funds		3,358	3,358	195	3,553
Total Governmental Activities	$ 9,221	$ 76,580	$ 85,801	$ 132,185	$ 217,986

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

Business-Type Activities			
Fund	Short-Term	Long-Term	Total
Airport System	$ 1,962	$ 733	$ 2,695
Solid Waste Management	1,449	284	1,733
Nonmajor Enterprise Funds	822	11	833
Total Business-Type Activities	$ 4,233	$ 1,028	$ 5,261

Conduit Debt Obligations

The City facilitates the issuance of bonds to enable IDA, EFC and the EZDC, component units of the City, to provide financial assistance to various entities for the acquisition, construction, or renovation of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired property transfers to the entity served by the bond issuance. As of September 30, 2015, the aggregate principal amounts payable are as follows: six series of EFC Revenue Bonds in the amount of $78,270; two series of IDA Revenue Bonds in the amount of $8,800; and two series of EZDC Revenue Bonds in the amount of $39,900.

To provide for the acquisition and construction of certain airport facilities, the City has issued Special Airport Facilities Revenue Refunding Bonds, Series 1995. The bond is payable pursuant to lease agreements, which stipulate that various commercial entities are obligated to pay amounts to a third-party trustee in lieu of lease payments to the City. These payments are sufficient to pay for the principal, premium, interest, and purchase price of the bond when they become due. The aggregate principal amount outstanding for the Special Airport Facilities Revenue Refunding Bonds, Series 1995 at September 30, 2015 was $2,000.

The City entered into an agreement with the Port to fund renovations at the Port, in the amount of $20,000. The Department of Housing and Urban Development (HUD) provides the funding for the loan through a Section 108 Loan. The loan is secured by pledged Port revenues and property and is payable solely from payments received by the Port. In December 2014, the remaining balance of the outstanding loan was paid in full.

Note 6 Long-Term Debt (Continued)

Primary Government (City) (Continued)

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

The City has authorized HTFC to issue single family and multi-family mortgage revenue bonds used to provide affordable housing to the citizens of San Antonio. The bonds are payable solely out of the revenues and receipts derived from any residential development or home mortgage financed by the bonds. As of September 30, 2015, the amount of conduit debt was $33,344.

The City also facilitates the issuance of tax-exempt revenue bonds for SAEAPFC to enter into long-term prepaid purchases of natural gas. SAEAPFC, in turn, sells contracted volumes of the prepaid gas to CPS Energy on a monthly basis at a discounted rate, which is passed on to CPS Energy's gas customers through reduced utility costs. The bonds are secured by the gas supplier and are payable primarily from the contracted volume sales and associated gas swap payments. As of September 30, 2015, SAEAPFC has one series of tax-exempt revenue bonds with an aggregate principal amount outstanding of $354,605.

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

CPS Energy

To support its long-term capital financing needs, CPS Energy uses several types of debt instruments. As of January 31, 2015 these included fixed-rate and variable-rate bonds, as well as commercial paper. Relative to the bond instruments, provisions may be included that allow for refunding after specified time periods during the bond term.

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

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

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

As of January 31, 2015, the bond ordinances for New Series Bonds issued on and after February 1, 2006 contained, among others, the following provisions:

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

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

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

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

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

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

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

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

Revenue Bonds

On July 3, 2014, CPS Energy issued $200,000 of Series 2014 Junior Lien Revenue Bonds. The true interest cost for this issue, which has maturities in 2026 through 2044, is 4.1%. Bond proceeds were primarily being used to fund construction projects.

On November 5, 2014, CPS Energy issued $262,530 of Series 2014 Junior Lien Revenue Refunding Bonds. Proceeds, including the $37,300 premium associated with the bonds, were used to refund the $294,600 par value of the New Series 2005 Senior Lien Revenue Refunding Bonds. The refunding transaction resulted in a net present value debt service savings of $36,000, or 12.2% of the par amount of the bonds being refunded. The true interest cost for this issue, which has maturities in 2016 through 2020, is 1.2%.

On December 1, 2014, CPS Energy remarketed $47,135 of the Series 2012A Variable-Rate Junior Lien Revenue Refunding Bonds. The issuance of a $1,300 premium in conjunction with the remarketing resulted in a principal pay down for the remarketed bonds of approximately $1,000. These bonds have maturities in 2024 through 2027. The coupon rate for these bonds is 2.0%, with a current yield of 1.3%.

On January 7, 2015, CPS Energy issued $125,000 in Series 2015A Variable-Rate Junior Lien Revenue Refunding Bonds and $125,000 in Series 2015B Variable-Rate Junior Lien Revenue Refunding Bonds. Proceeds were used to refund the $250,000 par value of the 2003 Junior Lien Variable-Rate Demand Obligations. The bonds have maturities in 2029 through 2033. The bonds were issued as multimodal variable-rate instruments issued initially in a Securities Industry and Financial Markets Association (SIFMA) Index Mode with an applicable spread of 0.3% and 0.4% through their term rate periods of 2017 and 2018, and at a stepped rate of 8.0% for each series thereafter through applicable final maturity. The stepped rate is applicable only if the bonds are not remarketed before their respective expiration dates.

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

The Series 2012A, 2012B and 2012C Junior Lien Bonds were issued as variable-rate bonds that utilize interest rates of 2.0% through their term rate period's expiration in 2018, 2015 and 2016, respectively. A stepped rate of 7.0% is assumed in the table above for each series thereafter through applicable final maturity. The stepped rate is applicable only if the bonds are not remarketed by their respective expiration date.

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

Pursuant to guidance provided in GASB Statement No. 65, debt reacquisition costs meet neither the definition of an asset nor a liability and are therefore required to be classified as deferred outflows or inflows of resources on the Statements of Net Position. Debt reacquisition costs reported as deferred outflows of resources totaled $65,182 at January 31, 2015.

CPS Energy, as a rate-regulated entity and in accordance with guidance found in GASB Statement No. 62, has establishes regulatory assets for debt issuance costs that would otherwise be required to be expensed in accordance with GASB Statement No. 65. This regulatory accounting treatment results in the amortization of these costs over the life of the related debt. Debt issuance costs, which are reported within other noncurrent assets on the Statements of Net Position, totaled $31,622 at January 31, 2015.

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Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

Long-Term Debt Activity							
Issue	Original Amount	Final Principal Payment	Interest Rates (%)	Balance Outstanding February 1, 2014	Additions During Year	Decreases During Year	Balance Outstanding January 31, 2015
Revenue and Refunding Bonds:							
2002 Tax Exempt New Series	$ 436,090	2017	4.055	$ 68,135	$ -	$ (68,135)	$ -
2002 Tax Exempt New Series	140,615	2015	4.751	10,525		(10,525)	
2003 Tax Exempt Junior Lien	250,000	2033	Variable	250,000		(250,000)	
2005 Tax Exempt New Series	294,625	2020	4.379	294,625		(294,625)	
2006A Tax Exempt New Series	384,185	2025	4.555	16,920		(16,920)	
2006B Tax Exempt New Series	128,845	2021	3.974	66,270		(10,615)	55,655
2007 Tax Exempt New Series	46,195	2018	4.159	46,195			46,195
2007 Tax Exempt New Series	403,215	2032	4.575	402,130		(13,750)	388,380
2008 Tax Exempt New Series	287,935	2032	4.582	287,935			287,935
2008A Tax Exempt New Series	158,030	2016	3.736	45,695		(23,510)	22,185
2009A Tax Exempt New Series	442,005	2034	4.863	439,500		(13,580)	425,920
2009C Taxable New Series [1]	375,000	2039	3.944	375,000			375,000
2009D Tax Exempt New Series	207,940	2021	3.720	203,065			203,065
2010A Taxable New Series [1]	380,000	2041	3.834	380,000			380,000
2010A Taxable Junior Lien [1]	300,000	2041	3.806	300,000			300,000
2010B Taxable Junior Lien [1]	200,000	2037	4.101	200,000			200,000
2011 Tax Exempt New Series	50,915	2017	1.599	50,915			50,915
2012 Taxable New Series	521,000	2042	4.382	521,000			521,000
2012 Tax Exempt New Series	655,370	2025	2.552	655,370			655,370
2012A Tax Exempt Junior Lien	48,170	2027	Variable	48,170	47,135	(48,170)	47,135
2012B Tax Exempt Junior Lien	47,815	2028	Variable	47,815			47,815
2012C Tax Exempt Junior Lien	47,660	2028	Variable	47,660			47,660
2013 Tax Exempt Junior Lien	375,000	2048	4.753	375,000			375,000
2014 Tax Exempt Junior Lien	200,000	2044	4.142		200,000		200,000
2014 Tax Exempt Junior Lien	262,530	2020	1.220		262,530		262,530
2015A Tax Exempt Junior Lien	125,000	2033	Variable		125,000		125,000
2015B Tax Exempt Junior Lien	125,000	2033	Variable		125,000		125,000
Bonds Outstanding				5,131,925	759,665	(749,830)	5,141,760
Bond Current Maturities				(157,035)		7,765	(149,270)
Bond (Discount)/Premium				210,323	63,728	(35,160)	238,891
Revenue Bonds, Net				5,185,213	823,393	(777,225)	5,231,381
Tax Exempt Commercial Paper (TECP)			Variable	360,000			360,000
Total Long-Term Debt, Net				$ 5,545,213	$ 823,393	$ (777,225)	$ 5,591,381

[1] Direct Subsidy Build America Bonds

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Revenue Bonds (Continued)

As of January 31, 2015, principal and interest amounts due for all revenue bonds outstanding for each of the next five years and thereafter to maturity are:

CPS Energy Principal and Interest Requirements				
Year	Principal	Interest	Direct Subsidy	Total
2016	$ 149,270	$ 256,456	$ (24,224)	$ 381,502
2017	160,000	251,411	(24,224)	387,187
2018	157,515	251,842	(24,224)	385,133
2019	173,200	250,803	(24,224)	399,779
2020	181,675	244,334	(24,224)	401,785
2021-2025	1,082,850	1,078,232	(122,074)	2,039,008
2026-2030	674,325	830,994	(130,659)	1,374,660
2031-2035	885,473	613,739	(126,001)	1,373,211
2036-2040	1,115,572	334,185	(64,352)	1,385,405
2041-2045	483,255	66,645	(3,069)	546,831
2046-2048	78,625	7,991		86,616
Totals	$ 5,141,760	$ 4,186,632	$ (567,275)	$ 8,761,117

The above table includes senior lien and junior lien bonds. Interest on the senior lien bonds and the junior lien fixed-rate bonds are based upon the stated coupon rates of each series of bonds outstanding. The direct subsidy associated with the BABs has been presented in a separate column. BABs subsidy received in 2014 totaled $567,275. CPS Energy has taken the position that the BABs direct subsidy should be deducted when calculating total debt service since the subsidy is received directly by the trustee to be used solely for debt service payments.

Flexible Rate Revolving Note

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

On May 10, 2010, CPS Energy issued a $25,200 taxable Flexible Rate Revolving Note, Series A, under its taxable Note Purchase Agreement with JPMorgan Chase Bank, N.A., which currently serves as the note purchaser under the program. On May 11, 2010, the proceeds from the note, along with cash, were used to defease $25,700 in principal amounts of the allocable portion of the debt associated with the common facilities of STP Units 1 and 2 that were assigned to NINA in March 2010 when CPS Energy reduced its ownership share of STP Units 3 and 4 to 7.6%. The outstanding FRRN balance at January 31, 2015 was $25,200.

Note 6 Long-Term Debt (Continued)

CPS Energy (Continued)

Flexible Rate Revolving Note (Continued)

The FRRN has been classified as current in accordance with the financing terms under the taxable Note Purchase Agreement and is reported on the Statements of Net Position under current maturities of debt. At January 31, 2015, only the taxable facility was being utilized through the taxable Note Purchase Agreement. The taxable notes are being secured by a pledge of investment collateral and a limited, subordinate and inferior lien on and pledge of net revenues in the amount of $100. The current taxable Note Purchase Agreement will expire on December 31, 2015, but through an annual renewal process may be extended through November 1, 2028.

Accrued Leave

Employees earn vacation benefits based upon their employment status and years of service. As of January 31, 2015 the accruals for employee vested benefits were $16,098. These accruals are reported under Accounts Payable and Other Current Liabilities.

San Antonio Water System (SAWS)

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

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

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

Revenue Bonds

On April 30, 2014, SAWS issued $103,930 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2014A. The proceeds from the sale of the bonds were used to (i) refund $49,100 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2005 (the "Series 2005 Bonds"), (ii) refund $48,200 in outstanding commercial paper notes, (iii) finance capital improvements, and (iv) pay the cost of issuance. The refunding of the Series 2005 Bonds reduced total future debt service payments by approximately $12,300 and resulted in an economic gain of $6,100. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

Note 6 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

On April 30, 2014, SAWS issued $100,000 City of San Antonio, Texas Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2014B. The proceeds from the sale of the bonds were used to (i) refund $11,800 in outstanding commercial paper notes, (ii) finance capital improvement projects, and (iii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations. There was no economic gain or loss on this transaction.

On June 18, 2014, SAWS issued $38,260 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2014C through the Texas Water Development Board. The bonds were sold under the Clean Water State Revolving Fund Program. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board program, and (ii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On June 19, 2014, SAWS issued $22,400 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2014D through the Texas Water Development Board. The bonds were sold under the Drinking Water State Revolving Fund program. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board Program, and (ii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

Senior lien water system revenue bonds, comprised of Series 2005, Series 2007, Series 2009, Series 2009B, Series 2010B, Series 2011, Series 2011A, Series 2012, and Series 2012A, outstanding in the amount of $1,428,460 at December 31, 2014, are collateralized by a senior lien and pledge of the gross revenues of SAWS after deducting and paying the current expenses of operation and maintenance of SAWS and maintaining a two-month operating reserve for such expenses. Interest rates range from 2.0% to 6.2%, exclusive of any federal interest subsidy on the Series 2009B and 2010B Build America Bonds.

Junior Lien Water System Revenue Bonds, comprised of Series 2004, Series 2004-A, Series 2007, Series 2007A, Series 2008, Series 2008A, Series 2009, Series 2009A, Series 2010, Series 2010A, Series 2011, Series 2011A, Series 2012, Series 2012, Series 2013A, Series 2013B, Series 2013 C, Series 2013D, Series 2013E, Series 2014A, Series 2014C, and Series 2014D is outstanding in the amount of $770,095 at December 31, 2014, are collateralized by a junior lien and pledge of the gross revenues of SAWS after deducting the current expenses of operation and maintenance of SAWS, maintaining a two month operating reserve for such expenses, and paying debt service on senior lien debt. Interest rates range from 0.0% to 5.0%.

Note 6 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

The junior lien variable-interest-rate bonds, comprised of the Series 2013F and the Series 2014B, are outstanding in the amount of $200,000. The Series 2013F Bonds are tax-exempt variable-interest-rate notes initially issued in a SIFMA Index Mode, with the interest rate reset weekly, through the initial interest period expiring October 31, 2016, at a spread of 0.7% over the SIFMA Swap Index. The average interest rate at December 31, 2014 was 0.7%. The ending interest rate at December 31, 2014 was 0.7%. The Series 2014B Bonds are tax-exempt variable-interest-rate notes initially issued in a SIFMA Index Mode, with the interest rate reset weekly, through the initial interest period expiring October 31, 2017, at a spread of 0.4% over the SIFMA Swap Index. The average interest rate at December 31, 2014 was 0.5%. The ending interest rate at December 31, 2014 was 0.4%. Upon conclusion of the initial interest period of the Bonds, the City is permitted to change the mode for all or any portion of the Bonds to a different mode or to a SIFMA Index Mode of different duration. The Bonds are subject to a mandatory tender without right of retention at the conclusion of the initial interest period. During the initial interest period, the Bonds are not subject to the benefit of a liquidity facility provided by a third party. Accordingly, a failure to remarket the Bonds at the end of the initial interest period will result in the rescission of the notice of mandatory tender with respect to the Bonds and the City has no obligation to purchase the Bonds at such time. The occurrence of a failed remarketing will not result in an event of default under the ordinance. Until the City redeems or remarkets the Bonds that had a failed remarketing, the Bonds shall bear interest at the stepped rate of 8.0%.

The following summarizes transactions of the Revenue Bonds for the year-ended December 31, 2014:

	Beginning Balance January 1, 2014	Additions	Decreases	Ending Balance December 31, 2014	Due Within One Year
Bonds Payable	$ 2,240,915	$ 264,590	$ (106,950)	$ 2,398,555	$ 64,840
(Discounts)/Premiums	107,919	16,772	(15,827)	108,864	
Total Bonds payable, Net	$ 2,348,834	$ 281,362	$ (122,777)	$ 2,507,419	$ 64,840

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Note 6 Long-Term Debt (Continued)

San Antonio Water System (SAWS) (Continued)

Revenue Bonds (Continued)

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

Annual Debt Service Requirements Revenue and Refunding Bonds						
	Fixed Rate				Variable Rate	
Year Ended December 31,	Principal	Interest Expense	Direct Subsidy[1]	Net Interest	Principal	Interest Expense
2015	$ 64,840	$ 94,276	$ (3,823)	$ 90,453	$ -	$ 1,160
2016	68,975	92,414	(3,920)	88,494		1,160
2017	72,425	89,941	(3,863)	86,078		1,160
2018	74,960	87,248	(3,798)	83,450		1,160
2019	77,035	84,429	(3,727)	80,702		1,160
2020-2024	434,110	370,805	(17,397)	353,408		5,800
2025-2029	476,625	268,672	(14,658)	254,014		5,800
2030-2034	391,495	177,718	(10,838)	166,880	61,310	4,933
2035-2039	429,900	75,475	(3,292)	72,183	70,945	2,920
2040-2044	108,190	4,621	(56)	4,565	67,745	795
Total	$ 2,198,555	$ 1,345,599	$ (65,372)	$ 1,280,227	$ 200,000	$ 26,048

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

In 2015, SAWS received a total of $3,707 in BABs subsidy.

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

Prior Years' Defeased Debt

In current and prior years, SAWS defeased certain revenue bonds by placing revenues or proceeds of new bond issues in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in SAWS' financial statements. At December 31, 2014, there were no bonds outstanding that were considered legally defeased.

Accrued Leave

SAWS records an accrual for vacation payable for all full-time employees and pays unused vacation hours available at the end of employment with the final paycheck. These accruals are reported under Accounts Payable and Other Current Liabilities.

Year-Ended	Liability Beginning Balance	Current-Year Accruals	Payments	Liability Ending Balance	Estimated Due Within One Year
December 31, 2014	$ 8,178	$ 5,238	$ (4,844)	$ 8,572	$ 4,844

Note 7 Commercial Paper Programs

Primary Government (City)

The City had no commercial paper debt during fiscal year 2015.

CPS Energy

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

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

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

As of January 31, 2015, the commercial paper ordinances contain, among others, the following provisions:

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

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

CPS Energy did not issue tax-exempt commercial paper during the period February 1, 2014 through January 31, 2015. As of January 31, 2015, the outstanding commercial paper balance was $360,000, all of which was tax-exempt.

Commercial Paper Summary	
	January 31, 2015
Commercial Paper Outstanding	$ 360,000
Weighted Average Interest Rate of Outstanding	0.1%
Average Life Outstanding (Number of Days)	90

Note 7 Commercial Paper Programs (Continued)

CPS Energy (Continued)

The commercial paper has been classified as long-term in accordance with the refinancing terms under three revolving credit agreements with a consortium of banks, which support the commercial paper program. Each revolving credit agreement relates to a particular series of notes and provides liquidity support therefore in the amount specified. The Series A agreement, which provides $150,000 in liquidity support for the Series A Notes, is effective February 7, 2014 through February 6, 2017. The Series B agreement, which provides $225,000 in liquidity support for the Series B Notes, is effective June 26, 2013, through June 24, 2016. The Series C agreement, which provides $225,000 in liquidity support for the Series C Notes, is effective June 26, 2013 through June 23, 2017. Under the terms of these revolving credit agreements, CPS Energy may borrow up to an aggregate amount not to exceed $600,000 for the purpose of paying principal due under the commercial paper program. At January 31, 2015, there was no amount outstanding under the revolving credit agreements. Further, there have been no borrowings under the agreements since inception of the program.

San Antonio Water System (SAWS)

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

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

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

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

The borrowings under the commercial paper program are equally and ratably secured by and are payable from (i) the proceeds from the sale of bonds or additional borrowing under the commercial paper program and (ii) borrowing under and pursuant to the revolving credit agreement. The capacity of the combined revolving credit agreements is $400,000 and will expire on October 15, 2018.

Commercial paper notes of $138,550 are outstanding as of December 31, 2014. Of this balance, $94,895 relates to the refunding of the Series 2003 Bonds; $18,655 relates to the redemption of the Bexar Metropolitan Development Corporation Revenue Bonds, Series 1998; the remaining $25,000 proceeds were used solely for financing of capital improvements. Interest rates on the notes outstanding at December 31, 2014 range from 0.1% to 0.2% and maturities range from 32 to 175 days. The outstanding notes had an average rate of 0.1% and averaged 53 days to maturity.

Note 7 Commercial Paper Programs (Continued)

San Antonio Water System (SAWS) (Continued)

SAWS intends to reissue maturing commercial paper, in accordance with the terms of the revolving credit agreement, and ultimately refund such maturities with proceeds from the issuance of long-term revenue bonds. Consistent with this intent, and since SAWS has the available $400,000 revolving credit agreement described above, SAWS has classified nearly all outstanding commercial paper notes as long-term debt. In accordance with the amortization schedule of the interest rate swap agreement, SAWS intends to redeem $3,245 of commercial paper in 2015. Therefore, this portion of outstanding commercial paper is classified as a current liability.

The following summarizes transactions of the program for the year-ended December 31, 2014.

	Beginning Balance January 1, 2014	Additions	Reductions	Ending Balance December 31, 2014
Tax Exempt Commercial Paper Notes	$ 186,655	$ 15,000	$ 63,105	$ 138,550

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Note 8 Pension and Retirement Plans

Primary Government (City)

Fire and Police Pension Plan

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

Membership of the Pension Fund as of the September 30, 2014 valuation date consisted of:

Membership as of the Valuation Date	September 30, 2014
Active members	3,944
Retirees and beneficiaries	2,373
Inactive members[1]	14
Total	6,331

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

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

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

There is also a provision for a 13th and 14th pension check. At the end of each fiscal year, the Board may authorize the disbursement of a 13th monthly pension check if the annualized yield on the Pension Fund's investments exceeds the actuarial projections for the preceding five year period by at least 100 basis points. In the same way, the Board may authorize a 14th monthly pension check if the annualized yield on the Pension Fund's investments exceeds the actuarial projections for the preceding five year period by at least 300 basis points. The 13th and 14th pension checks are paid to each retiree and beneficiary receiving a pension at the end of the fiscal year and are in an amount equal to the pension check paid in the last month of the preceding fiscal year of the Pension Fund (retirees/beneficiaries with less than one year of benefits will receive a prorated check, and no check will be paid to members who retired after the end of the fiscal year). Authorization for one year does not obligate the Board to authorize a 13th and 14th check for any other year. The Pension Fund did not meet the criteria for the 13th check for the year ended September 30, 2015.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

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

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

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

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

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

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

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

The Pension Fund is funded in accordance with Texas state statues and is not actuarially determined. The City was required to contribute 24.6% of salary, or $75,641, excluding overtime pay, in fiscal year 2015. The employee contribution rate was 12.3%, or $37,820, in fiscal year 2015. New firefighters and police officers are immediately eligible for membership after they receive state certification and complete all other requirements. The new member contributes to the Pension Fund upon becoming eligible.

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

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

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

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

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

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

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

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

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

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

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

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

	1.0% Decrease 6.5%	Current Discount Rate 7.5%	1.0% Increase 8.5%
Net Pension Liability (Asset)	$ 704,868	$ 304,638	$ (27,195)

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

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

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

Schedule of Changes in Net Pension Liability and Related Ratios presents schedule of changes in Net Pension Liability and related ratios for the current reporting period.

Changes in the Net Pension Liability	
Total Pension Liability (TPL)	
Service Cost	$ 75,600
Interest (on the TPL)	207,003
Benefit payments, including refunds of employee contributions	(122,306)
Net change in TPL	$ 160,297
Total Pension Liability - Beginning	2,821,196
Total Pension Liability - Ending	$ 2,981,493
Plan Fiduciary Net Position	
Contributions - employer	$ 76,146
Contributions - employee	38,073
Net investment income	223,054
Benefit payments, including refunds of employee contributions	(122,306)
Administrative Expense	(2,790)
Net change in Plan Fiduciary Net Position	$ 212,177
Plan Fiduciary Net Position - Beginning	2,464,678
Plan Fiduciary Net Position - Ending	$ 2,676,855
Net Pension Liability	$ 304,638

Pension expense, based on the September 30, 2014 measurement date for fiscal year 2015, is reported below.

Service Cost	$ 75,600
Interest on TPL	207,003
Employee contributions	(38,073)
Administrative expenses	2,790
Expected return on assets	(184,443)
Expensed portion of current year period differences between projected and actual earnings	(7,722)
Total Expense	$ 55,155

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Fire and Police Pension Plan (Continued)

At September 30, 2015, the Pension Fund reported pension-related deferred outflows of resources and deferred inflows of resources from the following:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in expected and actual experience	$ -	$ -
Changes of assumptions		
Net difference in projected and actual earnings on pension plan investments		(30,887)
Total	$ -	$ (30,887)

Subsequent to the measurement date of September 30, 2014, and through fiscal year end 2015, the City contributed $75,641 to the Pension Fund. As of September 30, 2015, the City reported a payable in the amount of $5,800 due to the Pension Fund.

Net deferred (inflows) of resources, by year, to be recognized in future pension expense is as follows:

	Net Deferred Outflows (Inflows) of Resources
2016	$ (7,722)
2017	(7,722)
2018	(7,722)
2019	(7,721)
2020	
Thereafter	
Total	$ (30,887)

Texas Municipal Retirement System (TMRS)

In June 2012, GASB made major changes to its pension accounting standards with the issuance of GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.* GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, was issued in November 2013. These pronouncements apply to the individual employers (TMRS cities) in the TMRS plan and are effective for fiscal years beginning after June 2014. For the City these pronouncements are effective fiscal year 2015.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS)

Plan Description - The City participates as one of the 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code.

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

Benefits depend upon the sum of the employee's contributions to the TMRS plan, with interest, and the City-financed monetary credits with interest. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. Prior service credit, granted by the City, is a monetary credit equal to the accumulated value of the percentage of prior service credit adopted times an employee's deposits that would have been made, based on the average salary prior to participation, for the number of months the employee has been employed, accruing 3.0% annual interest, and including the matching ratio adopted by the City (2 to 1). Monetary credits for service since the TMRS plan began are a percentage of the employee's accumulated contributions. In addition, the City may grant, as often as annually or annually on a repeating basis, another type of monetary credit referred to as an updated service credit. This monetary credit is determined by hypothetically re-computing the employee's account balance by assuming that the current City deposit rate (6.0%) has always been in effect. The computation also assumes that the employee's salary has always been the employee's average salary, using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical amount is increased by 3.0% each year and increased by the City's match currently in effect (200.0% match). The resulting sum is then compared to the employee's actual account balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or updated service credit) equal to the difference between the hypothetical calculation and the actual calculation times the percentage adopted.

At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the City-financed monetary credits with interest were used to purchase an annuity. Employees may choose to receive their retirement benefit in one of seven payment options: retiree life only; one of three survivor lifetime options; or one of the three guaranteed term options. Employees may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments under the retiree life only option, which cannot exceed 75.0% of the total employee's deposits and interest. The City may elect to increase the annuities of its retirees, either annually or on an annually repeating basis, effective January 1 of the calendar year. The City may also adopt annuity increases at a rate equal to 30.0%, 50.0%, or 70.0% of the increase in the Consumer Price Index – all Urban Consumers between the December preceding the employee's retirement date and the December one year before the effective date of the increase, minus any previously granted increases.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

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

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Membership as of the Valuation Date	December 31, 2014
Number of:	
Active members	6,266
Retirees and beneficiaries	4,154
Inactive members	2,101
Total	12,521

Contributions - Under the state law governing TMRS, the employer's contribution rates are annually determined by the actuary using the Entry Age Normal (EAN) actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate is the contribution rate which, if applied to an employee's compensation throughout their period of anticipated covered service with the City, would be sufficient to meet all benefits payable on the City's behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortized the unfunded (overfunded) actuarial liability (asset) over the applicable period for the City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as updated service credits and annuity increases. The City's contribution rate cannot exceed a statutory maximum rate, which is based on a combination of the employee contribution rate and the City matching percentage.

In the fiscal year 2015 budget, City Council adopted a one-time annuity increase that was provided to retired employees and to beneficiaries of deceased employees. The amount of the increase is computed as the sum of the prior service and current service annuities on the effective date of retirement of the person on whose service the annuities are based. This number was multiplied by 70.0% of the percentage change in the Consumer Price Index for All Urban Consumers, from December of the year immediately preceding the effective date of the person's retirement to the December that is 13 months before the effective date of the increase. The provision for the one-time annuity contribution rate remained unchanged at 10.8%, effective January 1, 2015.

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

The contribution rate for the City's employees is 6.0% of their annual gross earnings during the fiscal year and the matching percent was 10.8% for calendar year 2015, both as adopted by the governing body of the City. The City's contribution to TMRS for fiscal year 2015 was $53,227, with $19,051 contributed by City employees, and $34,176 contributed by the City. These amounts were equal to required contributions.

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

Net Pension Liability - The City's Net Pension Liability (NPL) was measured as of December 31, 2014 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The components of the Net Pension Liability, measured at September 30, 2014 were as follows:

Total Pension Liability	$ 1,645,856
Plan Fiduciary Net Position	1,279,776
Net Pension Liability	$ 366,080
Plan Fiduciary Net Position as a percentage of the Total Pension	77.8%

Actuarial Assumptions - The TPL in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0%
Salary increases	3.5% to 12.0% including inflation
Investment rate of return	7.0%
Cost-of-living adjustments	Granted 70.0% ad hoc COLA
Mortality	RP2000 Combined Mortality Table

Salary increases were based on a service-related table. The investment rate of return is net of pension plan investment expense, and includes inflation. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109.0% and female rates multiplied by 103.0%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

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

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

The long-term expected rate of return on pension plan investments is 7.0% (the municipal bond rate is incorporated in TMRS' actuarial study). This single discount rate of 7.0% was used to measure the TPL as of December 31, 2014. This single discount rate was based on the expected rate of return on pension plan investments of 7.0%. Based on the stated assumptions and projections of cash flows, the City's fiduciary net position and future contributions were sufficient to finance the future benefit payments of the current plan members for all projection years. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the TPL for the City. The projection of cash flows used to determine the single discount rate for the City assumed that the funding policy adopted by the TMRS Board will remain in effect for all future years. Under this funding policy, the City will finance the unfunded actuarial accrued liability over the 23 years remaining for the closed period existing for each base in addition to the employer portion of all future benefit accruals.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.8%
International Equity	17.5%	6.1%
Core Fixed Income	30.0%	1.5%
Non-Core Fixed Income	10.0%	3.5%
Real Return	5.0%	1.8%
Real Estate	10.0%	5.3%
Absolute Return	5.0%	4.3%
Private Equity	5.0%	8.5%
Total	100.0%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Net Pension Liability, calculated using the discount rate of 7.0%, as well as what the Net Pension Liability would be if it were calculated using a discount rate that is 1.0% lower, 6.0%, or 1.0% higher, 8.0%, than the current rate:

	1.0% Decrease 6.0%	Current Discount Rate 7.0%	1.0% Increase 8.0%
Net Pension Liability	$ 596,626	$ 366,080	$ 176,684

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

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

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Changes in the Net Pension Liability	
Total Pension Liability	
Service Cost	$ 40,902
Interest (on the TPL)	109,316
Difference between expected and actual experience	(9,979)
Benefit payments, including refunds of employee contributions	(71,197)
Net change in TPL	$ 69,042
Total Pension Liability - Beginning	1,576,814
Total Pension Liability - Ending	$ 1,645,856
Plan Fiduciary Net Position	
Contributions - employer	$ 33,125
Contributions - employee	18,438
Net investment income	70,349
Benefit payments, including refunds of employee contributions	(71,197)
Administrative Expense	(735)
Other	(60)
Net change in Plan Fiduciary Net Position	$ 49,920
Plan Fiduciary Net Position - Beginning	1,229,856
Plan Fiduciary Net Position - Ending	$ 1,279,776
Net Pension Liability	$ 366,080

The measurement date of the NPL, as well as the date of the actuarial valuation on which the TPL is based, is December 31, 2014. With fiscal year 2015 being the first year in which GASB 68 is implemented, there are not changes or inputs since the prior measurement date that can be disclosed.

Pension Expense - For the year ended September 30, 2015, based on the actuarial valuation of December 31, 2014, the City recognized pension expense of $47,505.

Schedule of Pension Expense	
Total Service Cost	$ 40,902
Interest on the Total Pension Liability	109,316
Current Period Benefit Changes	
Employee Contributions (Reduction of Expense)	(18,438)
Projected Earnings on Plan Investments (Reduction of Expense)	(86,090)
Administrative Expense	735
Other Changes in Fiduciary Net Position	60
Recognition of Current Year Outflow (Inflow) of Resources-Liabilities	(2,128)
Recognition of Current Year Outflow (Inflow) of Resources-Assets	3,148
Total Pension Expense	$ 47,505

Note 8 Pension and Retirement Plans (Continued)

Primary Government (City) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2015, the City reported pension-related deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in expected and actual experience	$ -	$ (7,851)
Changes of assumptions		
Net difference in projected and actual earnings on pension plan investments	12,593	
Total	$ 12,593	$ (7,851)

Subsequent to the measurement date of December 31, 2014, and through fiscal year end 2015, the City contributed $25,882 to TMRS which is recorded as a deferred outflow of resources on the Statement of Net Position. As of September 30, 2015, the City reported a payable to TMRS in the amount of $2,682 for the outstanding amounts of contributions required.

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

	Net Deferred Outflows (Inflows) of Resources
2015	$ 1,020
2016	1,020
2017	1,020
2018	1,682
2019	
Thereafter	
Total	$ 4,742

City Deferred Compensation

City of San Antonio has a deferred compensation plan for its employees, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular employees, permits them to defer a portion of their salary on a pre-taxed basis until future years. The compensation deferred under this plan is not available to employees until termination, retirement, death, loan, or qualifying unforeseeable emergency. Participation in the plan is voluntary. In fiscal year 2012, the City implemented a matching contribution of up to 1.0% of base salary to eligible executives who participated in the plan. In fiscal year 2015, the City's matching contribution increased up to 2.0% of base salary. The City has no liability for losses under this plan but does have the usual fiduciary responsibilities of a plan sponsor.

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS)

Texas Municipal Retirement System (TMRS)

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

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

The plan provisions are adopted by SAWS within the options available and actuarial constraints in the state statutes governing TMRS. Plan provisions for SAWS for the 2014 plan year were as follows:

Plan Provisions	
Employee deposit rate	3.0%
Matching ratio	1 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, any/20
Updated Service Credit	100.0% Repeating
Annuity Increases	70.0% of CPI Repeating

Under the state law governing TMRS, SAWS' contribution rate is determined annually by the actuary using the Entry Age Normal (EAN) cost method. This contribution rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percentage of payroll from year to year. The normal cost contribution rate for an employee is the contributions rate which, if applied to a member's compensation throughout their period of anticipated covered service with SAWS, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for SAWS. Both the normal costs and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

SAWS contributes to the TMRS Plan at the actuarially determined rate. Both the employees and SAWS make monthly contributions. These rates are provided on an annual basis, following the completion of the actuarial valuation. There is a delay in the valuation and when the rate becomes effective – for example the 2014 contribution rate is based on the December 31, 2012 valuation results. The actuarially determined rate for 2014 employer contributions was 4.1%. Employee contributions to the plan for 2014 were equal to 3.0% of compensation.

TMRS membership consisted of:

Membership as of the Valuation Date	December 31, 2013
Number of:	
Active Members	1,617
Retirees and beneficiaries	1,022
Inactive members	380
Total	3,019

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

Texas Municipal Retirement System (TMRS) (Continued)

Three-Year Trend Information

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

Three-Year Trend Information

Pension Plan	Fiscal Year	Annual Required Contribution (ARC)	Interest on Net Pension Obligation (NPO)	Adjustment To ARC	Annual Pension Cost (APC)	Contributions In Relation to ARC	Increase (Decrease) in NPO	Net Pension Obligation (Asset) at Beginning of Year	Net Pension Obligation (Asset) at End of Year	Percentage of APC Contributed
TMRS - SAWS[1]	2012	3,641	237	(204)	3,674	(3,641)	33	3,384	3,417	99.1%
TMRS - SAWS[1]	2013	3,990	239	(210)	4,019	(3,990)	29	3,417	3,446	99.3%
TMRS - SAWS[1]	2014	3,721	241	(217)	3,745	(3,721)	24	3,446	3,470	99.4%

Funded Status and Funding Progress

	SAWS TMRS
Actuarial value of plan assets (a)	$ 145,193
Actuarial accrued liability (b)	172,388
Unfunded actuarial accrued liability (funding excess) (b) - (a)	$ 27,195
Funded ratio (a) / (b)	84.2%
Covered payroll (c)	$ 94,529
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(b) - (a)] / (c))	28.8%

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

Significant assumptions used in the actuarial valuations of December 31, 2014, by the Texas Municipal Retirement System's (TMRS) actuary are provided in the following table for SAWS. The actuarial assumptions and methods are based on the restructuring of the TMRS funds as enacted by SB 350.

TMRS Actuarial Assumptions and Methods - SAWS	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	24 Years - Closed Period
Asset Valuation Method	10-year smoothed market
Investment Return	7.0%
Projected Salary Increases	Varies by Age and Service
Includes Inflation At	3.0%
Cost of Living Adjustments	2.1%

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Retirement Plan (SAWSRP)

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

SAWSRP membership consisted of:

Membership as of the Valuation Date	January 1, 2014
Number of:	
Active Members	1,612
Retirees and beneficiaries	744
Inactive members	458
Total	2,814

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

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

An employee is automatically 100.0% vested upon attainment of age 65 or upon becoming totally and permanently disabled.

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

The normal retirement benefit under SAWSRP is equal to the following:

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

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

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

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

SAWSRP's funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits when due. Contribution requirements are established and may be amended by SAWS. Active members are not required to make contributions and all obligations with respect to the defined benefit feature of the plan are paid solely by SAWS. As of January 1, 2015 active members are required to share in the cost of providing benefits under the plan by contributing 3.0% of their compensation.

The following disclosures for the SAWSRP defined benefit component are provided in accordance with GASB 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* since the plan is a single-employer pension plan and included in the financial statements as a fiduciary fund.

The components of the net pension liability for the defined benefit component of the SAWSRP at December 31, 2014 are as follows:

Total Pension Liability	$ 177,778
Plan Fiduciary Net Position	160,759
Net Pension Liability	$ 17,019
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	90.4%

The net pension liability presented above was calculated with the actuarial valuation performed at January 1, 2014, and was rolled forward to December 31, 2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class include in the defined benefit component's target asset allocation of December 31, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity Funds	60.0%	5.4%
Fixed Income Funds	40.0%	2.2%

The discount rate used to measure the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumed that contributions will be made equal to the actuarially determined contributions. Based on those assumptions, the defined benefit component's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the defined benefit component's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

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

The following table presents the net pension liability associated with the defined benefit component of the SAWSRP as of December 31, 2014 calculated using the discount rate of 6.8% as well as what the net pension liability would be if it were calculated using a discount rate of one percentage point lower (5.8%) or one percentage point higher (7.8%) than the current rate.

	1.0% Decrease 5.8%	Current Discount 6.8%	1.0% Increase 7.8%
Net Pension Liability (Asset)	$ 40,223	$ 17,019	$ (2,385)

The mortality rates were based on the Internal Revenue Service prescribed Generational Mortality table. Other actuarial assumptions utilized in calculating the pension liability are summarized later in this Note.

Eligible employees hired on or after June 1, 2014 participate in the defined contribution component of the plan. SAWS contributes 4.0% of participant's compensation into an individual retirement account. Participants are required to contribute 3.0% of their compensation into their individual retirement account. Contributions under the defined contribution feature of the plan are made to participants' individual retirement accounts on a bi-weekly basis based on the participants' compensation during the period. An eligible employee totally vests in SAWS contributions to the individual retirement account after one year of service and immediately vests in the employee's contributions to the plan. The employee directs the investments in their individual retirement account. SAWS has no liability for losses under the defined contribution component of the SAWSRP but does have the usual fiduciary responsibilities of a plan sponsor.

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Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

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

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

Changes in the Net Pension Liability		
		December 31, 2014
Total Pension Liability		
Service Cost	$	5,203
Interest (on the TPL)		11,709
Difference between expected and actual experience		(3,806)
Changes of Assumptions		(702)
Benefit Payments		(5,796)
Net change in TPL	$	6,608
Total Pension Liability - Beginning		171,170
Total Pension Liability - Ending	$	177,778
Plan Fiduciary Net Position		
Contributions - employer	$	10,339
Net investment income		15,696
Benefit payments, including refunds of employee contributior		(5,796)
Administrative Expense		(1)
Net change in Plan Fiduciary Net Position	$	20,238
Plan Fiduciary Net Position - Beginning		140,521
Plan Fiduciary Net Position - Ending	$	160,759
Net Pension Liability	$	17,019

At December 31, 2014 there were 109 employees (not expressed in thousands) participating in the defined contribution component of the SAWSRP. During the year-ended December 31, 2014, SAWS made contributions to participants' individual retirement accounts totaling $44 and employees contributed $33.

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

SAWSRP Actuarial Assumptions	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	15 Years - Closed Period
Asset Valuation Method	Smoothed Market Value (4 years)
Investment Rate of Return	6.8%
Inflation Rate	2.3%
Projected Salary Increases	Varies by age and service
Cost of Living Adjustments	None

Note 8 Pension and Retirement Plans (Continued)

San Antonio Water System (SAWS) (Continued)

San Antonio Water System Deferred Compensation Plan (SAWSDCP)

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

CPS Energy

All Employee Plan

Plan Description - The City Public Service Energy Pension Plan (the Plan) is a self-administered, single-employer, defined-benefit contributory pension plan covering substantially all employees who have completed one year of service. The Plan is sponsored by and may be amended at any time by CPS Energy, acting by and through an Oversight Committee, which includes the President and CEO, the Chief Financial Officer and the Audit Committee Chair of CPS Energy's board of trustees. Plan assets are segregated from CPS Energy's assets and are separately managed by an Administrative Committee whose members are appointed by the Oversight Committee. The Plan reports results on a calendar-year basis, and the separately audited financial statements, which contain historical trend information, may be obtained at www.cpsenergy.com or by contacting Benefit Trust Administration at CPS Energy. The Plan's financial statements include certain disclosures related to CPS Energy's net pension liability. However, because the financial reporting and pension measurement dates for the Plan and CPS Energy are not aligned, the Plan's disclosures will vary from information provided by CPS Energy in this footnote and in the accompanying RSI.

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

Employees who retired prior to 1983 receive annuity payments from an insurance carrier, as well as some benefits directly from CPS Energy. The costs for the benefits directly received from CPS Energy were $43 for fiscal year 2015. These costs were recorded when paid.

Benefits Provided – Participants become fully vested in the benefits of the Plan upon attainment of age 40 or after completion of seven years of vesting service before age 40. Normal retirement is age 65; however, early retirement is available with 25 years of benefit service, as well as to those employees who are age 55 or older with at least ten years of benefit service. Retirement benefits are based on length of service and compensation, and benefits are reduced for retirement before age 55 with 25 years or more of benefit service or before age 62 with less than 25 years of service. If early retirement occurs due to disability, the reductions in benefits normally associated with early retirement are modified.

Note 8 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

Payments to retirees are adjusted each year by an amount equal to 50.0% of the change in the Consumer Price Index-U, limited to a maximum adjustment of 5.0% each year, with no reduction allowed below the retirees' initial benefit levels.

The following table presents information about Plan participants covered by the benefit terms. Participants providing the basis of the actuarial valuations used to calculate, as of the measurement date, the net pension liability for the fiscal year ended January 31, 2015:

Membership	January 31, 2015
Number of:	
Active members	3,357
Retirees and beneficiaries	2,015
Inactive members	113
Total	5,485

Contributions – The current policy of CPS Energy is to use each actuarial valuation as the basis for determining employer contributions to the Plan during the fiscal year beginning in the calendar year after the valuation year. The January 1, 2013, valuation is the basis for contributions in fiscal year 2015. With recommendations from the Administrative Committee, the Company establishes funding levels, considering annual actuarial valuations. Generally, participating employees contribute 5.0% of their total compensation, commencing with the effective date of participation and continuing until normal or early retirement, completion of 44 years of benefit service, or termination of employment. Participants who leave CPS Energy service before becoming eligible for retirement benefits receive a return of the total amount they contributed to the Plan, plus the vested portion of accumulated interest. Beginning January 1, 2012, the employee contribution interest crediting rate was 5.8%.

The balance of Plan contributions is the responsibility of CPS Energy, giving consideration to actuarial information, budget controls, legal requirements, compliance, and industry and/or community norms. For fiscal year 2015, the amount to be funded was established using a general target near the 30-year funding contribution level as determined by the Plan's actuary using the entry-age normal cost method.

Net Pension Liability – CPS Energy's net pension liability at January 31, 2015 was measured as of January 31, 2014. The total pension liability used to calculate the net pension liability was determined by actuarial valuations as of January 1, 2013, and rolled forward using generally accepted actuarial procedures to the January 31, 2014 measurement date.

Note 8 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

Changes in Net Pension Liability		
		January 31, 2015
Total Pension Liability		
Service Cost	$	33,417
Interest		116,155
Differences Between Expected and Actual Experience		(24,410)
Benefit Payments		(74,352)
Net Change in Total Pension Liability	$	50,810
Total Pension Liability - Beginning		1,533,250
Total Pension Liability - Ending	$	1,584,060
Plan Fiduciary Net Position		
Contributions - Employer	$	44,400
Contributions - Employee		12,569
Earnings on Plan Assets		145,883
Benefit Payments		(74,352)
Net Change in Plan Fiduciary Net Position	$	128,500
Plan Fiduciary Net Position - Beginning		1,188,800
Plan Fiduciary Net Position - Ending	$	1,317,300
Net Pension Liability - Ending	$	266,760

CPS Energy recorded $39,978 in pension expense for the year ended January 31, 2015.

Actuarial Assumptions – Significant actuarial assumptions used in the January 31, 2013, valuation include a rate of return on the investment of present and future assets of 7.8%, a discount rate on Plan liabilities of 7.8%, annual projected salary increases averaging 5.0% per year, and annual post-retirement cost-of-living increases of 1.5%. The projected salary increases include an inflation rate of 3.0%. Mortality rates were based on the RP-2000 Combined Healthy Annuitant Mortality Tables for Males or Females, as appropriate, projected using Scale AA. The actuarial assumptions used in the January 1, 2013, valuation for amounts reported in fiscal year 2015 were based on the results of an actuarial experience study completed in 2010 covering experience for the period June 1, 2004, through December 31, 2009.

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Note 8 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

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

	Assumed Asset Allocation	Expected Real Rate of Return
Asset Class:		
Domestic equity	49.5%	5.2%
International equity	8.7%	5.2%
U.S. government and corporate bonds	20.8%	2.4%
International bonds	5.0%	0.9%
Real estate	12.4%	3.7%
Cash equivalents	3.6%	
Total Investments	100.0%	

Discount Rate – The discount rate used to measure the total pension liability was 7.8%. The projection of cash flows used to determine the discount rate assumed that future employee contributions will be made at the current contribution rate and that future CPS Energy contributions will be made in a manner consistent with the current contribution practices. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of net pension liability calculation to a 1.0% increase and a 1.0% decrease in the discount rate used to measure the total pension liability.

	1.0% Decrease 6.8%	Current Discount 7.8%	1.0% Increase 8.8%
Net Pension Liability	$ 458,305	$ 266,760	$ 103,793

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

Note 8 Pension and Retirement Plans (Continued)

CPS Energy (Continued)

All Employee Plan (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension – The following table presents information about the pension-related deferred outflows of resources and deferred inflows of resources for CPS Energy at January 31, 2015:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in expected and actual experience	$ 17,970	$ (28,684)
Changes of assumptions		
Net difference in projected and actual earnings on pension plan investments		(35,099)
Total	$ 17,970	$ (63,783)

Subsequent to the measurement date and through fiscal year end 2015, the employer contributed $55,800 to the Plan.

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

Year Ended January 31,	Net Deferred Outflows (Inflows) of Resources
2016	$ (5,806)
2017	(5,806)
2018	(18,055)
2019	(12,766)
2020	107
Thereafter	(3,487)
Total	$ (45,813)

Note 9 Post-employment Retirement Benefits

Primary Government (City)

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

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

As of September 30, 2015, there are 6,592 active civilian employees who may become eligible in the future. Employees may become eligible to participate in this program based on eligibility for a retirement benefit under the rules for TMRS Pension Plan and their number of years of service to the City. Under the TMRS Pension Plan, employees may retire at age 60 and above with five or more years of service or with 20 years of service regardless of age. Retiree medical benefits continue for the life of the retiree and their surviving eligible dependents that were covered at the time of the employee's severance of service. Non-uniformed City employees who qualify for a disability pension under TMRS rules are also eligible to receive the retiree medical benefit under this plan. As of September 30, 2015, there were 397 retirees and surviving spouses participating in this program.

The second program with 1,381 participating retirees and surviving spouses is available to eligible retirees who have Medicare coverage. All retirees and dependents are required to apply for and maintain Medicare Parts A & B coverage once they reach age 65 or otherwise become eligible for Medicare in order to participate in the Medicare Advantage PPO or HMO Plan. Of the current 1,092 participating Medicare retirees and surviving spouse, 135 participate in a fully insured Medicare Advantage HMO and the remaining 957 participate in a fully insured Medicare Advantage PPO.

Participant data disclosed above is not expressed in thousands.

Note 9 Post-employment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Funding Policy – The cost of the program is reviewed annually, and the costs of medical claims are funded jointly by the City and retirees on a pay-as-you-go basis, based on the allocations described above. No contributions were made in fiscal year 2015 to prefund benefits. For the fiscal year-ended September 30, 2015, total contributions were as follows:

Total Contributions	
City	$ 7,188
Retiree Premiums	1,814
Total Contributions	$ 9,002

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

Annual OPEB Cost and Net OPEB Obligation – For the fiscal year-ended September 30, 2015, the City's annual post-employment benefits other than pension (OPEB) cost was not equal to its annual required contribution (ARC) to the plan. The City's annual OPEB cost is calculated based on the ARC of the employer, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial balance over thirty years. The City will not be fully funding the ARC at this time. The City will continue to fund OPEB on a pay-as-you-go basis.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The table below details the actuarial methods and assumptions for the City's OPEB calculation for the fiscal year-ended September 30, 2015:

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

Note 9 Post-employment Retirement Benefits (Continued)

Primary Government (City) (Continued)

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

City's Health Care Cost Trend Assumptions	
Year	Medical & Prescription Drugs
2016	8.0%
2017	7.5%
2018	7.0%
2019	6.8%
2020+	6.8%

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

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

Fire and Police Retiree Health Care Fund

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

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

Note 9 Post-employment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

Contributions – Since its inception, the Health Fund has been funded primarily by contributions from the City and active firefighters and police officers, as part of the compensation for services rendered by the union members, and by contributions made by retirees for their dependents. Effective October 1, 2007, the Board implemented state-mandated changes to increase contributions from the Plan's single employer, the City, and plan members in order to reduce actuarially determined funding deficits and ensure the existence of the Health Fund for future retired firefighters and police officers. The increased contributions were initiated to take effect over a span of years through October 2011 and then stay constant through fiscal year 2016. The state-mandated changes also called for a decrease in the level of benefits.

The contribution amounts for each fiscal year, beginning October 1, 2007, are based on a statutory contribution rate that is applied to the average member salary expected for that fiscal year, which is determined by the Health Fund's actuary. Since fiscal year 2012 the contribution rate has remained at 4.7% and the related City's contribution rate has remained constant at 9.4% of the specified wage base.

As required by the state mandated changes effective October 1, 2007 additional changes to the total contribution rate is required beginning in 2017 if the amortization period is above 30 years at that time. Upon determination that the amortization period is in excess of 30 years, both the City and the fire/police contribution rates would be increased by up to 10.0% each year until the Fund has an amortization period of 30 years. At the same time there would be benefit reductions resulting from increases of up to 10.0% each year in the maximum deductible and in the maximum out-of-pocket payments. To comply with the mandate the Health Fund's actuary estimates contribution rate change for fiscal year 2018 to increase to 5.2% for the participants and to 10.3% for the City and end with an ultimate contribution rate of 5.3% by the participants and 10.5% by the City for fiscal year 2019 thereafter.

The table below summarizes the actuary's determinations of the contribution amount for the fiscal year-ended September 30, 2015 (not expressed in thousands):

Biweekly Contributions:		
Active Fire and Police Member	$	129.91
City for Each Active Fire and Police Member	$	259.82
Monthly Contributions:		
Retirees with less than 30 years of service	$	281.47
Dependent Children	$	430.83

Total contributions by active firefighters and police officers were $13,099 for the year ended September 30, 2015.

Membership in the Plan consisted of the following at September 30, 2015 (not expressed in thousands):

Retirees and Beneficiaries Receiving Benefits	3,348
Active Plan Members	3,943
Total Membership	7,291

Note 9 Post-employment Retirement Benefits (Continued)

Primary Government (City) (Continued)

Fire and Police Retiree Health Care Fund (Continued)

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

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the Plan by the City in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. A NPO in the amount of $61,608 is outstanding as of September 30, 2015. This NPO will be funded through future contributions from the City's Fire and Police departments, reported in the General Fund.

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

Assumptions	
Valuation Date	10/1/2014
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Projected Pay, Open
Amortization Period	30 Years
Asset Valuation Method	Market Value Smoothed by a 5 year Deferred Recognition Method with a 80.0%/120.0% Corridor on Market
Actuarial Assumptions:	
Investment Rate of Return, Net of Expense	7.5%
Annual Inflation Rate	3.5%
Projected Annual Salary Increases	3.5% to 14.0%
Annual Claims Cost Rate Trend	6.5% in FY 2016 declining to 5.0% in FY 2019
Annual Payroll Growth Rate	3.5%

Note 9 Post-employment Retirement Benefits (Continued)

CPS Energy

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

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

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

The Employee Benefit Plans' assets are segregated from CPS Energy's assets and are separately managed by the Administrative Committee whose members are appointed by the Oversight Committee. The plans report results on a calendar-year basis and issue separately audited financial statements that may be obtained by contacting Benefit Trust Administration at CPS Energy. The Health Plan's net position was $242,108 at December 31, 2014. The Life Plan's net position was $50,279 at December 31, 2014. The Disability Plan's net position was $4,355 at December 31, 2014.

Funding Policy – The funding requirements for both the plan participants and the employer are established by and may be amended by CPS Energy. Funding is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by CPS Energy. The current policy of CPS Energy is to use each actuarial valuation as the basis for determining monthly employer contributions to the plans during the fiscal year beginning in the calendar year after the valuation year. The January 1, 2013 valuation was the basis for contributions in fiscal year 2015.

Retired employees contribute to the Health Plan in varying amounts depending upon an equity formula that considers age and years of service. Individuals who retired before February 1, 1993, contribute a base rate plus 2.3% of the difference between that amount and the aggregate rate for each year that the sum of age and service is less than 95. Those who retired on or after February 1, 1993, contribute a base rate plus a percentage of the CPS Energy contribution, based on the number of years of service, if they retired with less than 35 years of service. Retirees and covered dependents contributed $6,081 in fiscal year 2015 for their health insurance benefits. CPS Energy's contributions in relation to the ARC were 1.3% of covered payroll in fiscal year 2015.

The Medicare Prescription Drug Improvement and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D entitled the Health Plan to receive retiree drug subsidy payments from the federal government to offset pharmacy claims paid by the Health Plan on behalf of certain plan participants. These payments totaled $933 for fiscal year 2015. In accordance with GASB Technical Bulletin 2006-01, *Accounting and Financial Reporting by Employers for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D,* future projected payments from the federal government have not been used to lessen total projected obligations under CPS Energy's Health Plan.

Note 9 Post-employment Retirement Benefits (Continued)

CPS Energy (Continued)

Employees who retired prior to February 1, 1993, contribute to the Life Plan at a rate of $0.13 per $1 of insurance per month on amounts in excess of $20 plus 2.3% of the difference between that amount and the aggregate rate for retiree coverage for each year the sum of retirement age and service is less than 95. Those who retired on or after February 1, 1993, contribute $0.13 per $1 of insurance per month on amounts in excess of $20 plus a percentage of the CPS Energy contribution, based on number of years of service, if they retired with less than 35 years of service. Retirees and covered dependents contributed $273 in fiscal year 2015 for their life insurance benefits. CPS Energy's contributions in relation to the ARC were 0.1% of covered payroll in fiscal year 2015.

The Disability Plan is funded completely by CPS Energy. CPS Energy's contributions in relation to the ARC were 0.1% of covered payroll in fiscal year 2015.

Annual OPEB Cost and Net OPEB Obligation – CPS Energy's annual OPEB cost is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The annual OPEB cost consists of the ARC, interest on the net OPEB obligation and adjustments to the ARC for the Health, Life and Disability Plans. The annual OPEB cost was $8,808 for fiscal year 2015. The net OPEB obligation may be either positive, reflecting a liability, or negative, reflecting an asset. The term net OPEB obligation, as used in this Note, refers to either situation.

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

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

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

The amortization method used for all three Plans was the level-dollar open method, with an amortization period of 20 years. The asset valuation method used for all three plans was the five-year smoothed market valuation method. The January 1 valuation results each year are used to determine the contributions for the fiscal year commencing in the succeeding calendar year.

Note 9 Post-employment Retirement Benefits (Continued)

CPS Energy (Continued)

Significant actuarial assumptions used in the calculations for the January 1, 2013 actuarial valuation included (a) a rate of return on the investment of present and future assets of 7.8% for the Health, Life and Disability Plans, (b) a Consumer Price Index increase of 3.0% for the Life and Disability Plan, (c) projected salary increases for the Health Plan ranging from 3.6% to 9.9% depending on age for base and other salaries and an inflation rate for salary increases of 5.0% for the Life and Disability Plans, and (d) medical cost increases projected at 7.5% for 2013, decreasing annually to 5.5% in 2018 and thereafter.

San Antonio Water System (SAWS)

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

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

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

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

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

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

For the year-ended December 31, 2014, plan members receiving benefits contributed $897. In addition to the $6,000 contributed to the OPEB Trust in 2014, SAWS contributed the remainder of the pay-as-you-go cost of $8,170.

Note 9 Post-employment Retirement Benefits (Continued)

San Antonio Water System (SAWS) (Continued)

Annual OPEB Cost and Net OPEB Obligation – For the year ended December 31, 2014, SAWS' annual OPEB cost is calculated based on the ARC.

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

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

In the January 1, 2014 actuarial valuation, the projected unit credit funding method was used. The investment return assumption used in the calculation of the AAL was 4.8%, which is a blended rate of the estimated long-term investment return on the investments that are expected to be used to finance the payment of benefits. The investment return assumes SAWS will phase-in fully funding the ARC over the years. There is not an inflation rate projected for this actuarial valuation. As of December 31, 2014, the UAAL is being amortized as a level dollar amount over a 20 year closed period.

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

	Annual Rate of Increase
Year Beginning January 1	**Medical Trend**
2014	7.5%
2015	7.3%
2016	7.0%
2017	6.8%
2018	6.5%
2019	6.3%
2020	6.2%
2025	5.8%
2030	6.0%
2035	5.9%
2040	5.3%
2050	5.0%
2060	4.9%
2070	4.8%
Ultimate - 2084	4.2%

Note 9 Post-employment Retirement Benefits (Continued)

Three-Year Trend Information

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

Three-Year Trend Information

OPEB Plan	Fiscal Year	Annual Required Contribution (ARC)	Interest on Net OPEB Obligation	Adjustment To ARC	Annual OPEB Cost	Contributions In Relation to ARC	Increase (Decrease) in Net OPEB	Net OPEB Obligation (Asset) at Beginning of Year	Net OPEB Obligation (Asset) at End of Year	Percentage of OPEB Cost Contributed
City of San Antonio	2013	$ 31,652	$ 3,930	$ (6,586)	$ 28,996	$ (5,561)	$ 23,435	$ 131,020	$ 154,455	19.2%
	2014	34,217	4,634	(7,880)	30,971	(5,797)	25,174	154,455	179,629	18.7%
	2015	36,215	5,389	(9,165)	32,439	(7,190)	25,249	179,629	204,878	22.2%
Fire and Police Retiree Health Care Fund[3]	2013	$ 30,973	$ 3,187	$ (2,177)	$ 31,983	$ (25,281)	$ 6,702	$ 39,836	$ 46,538	79.0%
	2014	31,325	3,723	(2,543)	32,505	(26,343)	6,162	46,538	52,700	81.0%
	2015	34,024	3,953	(2,886)	35,091	(26,183)	8,908	52,700	61,608	74.6%
CPS - Health Plan[1]	2013	$ 6,843	$ (1,704)	$ 2,040	$ 7,179	$ (1,100)	$ 6,079	$ (21,985)	$ (15,906)	15.3%
	2014	6,382	(1,233)	1,476	6,625	(1,106)	5,519	(15,906)	(10,387)	16.7%
	2015	8,216	(805)	963	8,374	(3,200)	5,174	(10,387)	(5,213)	38.2%
CPS - Life Plan[1]	2013	$ -	$ (74)	$ 87	$ 13	$ -	$ 13	$ (940)	$ (927)	0.0%
	2014	99	(70)	86	115	(99)	16	(927)	(911)	86.1%
	2015	227	(71)	85	241	-	241	(911)	(670)	0.0%
CPS - Disability Plan[1]	2013	$ 275	$ (72)	$ 86	$ 289	$ (386)	$ (97)	$ (929)	$ (1,026)	133.6%
	2014	205	(79)	95	221	(257)	(36)	(1,026)	(1,062)	116.3%
	2015	176	(82)	99	193	(175)	18	(1,062)	(1,044)	90.7%
SAWS - OPEB[2]	2012	$ 21,619	$ 3,698	$ (4,921)	$ 20,396	$ (18,753)	1,643	$ 77,850	79,493	91.9%
	2013	21,869	3,776	(5,025)	20,620	(12,465)	8,155	79,493	87,648	60.5%
	2014	12,978	4,163	(6,885)	10,256	(14,170)	(3,914)	87,648	83,734	138.2%

[1] Fiscal year-ended January 31, 2015
[2] Fiscal year-ended December 31, 2014
[3] Fiscal year-ended September 30, 2015

The City's Health Fund, SAWS' and CPS Energy's funded status for the most recent year are as follows:

Funded Status and Funding Progress

OPEB Plan	City of San Antonio	Fire and Police Health Care Fund	SAWS	CPS Energy Health Plan	CPS Energy Life Plan	CPS Energy Disability Plan
Actuarial value of plan assets (a)	$ -	$ 307,232	$ 19,259	$ 233,187	$ 46,995	$ 4,609
Actuarial accrued liability (b)	340,626	751,127	139,574	243,022	41,923	5,113
Unfunded actuarial accrued liability (funding excess) (b) - (a)	$ 340,626	$ 443,895	$ 120,315	$ 9,835	$ (5,072)	$ 504
Funded ratio (a) / (b)	0.0%	40.9%	13.8%	96.0%	112.1%	90.2%
Covered payroll (c)	$ 317,518	$ 283,360	$ 88,895	$ 247,324	$ 216,358	$ 216,358
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ([(b) - (a)] / (c))	107.3%	156.7%	135.3%	4.0%	(2.3%)	0.2%

Note 10 CPS Energy South Texas Project (STP)

Joint Operations

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

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

On October 28, 2010, STP submitted license renewal applications to the NRC to extend the operating licenses of STP Units 1 and 2 to 2047 and 2048, respectively. The NRC issued a revision to STPNOC's license renewal application schedule due to a scheduling request from the Advisory Committee on Reactor Safeguards and due to continued work on one of the open items. This schedule change lists milestones associated with issuance of the Safety Evaluation Report as "to be determined."

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

On August 26, 2014, the NRC approved the GEIS and final rule (renamed the Continued Storage rule). In a separate order, the NRC approved lifting the licensing suspension once the Continued Storage rule became effective, which was effective on October 20, 2014. On September 29, 2014, interveners filed a petition to suspend the new rule with the Atomic Safety and Licensing Board ("ASLB") and a proposed contention opposing the NRC's action. In late October 2014, the states of New York, Vermont and Connecticut filed a timely petition for review of the Continued Storage rule by the U.S. Court of Appeals for the District of Columbia Circuit. Barring further action by the Court, CPS Energy expects that STPNOC's license renewal applications for STP Units 1 and 2 will be approved in the latter part of 2016. Upon approval of these applications, it is expected that STP Units 1 and 2 will each be licensed for a total of 60 years of operation.

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

Joint Operations (Continued)

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

Multiple cases have been filed in the U.S. Court of Federal Claims by the existing owners or operators of nuclear facilities against the DOE related to its failure to meet its obligations under the NWPA. The owners/operators were seeking damages related to ongoing used nuclear fuel storage costs incurred because the DOE did not meet its obligation. On August 31, 2000, in Maine Yankee Atomic Power Company, et. al. v. US, the United States Court of Appeals for the Federal Circuit affirmed that the United States Department of Energy (“DOE”) had breached its obligations to commercial nuclear power plant owners for failing to live up to its obligations to dispose of used nuclear fuel. Subsequent to that decision, the DOE has settled with certain commercial nuclear power plant owners and agreed to provide funds to pay for storage costs while the DOE continues to develop a permanent high-level waste repository.

In early February 2013, STPNOC, on behalf of the owners of STP, entered into a similar settlement with the DOE. Under the terms of the settlement, the DOE will reimburse STP for certain costs that will be incurred in continuing onsite storage of all of its used nuclear fuel. As with similar settlements throughout the nuclear industry, the terms of the agreement called for the DOE to reimburse for certain costs incurred through December 2013. In November 2013, STPNOC and its outside counsel received notice from the Department of Justice that the DOE was offering to extend the terms of the settlement through December 2016. The settlement extension was executed on January 24, 2014, and extends the term of the Spent Fuel Settlement Agreement with the DOE through December 31, 2016.

Until the DOE is able to fulfill its responsibilities under the NWPA, the NWPA has provisions directing the NRC to create procedures to provide for interim storage of used nuclear fuel at the site of a commercial nuclear reactor. Pursuant to STPNOC’s analysis of NRC guidance, STPNOC has started the process of planning, licensing, and building an on-site independent spent fuel storage installation ("ISFSI"; also known as "Dry Cask Storage") with an expectation that the ISFSI will be operational in 2016.

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

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

Joint Operations (Continued)

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

Since January 2014, the electric output of STP Units 1 and 2 has been reduced by 22 MW and 18 MW, respectively, from their nominal output of 1,350 MW for each unit. STPNOC has identified an issue with the ultrasonic feed water flow as the reason for the reduction. This issue does not represent a safety or other long-term operational concern for STP, and a repair option has already been identified that will restore the units to full production capacity by late 2015.

Units 3 and 4 Project – In September 2007, NRG and CPS Energy signed the South Texas Project Supplemental Agreement ("Supplemental Agreement") under which CPS Energy elected to participate in the development of two new nuclear units at the STP site, STP Units 3 and 4, pursuant to the terms of the participation agreement among the STP owners and agreed to potentially own up to 50.0% of STP Units 3 and 4. Also in September 2007, STPNOC, on behalf of CPS Energy and NRG, filed with the NRC a combined construction and operating license application ("COLA") to build and operate STP Units 3 and 4. This COLA was the first complete application for new commercial nuclear units to be filed with the NRC in nearly 30 years. On November 29, 2007, the NRC announced it had accepted the COLA for review.

On March 26, 2008, NRG announced the formation of NINA. Upon the formation of NINA, NRG had an 88.0% ownership interest in NINA, while Toshiba America Nuclear Energy Corporation ("TANE") owned the remaining 12.0%. NRG contributed its 50.0% ownership of, and its development rights to, STP Units 3 and 4 to NINA. As a result, NINA became CPS Energy's partner for the co-development of STP Units 3 and 4.

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

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

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

Joint Operations (Continued)

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

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

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

On December 6, 2009, CPS Energy filed a petition in Bexar County district court to clarify the roles and obligations of CPS Energy and NINA and to define the rights of both parties should either decide to withdraw from the project. NRG escalated the litigation when it sued CPS Energy and claimed CPS Energy should forfeit all investment to date and lose all value in the project's land and water rights. CPS Energy amended its petition on December 23, 2009, and raised significant issues concerning misconduct by NRG and NINA. CPS Energy specified actual and exemplary damages of $32,000,000.

On February 17, 2010, CPS Energy and NINA announced that a proposed settlement had been reached that ended the parties' legal disagreement and allowed the proposed expansion of STP Units 3 and 4 to proceed. As a result of the settlement, CPS Energy's ownership stake in STP Units 3 and 4 was reduced from 50.0% to 7.6%, while NINA retained 92.4% ownership. CPS Energy is not liable for any project development costs incurred after January 31, 2010. However, once the new units reach commercial operation, CPS Energy will be responsible for its 7.6% share of ongoing costs to operate and maintain the units. Also as a result of the settlement, NINA agreed to pay CPS Energy $80,000, in two $40,000 payments, upon DOE issuance of a conditional loan guarantee. NINA also agreed to make a contribution of $10,000 over a four-year period to the Residential Energy Assistance Partnership ("REAP"), which provides emergency bill payment assistance to low-income customers in San Antonio and Bexar County. The settlement agreement was finalized on March 1, 2010. CPS Energy has received the entire $10,000 from NINA for REAP.

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

Joint Operations (Continued)

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

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

On December 13, 2011, the NRC issued a letter to NINA stating that its COLA does not meet the requirements of 10 CFR 50.38 (Ineligibility of Certain Applicants). This section of federal regulation contains restrictions associated with foreign ownership, control and domination. The letter stated that NRC staff is suspending its review of the foreign ownership section of the STP Units 3 and 4 COLA until this matter is resolved by NINA. The NRC letter referenced a NINA letter dated June 23, 2011, in which NINA submitted to the NRC revised general and financial information that included a revised foreign ownership Negation Action Plan. In the revised Negation Action Plan, TANE could acquire up to 90.0% ownership in NINA with a corresponding 85.0% ownership interest in STP Units 3 and 4. The NRC letter also stated that review of all remaining portions of the COLA would continue. On December 31, 2011, in response to the NRC letter, interveners filed a motion for summary disposition of the STP Units 3 and 4 COLA due to the Foreign Ownership, Control, and Domination (FOCD) issue. Subsequently, on February 7, 2012, the ASLB denied this motion for summary disposition, noting an evidentiary hearing would be the more appropriate method of analyzing the facts related to this issue.

On February 1, 2012, NINA submitted a revision to the STP Units 3 and 4 COLA. Subsequent to the COLA revision, NINA submitted to the NRC a revised Negation Action Plan, as well as updated information related to FOCD and financial qualification ("FQ"). Recognizing that current NRC guidance does not provide a clear mechanism to issue a license without committed construction funding, the NRC Staff in 2013 submitted SECY 13-0124 seeking Commission guidance to resolving this issue. In an April 24, 2014, Staff Requirements Memo ("SRM"), the Commission directed the NRC staff to engage in a rulemaking to amend the FQ requirements of 10 CFR 50; and upon completion of the rulemaking, applicants could propose the use of a license condition to establish FQ. In addition, the SRM stated that staff consider utilizing the exemption process for existing applicants during the rulemaking period. On June 18, 2014, NINA submitted a request for exemption regarding FQ.

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

Joint Operations (Continued)

In February 2013, the ASLB issued an order establishing the "trigger date" for the evidentiary hearing related to the foreign ownership contention as the earlier of April 30, 2013, or the date on which the NRC makes known the results of its FOCD review. On April 29, 2013, as part of this review, the NRC staff issued a determination that NINA "continue[s] to be under foreign ownership, control or domination." This initial ruling by the NRC staff was a necessary first step in order to move the process forward to an evidentiary hearing by the ASLB. In January 2014, the ASLB convened the evidentiary hearing with NRC staff, NINA and interveners. A decision was issued by the ASLB on April 10, 2014, ruling in favor of NINA's position that it is not under foreign ownership, control or domination. The partial initial decision would have constituted a final decision of the NRC 120 days from the date of the order unless a petition for review was filed or the NRC directed otherwise. In May 2014, the interveners filed an appeal with the NRC Commissioners regarding the ASLB's decision on the FOCD issue. On April 14, 2015, the NRC Commissioners issued an order denying the intervener's appeal.

On June 6, 2013, the NRC issued a letter to NINA providing an updated review schedule for the STP Units 3 and 4 COLA. Citing budget constraints, the NRC informed NINA that the review schedule for the STP Units 3 and 4 COLA would be delayed by five months, resulting in a revised target date of September 30, 2015, for the release of the final Safety Evaluation Report. As such, CPS Energy expects that the STP Units 3 and 4 COLA could be approved in the early 2016 timeframe.

On May 7, 2014, Toshiba Corporation ("Toshiba") issued a revised business forecast which stated they had "taken a conservative reassessment of the asset value of Nuclear Innovation North America (NINA)…and recognized an operating loss" of about $300,000 U.S. dollars. In the statement accompanying the business forecast, Toshiba specifically noted that they remain positive about the project's business feasibility.

Acknowledging that these developments and plans related to FOCD, FQ and the final Safety Evaluation Report facilitate constructive momentum to continue the STP Units 3 and 4 Project and create a pathway to obtaining further clarity for the project participants, CPS Energy's management takes no exception to the process being pursued and will continue to monitor NINA's progress.

Annually, CPS Energy performed a thorough re-evaluation of its investment in the STP Units 3 and 4 projects to reassess the ongoing viability of the project and the appropriateness of continuing to report the cost of the project on its Statements of Net Position. CPS Energy again in fiscal year 2015 reached the conclusion that its investment in the project remains valuable and that the most appropriate treatment is to continue to report this investment on its Statements of Net Position at full historical cost. If it is determined at some point in the future that a full or partial write-down is appropriate, due to the unusual and/or infrequent nature of the circumstances that have to be considered, the impact of writing down the project is expected to be treated as an extraordinary or special item on its Statements of Revenues, Expenses and Changes in Net Position.

The write-down would be a noncash transaction that would have no impact on CPS Energy's debt service coverage ratio; however, it would affect the debt to debt and net position ratio. At January 31, 2015, the impact of a write-down would have been an increase in the debt to debt and net position ratio from 60.8% to 63.6%. CPS Energy continues to maintain regular communication with all stakeholders regarding ongoing assessment of the viability of the project and the impact to its financial position.

Including AFUDC of $20,975, project costs incurred by CPS Energy to date of $391,355 are included on the Statements of Net Position as construction-in-progress. Effective as of fiscal year 2012, AFUDC is not being recorded for the STP Units 3 and 4 Project since efforts have been limited primarily to licensing-related activities.

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

Joint Operations (Continued)

On February 25, 2016, CPS Energy announced its investment in STP Units 3 and 4 will be written off effective January 31, 2016. Please see Note 19, Subsequent Events, for more information. Additionally, please see Note 4, Capital Assets, for more information about CPS Energy's capital investment in STP.

Nuclear Insurance

The Price-Anderson Act is a comprehensive statutory arrangement for providing limitations on liability and governmental indemnities with respect to nuclear accidents or events. The maximum amount that each licensee may be assessed following a nuclear incident at any insured facility is $121,255, subject to adjustment for inflation, for the number of operating nuclear units and for each licensed reactor, payable at $18,963 per year per reactor for each nuclear incident. CPS Energy and each of the other participants of STP are subject to such assessments, which will be borne on the basis of their respective ownership interests. For purposes of these assessments, STP has two licensed reactors. The participants have purchased the maximum limits of nuclear liability insurance, as required by law, and have executed indemnification agreements with the NRC in accordance with the financial protection requirements of the Price-Anderson Act. A nuclear liability policy, with a maximum limit of $375,000 for the nuclear industry as a whole, provides protection from nuclear-related claims. A Master Worker Nuclear Liability policy, also with a maximum limit of $375,000 for the nuclear industry as a whole, provides protection from radiation tort claims of workers at nuclear facilities.

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

The owners of STP Units 1 and 2 currently maintain approximately $2,800,000 of nuclear property insurance, which is above the legally required amount of $1,100,000. The $2,800,000 of nuclear property insurance consists of $500,000 in primary property damage insurance and $2,300,000 of excess property damage insurance, both subject to a retrospective assessment being paid by all members of Nuclear Electric Insurance Limited (NEIL). A retrospective assessment could occur if property losses, as a result of an accident at any nuclear plant insured by NEIL, exceed the accumulated funds available to NEIL. CPS Energy also maintains accidental outage insurance through STP's NEIL membership, with a policy structure consisting of an eight-week deductible period, with a $4,500 weekly indemnity option and $490,000 policy limit.

Nuclear Decommissioning

In 1991, CPS Energy started accumulating funds for the decommissioning of its 28% ownership in STP Units 1 and 2 in an external trust in accordance with the NRC regulations. The 28% Decommissioning Trust's assets and related liabilities are included in CPS Energy's financial statements as a component unit. Excess or deficient funds related to the 28% Trust will be distributed to or received from CPS Energy's ratepayers after decommissioning is complete.

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

Nuclear Decommissioning (Continued)

In conjunction with the acquisition of the additional 12% interest in STP Units 1 and 2 in May 2005, CPS Energy also assumed control of a relative portion of the Decommissioning Trust previously established by the prior owner, American Electric Power (AEP). The 12% Decommissioning Trust's assets and related liabilities are also included in CPS Energy's financial statements as a component unit. Subject to PUCT approval as requested in the future, excess or deficient funds related to the 12% Trust will be distributed to or received from AEP customers after decommissioning is complete.

CPS Energy, together with the other owners of STP Units 1 and 2, files a certificate of financial assurance with the NRC for the decommissioning of the nuclear power plant every two years or upon transfer of ownership. The certificate assures that CPS Energy and the other owners meet the minimum decommissioning funding requirements mandated by the NRC. The owners agreed in the financial assurance plan that their estimate of decommissioning costs would be reviewed and updated periodically. The most recent cost study, which was finalized in May 2013, estimated decommissioning costs for the 28% ownership in STP Units 1 and 2 at $627,495 in 2012 dollars. Included in the cost study was a 10.0% contingency component as required to comply with the PUCT. Based on the level of funds accumulated in the 28% Trust and an analysis of this cost study, CPS Energy determined that no further decommissioning contributions will be required to be deposited into the Trust.

In fiscal year 2009, CPS Energy determined that some preshutdown decommissioning and spent fuel management activities would be required prior to shutdown of STP Units 1 and 2. As a result, separate trust accounts were created to pay for preshutdown decommissioning activities. Additionally, funds in the Trusts applicable to spent fuel management were transferred to separate spent fuel accounts so that they were not commingled with funds allocable to preshutdown or postshutdown decommissioning costs. Based on projected costs, the spent fuel management accounts are currently fully funded; therefore, no contributions were made to these accounts in fiscal year 2015. CPS Energy made contributions of $3,119 in fiscal year 2015 to fund preshutdown decommissioning costs for its 28% ownership in STP. For the 12% Trust, preshutdown costs were funded by AEP's ratepayers. The 12% Trust incurred no preshutdown decommissioning expenses in the twelve months ended December 31, 2014.

Excluding securities lending cash collateral, as of December 31, 2014, CPS Energy had accumulated approximately $390,544 in the 28% Trust. Total funds are allocated to decommissioning costs, spent fuel management and site restoration. Based on the most recent annual calculation of financial assurance required by the NRC as of December 31, 2014, the 28% Trust funds allocated to decommissioning costs totaled $241,640, which exceeded the calculated financial assurance amount of $185,288.

The May 2013 cost study estimated decommissioning costs for the 12% ownership in STP Units 1 and 2 at $268,927 in 2012 dollars. Excluding securities lending cash collateral, approximately $140,276 had been accumulated in the 12% Trust. Total funds are allocated to decommissioning costs, spent fuel management and site restoration. Based on the most recent annual calculation of financial assurance required by the NRC, the 12% Trust funds allocated to decommissioning costs totaled $93,335, which exceeded the calculated financial assurance amount of $79,409.

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

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

Nuclear Decommissioning (Continued)

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

STP Pension Plan and Other Postretirement Benefits

STPNOC maintains several pensions and other postretirement benefit plans covering most employees, including a noncontributory defined-benefit pension plan, defined-benefit postretirement plan, supplementary nonqualified unfunded pension plan, supplemental retirement plan, deferred compensation program, and a contributory savings plan. The owners of STPNOC, including CPS Energy, share in all plan costs in the same proportion as their respective ownership percentages.

The noncontributory defined-benefit pension plan covers certain employees. Retirement benefits are based on length of service and compensation. Plan assets are invested in various equity and fixed-income securities. Pension contributions totaling $31,900 were made in STP's fiscal year 2014 of which $9,200 related to the 2014 plan year, while $22,700 related to the 2013 plan year. A final contribution of $5,700 for plan year 2014 will be made during STP's fiscal year 2015 in order to meet or exceed minimum funding requirements and maintain the targeted adjusted funding target attainment percentage.

STPNOC also maintains a defined-benefit postretirement plan that provides medical, dental and life insurance benefits for substantially all non-bargaining retirees and eligible dependents. The cost of these benefits is recognized in the project statements during an employee's active working career. STPNOC has a trust to partially meet the obligations of the plan. As of May 1, 2014, STPNOC members of the International Brotherhood of Electrical Workers ("IBEW") Local 66 voted to transition from STPNOC's medical plan to the National Electrical Contractors Association ("NECA") Family Medical Care Plan, a Taft-Hartley multi-employer health and welfare plan. STPNOC pays monthly premiums for the benefits, to be partially funded by IBEW employees.

Employees whose eligible compensation exceeds the limitations established under the 1974 Employee Retirement Income Security Act, $260 for 2014 are covered by a supplementary nonqualified, unfunded pension plan, which is provided for by charges to operations sufficient to meet the projected benefit obligation. The accruals for the cost of that plan are based on substantially the same actuarial methods and economics as the noncontributory defined-benefit pension plan.

An unfunded supplemental retirement plan and other unfunded deferred compensation programs are maintained by STPNOC for certain key individuals.

STPNOC approved a change to the pension plan, effective January 1, 2007, to preclude the eligibility of employees hired after December 31, 2006, in the plan. Employees hired after this date receive enhanced matching contributions under the STP Nuclear Operating Company Savings Plan.

Pursuant to Subtopic 958-715 of the FASB Accounting Standards Codification, the *Compensation – Retirement Benefits Subtopic of the Not-for-Profit Entities Topic,* STP is required to recognize additional liabilities and eliminate the intangible asset related to certain of its qualified and nonqualified plans. The effect to CPS Energy of funding obligations related to the defined-benefit plans sponsored by STPNOC was $12,988 for CPS Energy's fiscal year 2015 and is reflected as a decrease on the Statement of Activities.

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

STP Pension Plan and Other Postretirement Benefits (Continued)

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

	Pension Benefits	Other Benefits
Change in Benefit Obligation:		
Benefit Obligation - Beginning	$ 414,073	$ 130,429
Service Cost	10,497	8,062
Interest Cost	21,047	5,236
Plan Changes		(113,214)
Actuarial Loss	83,094	41,001
Benefits Paid	(9,894)	(3,396)
Benefit Obligation - Ending	518,817	68,118
Change in Plan Assets:		
Fair Value of Plan Assets - Beginning	318,591	12,947
Actual Return on Plan Assets	17,992	115
Employer Contributions	31,900	3,629
Reclassification of assets		(13,062)
Benefits Paid	(9,894)	(3,629)
Fair Value of Plan Assets - Ending	358,589	-
Funded Status - Ending	(160,228)	(68,118)
Unrecognized Net Actuarial Loss	183,019	59,947
Unrecognized Prior Service Cost	1,135	(113,046)
Cumulative difference between recognized and unrecognized net expense and funding	$ 23,926	$ (121,217)
Amount recognized in other liabilities	$ (160,228)	$ (68,118)
Weighted-Average Assumptions used to determine benefit obligation		
Discount Rate	4.3%	4.1%
Expected Return on Plan Assets	7.8%	7.8%
Rate of Compensation Increase - Bargained	3.0%	3.0%
Rate of Compensation Increase - Non-bargained	2.0%	2.0%
Weighted-Average Assumptions used to determine pension and other benefits expense		
Discount Rate	5.2%	5.2%-4.3%
Expected Return on Plan Assets	7.8%	7.8%
Rate of Compensation Increase	3.0%	3.0%

Note 11 Commitments and Contingencies

Primary Government (City)

Grants

The City has received significant financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, liabilities resulting from disallowed claims, if any, will not have a materially adverse effect on the City's financial position at September 30, 2015. Grant funding received from federal, state, and other governmental agencies but not yet earned as of September 30, 2015 was $70,831.

Capital Improvement Program

The City will be undertaking various capital improvements during fiscal year 2016. The estimated cost of these improvements is $671,668, which consist of the following:

Function/Program	2016
General Government	
Information Technology	$ 26,719
Municipal Facilities	159,382
Total General Government	$ 186,101
Public Health & Safety	
Drainage	$ 63,826
Fire Protection	18,450
Law Enforcement	3,777
Total Public Health & Safety	$ 86,053
Recreation & Culture	
Libraries	$ 7,550
Parks	85,256
Total Recreation & Culture	$ 92,806
Transportation	
Air Transportation	$ 109,164
Street	197,544
Total Transportation	$ 306,708
Total Capital Plan	$ 671,668

These projects are scheduled to be funded with a combination of grants, contributions from others, bonds, certificates, notes and other designated City resources.

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation

The City is a party to various claims and lawsuits alleging personal and property damages, wrongful death, breach of contract, environmental matters, civil rights violations, and employment matters. The estimated liability, including an estimate of incurred but not reported claims, is recorded in the Insurance Reserve Fund in the amount $21,652. The City estimates the amounts of unsettled claims under its self-insurance program and believes that the self-insurance reserves recorded as appropriations in the Insurance Reserve Fund are adequate to cover losses for which the City may be liable. Whether additional claims or revisions to estimates required for settlement on existing claims could have a material effect on the basic financial statements cannot be determined.

Kopplow Development, Inc. v. City of San Antonio Plaintiff contends that the construction of a regional stormwater detention facility was an inverse condemnation of its property by increasing the flood plain elevation on its property. The City also filed a statutory condemnation to acquire an easement involving Plaintiff's property to construct and maintain part of the facility. This matter was tried in July 2008 with a favorable ruling to Plaintiff; but the City's motion for new trial was granted. After a retrial, the jury awarded approximately $600 to Plaintiff for the inverse condemnation and statutory condemnation. The City and Plaintiff have appealed. The Fourth Court of Appeals issued its opinion affirming the trial court's ruling awarding Plaintiff $5 as compensation for the land taken, but reversed the other portion of the judgment for the remainder of the damages. Plaintiff's motion for rehearing was denied on December 29, 2010. Plaintiff filed its brief on the merits in October 2011 and the City filed its reply in December 2011. On March 8, 2012, the Texas Supreme Court issued their opinion, reversing the Fourth Court's opinion and remanding the matter back to state district court for further proceedings consistent with their opinion. The City's Motion for Rehearing was denied in June 2013. On February 5, 2014, the Fourth Court of Appeals issued an opinion finding that the trial court erred in excluding evidence of Kopplow's vested rights status and remanded the case to the trial court for a new trial on the issue of damages. The Supreme Court recently denied both parties' petitions for review and remanded the case back to the trial court on the issue of remainder damages. There is currently no trial date set.

Shavonda Bailey, et al v. City of San Antonio, et al Plaintiffs allege that SAPD police officers used excessive force when they arrested Pierre Abernathy after a low speed vehicle pursuit. Plaintiffs sued the City and seven police officers under 42 USC §1983, alleging excessive use of force. They seek damages for Mr. Abernathy's pain and suffering as well as damages for his death. Plaintiffs seek damages of at least $1,000. The City was dismissed from this case on May 5, 2015; the case is proceeding with respect to Defendant Officers.

Cheryl Jones, et al v. City of San Antonio, et al On February 28, 2014 Marquise Jones was shot by a SAPD police officer at Chacho's Restaurant. Plaintiffs are asserting claims under 42 USC §1983 against the City and the officer for excessive force, racial profiling, and failure to train under the Texas Survivor Statute and Texas Wrongful Death Statute. Plaintiffs seek damages of at least $5,000 for loss of affection, consortium, financial assistance, pain and suffering of decedent prior to death, mental anguish, emotional distress, quality of life, exemplary and punitive damages, attorney fees, and costs of court. This case is not yet set for trial.

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation (Continued)

Jimmy Maspero and Regina Maspero, et al v. City of San Antonio, et al Plaintiffs allege that on September 19, 2012 Plaintiffs' vehicle was involved in a collision with a vehicle being pursued by a SAPD patrol car causing the death of two of Plaintiffs' children and severe permanent injuries to the remaining Plaintiffs (two children, two adults). The Plaintiffs have asserted a "state-created danger" theory under 42 USC §1983 alleging a violation of Plaintiffs' 14th Amendment substantive due process. Plaintiffs are also asserting state law theories of negligence. Plaintiffs seek to recover damages for mental anguish, physical pain, impairment, medical expenses, and the wrongful death of two of their children. Plaintiffs are seeking monetary damages of at least $3,000. This case is set for trial on May 23, 2016.

Scott Mathews v. City of San Antonio, et al Plaintiff claims that on April 14, 2013 SAPD police officers were called to his house as a result of a domestic dispute between him and his wife. Plaintiff filed suit under 42 USC §1983 for violation of his civil rights and excessive force and also alleges assault and battery pursuant to Texas state law. Plaintiff seeks damages for his medical expenses, disability as well as for pain and suffering, emotional and mental distress, and loss of wage earning capacity. Plaintiff is seeking damages in an amount of at least $1,000. The City has been dismissed from this lawsuit; the case is proceeding against the Defendant Officers. The case is not yet set for trial.

Destiny Ann Marie Rios v. City of San Antonio, et al Plaintiff claims that on July 4, 2012 she was arrested for an outstanding warrant for prostitution. Plaintiff filed suit under 42 USC §1983 for excessive force and under Texas law for assault and battery and intentional infliction of emotional distress. Her alleged damages include physical and emotional personal injury, pain and suffering, and emotional and mental distress associated with the loss of her unborn child. She is seeking at least $1,000. This case is reset for trial on September 12, 2016.

Roxana Tenorio, Individually and on behalf of Pedro Tenorio, Deceased v. Benito Garza and City of San Antonio Plaintiff claims that a SAPD high speed pursuit of Defendant Benito Garza was the cause of a vehicle accident on September 21, 2012 in which Pedro Tenorio was killed. The accident occurred in the 9400 block of SW Loop 410. Plaintiff sued Benito Garza and the City under the Texas Tort Claims Act (TTCA) for Negligence. Plaintiff is seeking monetary relief in excess of $1,000 for past and future mental anguish, loss of consortium, loss of inheritance, loss of companionship and pecuniary damages under the Texas Wrongful Death Act and Texas Survival Act. The City's Plea to Jurisdiction was denied. The City has filed an interlocutory Appeal to the 4th Court of Appeals.

Rogelio and Norma Galvan v. City of San Antonio This suit, brought under the Texas Tort Claims Act, involves a collision between Plaintiff's vehicle and a Solid Waste truck. Plaintiff suffered severe brain injury and nerve damage and has already incurred medical expenses in excess of $150. Damages could reach the TTCA cap of $250. This case is set for trial April 11, 2016.

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

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation (Continued)

Arlene Perez, A/N/F of A.P., a Minor v. City of San Antonio & I. Silva Plaintiff claims that her minor daughter was pulled over by a SAPD officer, who proceeded to use excessive force. Plaintiff filed suit under 42 USC §1983. This case was recently filed and discovery is ongoing. Damages could be in excess of $250.

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

Sharlene Lewis et al v. City of San Antonio, et al This suit arises from a motor vehicle accident when a City vehicle was driving northbound on Hackberry approaching E. Houston Street. The City vehicle entered the intersection and collided with Plaintiffs' vehicle, containing a driver and two passengers. The parties dispute which vehicle had the green light. One plaintiff allegedly suffered severe brain injury. Suit was brought under the TTCA. Damages are capped at $250 per person, $500 per incident. This case is set for trial May 23, 2016.

Isabel Escobedo v. City of San Antonio Plaintiff, an elderly woman who uses a walker, alleges the street was cracked, that there were numerous reports prior to the accident that the street was in need of repair and that she fell due to the condition of the street while getting out of a car. Plaintiff alleges that the condition of the street constitutes a "Special Defect" under the TTCA. Plaintiff fractured her ankle and suffered a dramatic decline in her health as a result of the accident. She now must reside in a nursing home. Damages are capped by the TTCA. Her medical expenses exceed $250. This case was set for trial on February 22, 2016.

Alamo Aircraft Ltd. v. City of San Antonio Plaintiffs own property fronting SW 36th Street in San Antonio. In conjunction with construction work on that road, the City entered into a Possession and Use Agreement and Right of Entry for Construction ("PUA") for portions of Plaintiffs' property. Plaintiffs claim the City breached that agreement by failing to incorporate certain minimum access to Plaintiffs' buildings, effectively taking their property for public use. Plaintiffs filed suit alleging violations of federal law and seeking relocation assistance and benefits, as well as attorneys' fees. Damages could exceed $250. This case has recently been filed and no trial date has been set.

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

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

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Litigation (Continued)

Diane Jackson v. City of San Antonio Plaintiff alleges that she was rear-ended by an SAPD patrol vehicle. She claims personal injuries due to neck, mid-back and lower back pain, as well as property damage. While Plaintiff's past medical expenses are low, she now claims future medical damages approaching $200. This case is set for trial May 23, 2016.

Leases

The City leases City-owned property to others consisting of buildings, real property, and parking spaces. Costs of specific leased components are not readily determinable. The Airport System's revenue is net of Ground Abatement Credits and Building Improvement Credits allowed to lessees per signed contracts. Total rental revenue from operating leases received for the fiscal year-ended September 30, 2015 was $12,263 for Governmental Activities and $51,521 for Business-Type Activities, which consisted of $44,017 for the Airport System, $111 for Solid Waste Management and $7,393 for Nonmajor Enterprise. As of September 30, 2015, the leases provide for the following future minimum rentals:

Leases Revenues					
	Governmental Activities	Airport System	Solid Waste Management	Nonmajor Enterprise	Total
Fiscal year ending September 30					
2016	$ 9,851	$ 52,245	$ 100	$ 7,526	$ 69,722
2017	8,792	29,259	46	4,479	42,576
2018	9,067	11,363		3,381	23,811
2019	8,451	9,851		2,868	21,170
2020	7,793	8,243		2,597	18,633
2021-2025	41,870	23,188		4,665	69,723
2026-2030	3,971	12,667		2,193	18,831
2031-2035	3,602	2,615		253	6,470
2036-2040	2,062	879		209	3,150
2041-After	22,403			134	22,537
Future Minimum Lease Rental	$ 117,862	$ 150,310	$ 146	$ 28,305	$ 296,623

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Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

Landfill Postclosure Care Costs

In October 1993, the City Council approved closure of the Nelson Gardens Landfill, which immediately stopped accepting solid waste. Subsequent to landfill closure, federal and state laws required the City to incur certain postclosure care costs over a period of 30 years. As of September 30, 1994, the City estimated these costs for postclosure of the Nelson Gardens Landfill at $3,825. The estimate was based on projected costs for installation of a leachate and groundwater collection system, installation of a methane recovery system, geotechnical and environmental engineering services, and monitoring and maintaining the facility for a 30-year period. In accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Cost*, the estimated postclosure cost for the Nelson Gardens Landfill is recorded as a liability and expensed in the Solid Waste Management Fund. This cost is an estimate and is subject to changes resulting from inflation/deflation, advances in technology, or changes in applicable laws or regulations. Each fiscal year, the City performs an annual re-evaluation of the postclosure care costs associated with the Nelson Gardens Landfill. The annual re-evaluation conducted for the fiscal year-ended September 30, 2015 resulted in an estimated postclosure care liability for the Nelson Gardens Landfill of $1,058. This represents a decrease of $103 from the prior fiscal year as a result of the City contracting with a third party to capture and sell methane gas in exchange for a percentage of the revenue earned and postclosure maintenance costs assumed by the third party.

Texas Commission on Environmental Quality (TCEQ) Financial Assurance

The City is required under the provision of the Texas Administrative Code to provide financial assurance to the Texas Commission on Environmental Quality (TCEQ) related to the closure of municipal solid waste operations including, but not limited to, storage, collection, handling, transportation, processing, and disposal of municipal solid waste. Additionally, financial assurance is required to demonstrate financial responsibility for underground storage petroleum facilities. Based on the number of underground petroleum storage tanks, the City is required to provide $1,000 of financial assurance related to the underground storage facilities. The City completes and submits its financial assurance to TCEQ annually.

Brooks City-Base – Electric and Gas Utilities

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

In fiscal year 2003, CPS Energy entered into a 20-year agreement with BDA to upgrade the electric and gas utility systems located within the Brooks City-Base. CPS Energy and BDA have each committed to invest $6,323 ($4,284 in year 2002 dollars, which accumulates interest at the rate of 3.7% compounded annually) to upgrade the infrastructure at that location. Annual reductions to BDA's obligation were made from incremental revenues to the City for electric and gas sales to customers that reside on the BDA-developed property. Annual reductions to BDA's obligation were also made in accordance with contract terms for economic development at Brooks City-Base that benefits CPS Energy's systems.

Note 11 Commitments and Contingencies (Continued)

Primary Government (City) (Continued)

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

To the extent that the capital renewals and upgrades do not total $12,646 by September 2022, BDA's and CPS Energy's committed investments each will be reduced equally. To date, $10,562 has been invested in capital renewals and upgrades and BDA has met its $4,284 obligation, net of annual interest.

Arbitrage

The City has issued certain tax-exempt obligations that are subject to IRS arbitrage regulations. Noncompliance with these regulations, which pertain to the utilization and investment of proceeds, can result in penalties, including the loss of the tax-exempt status of the applicable obligations retroactive to the date of original issuance. In addition, the IRS requires that interest income earned on proceeds in excess of the arbitrage rate on applicable obligations be rebated to the federal government. The City monitors its bond proceeds in relation to arbitrage regulations, and "arbitrage rebate" is estimated and recorded in the government-wide and proprietary financial statements when susceptible to accrual, and in the governmental fund type when matured. As of September 30, 2015, the City has no arbitrage liability for its governmental or proprietary funds.

CPS Energy

Litigation

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

Leases

Capital Leases – CPS Energy was not a contracted party to any capital leases for fiscal year 2015.

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

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

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Leases (Continued)

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

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

Additionally, the communication towers sale transaction included an assignment of existing operating lease agreements with tenants who had equipment located on the towers. At the time of sale, there were approximately 127 lease agreements outstanding, with CPS Energy as lessor for space on the towers and in CPS Energy's communication buildings, having remaining terms varying from fewer than two years to ten years. In fiscal year 2014, these leases provided approximately $2,800 in proceeds to CPS Energy, which was recognized as nonoperating income. With the sale of the towers, these leases were assigned to the purchaser, and the right to collect future cash flows from the leases was conveyed. The estimated net present value of these cash flows, including annual escalations based on estimate future Consumer Price Indices, total approximately $6,500 for the 62 towers conveyed in the initial closing plus an additional $463 for the seven towers to be subsequently conveyed. Proceeds to CPS Energy from the tower sale transaction included a purchase price for these leases, which was recorded as a deferred inflow of resources totaling $6,500 in accordance with guidance provided in GASB Statement No. 65. Revenue from the sale of future revenues related to these leases will be recognized over the term of the original leases in accordance with guidance provided in GASB Statement No. 48, *Sales and Pledges of Receivable and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues.* Additional deferred inflows of resources for the assignment to the purchaser of any leases related to each of the remaining seven towers will be recorded at closing and title conveyance for each respective tower sale.

CPS Energy has entered into operating lease agreements to secure the usage of communication towers space, railroad cars, natural gas storage facilities, land, office space, parking lot space and engineering equipment. The lease for the parking lot space and several of the leases for office space, as well as the communication towers space, include an escalation in the monthly payment amount after the first year of each lease.

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Leases (Continued)

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

Year Ended January 31,	Operating Lease Payments
2016	$ 7,968
2017	6,228
2018	3,523
2019	1,679
2020	1,425
Later years	77,171
Total future minimum lease payments	$ 97,994

CPS Energy's minimum lease payments for all operating leases for which CPS Energy was the lessee amounted to $10,398 in fiscal year 2015. There were $68 in contingent lease payments in fiscal year 2015.

CPS Energy has entered into operating lease agreements allowing cable and telecommunication companies to attach telephone, cable and fiber-optic lines to CPS Energy's electric poles. Operating leases also exist between CPS Energy and telecommunication companies allowing the companies to attach communication equipment to CPS Energy's communication and transmission towers. Projected future minimum lease receipts pertaining to the use of CPS Energy's communication towers and buildings reflect a 4.0% annual escalation in receipts after the first year of each lease.

Additionally, CPS Energy has three operating leases for the use of land that CPS Energy owns, and it has entered into multiple agricultural leases allowing the lessees to use CPS Energy's land for sheep and cattle grazing. The majority of the operating leases pertaining to the use of CPS Energy's transmission towers contain provisions for contingent lease receipts that will equal the lesser of a 15.0% increase in the prior five-year lease payment or the percentage increase in the Consumer Price Index over the same five-year period. Furthermore, the three land leases also contain provisions for contingent lease receipts based on the Consumer Price Index.

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

Year Ended January 31,	Operating Lease Receipts
2016	$ 980
2017	985
2018	805
2019	591
2020	604
Later years	26,597
Total future minimum lease receipts	$ 30,562

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Leases (Continued)

CPS Energy's minimum lease receipts for all operating leases for which CPS Energy was the lessor amounted to $7,043 in fiscal year 2015. Contingent lease receipts amounted to $28 for fiscal year 2015. There were no sublease receipts in fiscal year 2015.

Other

Purchase and construction commitments approximated $10,607,144 at January 31, 2015. This amount includes construction commitments, provisions for coal purchases through December 2021, coal transportation through December 2018 and natural gas purchases through June 2027; the actual amount to be paid will depend on CPS Energy's actual requirements during the contract period and the price of gas. Also included are provisions for wind power through 2037, solar power through 2042, landfill power through December 2029, capacity and power purchases through 2044, and raw uranium associated with STP fabrication and conversion services needed for refueling through May 2026.

On January 20, 2009, the Board approved a policy statement on sustainability. The basis of the policy is to affirm that CPS Energy's strategic direction centers on transforming from a company focused on providing low-cost power from traditional generation sources to a company providing competitively priced power from a variety of sources, including low and non-carbon emitting sources. To be sustainable, CPS Energy has to balance its financial viability, environmental commitments and social responsibility as a community-owned provider. Further, the objective of sustainable energy development is to meet current needs without compromising the ability of future generations to meet their needs.

In fiscal year 2008, CPS Energy entered into a Natural Gas Supply Agreement with SAEAPFC to purchase, to the extent of its gas utility requirements, all natural gas to be delivered under a Prepaid Natural Gas Sales Agreement. Under the Prepaid Natural Gas Sales Agreement between SAEAPFC and a third-party gas supplier, SAEAPFC has prepaid the cost of a specified supply of natural gas to be delivered over 20 years. On February 25, 2013, SAEAPFC executed certain amendments to the Prepaid Natural Gas Sales Agreement entered into with J. Aron in 2007 and other related documents with respect to the 2007 prepayment transaction with J. Aron. Under the resolution and the amendments, Goldman, Sachs & Co. surrendered for cancellation $111,060 of the SA Energy Acquisition Public Facility Corporation Gas Supply Revenue Bonds, Series 2007 owned by J. Aron; Goldman, Sachs & Co.; or affiliates. In exchange, SAEAPFC agreed to reduce future required natural gas delivery volumes from 104.6 MMBtu to 81.3 MMBtu and to adjust the notional amount of its commodities price hedge so that hedged revenue from gas sales will bear at least the same proportion to annual debt service requirements as before the transaction. In conjunction with the transaction, a portion of the savings related to the purchase of natural gas from SAEAPFC that would have been passed on to CPS Energy's distribution gas customers over the 20-year life of the original agreement is being accelerated. Distribution gas customers benefited from the accelerated savings beginning March 1, 2013 through June 30, 2015. Although this accelerated savings period has ended, the remainder of the transaction remains intact through 2027.

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

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

In fiscal year 2003, CPS Energy entered into a 20-year agreement with BDA to upgrade the electric and gas utility systems located within the Brooks City-Base. CPS Energy and BDA have each committed to invest $6,323 ($4,284 in year 2002 dollars, which accumulates interest at the rate of 3.7% compounded annually) to upgrade the infrastructure at that location. Annual reductions to BDA's obligation were made from incremental revenues to the City for electric and gas sales to customers that reside on the BDA-developed property. Annual reductions to BDA's obligation were also made in accordance with contract terms for economic development at Brooks City-Base that benefits CPS Energy's systems. To the extent that the capital renewals and upgrades do not total $12,646 by September 2022, BDA's and CPS Energy's committed investments each will be reduced equally. To date, $10,562 has been invested in capital renewals and upgrades and BDA has met its $4,284 obligation, net of annual interest.

On June 8, 2010, CPS Energy committed to partner in the Texas Sustainable Energy Research Institute at the University of Texas at San Antonio for sustainable energy research. The agreement calls for CPS Energy to invest up to $50,000 over 10 years in the institute. The investment made through January 31, 2015 was $5,953 from funds currently allocated to research and development. Future funding will be developed by the scope of the projects defined by the partnership and subject to annual approval by the Board.

CPS Energy sells its excess power into the wholesale market. While the majority of these transactions are conducted in the short-term market, from time to time, CPS Energy enters into long-term wholesale power supply agreements with other public power entities. In addition to long-standing wholesale power relationships with the cities of Castroville, Floresville and Hondo, CPS Energy currently has agreements to provide either full or partial requirements to seven additional public power entities. These agreements have varying terms expiring between 2016 and 2023. The volumes committed under these agreements represent approximately 5.0% to 6.0% of current owned capacity. CPS Energy regularly monitors the market values of these transactions to manage contract provisions with the counterparties.

CPS Energy entered into two contractual obligations, referred to as heat rate call options ("HRCO"), with Morgan Stanley Group Inc ("Morgan Stanley"). The HRCOs give Morgan Stanley the right to purchase specified amounts of MW per hour generated from the Rio Nogales plant, based on a pricing schedule set forth in each. One of these agreements expired in December 2012, and the remaining HRCO expired in September 2015. The volumes committed under the remaining agreement represent approximately 31.3% of the Rio Nogales plant's generating capacity.

On June 20, 2011, CPS Energy announced its New Energy Economy initiative. The program is designed to focus on more clean energy sources rather than traditional energy sources and includes several major initiatives to which CPS Energy has committed (current commitments are included in the aforementioned $10,607,144):

- CPS Energy's customers will have the opportunity to manage their home energy use through a Home Area Network system referred to as Home Manager. A program was launched in fiscal year 2012 with plans to enroll up to 140 homes and businesses by 2019. Home area networks work with smart meters to provide up-to-the-minute energy use information and allow demand-side management to reduce energy consumption on the customer premises. The deployment may be partially funded through the Save for Tomorrow Energy Program (STEP) and has the potential to reduce electrical demand by 205 megawatts. Through January 31, 2015, approximately 25 Home Manager systems have been installed.

Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

- CPS Energy is in the process of replacing 25 San Antonio street lights with light-emitting diode ("LED") street lights. The lights have been purchased from GreenStar, a worldwide supplier of LED lighting. The street lights use 60.0% less energy than standard sodium lights and are designed to last 12 to 15 years, thereby reducing maintenance costs. Approximately $2,200 of the deployment costs will be funded through STEP, with the remainder funded by the City. Through January 31, 2015, approximately 24 LED streetlights have been installed.

- In November 2011, CPS Energy entered into a $77,025 prepaid agreement with SunEdison for purchased power equal to approximately 60.0% of the anticipated output from 30 MW of solar energy facilities in the San Antonio area. The unamortized balance of the prepayment was $69,137 at January 31, 2015. The agreement expires in 2037, and the purchase of the balance of the output is on a pay-as-you-go basis. As part of the agreement, CPS Energy has the right to purchase the facilities six years after commencement of commercial operations.

- In late 2011, CPS Energy and Summit Power Group (Summit) negotiated a contract for 200 MW of power offtake from the proposed Texas Clean Energy Project. The contract between CPS Energy and Summit expired on December 31, 2013, in accordance with the terms of the contract. Discussions between CPS Energy and Summit reinitiated in early 2014. In October 2014, CPS Energy announced a new agreement with Summit to purchase power from its Texas Clean Energy Project integrated combined-cycle coal gasification plant, which will incorporate carbon capture, utilization and storage technology in a first-of-its-kind commercial clean-coal power plant. The plant will provide 200 MW of clean-coal electricity to CPS Energy; 90.0% of the carbon will be captured and used for enhanced oil recovery in the West Texas Permian Basin. The plant, to be built approximately 15 miles west of Odessa, Texas, is expected to be online in 2019, instead of the originally scheduled date in 2017. The contract is for all expected electrical output from the facility, with payments beginning once the project has commenced electrical production. CPS Energy has no further legal or financial obligations associated with the project.

- In July 2012, CPS Energy and OCI Solar Power (OCI) entered into an agreement for CPS Energy to purchase solar power produced by OCI. OCI created a consortium of partners to deliver 400 MW of solar energy, produced at solar farms primarily in and around San Antonio, to CPS Energy throughout the life of the 25-year power purchase agreement. Also as part of the agreement, Mission Solar Energy, LLC, the anchor manufacturer in the consortium, has built a high-tech manufacturing facility to produce components for solar power generation and has relocated its headquarters to San Antonio, creating over 400 jobs (jobs not expressed in thousands). Alamo 1, with a capacity of 40.7 MW, achieved commercial operations in December 2013. Alamo 2, with a capacity of 4.4 MW, achieved commercial operations in March 2014. Alamo 4, with a capacity of 39.6 MW, achieved commercial operations in August 2014. Alamo 3, with a capacity of 5.2 MW, achieved commercial operations in January 2015.

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Note 11 Commitments and Contingencies (Continued)

CPS Energy (Continued)

Other (Continued)

- In December 2013, CPS Energy, along with partners Silver Spring Networks and Landis+Gyr, began the Company's Grid Optimization project, or more commonly known as Smart Grid. The project, which will be implemented over the next four years, will provide a standards-based networking platform, advanced metering infrastructure and distribution automation solutions across CPS Energy's service territory. The completed system will also facilitate wireless two-way communication between CPS Energy and its customers allow for increased energy efficiency and offer greater customer control and savings. The estimated cost of this project is approximately $290,000 and is expected to bring a minimum of fifty jobs to San Antonio.

Save for Tomorrow Energy Program (STEP)

CPS Energy has projected to spend approximately $849,000 over a 12-year period on energy efficiency and conservation through STEP. Contributing towards its goal to save 771 MW by 2020, CPS Energy's programs include home weatherization, higher efficiency light bulbs, solar rebates, peak saver thermostats, home area networks and other such initiatives.

Annually, approximately $8,000 of the STEP expenses are funded through the electric base rate and reported as CPS Energy operation and maintenance expenses. STEP expenses over this initial amount per year are recovered through the fuel adjustment factor over a 12-month period beginning in the subsequent fiscal year after they are incurred and have been independently validated. These STEP recoveries are accrued as a regulatory asset referred to as STEP net costs recoverable in accordance with guidance provided by GASB Statement No. 62. This guidance permits certain costs to be capitalized as regulatory assets until they are recovered through future rates.

San Antonio Water System (SAWS)

Litigation

SAWS is the subject of various claims and potential litigation, which arise in the ordinary course of its operations. Management, in consultation with legal counsel, makes an estimate of potential costs that are expected to be paid in the future as a result of known claims and potential litigation and records this estimate as a contingent liability.

In connection with a desalination injection well permit obtained by SAWS from the Texas Commission on Environmental Quality (TCEQ), SAWS has an obligation to plug the injection well once the well is no longer in service. At December 31, 2014, SAWS has recorded a liability of $224 related to this post-closure obligation.

Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other

In March 2007, SAWS was notified by the Environmental Protection Agency (EPA) of alleged failures to comply with the Clean Water Act due to the occurrence of sanitary sewer overflows (SSO). The EPA subsequently referred the matter to the United States Department of Justice (DOJ) for an enforcement action. On June 4, 2013, the Board approved a Consent Decree between SAWS and the United States of America and the State of Texas. On September 13, 2013, the United States of America filed its Motion for entry of the Consent Decree, requesting the Court to approve the Consent Decree by signing and entering it. The Consent Decree was signed and entered by the Court on October 15, 2013.

During the 10 to 12 year term of the Consent Decree, SAWS estimates the cost to perform the operating and maintenance requirements of the Consent Decree will be approximately $250,000. Additionally, SAWS estimates that capital investments of approximately $850,000 will be required over the Consent Decree term. As with any estimate, the actual amounts incurred could differ materially. Since entry into the Consent Decree, SAWS has performed its obligations under terms of the Consent Decree and is in material compliance with such terms, conditions, and requirements. Since 2010, SAWS has seen a significant reduction in SSOs, from 538 in 2010 to 196 in 2014 (figures in this sentence are not in thousands).

In an effort to achieve significant diversification of the City's water supply, in 2011 the Board solicited requests for competitive sealed proposals for the provision and delivery of alternative water supplies for the purpose of meeting SAWS' water supply needs. In response to the solicitation, the Board received nine responses, from which three finalists were selected and reviewed prior to determining that the proposal of the Abengoa Vista Ridge, LLC (Abengoa VR) presented the most advantageous possibility for the City obtaining an alternative water source. On July 1, 2014, the Board formally selected the water supply proposal of Abengoa VR as the most advantageous to SAWS, subject to negotiation of an acceptable contract and City Council support.

On October 30, 2014 the City Council adopted an ordinance, approving the execution of a water transmission and purchase agreement between the City, acting by and through SAWS, and Abengoa VR, pursuant to which Abengoa VR has committed to make available to SAWS, and SAWS has agreed to pay for, up to 50 acre-feet of potable water per year for an initial period of 30 years plus a limited 10 year extension period under certain circumstances, hereinafter referred to as the operational phase. To produce and deliver the project water, Abengoa VR will develop well fields to withdraw water from the Carrizo and Simsboro aquifers in Burleson County, Texas pursuant to currently-held long-term leases with landowners and construct (or cause to be constructed) a 142-mile pipeline from this well field to northern Bexar County. The pipeline will be connected to the SAWS distribution system at this delivery point in northern Bexar County.

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Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

The Agreement is separated into three distinct phases. The development phase commenced on November 4, 2014, which was the date of complete execution and delivery of the agreement, and is scheduled to last between 18 and 30 months. The development phase concludes upon satisfaction of certain contractual requirements, the most significant of which is when Abengoa VR obtains permanent construction financing for the project. These events are referred to as financial closure and its occurrence results in the conclusion of the development phase and commencement of the construction phase by Abengoa VR. During the construction phase of the project, SAWS will also begin construction of improvements to SAWS necessary to accept and integrate the project water, at an anticipated capital cost to SAWS of approximately $115,000. This construction phase is scheduled to last 42 months and its conclusion will result in the commencement of the aforementioned 30 year operational phase, during which period SAWS is obligated to pay for project water (up to 50 acre-feet annually) made available to it by Abengoa VR at the connection point.

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

Pursuant to the terms of the agreement, SAWS will pay costs arising under the agreement, as maintenance and operating expense of the system for rate setting purposes, only for project water made available at the connection point (which payment will include the costs of operating and maintaining the project). SAWS will have no obligation to pay for any debt issued by Abengoa VR, and any such debt will be non-recourse to SAWS. SAWS anticipates that water (the cost of which is paid directly to Abengoa VR), together with operations and maintenance (as a direct pass through under the agreement) and electricity (paid directly by SAWS to the utility providers), will initially cost approximately $2 per acre foot, resulting in an annual charge to SAWS of approximately $110,000 (which amount does not take into account potential revenue increases resultant from project water being available to SAWS for sale). The Board and the City Council have committed to account for the anticipated payment obligation of SAWS under the agreement for purposes of rate making and setting not later than the date of financial closure. SAWS projects that, absent any increase in SAWS revenues attributable to the availability of project water for sale, its payment obligation under the agreement will result in a system wide revenue adjustment of approximately 19.0% by 2020, not including other projected rate increases anticipated to occur by such time.

The execution of the agreement represents a significant diversification of the City's water source, as SAWS projects that project water, if delivered at the maximum amount (which is the expectation of both SAWS and Abengoa VR), will account for approximately 20.0% of the SAWS' current annual usage.

Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

As of December 31, 2014, SAWS has entered into various water leases to obtain rights to pump water from the Edwards Aquifer. The term of these agreements vary, with some expiring as early as 2015 and others continuing until 2023. Some of the leases include price escalations and the annual cost per acre foot ranges from $115 to $140. The future commitments under these leases are as follows: (Figures in this paragraph are not in thousands.)

	2015	2016	2017	2018	2019	Thereafter
Lease obligations	$ 3,554	$ 3,395	$ 3,490	$ 3,730	$ 2,920	$ 8,060
Lease obligations (acre feet)	29,791	27,712	27,712	27,480	20,858	57,568

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

	2015	2016	2017	2018	2019	Thereafter
Purchased water payments - fixed	$ 16,031	$ 16,102	$ 16,189	$ 16,273	$ 16,361	$ 414,218
Acre feet purchased - fixed	22,452	22,272	22,096	21,923	21,753	465,420
Purchased water payments - variable	$ 13,073	$ 12,842	$ 13,079	$ 13,320	$ 13,566	$ 199,893
Acre feet purchased - variable	15,765	14,849	14,849	14,849	14,849	181,433

Under a contract with Guadalupe Blanco River Authority (GBRA), SAWS will receive 6,000 acre feet of water annually through the end of the contract in 2037. Additionally, SAWS must purchase water not sold by GBRA to other third parties. The additional amount of water available in 2015 is estimated to be 3,000 acre feet and will decline over the remaining term of the contract as the demand of GBRA's other customer's increases. The cost of the water escalates over time with projected prices ranging from $897 per acre foot in 2015 to approximately $1,477 per acre foot by 2037. SAWS has an option to extend this contract until 2077 under new payment terms. (Figures in this paragraph are not in thousands.)

Under a contract with the Massah Development Corporation, SAWS has a minimum take or pay commitment to purchase 100 acre-feet per month or 1,200 acre-feet per year of raw water from the Lower Glen Rose/Cow Creek formations of the Trinity Aquifer in northern Bexar County at projected prices ranging from $648 to $850 per acre foot. This agreement expires in 2025 and SAWS has an option to extend the contract for 10 years. (Figures in this paragraph are not in thousands.)

Under a contract with Sneckner Partners, Ltd., SAWS has a take or pay commitment to purchase 1,500 acre-feet of water annually from the Trinity Aquifer at a minimum annual cost of $225 per acre-foot through 2020 (figures in this sentence are not in thousands.) SAWS has an option to extend the contract through 2026. As part of this contract, SAWS agreed to make quarterly defined payments for any residential customers that are connected to the system within a defined geographical area that begin taking water service from SAWS. SAWS began making these payments during 2012 as the area has begun to experience some development. While it is impossible to estimate the exact amount of any potential future payments associated with this provision of the agreement, management's estimate of this potential contingent liability is less than $5,000.

Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

In July 2012, SAWS entered into an agreement with Water Exploration Company, Ltd. (WECO) to purchase groundwater produced by WECO from the Trinity Aquifer. In connection with this agreement, two prior water purchase agreements between DSP and WECO were terminated. The new agreement has a term of 15 years, with two optional five-year extensions. The purchase obligation was limited to 3,750 acre-feet during the first twelve months of the agreement. Beginning in July 2013, SAWS is obligated to purchase up to 17,000 acre-feet per year in monthly increments not to exceed 1,417 acre-feet if water is available to be produced. SAWS only pays for delivered water meeting all state and federal drinking water standards. Pumping by WECO may not reduce the Trinity Aquifer below 600 feet Mean Sea Level at test wells on the tracts. The impact of the continued drought on the Trinity Aquifer and delays in WECO bringing up additional wells limited the amount of water provided by WECO during the last two years. WECO provided 2,146 acre feet of water to SAWS in 2013 and 1,815 acre feet in 2014.The price paid for the raw water in 2015 is $888 per acre-foot. The cost will escalate annually thereafter by the greater of two percent or the percentage increase in the Producer Price Index for Commodities Finished Goods. (Figures in this paragraph are not in thousands.)

In 2010, SAWS was granted a permit by the Gonzales County Underground Water Conservation District (District) to produce 11,688 acre feet of water from the Carrizo Aquifer in Gonzales County. SAWS has entered into 23 separate agreements with land owners to produce water under that permit. These agreements remain in force indefinitely as long as SAWS continues to make payments in accordance with the terms of the agreements. SAWS makes payments to the landowners based on actual water produced. SAWS expects to produce the maximum water available under its permit in 2015 and projects payments to landowners will be $1,166. These payments escalate annually based on the average of the increase in the Consumer Price Index and Producers Price Index.

In 2011, SAWS entered into an agreement with the Schertz Seguin Local Government Corporation (SSLGC) to treat the water produced by SAWS from the Carrizo Aquifer in Gonzales County at its treatment plant in Guadalupe County and transport that water through SSLGC's existing transportation pipeline to a SAWS facility in Schertz, Texas, as well as purchase up to 5,000 acre feet of wholesale water annually from SSLGC. As part of that agreement, SSLGC agreed to expand its treatment facilities to handle the volume of water supplied by SAWS. SSLGC issued contract revenue bonds in 2012 to finance the expansion. SAWS was unconditionally obligated to begin making monthly payment to SSLGC in December 2014 equal to 1/12th the annual debt service payment owed by SSLGC on the contract revenue bonds regardless of the amount of water actually provided by SAWS to SSLGC for treatment and transportation. In addition to the payment made to SSLGC for the expansion of the treatment plant, SAWS makes payments to SSLGC for treating and transporting the SAWS produced water and payments for the wholesale water purchased from SSLGC based on their wholesale water rates. (Figures in this paragraph are not in thousands.)

SAWS began producing water from its wells in Gonzales Country in late 2013. The SSLGC treatment plant expansion was completed during 2014 and SAWS expects to produce the maximum water available under its permit in 2015. The initial term of the agreement with SSLGC expires in 2050 and can be renewed for successive terms of 5 years. The projected price paid to SSLGC for water treated and transported is projected to be $478 per acre foot in 2015 and includes the debt service associated with the expansion of SSLGC's treatment plan. The price paid to SSLGC for wholesale water purchased was projected to be $803 per acre foot in 2015. (Figures in this paragraph are not in thousands.)

Note 11 Commitments and Contingencies (Continued)

San Antonio Water System (SAWS) (Continued)

Other (Continued)

SAWS is also committed under various contracts for completion of construction or acquisition of utility plant totaling approximately $505,201 as of December 31, 2014. Funding of this amount will come from excess revenues, contributions from developers, restricted assets and available commercial paper capacity.

Arbitrage

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. A liability is recorded once payment appears to be probable. As of December 31, 2014, SAWS has no arbitrage rebate liability associated with any outstanding bonds.

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Note 12 Pollution Remediation Obligation

Primary Government (City)

The City follows the provisions of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.*

The general nature of existing pollution that has been identified on City property is consistent with City operations of acquiring properties for infrastructure and improvement development. Under most circumstances, the triggering event relevant to the City is the voluntary commencement of activities to clean up the pollution. Costs were estimated using the expected cash flow technique prescribed under GASB Statement No. 49 utilizing information provided by the City's respective departments which included previous knowledge of clean-up costs, existing contracts, etc. Depending on the length of time it takes the City to remediate the pollution, costs may be different from that estimated below as a result of market rate changes, improvements to technology, etc.

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Liabilities	$ 1,496	$ 32	$ (1,121)	$ 407
Construction in Progress	1,333	31	(1,100)	264
Business-Type Activities:				
Liabilities	$ 1,274	$ 45	$ -	$ 1,319

The Governmental Activities' liabilities were a result of cost estimates to clean existing pollution found on land acquired by the City's Transportation and Capital Improvements Department for the construction of streets and drainage and parks, respectively. Any net changes in the Governmental Activities pollution liability that was not capitalized under Construction in Progress was expensed under the City's public works activities.

The City foresees receiving $105 in recoveries from third parties for the costs associated with cleaning up these pollution obligations.

The Business-Type Activities' liability was a result of cost estimates to clean existing pollution found on land acquired by the Airport System for the construction of airport structures. As the City acquired this property in the early 1940s, the liability did not meet the criteria to be capitalized, and as such was expensed in fiscal year 2009. The City had $45 additional pollution remediation costs in Business-Type Activities as of September 30, 2015.

CPS Energy

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, requires that a liability be recognized for expected outlays for remediating existing pollution when certain triggering events occur. The general nature of existing pollution that has been identified at CPS Energy sites is consistent with that experienced within the electric and gas utilities industry. Under most circumstances, the triggering event most relevant to CPS Energy is the voluntary commencement of activities to clean up pollution.

Under the FERC guidance, reserves have been established for dismantling and closure costs. In fiscal year 2008, in preparation for implementation of GASB Statement No. 49, a portion of those reserves were reclassified to remediation and dismantling reserve accounts reported on the Statement of Net Position within other liabilities. When a triggering event occurs, those reserves will be reclassified as a pollution remediation liability also reported within other liabilities.

Note 12 Pollution Remediation Obligation (Continued)

CPS Energy (Continued)

The pollution remediation liability was $3,650 as of January 31, 2015. Costs were estimated using the expected cash flow technique prescribed under GASB Statement No. 49 utilizing information provided by CPS Energy's environmental staff and consultants.

San Antonio Water System (SAWS)

SAWS had no material pollution remediation liabilities at December 31, 2014.

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Note 13 Risk Financing

Primary Government (City)

Property and Casualty Liability

Factory Mutual Insurance Company provides coverage for the City's real property and contents. The City's deductible for property damage is $100 and the insurance will reimburse up to $1,000,000.

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

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

Workers' Compensation

As of May 1, 2013, the City is completely self insured for workers' compensation claims. The City utilizes a third-party administrator to adjust its claims.

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

Employee Health Benefits

The City offers employees and their eligible dependents a comprehensive employee benefits program including medical, dental, vision and basic and supplemental life insurance. Employees may also participate in healthcare or dependent care spending accounts through our Section 125 Cafeteria Plan. The City's health program is self-insured and the City's vision plan is fully-insured. The City offers two dental plans: one is self-insured and one is fully-insured. Obligations for benefits are accrued in the Employee Health Benefits Fund based upon the City's estimates of the aggregate liability for unpaid benefits.

Retiree Health Benefits

The City offers medical coverage for its retirees and their dependents. The City offers both self insured and fully insured plans to participating employees who are eligible to retire from the TMRS Pension Plan immediately following severance from the City. Self-Funded obligations for benefits are accrued in the City's Retiree Health Benefits Insurance Fund (a subfund of the Employee Health Benefits Fund) based upon the City's estimates of the aggregate liability for unpaid benefits. The City additionally determined and accrued OPEB liabilities based on an actuarial assessment of historical self-funded claims data performed bi-annually and reviewed annually. Current year unpaid benefit liabilities for retirees are netted against the OPEB liability as additional contributions.

Note 13 Risk Financing (Continued)

Primary Government (City) (Continued)

Unemployment Compensation Program

The Unemployment Compensation Program provides a central account for payment of unemployment compensation claims. As of the fiscal year-end, claims were being administered externally and are paid to the Texas Workforce Commission on a reimbursement basis. All costs incurred are recorded on a claim paid basis in the Employee Health Benefits Fund.

Extended Sick Leave Program

The Extended Sick Leave Program is used to pay benefits associated with short term disability, long term disability and continued long term disability. Benefits are administered by the City. Actual costs are incurred when extended leave is taken. Short term and long term disability is funded by the employee's department. Continued long term disability is funded out of the Employee Health Benefits Fund.

Employee Wellness Program

The Employee Wellness Program supports a culture of wellness and provides employees and their family members with the necessary tools to achieve and maintain a healthy lifestyle, while positively impacting medical claim trends. The City offers a variety of programs including personalized onsite and telephonic health coaching, smoking cessation, health education sessions, and an activity-based program that outfits employees with a free pedometer. Through this activity-based program, employees are able to track their activity over the course of 12 months, during which they can earn up to $500 in financial contributions (not expressed in thousands). In fiscal year 2015 the City contributed $450 towards employee's Flexible Spending or Health Savings account. The Employee Wellness Program is managed out of the Employee Health Benefits Fund.

Claims Liability

The liability for the Employee Health Benefits Program is based on the estimated aggregate amount outstanding at the Statement of Net Position date for unpaid benefits. Liabilities for the Insurance Reserve and Workers' Compensation Programs are reported when it is probable that a loss has occurred as of the Statement of Net Position date, and the amount of the loss can be reasonably estimated. These liabilities include allocable loss adjustment expenses, specific incremental claim adjustment expenses such as the cost of outside legal counsel, and a provision for claims that have been incurred but not reported (IBNR). Unallocated claim adjustment expenses have not been included in the calculation of the outstanding claims liability, as management of the City feels it would not be practical or cost beneficial. In addition, based on the difficulty in determining a basis for estimating potential recoveries and the immateriality of prior amounts, no provision for subrogation or salvage has been included in the calculation of the claims liability. The claims liability reported in the accompanying financial statements for both the Insurance Reserve and Workers' Compensation Programs is based on a 2.0% discount rate due to the multi-year life cycle to close out these claims and the average historical as well as forecasted yield on the City's investments.

Note 13 Risk Financing (Continued)

Primary Government (City) (Continued)

Claims Liability (Continued)

The following is a summary of changes in claims liability for the City's Insurance Reserve, Employee Health Benefits, and Workers' Compensation Programs Funds for the fiscal year-ended September 30, 2015:

Fund	October 1,	Change in Estimate	Claims Incurred	Claims Payments	September 30,
Insurance Reserve:					
Fiscal Year 2014	$ 23,710	$ 2,486	$ 1,723	$ (4,045)	$ 23,874
Fiscal Year 2015	23,874	412	992	(3,626)	21,652
Employee Health Benefits[1]:					
Fiscal Year 2014	$ 8,793	$ 4,206	$ 109,263	$ (110,963)	$ 11,299
Fiscal Year 2015	11,299	659	117,505	(118,241)	11,222
Workers' Compensation:					
Fiscal Year 2014	$ 33,820	$ (751)	$ 9,897	$ (8,437)	$ 34,529
Fiscal Year 2015	34,529	4,826	7,320	(8,509)	38,166

[1] Fiscal Year 2015 fund financial claims expense reflects an additional $274 paid for Unemployment Claims that are not included in the calculation of claims liability.

CPS Energy

Insurance and Reserves – CPS Energy is exposed to various risks of loss including, but not limited to, those related to torts, theft or destruction of assets, errors and omissions, and natural disasters. CPS Energy maintains property and liability insurance programs that combine self-insurance with commercial insurance policies to cover major risks. The property insurance program provides $6,700,000 of replacement-value coverage for property and boiler machinery loss, including comprehensive automobile coverage, fire damage coverage for construction equipment, and valuable papers coverage. The deductible for the property insurance policy is $5,000 per occurrence with a secondary deductible of $1,000 per occurrence applicable to non-power-plant property locations. The liability insurance program includes:

- $100,000 of excess general liability coverage over a retention amount of $3,000;
- $25,000 of fiduciary liability coverage;
- $100,000 of employment practice liability coverage; and
- Other property and liability insurance coverage, which includes commercial crime, employee travel and event insurance.

CPS Energy also manages its own workers' compensation program. Additionally, to support this program, $35,000 of excess workers' compensation coverage over a retention amount of $3,000 is maintained. No claims settlements exceeded insurance coverage and there were no decreases in the last three fiscal years.

Actuarial studies are performed periodically to assess and determine the adequacy of CPS Energy insurance reserve retentions. Actuarial valuations include nonincremental claims expenses. An actuarial study was performed in the third quarter of fiscal year 2015.

Note 13 Risk Financing (Continued)

CPS Energy (Continued)

In the following table, the remaining balance under the property reserves column at January 31, 2015, relates to estimated obligations for the cleanup, closure, and post-closure care requirements of CPS Energy's landfills. CPS Energy has seven landfill sites, four of which are at full capacity. The estimates for landfill liability are based upon capacity to date and are subject to change due to inflation or deflation, as well as new developments in technology, applicable laws or regulations.

Under CPS Energy's reserve program, all claims are recorded against the reserve.

Fund	Liability February 1,	Claims Adjustments	Claims Payments	Liability January 31,
Property Reserves:				
Fiscal Year 2014	$ 4,810	$ 391	$ -	5,201
Fiscal Year 2015	5,201	480		5,681
Employee and Public Liability Claims:				
Fiscal Year 2014	$ 14,865	$ 6,279	$ (2,466)	$ 18,678
Fiscal Year 2015	18,678	1,400	(4,371)	15,707

Counterparty Risk – CPS Energy is exposed to counterparty risk associated with various transactions primarily related to debt, investments, fuel hedging, a lease/leaseback transaction, suppliers and wholesale power. Counterparty risk is the risk that a counterparty will fail to meet its obligations in accordance with the terms and conditions of its contract with CPS Energy. CPS Energy has policies and practices in place to ensure the solvency of counterparties is assessed accurately, monitored regularly and managed actively through its Enterprise Risk Management & Solution Division.

Fuel Hedging – The 1999 Texas utility deregulation legislation, Senate Bill 7, contained provisions modifying the Texas PFIA to allow municipal utilities the ability to purchase and sell energy-related financial instruments in order to hedge or mitigate the effect of market price fluctuations of natural gas, fuel oil, and electric energy. In 2002, CPS Energy began hedging its exposure to changes in natural gas prices, with the goal of controlling fuel costs to native load customers and stabilizing the expected cash flows associated with wholesale power transactions.

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

On June 30, 2014, the Board reaffirmed the Energy Price Risk Management Policy, which sets forth the guidelines for the purchase and sale of certain financial instruments and certain physical products, collectively defined as hedge instruments. The essential goal of the Energy Price Risk Management Policy is to provide a framework for the operation of a fuel and energy price hedging program to better manage CPS Energy's risk exposure in order to stabilize pricing and costs for the benefit of CPS Energy and its customers.

Note 13 Risk Financing (Continued)

CPS Energy (Continued)

In accordance with the requirements of GASB Statement No. 53, all fuel hedges are reported on the Statements of Net Position at fair value. The fair value of option contracts is determined using New York Mercantile Exchange (NYMEX) closing settlement prices as of the last day of the reporting period. For futures and basis swap contracts, the fair value is calculated by deriving the difference between the closing futures prices on the last day of the reporting period and the futures or basis swap purchase prices at the time the positions were established, less applicable commissions.

All potential hedging derivative instruments were evaluated for effectiveness at January 31, 2015, and were determined to be effective in substantially offsetting the changes in cash flows of the hedgeable items. The instruments were categorized into two broad groups for the purposes of this testing. In one category, hedges utilize natural gas forwards and options that are priced based on the underlying Henry Hub natural gas price, while the physical gas is typically purchased at prices based on either the Western Area Hub Association (WAHA) or the Houston Ship Channel (HSC). Therefore, effectiveness testing was based on the extent of correlation between the first of the month index prices of natural gas at each of these locations and the settlement price at Henry Hub. The correlation coefficient was established at the critical term to be evaluated, with 0.89 established as the minimum standard tolerated. The testing, based on two different location hubs (WAHA and HSC), demonstrated a substantial offset in the fair values, as evidenced by their calculated R values, 0.94 and 0.98, respectively, indicating that the changes in cash flows substantially offset the changes in cash flows of the hedgeable item. Additionally, the substantive characteristics of the hedge have been considered, and the evaluation of this effectiveness measure has been sufficiently completed and documented such that a different evaluator, using the same method and assumptions, would reach substantially similar results.

In the second category, hedges utilize both Henry Hub based natural gas forwards and locational basis swaps to the appropriate natural gas hub (WAHA or HSC) with volumes matching the underlying expected physical transaction. Considering the substantive characteristics of these hedge transactions, these instruments were determined to be effective utilizing the consistent critical terms method prescribed under GASB Statement No. 53.

As of January 31, 2015, the total fair value of outstanding hedge instruments was a net liability of ($26,401). Fuel hedging instruments with a fair value of ($15,250) are classified on the Statements of Net Position as a component of current assets. Long-term fuel hedges with a fair value of ($11,152) are classified as a component of other noncurrent liabilities.

Consistent with hedge accounting treatment required for derivative instruments that are determined to be effective in offsetting changes in the cash flows of the hedged item, changes in fair value are reported as deferred (inflows) outflows of resources on the Statements of Net Position until the contract expiration that occurs in conjunction with the hedged expected fuel purchase transaction. When fuel hedging contracts expire, at the time the purchase transactions occur, the deferred balance is recorded as an adjustment to fuel expense. The deferred outflows of resources related to fuel hedges totaled $29,793 at January 31, 2015.

Note 13 Risk Financing (Continued)

CPS Energy (Continued)

Following is information related to CPS Energy's outstanding fuel hedging derivative instruments, using the referenced index of Henry Hub:

Fuel Derivative Transactions as of January 31, 2015					
Type of Transaction		Duration	Volumes in MMBtu	Fair Value	Changes in Fair Value
Long	Call	Feb 2014 - Jan 2018	10,611,666	$ 591	$ (3,502)
Long	Fixed Price Natural Gas	Feb 2014 - Jun 2018	38,765,856	(26,302)	(29,188)
Short	Fixed Price Natural Gas	Feb 2014 - Feb 2016	2,333,658	885	2,449
Long	Put	Feb 2014 - Mar 2015	40,000	56	(3)
Long	Basis Swap	Feb 2014 - Nov 2017	21,888,926	(1,632)	(1,486)
				$ (26,402)	$ (31,730)

In the event purchased options are allowed to expire, the related premiums paid to acquire those options will be lost. When a short position is established and options are sold, premiums are received and an obligation to honor the terms of the option contract, if exercised, is created. The decision to exercise the options or let them expire rests with the purchasing party.

Futures contracts represent a firm obligation to buy or sell the underlying asset. If held to expiration, the contract holder must take delivery of, or deliver, the underlying asset at the established contract price. Basis swap contracts represent a financial obligation to buy or sell the underlying delivery point basis. If held to expiration, the financial difference determined by mark-to-market valuation must be settled on a cash basis. Only if expressly requested in advance may an exchange for physical assets take place.

Credit Risk – CPS Energy executes over-the-counter hedge transactions directly with approved counterparties. These counterparties are generally highly rated entities that are leaders in their respective industries. CPS Energy monitors the creditworthiness of these entities on a daily basis and manages the resulting financial exposure via a third-party, vertically integrated risk system. Contractual terms with each existing counterparty vary, but each is structured so that, should the counterparty's credit rating fall below investment grade, no unsecured credit would be granted and the counterparty would be required to post collateral for any calculated credit exposure. In the event of default or nonperformance by counterparties, brokers or NYMEX, the operations of CPS Energy could be materially affected. However, CPS Energy does not expect these entities to fail to meet their obligations given the level of their credit ratings and the monitoring procedures in place with which to manage this risk. As of January 31, 2015, the exposure to all hedge-related counterparties was such that no material counterparty credit risk existed.

Termination Risk – For CPS Energy's fuel hedges that are executed over the counter directly with approved counterparties, the possibility exists that one or more of these derivative instruments may end earlier than expected, thereby depriving CPS Energy of the protection from the underlying risk that was being hedged or potentially requiring CPS Energy to make a significant termination payment. This termination payment between CPS Energy and its counterparty is determined based on current market prices. In the event a transaction is terminated early, CPS Energy would likely be able to replace the transaction at current market prices with similar, although not exact, terms with one of its other approved counterparties.

Note 13 Risk Financing (Continued)

CPS Energy (Continued)

Basis Risk – CPS Energy is exposed to basis risk on its fuel hedges because the expected commodity purchases being hedged will price based on a pricing point (HSC or WAHA) different than that at which the contracts are expected to settle (Henry Hub). For January 2015, the HSC price was $3.04 per MMBtu, the WAHA price was $3.00 per MMBtu and the Henry Hub price was $3.19 per MMBtu.

Congestion Revenue Rights – In the normal course of business, CPS Energy acquires Preassigned Congestion Revenue Rights (PCRR) and Congestion Revenue Rights (CRR) as a hedge against unexpected congestion costs. The CRRs are purchased at auction, semi-annually and monthly, at market value. Municipally owned utilities are granted the right to purchase PCRRs annually at a percentage of the cost of CRRs. While PCRRs exhibit the three characteristics of derivatives as defined in GASB Statement No. 53, they are generally used by CPS Energy as factors in the cost of transmission. Therefore, these PCRRs meet the normal purchases and sales scope exception and are reported on the Statements of Net Position at cost and classified as prepayments. From time to time, CPS Energy purchases PCRRs and sells them at the same auction at market price. In this case, the PCRRs are considered investments, and the gain is reported as investment income. In fiscal year 2015, gains on the sale of PCRRs totaled $2,326.

San Antonio Water System (SAWS)

Risk Management – SAWS provides health care benefits to eligible employees and retirees through a self-insured plan that includes medical, prescription drug and dental benefits. The payment of claims associated with these benefits is handled by third party administrators. Plan participants contribute a portion of the cost of providing these benefits through payroll deductions or monthly premiums, annual deductibles and other co-payments. SAWS was self-insured for the first $250 of medical claims per person during 2014.

SAWS is exposed to various risks of financial loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. SAWS is self-administered and self-insured for the first $2,000 of each workers compensation and general liability claim, and is fully self-insured for automobile liability. Claims that exceed the self-insured retention limit for workers' compensation and general liability are covered through SAWS' comprehensive commercial insurance program (CCIP). Additionally, under the CCIP, SAWS maintains deductible programs for public officials and employment practices liability, fiduciary liability, pollution legal liability, and crime with varying deductibles. Property coverage is on a replacement cost basis with a deductible of $250 per occurrence. Settled claims during the last three years have not exceeded the insurance coverage in any year.

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Note 13 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

The claims liability for health care benefits and other risks, including incurred but not reported claims, is based on the estimated ultimate cost of settling the claims. Changes in the liability amount for the last two fiscal years were as follows:

San Antonio Water System
Schedule of Changes in Claims Liability

Year Ended	Balance at Beginning of Fiscal Year	Estimates	Claims and Payments	Balance at End of Fiscal Year	Estimated Due Within One Year
December 31, 2014	$ 7,310	$ 21,291	$ (21,547)	$ 7,054	$ 7,054
December 31, 2013	$ 9,956	$ 22,801	$ (25,447)	$ 7,310	$ 7,310

Pay-Fixed, Receive-Variable Interest Rate Swap – In 2003, SAWS entered into an interest rate swap agreement in connection with its City of San Antonio, Texas, Water System Subordinate Lien Revenue and Refunding Bonds, Series 2003-A and 2003-B (the "Series 2003 Bonds") issued in a variable interest rate mode. The Series 2003 Bonds were issued to provide funds for SAWS' Capital Improvements Program and to refund certain outstanding commercial paper notes.

The swap was used to hedge interest rates on the Series 2003 Bonds to a synthetic fixed rate that produced a lower interest rate cost than a traditional long term fixed rate bond issued at that time. In August 2008, SAWS used commercial paper notes to redeem $110,615 of the $111,615 outstanding principal of the Series 2003 Bonds due to unfavorable market conditions relating to the ratings downgrade of the 2003 Bond insurer, MBIA Insurance Corporation. In 2009, SAWS redeemed the remaining $1,000 of the Series 2003 Bonds through the issuance of additional commercial paper. The interest rate swap agreement was not terminated upon the redemption of the 2003 Bonds and instead serves as an off-market hedge for that portion of the commercial paper notes outstanding which pertain to the redemption of the 2003 Bonds. SAWS currently intends to maintain a portion of its outstanding commercial paper in amounts matching the notional amounts of the swap. SAWS did not recognize any economic gain or loss as a result of this refunding since the debt service requirements of the commercial paper notes are expected to closely match the debt service requirements of the refunded debt. At December 31, 2014 $94,895 of commercial paper notes are hedged by the interest rate swap agreement.

Terms – The swap agreement contains scheduled reductions to the outstanding notional amounts that are expected to follow the original scheduled reductions in the Series 2003 Bonds. The Series 2003 Bonds were issued on March 27, 2003, with a principal amount of $122,500. The swap agreement matures on May 1, 2033. At the time the swap was entered into, the counterparty was Bear Stearns Financial Products, Inc. (Bear Stearns FPI), with the index for the variable rate leg of the swap being the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index.

Note 13 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

In March 2008, JP Morgan Chase & Co. announced its acquisition of The Bear Stearns Companies, Inc., the parent of Bear Stearns FPI. JP Morgan Chase & Co. has guaranteed the trading obligations of Bear Stearns and its subsidiaries. Effective June 16, 2009, the swap agreement was amended between SAWS, JP Morgan Chase & Co., and MBIA to provide for JP Morgan Chase Bank N.A. to become the swap counterparty and allow for the remainder of outstanding Series 2003 Bonds to be redeemed, while maintaining the swap agreement as an obligation to all parties. The amendment provides for the conditional release of MBIA's swap insurance policy upon the occurrence of certain future events. The combination of commercial paper notes and a floating-to-fixed swap creates a synthetic fixed-rate of 4.2%. The synthetic fixed-rate protects against the potential of rising interest rates.

Fair Value – The swap had a negative fair value of approximately $20,200 at December 31, 2014. This value was calculated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

The swap agreement meets the criteria of an effective hedge under GASB Statement 53 and therefore qualifies for hedge accounting treatment. Since the fair value is negative, the fair value is recorded as a non-current liability. Changes in the swap's fair value are recorded as a deferred outflow of resources and included on the Statement of Net Position. At the time the 2003 Bonds were redeemed in 2008, the fair value of the swap was negative $6,200. The deferred outflow at the time of redemption was included in the carrying value of the 2003 Bonds and resulted in a loss on redemption of $6,200. This loss is amortized over the remaining life of the 2003 Bonds. The unamortized deferred charge on bond refunding related to the swap was $4,641 at December 31, 2014.

Credit Risk – As of December 31, 2014, SAWS was not exposed to credit risk on its outstanding swap because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, SAWS would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, JP Morgan Chase Bank, N.A. was rated 'Aa3' by Moody's Investors Service, 'A+' by Standard & Poor's, and 'A+' by Fitch Ratings as of December 31, 2014. The amended swap agreement contains a credit support annex which will become effective upon the release of MBIA from the swap insurance policy. Collateralization would be required by either party should the fair market value of the swap reach applicable thresholds as stated in the amended swap agreement.

Basis Risk – SAWS is exposed to basis risk to the extent that the interest payments on its hedged commercial paper notes do not match the variable-rate payments received on the associated swap. SAWS attempts to mitigate this risk by (a) matching the outstanding hedged commercial paper notes associated with the redemption of the variable-rate debt to the notional amount and amortization schedule of the swap and (b) selecting an index for the variable-rate leg of the swap that is reasonably expected to closely match the interest rate on the hedged commercial paper notes.

Termination Risk – SAWS may terminate the swap at any time for any reason. JP Morgan Chase may terminate the swap if SAWS fails to perform under the terms of the agreement. The ongoing payment obligations under the swap are insured as provided for in the swap amendment and JP Morgan Chase cannot terminate as long as the insurer does not fail to perform. Also, if at the time of the termination the swap has a negative fair value, SAWS would be liable to the counterparty for a payment equal to the swap's fair value.

Note 13 Risk Financing (Continued)

San Antonio Water System (SAWS) (Continued)

Market-access Risk – SAWS is subject to market-access risk as $94,895 of variable-rate debt hedged by the swap is outstanding in commercial paper notes with current maturities of approximately 36 days. As previously noted, SAWS intends to reissue the commercial paper notes in amounts matching the notional amounts of the swap.

Swap Payments and Associated Debt – As of December 31, 2014, debt service requirements of the hedged commercial paper notes and net swap payments, assuming current interest rates remain the same, are detailed in the following table. As rates vary, variable-rate interest payments and net swap payments will vary. Principal payments assume that commercial paper will be repaid in accordance with the amortization schedule of the swap.

Pay-Fixed, Receive-Variable Interest Rate Swap
Estimated Debt Service Requirements of Variable-Rate
Debt Outstanding and Net Swap Payments

Year	Principal	Interest Paid on Debt	Interest Rate Swap, Net	Total
2015	$ 3,245	$ 56	$ 3,839	$ 7,140
2016	3,395	54	3,700	7,149
2017	3,550	52	3,556	7,158
2018	3,710	49	3,404	7,163
2019	3,880	47	3,246	7,173
2020-2024	22,220	197	13,592	36,009
2025-2029	27,770	122	8,400	36,292
2030-2033	27,125	31	2,027	29,183
Total	$ 94,895	$ 608	$ 41,764	$ 137,267

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Note 14 Interfund Transfers

The following is a summary of interfund transfers for the City for the fiscal year-ended September 30, 2015:

Summary Table of Interfund Transfers	Transfers From Other Funds	Transfers To Other Funds
General Fund:		
Nonmajor Governmental Funds	$ 21,855	$ 26,451
Airport System	228	
Solid Waste Management	1,498	
Nonmajor Enterprise Funds	4,192	2,091
Internal Service Funds		353
Total General Fund	27,773	28,895
Debt Service Fund:		
Nonmajor Governmental Funds	22,846	
Total Debt Service Fund	22,846	
Pre-K 4 SA:		
Nonmajor Governmental Funds	32,137	
Total Pre-K 4 SA	32,137	
2012 General Obligation Bonds:		
Nonmajor Governmental Funds		128,939
Total 2012 General Obligation Bonds		128,939
Nonmajor Governmental Funds:		
General Fund	26,451	21,855
Debt Service Fund		22,846
Pre-K 4 SA	5	31,786
2012 General Obligation Funds	128,939	
Nonmajor Governmental Funds	337,711	337,711
Solid Waste Management	149	434
Nonmajor Enterprise Funds	4,814	1,695
Internal Service Funds	5,032	
Total Nonmajor Governmental Funds	503,101	416,327

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Note 14 Interfund Transfers (Continued)

Summary Table of Interfund Transfers (continued)	Transfers From Other Funds	Transfers To Other Funds
Airport System:		
General Fund	$ -	$ 228
Total Airport System		228
Solid Waste Management:		
General Fund		1,498
Nonmajor Governmental Funds	434	149
Internal Service Funds		703
Total Solid Waste Management	434	2,350
Nonmajor Enterprise Funds:		
General Fund	2,091	4,192
Nonmajor Governmental Funds	1,695	4,814
Nonmajor Enterprise Funds	105	105
Total Nonmajor Enterprise Funds	3,891	9,111
Internal Service Funds:		
General Fund	353	
Nonmajor Governmental Funds		5,032
Solid Waste Management	703	
Internal Service Funds	85	85
Total Internal Service Funds	1,141	5,117
Total	$ 591,323	$ 590,967

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.

Different fiscal year ends exist between the City and Pre-K 4 SA, September 30 and June 30, therefore interfund transfers do not eliminate by $356. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the City's transfer to Pre-K 4 SA represents its obligation to provide the 1/8 cents sales tax collected 60 days after September 30, 2015; however, Pre-K 4 SA's due from other funds illustrates the City's 1/8 cents sales tax collected 60 days after June 30, 2015. These transfers are in accordance with legislative and contractual requirements.

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Note 15 Fund Balance Classifications

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented in the following table. Please see the definitions of the various fund balance classifications in Note 1, Summary of Significant Accounting Policies.

	General Fund	Debt Service Fund	Pre-K 4 SA	Convention Center Hotel Finance Corporation	2012 General Obligation Bonds	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:							
Nonspendable:							
In nonspendable form:							
Materials and Supplies	$ 5,806	$ -	$ -	$ -	$ -	$ 1,866	$ 7,672
Prepaid, Deposits and Other	1,220					5,644	6,864
Legally or contractually intact:							
Permanent Fund Corpus						3,764	3,764
Total Nonspendable	7,026					11,274	18,300
Restricted for:							
Education			19,586			8,969	28,555
Social Services						36	36
Parks & Recreation	415					58,632	59,047
Library						316	316
Health Services						8,040	8,040
Welfare	14					171	185
Convention and Tourism						152	152
Urban Redevelopment and Housing	31					125	156
Economic Development & Opportunity	77					12,727	12,804
Law Enforcement						2,859	2,859
Debt Service		45,438		6,093		10,312	61,843
Other Purposes						7,554	7,554
Drainage - Capital Projects					68,616	46,885	115,501
Municipal Facilities - Capital Projects					19,704	130,911	150,615
Parks - Capital Projects					31,274	5,224	36,498
Streets - Capital Projects					178,715	66,376	245,091
Other Capital Projects						14,215	14,215
Total Restricted	537	45,438	19,586	6,093	298,309	373,504	743,467
Committed:							
Parks & Recreation	981					606	1,587
Health Services	188						188
Welfare	4,894						4,894
Convention and Tourism						75,841	75,841
Urban Redevelopment and Housing	407					12,504	12,911
Economic Development & Opportunity	12,826					1,847	14,673
Law Enforcement	2,658					71	2,729
Fire Protection	2,040						2,040
Other Purposes	3,145					158	3,303
Municipal Facilities - Capital Projects	650					832	1,482
Parks - Capital Projects	182						182
Streets - Capital Projects	23,827						23,827
Other Capital Projects	888					9,181	10,069
Total Committed	52,686					101,040	153,726
Assigned:							
Education						110	110
Parks & Recreation	3					807	810
Health Services	507					7	514
Convention and Tourism						15,120	15,120
Economic Development & Opportunity	2					1,273	1,275
Law Enforcement	2						2
Other Purposes	7						7
Streets - Capital Projects						1,917	1,917
Total Assigned	521					19,234	19,755
Unassigned	182,698					(14,860)	167,838
Total Fund Balance	$ 243,468	$ 45,438	$ 19,586	$ 6,093	$ 298,309	$ 490,192	$ 1,103,086

Note 15 Fund Balance Classifications (Continued)

The City utilizes encumbrance accounting to ensure specified remaining unspent balances are adequately carried forward into the next fiscal year. Encumbrances are created for purchase order, grant match requirements, and capital project funding. The City further carries forward available unspent uncommitted funds identified through the Closing Ordinance into the next fiscal year as authorized by City Council. The encumbrance and carryforward amounts are reported in fund balance as follows:

General Fund	2012 General Obligation Bonds	Nonmajor Governmental Funds	Total Governmental Funds
$ 41,511	$ 310,716	$ 613,859	$ 966,086

The City further maintains a 10.0% of General Fund expenditures' Budgeted Financial Reserve which was adopted by City Council. This Reserve is reviewed and adopted by City Council annually in the City's Budget Ordinance. Additions to the balance are considered annually as part of the City's overall budget adoption process and are contingent upon the General Fund's overall estimated expenditures and related funding.

The Reserve may be utilized to meet one or more of the following events upon subsequent adoption by the City Council:

- Unforeseen operational or capital requirements which arise during the course of the fiscal year;
- Unforeseen or extraordinary occurrences such as a natural disaster, catastrophic change in the City's financial position, or the occurrence of a similar event; or
- To assist the City in managing fluctuations in available General Fund resources from year to year in stabilizing the budget.

The balance within the Budgeted Financial Reserve as of September 30, 2015 was $103,191. This Reserve balance is presented in the General Fund under the unassigned fund balance classification. The City does not have a minimum fund balance policy.

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Note 16 Deficits in Fund Balances / Net Position

Grants

As of September 30, 2015, deficit fund balances are reported in the American Recovery Reinvestment Act, Community Development Program, and HOME Program in the amounts of $125, $1,166, and $15 respectively. These deficits are due to disallowed costs in various projects within each respective fund. The City through future budget adoptions will determine how to fund these deficits.

Capital Projects Funds

As of September 30, 2015, deficit fund balances are reported in the General Obligation Projects Fund, Certificates of Obligation Projects Fund, and Convention Center Expansion in the amounts of $5,289, $4,319, and $476 respectively. The major contribution of the projects deficits are the timing of invoices billed to third party contributors and sale of debt issuances to fund projects. The deficits will be addressed by transferring funds from future debt issuances with reimbursement resolutions, operating funds, grants, and/or by billing and collecting contributions from third party contributors.

Enterprise Funds

As of September 30, 2015, deficit net positions are reported in Solid Waste Management and Development Services in the amounts of $6,892 and $7,884 respectively due to the implementation of GASB Statement No. 68. The City does not currently prefund OPEB obligations, nor the GASB Statement No. 68 pension liability; as a result these funds may continue to exhibit an increasing deficit net position which will be analyzed at a future period.

Internal Service Funds

As of September 30, 2015, a deficit net position is reported in the Employee Health Benefits Program in the amount of $21,801. During fiscal year 2015 there was an increase in claims in the amount of $7,421. Claims increased 6.8% compared to last fiscal year with 63.0% of the increase attributable to fire claims in nearly all diagnostic groups. The City plans to reduce the deficit over five years through one time infusion of funding, changes to benefit options, sharing of premiums and additional plan design changes to avoid unsustainable increases in health costs. The City does not currently prefund OPEB obligations nor the GASB Statement No. 68 pension liability; as a result this fund may continue to exhibit an increasing deficit net position which will be analyzed at a future period.

As of September 30, 2015, a deficit net position is reported for Information Services in the amount of $27,857. The deficit is due to the fund not including long-term liabilities in its rate assessments. The City does not currently prefund OPEB obligations, nor the GASB Statement No. 68 pension liability; as a result this fund may continue to exhibit an increasing deficit net position which will be analyzed at a future period.

As of September 30, 2015, a deficit net position is reported in Capital Improvements Management Services (CIMS) in the amount of $13,987. The deficit in CIMS is due to the fund not including long-term liabilities (OPEB, Pension Liabilities, and Accrued Leave) in its rate assessments. Due to the fund's GASB Statement No. 54 reclassification, accrued leave not previously recorded in the fund will now be incorporated in future assessments and fees.

Note 17 Other Disclosures

Primary Government (City)

Donor Restricted Endowment

The City has four Permanent Funds: Carver Cultural Center Endowment, City Cemeteries, William C. Morris Endowment, and Boza Becica Endowment. The City is only allowed to spend interest proceeds generated from the principal amount for each of these funds. The City's endowments' spending policy for authorizing and spending investment income is a total return policy. Income will include not only interest and dividends, but also include increase and/or decreases in the market value of the endowed assets, if applicable. Market value fluctuations are included as an integral part of investment returns. The net assets from these endowment funds are reported in the government-wide financial statements.

The Carver Cultural Center Endowment Fund generated $1 in investment earnings. These earnings can be used for the Carver Community Cultural Center's operating program, or reinvestment expenses (as detailed in the grant agreement). This fund is managed in accordance with the Uniform Prudent Management of Institutional Funds Act, which is codified as Section 163.001 in the Texas Property Code. The principal portion of the fund came from a one-time grant from the National Endowment for the Arts.

The City Cemeteries Fund generated $9 in investment earnings to be expended for specified purposes. Chapter 713 of the Texas Health and Safety Code governs what expenditures the City may incur when spending the interest income. Per Chapter 713, the revenue can be spent for the maintenance and care of the graves, lots, and burial places, and to beautify the entire cemetery. The principal amount of this fund is increased each year by sales of lots from the San Jose Cemetery. The principal is required to be retained in perpetuity.

The William C. Morris Endowment Fund generated $1 in investment earnings. These earnings are used on an annual basis to enhance the City library's educational programming and services for children. The earnings of the funds will be expended in accordance with the spending policy of the Library's board of directors or trustees.

The Boza Becica Endowment Fund generated $1 in investment earnings. These earnings will be used for the acquisition of books and materials for the San Antonio Public Library in accordance with the terms and conditions of the Last Will and Testament of Boza Becica. The principal is required to be retained in perpetuity.

Service Concession Agreements

The City has a fixed term agreement with Mission Park in which Mission Park pays the City 40.0% of burial plot sales and 10.0% of revenue from services, merchandise and products for the life of the contract (December 2035 with option to renew). All capital improvements become property of the City and the City retains ownership of the property after the contract expires. All permanent improvements of material nature have to be approved by the City. The City approves the rates and services Mission Park will provide. Mission Park collects all fees and pays the City its portion. The assets include 84 acres valued at $1,820. The City received an upfront payment of $130 in fiscal year 2011. In fiscal year 2015, the City received $258 in revenue from Mission Park.

The City has a Management Agreement with MGA-SA. In the agreement, MGA-SA manages the City's golf courses and in return, the City received $150 in profit-sharing in fiscal year 2015. All permanent structures existing on the Golf Courses and those added during the term of the agreement are property of the City. The City determines and/or approves of the services provided to the public. The assets include eight golf courses valued at $33,548.

Note 17 Other Disclosures (Continued)

CPS Energy

Special Items

The City was a party to a transaction, entered into in June 2000, involving its J.K. Spruce Unit 1 (Spruce 1) coal-fired electric generating unit, pursuant to which such facility was subject to a variety of contractual arrangements, including a lease agreement, with CPS Energy as lessee. The term of the lease was scheduled to expire in March 2032. In February 2014, the parties executed an agreement terminating the transaction in its entirety. The gain on the lease/leaseback termination included $50,429 from the recognition of the unamortized net lease revenue from the original transaction, with an offsetting reduction of $7,015 from the recognition of the corresponding unamortized City payment. This net amount of $43,414 is reported as a special item on the Statement of Activities.

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Note 18 Prior Period Restatement

GASB 68 Restatement

In fiscal year 2015, GASB 68 was implemented by the City. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also provides information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation resulted in a restatement of the City's governmental and business-type activities beginning Net Positions.

Primary Government (City)

Governmental Activities

The City's Statement of Net Position and Fund Balance restatements for the Governmental Funds are as follows:

	Net Position	Fund Balance
Fiscal Year 2015 Beginning Balances, as previously reported	$ 2,670,684	$ 1,197,706
GASB 68 Restatement - TMRS (Measurement Date 2014)	(252,376)	
GASB 68 Restatement - FPPF (Measurement Date 2014)	(280,606)	
OUR SA	737	1,385
San Antonio Economic Development Corporation	128	128
Net Position as Restated, October 1, 2014	$ 2,138,567	$ 1,199,219

OUR SA

The City was unable to obtain fiscal year 2014 financial statements for OUR SA in time to issue the City's fiscal year 2014 CAFR. In order to reflect the proper beginning fund balance and net position with the receipt of the 2015 financials, the City restated an increase in the beginning fund balance of $1,385 and an increase in the beginning net position for $737. This includes a restatement to the beginning capital assets balance of $678.

San Antonio Economic Development Corporation

The City was unable to obtain fiscal year 2014 financial statements for EDC in time to issue the City's fiscal year 2014 CAFR. In order to reflect the proper beginning net position and fund balance with the receipt of the 2015 financials, the City restated an increase in the beginning net position and fund balance of $128.

Note 18 Prior Period Restatement (Continued)

Primary Government (City)(Continued)

Enterprise Funds and Business-Type Activities

The Enterprise Funds and Business-Type Activities' restatement per GASB 68 is as follows:

	Airport System	Solid Waste Management	Nonmajor Enterprise Funds
Fiscal Year 2015 Beginning Net Position, as previously reported	$ 374,638	$ 13,812	$ 41,557
GASB 68 Restatement - TMRS (Measurement Date 2014)	(18,990)	(24,853)	(15,126)
Restated Fiscal Year 2015 Beginning Net Position	355,648	(11,041)	26,431
Internal Service Funds Allocation	(7,325)	(3,699)	(4,264)
Restated Fiscal Year 2015 Beginning Net Position	$ 348,323	$ (14,740)	$ 22,167

Discretely Presented Component Units

CPS Energy

In fiscal year 2015, GASB 68 was implemented by CPS Energy, with the effects of accounting change to be applied retroactively by restating the financial statements. CPS Energy used regulatory accounting, as permitted under GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and recorded a regulatory asset as of January 31, 2014, in the amount of $266,452 to account for the net effect of required prior period restatements. CPS Energy has restated amounts of the affected balances within the financial statements for the period ended January 31, 2014, as follows:

	As Originally Reported	As Restated	Effect of Change
Statement of Net Position			
Noncurrent Assets			
Pension Regulatory Asset	$ -	$ 266,452	$ 266,452
Deferred Outflows of Resources			
Unamortized Loss on Pension Resources		37,156	37,156
Employer Pension Contributions		44,400	44,400
Total Deferred Outflow of Resources	$ -	$ 81,556	$ 81,556
Noncurrent Liabilities			
Net Pension Obligation	$ (6,143)		$ 6,143
Net Pension Liability		$ (344,450)	$ (344,450)
Deferred Inflows of Resources			
Unamortized Gain on Pension Resources		$ (9,701)	$ (9,701)
Net Position	$ 3,383,625	$ 3,383,625	

Note 19 Subsequent Events

Primary Government (City)

BABs Subsidy Sequestration

Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, the federal government will reduce the BABs subsidy by 6.8% for payments to be made during the period beginning October 1, 2015, through the end of their fiscal year (September 30, 2016). There is still uncertainty regarding whether or not the reduction will continue after that date. The subsidy reduction for fiscal year 2016 will result in an approximate $260 increase in the City's debt-related interest expense.

Fire and Police Pension Fund

The Pension Fund had their actuarial study as of October 1, 2015 completed and issued in January 2016. The results of the study include an increase in the Fund's Unfunded Actuarially Accrued Liability (UAAL) from $209,951 as of October 1, 2014 to $359,951. The years to amortize the UAAL are at 11.1 years as a level percent of payroll.

As is the case with most public pension plans, the Pension Fund had incurred substantial investment losses due to financial market conditions during the Great Recession. The actuarial valuation includes a smoothed market approach for the value of assets which provides for asset gains or losses to be smoothed over a five-year period. Smoothing of the Pension Fund's investment returns as of September 30, 2015 resulted in an increase of the deferral of investment losses to $262,551. These remaining investment losses will be recognized in future year's actuarial valuations to the extent they are not offset by recognition of investment gains above the Fund's assumed investment return of 7.3% or other actuarial gains. Staff of the Pension Fund and the City will continue to monitor the situation closely. Please see Note 8, Pension and Retirement Plans for more information on the Fire and Police Pension Plan.

Fire and Police Retiree Health Care Fund

The Health Fund's actuarial study dated October 1, 2015, included an increase in the Fund's Unfunded Actuarially Accrued Liability (UAAL) from $443,895 as of October 1, 2014 to $462,084. In order to maintain an amortization of the UAAL over a period of 30 years, increased contribution rates and reduction in benefits would have to occur beyond those currently included in the Fund's governing statue. However, these contribution and benefit changes would only be required to be implemented if the amortization period of the UAAL exceeds 30 years with the actuarial valuation to be conducted in 2017. Any changes to contributions would impact the City's fiscal year 2018 budget.

Collective Bargaining Agreements

The collective bargaining agreements between the City and the San Antonio Police Officers' Association (SAPOA) and the International Association of Firefighters, Local 624 (IAFF) expired September 30, 2014. The City has been in negotiations since February 2014 with the SAPOA; however negotiations ceased in October 2015. To date, the IAFF has refused to begin negotiations with the City. The City continues its efforts to resume negotiations to finalize new agreements. The collective bargaining agreements remain in effect and the parties continue to operate under the expired agreements. Each agreement contains an evergreen clause which extends provisions in each agreement through September 30, 2024. The City filed lawsuits questioning the constitutionality of the two evergreen clauses with the state district court. The district court has reviewed the cases at their level and the cases are currently pending review by the appellate court.

Note 19 Subsequent Events (Continued)

Primary Government (City) (Continued)

Purchase of Toyota Field

On December 17, 2015 the City Council authorized a $9,000 contribution from the City to match Bexar County's $9,000 contribution, and an additional $3,000 from Spurs Sports and Entertainment (SS&E), to purchase Toyota Field. Toyota Field is a professional soccer stadium that was built in 2013. It is located on the northeast side of San Antonio and is currently the home of the San Antonio Football Club, a United Soccer League team. The stadium has a capacity of 8,296 for soccer matches and 13,000 for concerts and festivals. This transaction will be executed through an earnest money contract between the Public Facility Corporation (PFC) and Sports and Outdoor Recreation in a cumulative amount of $21,000. The City also authorized PFC to enter into a soccer stadium lease agreement with San Antonio Facility Corporation, a SS&E affiliate, for a term of 20 years at an annual rental amount of $100. Should no Major League Soccer franchise be awarded a provision providing reimbursement to the City and County of a combined $5,000 is in the contract.

Convention and Visitors Bureau

On February 18, 2016 City Council voted to approve a resolution that will allow CVB to pursue the establishment of a nonprofit entity. Currently, the local CVB is controlled by the City and generates 97.0% of its funding through the Hotel Occupancy Tax. The restructuring allows the CVB to raise funds from the private sector which could include corporate sponsors, memberships, partnerships and advertising dollars. The proposed time line for a restructuring would begin with the establishment of a new nonprofit by the fall of June 2016. If next steps are all approved, CVB personnel would transition into that organization by January 2017 and the process would be completed by October 2017.

CPS Energy

Long Term Debt

On August 13, 2015, CPS Energy issued $320,500 Series 2015 Senior Lien Revenue Refunding Bonds. Proceeds were used to refund $339,500 in outstanding revenue bonds. The true interest cost for this issue, which has maturities in 2018 through 2032, is 2.9%.

On December 1, 2015, CPS Energy remarketed $45,700 of Series 2012B Variable Rate Junior Lien Revenue Refunding Bonds. The issuance of a $2,500 premium in conjunction with the remarketing resulted in a principal pay down for the remarketed bonds of approximately $2,200. The bonds have maturities in 2024 through 2027.

On December 3, 2015, CPS Energy issued $235,000 of Series 2015 Fixed-Rate Revenue Bonds, including a premium of $12,900. The true interest cost for this issue, which has maturities in 2026 through 2039, is 3.5%. Bond proceeds are being used to fund construction projects.

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

Note 19 Subsequent Events (Continued)

City Public Energy (Continued)

South Texas Project

On November 19, 2015 the U.S. Nuclear Regulatory Commission held a hearing as part of the final step in the application process for the plans to expand the South Texas Project in Bay City. This came after their final safety evaluation report which approved the plans. The application for the plans to build two new nuclear reactors that will produce electricity for San Antonio's power grid was filed in September 2007. On February 9, 2016, the NRC commissioners authorized issuance of the COL for the South Texas Project Units 3 and 4. Annually, CPS Energy performs a thorough re-evaluation of its investment in the STP Units 3 and 4 project to reassess the ongoing viability of the project and the appropriateness of continuing to report the cost of the project on its Statements of Net Position. Despite the project having secured the NRC's authorization for the issuance of the COL, in January 2016, the CPS Energy reached the conclusion that as a result of sustained changes in a number of environmental and economic factors directly affecting the projected economic feasibility of completing construction of STP Units 3 and 4, the project has experienced a permanent impairment. While there is no immediate expectation that the project will be abandoned, CPS Energy has determined it is appropriate to write off the entire $391,417 STP Units 3 and 4 investment. The impairment loss will be reported as an extraordinary item on CPS Energy's Statements of Revenues, Expenses, and Changes in Net Position for the period ending January 31, 2016. This noncash transaction did not impact CPS Energy's debt service coverage ratio; however, there was a resulting increase from 60.8% to 63.5% in the debt to debt and net position ratio at January 31, 2016. Going forward, CPS Energy continues to retain a legal interest in the project.

San Antonio Water System (SAWS)

Long-Term Debt

On January 14, 2016, the San Antonio City Council approved two ordinances authorizing SAWS to issue additional bonds; City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Series 2016A, and City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Taxable Series. The authorized issuances should not exceed an amount of $244,805. Proceeds are to be used to refund all remaining outstanding San Antonio Water System District Special Project (DSP) revenue bonds as a step toward finalizing the integration of DSP, advance refund a portion of the City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2007 for debt service savings, and pay the cost of issuance. DSP, formerly Bexar Metropolitan Water District (Bexar Met), was dissolved by voters in November 2011, after customer complaints, alleged mismanagement, and excessive rates drove the issue to an election. With concurrence of City Council, SAWS purchased Bexar Met's water treatment plant, and with that purchase, Bexar Met was officially dissolved on October 12, 2012.

On January 21, 2015, SAWS issued $75,920 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2015A through the Texas Water Development Board. The bonds were sold under the Drinking Water State Revolving Fund program. The proceeds from the sale of the bonds were used to finance capital improvement projects which qualify under the Texas Water Development Board Program and pay the cost of issuance.

On February 18, 2015, SAWS issued $303,235 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2015B. The proceeds were used to refund outstanding revenue bonds, finance capital improvements, and pay the cost of issuance.

Note 19 Subsequent Events (Continued)

San Antonio Water System (SAWS) (Continued)

Pension and Benefit Plans

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, which replaced GASB Statements No. 27 and 50, is effective for fiscal years beginning after June 15, 2014 and will be adopted by SAWS for the calendar year ending December 31, 2015. The major provisions of GASB 68 include:

- The difference between the actuarial present value of projected benefit payments and the pension plans fiduciary net position at the measurement date is to be reported on the employer's Statement of Net Position as either a net pension asset or liability.
- The majority of the changes in the net pension asset or liability are to be recognized immediately as pension expense. Some changes are to be reported as deferred inflows and/or deferred outflows of resources and amortized to pension expense over prescribed periods of time, based on the nature of the deferred item.

At December 31, 2014, SAWS reported a net pension obligation of $3,500 in accordance with the provisions of GASB Statement No. 27. Statement No. 68 will result in a restated net pension liability of approximately $48,900 and deferred outflow of resources related to pensions of $14,000 once adopted by SAWS on January 1, 2015. This will result in a charge of $31,400 to unrestricted net position for the difference between the recorded net pension obligation as of December 31, 2014, the restated net pension liability measured under Statement No. 68 and the recording of deferred outflows related to pensions.

Rate Increase

On November 19, 2015 the City Council approved changes to SAWS water and sewer rates for 2016 and a rate plan for 2017 - 2020. The approved 2016 rate adjustments, effective January 1, 2016, will increase the average residential customer's bill by 7.5%. The approved rate plan authorizes SAWS to raise water and sewer rates by no more than 7.9% for the average residential customer in 2017. The rate plan also authorizes maximum annual adjustments to the water supply fee for 2018 – 2020 in order to provide sufficient revenues to fully fund the costs associated with the Vista Ridge project. The Vista Ridge project will provide a new water source for the San Antonio area. On October 30, 2014 the City Council adopted an ordinance, approving the execution of a Water Transmission and Purchase Agreement between the City, acting by and through SAWS, and Abengoa Vista Ridge, LLC (Abengoa VR) for the Vista Ridge project. The proposed Vista Ridge project will deliver up to 50,000 acre feet of water per year for 30 years, beginning as early as 2020 and SAWS has the option to extend for another 30 years. The water would be delivered from the Carrizo and Simsboro Aquifer in Burleson County, Texas.

Note 19 Subsequent Events (Continued)

San Antonio Water System (SAWS) (Continued)

Abengoa Bankruptcy

On October 30, 2014 the City Council adopted an ordinance, approving the execution of a Water Transmission and Purchase Agreement between the City, acting by and through SAWS, and Abengoa Vista Ridge, LLC (Abengoa VR) for the Vista Ridge project. Abengoa VR is an affiliate of and is led by Abengoa, an international company with more than 70 years of experience in sustainable and innovative technology solutions and project financing in the water, energy and environmental sectors. On November 25, 2015, Abengoa commenced pre-bankruptcy proceedings in Spain. Creditors must agree to a restructuring plan with Abengoa prior to March 28, 2016 for Abengoa to avoid filing for insolvency. Failure to reach an agreement with creditors could result in additional measures and creditor action. Abengoa is currently seeking buyers or new investors for Abengoa VR, which will require SAWS consent in its sole and absolute discretion. The City has no financial liability for the obligations of Abengoa VR.

Abengoa Vista Ridge Lawsuit

On December 18, 2015, Metropolitan Water Company, L.P. (Met Water) filed a lawsuit in Travis County District Court, against Blue Water Systems, LP; Blue Water Regional Supply Project, LP; Blue Water Vista Ridge LLC; Abengoa Vista Ridge LLC; and Wilmington Trust National Association. Met Water alleges that the Blue Water entities breached certain agreements with Met Water and the Blue Water entities have failed to pay Met Water monies owed under said agreements. Met Water also alleges that an assignment of leases to Blue Water Vista Ridge, LLC was entered into based upon a fraudulent inducement. Met Water seeks rescission of the agreements with the Blue Water entities, including the assignment of leases, and/or money damages. The leases that are the subject of the assignment in dispute give Abengoa Vista Ridge, the right to produce the Project Water to be sold to SAWS under the Agreement. If Abengoa does not meet the necessary requirements, it is grounds for a material breach, which means San Antonio, could exit the contract without any penalty.

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REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule
General Fund
Year-Ended September 30, 2015
(In Thousands)

	2015			
	BUDGETED AMOUNTS		BUDGETARY BASIS	VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
Resources (Inflows):				
Taxes	$ 558,958	$ 575,040	$ 571,781	$ (3,259)
Licenses and Permits	7,987	7,890	8,107	217
Intergovernmental	8,088	8,104	8,071	(33)
Revenues from Utilities	329,336	342,881	348,997	6,116
Charges for Services	63,560	59,266	70,692	11,426
Fines and Forfeits	13,449	12,375	12,235	(140)
Miscellaneous	10,104	11,677	10,790	(887)
Investment Earnings	571	530	525	(5)
Contributions	100	100	185	85
Transfers from Other Funds	42,476	23,545	27,773	4,228
Amounts Available for Appropriation	1,034,629	1,041,408	1,059,156	17,748
Charges to Appropriations (Outflows):				
General Government	76,648	76,481	74,075	2,406
Public Safety	689,294	697,453	693,371	4,082
Public Works	55,997	60,489	57,312	3,177
Health Services	23,415	23,952	23,425	527
Welfare	32,995	35,072	34,166	906
Culture and Recreation	87,848	89,466	88,567	899
Convention and Tourism	658	659	739	(80)
Economic Development and Opportunity	11,107	27,751	27,044	707
Urban Redevelopment and Housing	14,962	15,795	15,382	413
Debt Service:				
Principal Retirement	12,330	12,330	12,330	
Interest	462	462	462	
Transfers to Other Funds	45,365	49,766	48,921	845
Total Charges to Appropriations:	1,051,081	1,089,676	1,075,794	13,882
Surplus (Deficiency) of Resources Over (Under) Charges to Appropriations	(16,452)	(48,268)	(16,638)	31,630
Fund Balance Allocation	16,452	48,268	16,638	(31,630)
Excess (Deficiency) of Revenues Over Expenditures	$ -	$ -	$ -	$ -

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 1,059,156
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(27,773)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 1,031,383
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 1,075,794
Differences - budget to GAAP:	
Encumbrances and Earmarks for supplies and equipment ordered but not received is reported in the year the orders are placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes	(41,511)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(28,895)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 1,005,388

General Fund Budgetary Information

The City Charter establishes requirements for the adoption of budgets and budgetary control. Under provisions of the Charter, expenditures of each City department and activity within individual funds cannot legally exceed the final budget approved by the City Council. Amendments to line items within a departmental budget may be initiated by Department Directors.

The City's prepares an annual budget for the General Fund on a modified accrual basis which is consistent with generally accepted accounting principles. The annual budgetary data reported for the General Fund represents the original appropriation ordinance and amendments thereto as adopted by the City Council, adjusted for encumbrances outstanding at the beginning of the fiscal year. All annual appropriations lapse at fiscal year-end.

The City noted a budget violation within the Convention and Tourism function. The City had sufficient fund balance to cover these department excesses.

(unaudited - see accompanying auditor's report)

Budgetary Comparison Schedule
Pre-K 4 SA
Year-Ended September 30, 2015
(In Thousands)

	2015			
	BUDGETED AMOUNTS		BUDGETARY BASIS	VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
Resources (Inflows):				
Sales & Use Tax [1]	$ 29,575	$ 32,568	$ 32,137	$ (431)
State/Local Match [1]	4,018	3,074	3,115	41
USDA (Food) [1]	1,176	1,128	933	(195)
Charges for Services [1]	233	376	393	17
Interest/Miscellaneous	26	210	438	228
Amounts Available for Appropriation	35,028	37,356	37,016	(340)
Charges to Appropriations (Outflows):				
Education:				
Administration	1,567	1,564	1,647	(83)
Public Relations/Marketing	423	292	367	(75)
Sales Tax Collection Fee	623	651	635	16
Pre-K Education Centers	21,946	21,766	20,973	793
Pre-K Facility Leases	5,160	5,089	4,941	148
Transportation	966	965	954	11
Professional Development	2,225	1,898	1,841	57
Program Assessment	120	242	196	46
Transfers to Other Funds [2]	3,466	3,488	3,433	55
Total Charges to Appropriations:	36,496	35,955	34,987	968
Surplus (Deficiency) of Resources Over (Under) Charges to Appropriations	(1,468)	1,401	2,029	628
Fund Balance Allocation	1,468	(1,401)	(2,029)	(628)
Excess (Deficiency) of Revenues Over Expenditures	$ -	$ -	$ -	$ -

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 37,016
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(32,137)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 4,879
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	$ 34,987
Differences - budget to GAAP:	
Encumbrances for supplies, equipment, and services ordered but not received are reported in the year the orders are placed for budgetary purposes, but in the year the supplies, equipment and services are received for financial reporting purposes	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 34,987

[1] For financial reporting presentation the revenue is reported as transfers in or intergovernmental; however the above schedule reflects the fund schedule from the City's 2015 Adopted Budget.

[2] Transfers to funds within Pre-K 4 SA are shown as Education program expenditures for financial reporting purposes.

(unaudited - see accompanying auditor's report)

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Pension and Post-employment Schedules

Required Supplementary Information - (Unaudited)

Post-employment Schedules

Schedules of Funding Progress

Last Three Fiscal Years

(In Thousands)

CITY OF SAN ANTONIO RETIREE HEALTH BENEFITS FUND

ACTUARIAL VALUATION DATE [1]	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-15	$ -	$ 340,626	$ 340,626	0.0%	$ 317,518	107.3%
01-01-14		318,910	318,910	0.0%	303,141	105.2%
01-01-13		332,943	332,943	0.0%	288,246	115.5%

FIRE AND POLICE RETIREE HEALTH CARE FUND

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
10-01-14	$ 307,232	$ 751,127	$ 443,895	40.9%	$ 283,360	156.7%
10-01-13	273,929	692,336	418,407	39.6%	281,414	148.7%
10-01-12	250,718	664,425	413,707	37.7%	268,551	155.4%

SAN ANTONIO WATER SYSTEM - OPEB PLAN

ACTUARIAL VALUATION DATE [2]	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-14	$ 19,259	$ 139,574	$ 120,315	13.8%	$ 88,895	135.3%
01-01-13	12,665	267,567	254,902	4.7%	88,895	286.7%
01-01-11		242,388	242,388	0.0%	83,505	290.3%

[1] City will perform actuarial studies bi-annually and review annually assumptions and changes in plan design to compute OPEB liability for the Retiree Health Benefits Fund.

[2] SAWS will perform actuarial studies bi-annually and review annually assumptions and changes in plan design to compute OPEB liability. An off schedule actuarial study was performed as of January 1, 2014.

Required Supplementary Information - (Unaudited)

Post-employment Schedules

Schedules of Funding Progress

Last Three Fiscal Years

(In Thousands)

CPS ENERGY - HEALTH PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-13	$ 233,187	$ 243,022	$ 9,835	96.0%	$ 247,324	4.0%
01-01-12	224,792	222,878	(1,914)	100.9%	246,908	(0.8)%
01-01-11	218,555	222,472	3,917	98.2%	237,823	1.6%

CPS ENERGY - LIFE PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) [1]	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-13	$ 46,995	$ 41,923	$ (5,072)	112.1%	$ 216,358	(2.3)%
01-01-12	47,074	40,670	(6,404)	115.7%	214,898	(3.0)%
01-01-11	47,386	39,076	(8,310)	121.3%	206,643	(4.0)%

CPS ENERGY - DISABILITY PLAN

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL) [1]	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
01-01-13	$ 4,609	$ 5,113	$ 504	90.2%	$ 216,358	0.2%
01-01-12	4,598	5,390	792	85.3%	214,898	0.4%
01-01-11	4,342	5,744	1,402	75.6%	206,643	0.7%

[1] CPS Energy has selected the aggregate cost method for determining Disability and Life Plans' funding amounts. Since this method does not identify or separately amortize unfunded actuarial liabilities, information about the funded status and funding progress has been prepared using the entry age actuarial cost method, which approximates the funding progress of the Plan.

Required Supplementary Information - (Unaudited)

Pension Schedules

Schedules of Funding Progress

Last Three Fiscal Years

(In Thousands)

SAN ANTONIO WATER SYSTEM - TMRS

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS	ENTRY AGE ACTUARIAL ACCRUED LIABILITY (AAL)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	FUNDED RATIO	COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
12-31-14	$ 154,982	$ 179,549	24,567	86.3%	$ 90,721	27.1%
12-31-13	145,193	172,388	27,195	84.2%	94,529	28.8%
12-31-12	135,354	156,661	21,307	86.4%	87,098	24.5%

(unaudited - see accompanying auditor's report)

Required Supplementary Schedule – (Unaudited)
City of San Antonio (TMRS)
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

		September 30, 2015[1]
Total Pension Liability		
Service Cost	$	40,902
Interest		109,316
Differences Between Expected and Actual Experience		(9,979)
Benefit Payments, including refunds of employee contributions		(71,197)
Net Change in Total Pension Liability	$	69,042
Total Pension Liability - Beginning		1,576,814
Total Pension Liability - Ending (a)	$	1,645,856
Plan Fiduciary Net Position		
Contributions - Employer	$	33,125
Contributions - Employee		18,438
Net Investment Income		70,349
Benefit Payments, including Refunds of Employee Contributions		(71,197)
Administrative Expense		(735)
Other		(60)
Net Change in Plan Fiduciary Net Position	$	49,920
Plan Fiduciary Net Position - Beginning		1,229,856
Plan Fiduciary Net Position - Ending (b)	$	1,279,776
City's Net Pension Liability - Ending (a) - (b)	$	366,080
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		77.8%
Covered Employee Payroll	$	307,138
City's Net Pension Liability as a Percentage of Covered Employee Payroll		119.2%

[1] Per GASB No. 68 the required supplementary information should include a 10 year fiscal history built prospectively; historical information prior to implementation of GASB No. 68 is not required. Fiscal year 2015 information is the first year available under implementation for the City's Civilian TMRS Plan.

Notes to Schedule:
Not Applicable

Required Supplementary Schedule – (Unaudited)
Fire and Police Pension Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

		September 30, 2015[1]
Total Pension Liability		
Service Cost	$	75,600
Interest		207,003
Benefit Payments, including Refunds of Employee Contributions		(122,306)
Net Change in Total Pension Liability	$	160,297
Total Pension Liability - Beginning		2,821,196
Total Pension Liability - Ending (a)	$	2,981,493
Plan Fiduciary Net Position		
Contributions - Employer	$	76,146
Contributions - Employee		38,073
Net Investment Income		223,054
Benefit Payments, including Refunds of Employee Contributions		(122,306)
Administrative Expense		(2,790)
Net Change in Plan Fiduciary Net Position	$	212,177
Plan Fiduciary Net Position - Beginning		2,464,678
Plan Fiduciary Net Position - Ending (b)	$	2,676,855
City's Net Pension Liability - Ending (a) - (b)	$	304,638
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		89.8%
Covered Employee Payroll	$	309,031
City's Net Pension Liability as a Percentage of Covered Employee Payroll		98.6%

[1] Per GASB No. 68 the required supplementary information should include a 10 year fiscal history built prospectively historical information prior to implementation of GASB No. 68 is not required. Fiscal year 2015 information is the first year available under implementation for the Fire and Police Pension Plan.

Notes to Schedule:
Benefit Changes: There have been no changes in benefit provisions since GASB No. 67 implementation.
Change of Assumptions: There have been no assumption changes since GASB No. 67 implementation.

Required Supplementary Schedule – (Unaudited)
CPS Energy
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	January 31,		
	2013	**2014**	**2015** [1]
Total Pension Liability			
Service Cost	$ 31,420	$ 33,470	$ 33,417
Interest	105,013	112,356	116,155
Differences Between Expected and Actual Experience	(13,581)	25,158	(24,410)
Benefit Payments	(66,147)	(70,677)	(74,352)
Net Change in Total Pension Liability	$ 56,705	$ 100,307	$ 50,810
Total Pension Liability - Beginning	1,376,238	1,432,943	1,533,250
Total Pension Liability - Ending (a)	$ 1,432,943	$ 1,533,250	$ 1,584,060
Plan Fiduciary Net Position			
Contributions - Employer	$ 37,687	$ 39,016	$ 44,400
Contributions - Employee	11,745	12,332	12,569
Net Investment Income	22,510	110,529	145,883
Benefit Payments	(66,147)	(70,677)	(74,352)
Net Change in Plan Fiduciary Net Position	$ 5,795	$ 91,200	$ 128,500
Plan Fiduciary Net Position - Beginning	1,091,805	1,097,600	1,188,800
Plan Fiduciary Net Position - Ending (b)	$ 1,097,600	$ 1,188,800	$ 1,317,300
Net Pension Liability - Ending (a) - (b)	$ 335,343	$ 344,450	$ 266,760
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.6%	77.5%	83.2%
Covered Employee Payroll	$ 251,136	$ 260,730	$ 261,085

[1] Per GASB No. 68 the required supplementary information should include a 10 year fiscal history built prospectively; historical information prior to implementation of GASB No. 68 is not required. September 30, 2014 Information is presented related to all periods for which the required data is available. Amounts presented are determined as of the measurement date of the net pension liability for fiscal years ended January 31, 2015, January 31, 2014, and January 31, 2013.

Notes to Schedule:
There were no changes in benefit terms, in the size or composition of the population covered by the benefit terms, in the use of different assumptions or other factors that significantly affected trends from year to year in the amounts reported above.

Required Supplementary Schedule – (Unaudited)
San Antonio Water System Retirement Plan (SAWSRP)
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

		December 31, 2014 [1]
Total Pension Liability		
Service Cost	$	5,203
Interest		11,709
Differences Between Expected and Actual Experience		(3,806)
Changes of Assumptions		(702)
Benefit Payments		(5,796)
Net Change in Total Pension Liability	$	6,608
Total Pension Liability - Beginning		171,170
Total Pension Liability - Ending (a)	$	177,778
Plan Fiduciary Net Position		
Contributions - Employer	$	10,339
Net Investment Income		15,696
Benefit Payments, including Refunds of Employee Contributions		(5,796)
Administrative Expense		(1)
Net Change in Plan Fiduciary Net Position	$	20,238
Plan Fiduciary Net Position - Beginning		140,521
Plan Fiduciary Net Position - Ending (b)	$	160,759
Net Pension Liability - Ending (a) - (b)	$	17,019
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		90.4%
Covered Employee Payroll	$	88,895
Net Pension Liability as a Percentage of Covered Employee Payroll		19.1%

[1] Per GASB No. 68 the required supplementary information should include a 10 year fiscal history built prospectively; historical information prior to implementation of GASB No. 68 is not required. December 31, 2014 information is the first year available under implementation for the SAWSRP.

Notes to Schedule:
Change of Assumptions: In 2013, amounts reported as changes of assumptions resulted primarily from a reduction in the assumed long-term rate of return from 7.0% to 6.8%.

Required Supplementary Schedule – (Unaudited)
City of San Antonio (TMRS)
Schedule of Contributions
Last Ten Fiscal Years

Year Ended September 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2006	$ 27,077	$ 27,077	$ -	$ 220,536	12.3%
2007	28,455	28,455		231,262	12.3%
2008	30,538	30,538		244,530	12.5%
2009	33,510	33,510		259,224	12.9%
2010	32,338	32,338		258,932	12.5%
2011	33,883	33,883		270,708	12.5%
2012	29,981	28,171	(1,810)	276,095	10.2%
2013	30,416	30,416		288,246	10.6%
2014	32,585	32,585		303,141	10.8%
2015	34,176	34,176		317,518	10.8%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	23 years
Asset valuation method	10 Year smoothed market; 15.0% soft corridor

Actuarial assumptions:

Investment rate of return	7.0%
Inflation rate	3.0%
Salary increases	3.5% to 12.0% including inflation
Retirement age	Experience-based table rates that are specific to the City's plan of benefits. Last Updated for the 2010 valuation pursuant to experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109.0% and female rates multiplied by 103.0% and projected on a fully generational basis with scale BB.

Other Information:

Notes	Granted 70.0% ad hoc COLA

Required Supplementary Schedule – (Unaudited)
Fire and Police Pension Fund
Schedule of Contributions
Last Ten Fiscal Years

Year Ended September 30	Actuarially Determined Contribution[1]	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll[2]	Contributions as a Percentage of Covered Employee Payroll
2006	$ 51,614	$ 51,614	$ -	$ 207,145	24.6%
2007	54,952	54,952		214,230	24.6%
2008	58,101	58,101		229,547	24.6%
2009	62,344	62,344		243,904	24.6%
2010	64,498	64,498		269,359	24.6%
2011	67,328	67,328		271,533	24.6%
2012	70,389	70,389		286,327	24.6%
2013	72,359	72,359		293,665	24.6%
2014	76,146	76,146		309,031	24.6%
2015	75,802	75,802		307,639	24.6%

[1] The Actuarially Determined Contribution is based on the statutory rate of 24.6% of payroll.
[2] Payroll is estimated based on the actual member contributions received and a 12.3% contribution rate.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution is calculated using an October valuation date as of the beginning of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age
Amortization method	Level Percentage of Payroll, using 3.5% annual increases
Remaining amortization period	7.3 years remaining as of October 1, 2013
Asset valuation method	Five-year smoothed market value based on expected return of 7.5%

Actuarial assumptions:

Investment rate of return	7.5% including inflation, net of pension plan investment expense
Inflation rate	3.5%
Salary increases	3.5% (plus merit scale of 0.8% - 11.3%)
Cost-of-living adjustments	3.5% for retirement before October 1, 1999; 2.6% for retirement on or after October 1, 1999
Retirement rates	Group-specific rates based on years of service ranging from 20 to 40 years, with 100.0% retirement at age 65

Mortality:

Healthy	1994 Group Annuity Mortality Table, for both males and females, with rates increased 25.0% for females only.
Disabled	1994 Group Annuity Mortality Table for males, set forward five years

Required Supplementary Schedule – (Unaudited)
CPS Energy
Schedule of Contributions
Last Ten Fiscal Years

Year Ended January 31 [1]	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2014	$ 44,362	$ 44,400	$ (38)	$ 260,730	17.0%
2015	48,696	55,800	(7,104)	261,085	21.4%

[1] Per GASB No. 68 the required supplementary information should include a 10 year fiscal history built prospectively; historical information prior to implementation of GASB No. 68 is not required.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contribution rates are calculated as of January 1, two years and one month prior to the end of the fiscal year in which contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Remaining amortization period	30 years
Asset valuation method	Market value gains/losses recognized over 5 years, beginning with calendar year 2014; expected value adjusted market value for all prior periods

Actuarial assumptions:

Investment rate of return	7.8% per year, compounded annually
Inflation rate	3.0% per year, compounded annually
Salary increases	Average, including inflation - 5.0% for FY 2015, 5.1% for FY 2014
Cost-of-living increases	1.5% per year
Mortality	Based on RP-2000 Combined Healthy Annuitant Mortality Table for Males or Females, projected using Scale AA

Required Supplementary Schedule – (Unaudited)
San Antonio Water System Retirement Plan (SAWSRP)
Schedule of Contributions
Last Ten Fiscal Years

Year Ended December 31 [1]	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2014	$ 10,339	$ 10,339	$ -	$ 88,895	11.6%

[1] Per GASB No. 68 the required supplementary information should include a 10 year fiscal history built prospectively; historical information prior to implementation of GASB No. 68 is not required.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date

Notes	Actuarially determined contributions are determined as of January 1 of the year in which the contributions are made.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age
Amortization method	Level percent of payroll
Remaining amortization period	15 years
Asset valuation method	Four-year smoothed market value

Actuarial assumptions:

Investment rate of return	6.8% including inflation, net of pension plan investment expense
Inflation rate	2.3%
Salary increases	Scale based on 2011-2013 SAWS experience
Retirement Rates	Scale based on 2011-2013 SAWS experience
Mortality	IRS Prescribed Generationally Mortality

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COMBINING FINANCIAL STATEMENTS

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Nonmajor Governmental Funds

Special Revenue Funds

GRANTS

AMERICAN RECOVERY AND REINVESTMENT ACT – to accept, receipt, and disburse federal funds designated as part of the American Recovery and Reinvestment Act.

CATEGORICAL GRANT-IN AID – accounts for the receipt and disbursement of all federal and state grants (with non-cash in-kind contributions from external agencies for federal grants), except for Community Development Block Grants, HUD 108 loans, HOME Investment Partnership Grants, Confiscated Property, and the American Recovery and Reinvestment Act Grants.

COMMUNITY DEVELOPMENT PROGRAM – to accept, receipt, and disburse federal funds designated for Community Development Block Grants' Programs.

CONFISCATED PROPERTY – to account for receipts and disbursement of funds confiscated by law enforcement officers within the City of San Antonio, Texas.

HOME PROGRAM – to accept, receipt, and disburse federal funds designated for HOME Investment Partnership Programs.

HUD 108 LOAN PROGRAM – to accept, receipt, and disburse federal funds designed to finance various HUD eligible capital improvements within the City.

OTHER SPECIAL REVENUES

ADVANCED TRANSPORTATION DISTRICT – to account for a ⅛ cent sales tax that funds the administration and project delivery of the Advanced Transportation District Program (ATD).

COMMUNITY AND VISITOR FACILITIES – to account for revenues and expenditures generated from Convention and Tourism activities relating to the promotion of City of San Antonio owned facilities to be used for conventions, community, and entertainment venues.

COMMUNITY SERVICES – to account for funds that provide various services to the community, such as health, housing, education, safety, employment, golfing, and economic development.

HOTEL/MOTEL 2% REVENUE – to account for funds derived from and capital improvement activity relating to the additional 2.0% Municipal Hotel/Motel Occupancy Tax.

PARKS DEVELOPMENT AND EXPANSION – to account for a ⅛ cent sales tax that funds the purchase and maintenance of new parkland in the Edwards Aquifer Recharge Zones, as well as linear parks along Leon Creek and Salado Creek.

EARLY EDUCATION DEVELOPMENT – to account for revenues and expenditures relating to a ⅛ cent sales tax to fund the Pre-K 4 SA education initiative created to provide high quality pre-k for four year olds throughout the City.

RIGHT OF WAYS – to account for funds used in the maintenance and improvement of right of ways. Financing is provided by street resurfacing charges.

SAN ANTONIO HOUSING TRUST – to account for funds utilized in programs administered by the San Antonio Housing Trust Foundation. Financing is provided from investment earnings that were designated from the sale of Roger's Cable System.

STORMWATER OPERATIONS – to account for the administrative and operational activities of the Stormwater Program. Financing is provided by a storm water fee.

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Nonmajor Governmental Funds

Special Revenue Funds (continued)

OTHER SPECIAL REVENUES (continued)

TAX INCREMENT REINVESTMENT ZONE – to account for all revenues and expenditures associated with the operations of Tax Increment Reinvestment Zones (TIRZ) and the Tax Increment Financing Fund (TIF). Financing is provided by property taxes contributed from the City and other participating jurisdictions.

PARKS ENVIRONMENTAL & SANITATION – to account for the administrative and operational activities of the Parks Environmental Program. Financing is provided by a parks environmental fee.

BLENDED COMPONENT UNITS

SAN ANTONIO EDUCATION FACILITIES CORPORATION (EFC) – was established in accordance with state laws for the purpose of aiding nonprofit institutions of higher education in providing educational, housing, and other related facilities.

SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORPORATION (HFDC) – was established in accordance with state laws for the purpose of acquiring, constructing, improving, providing, financing, and refinancing for any real, personal, or mixed property for health care, research, and education, and to assist in the maintenance of the public health.

SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY (IDA) – was established in accordance with state laws for the purpose of furthering the promotion and development of commercial, industrial, and manufacturing enterprises to promote and encourage employment and the public welfare.

MUNICIPAL GOLF ASSOCIATION – SAN ANTONIO (MGA-SA) – was established for the purpose of, and to act on behalf of the City in, operating and promoting the City of San Antonio municipal golf facilities.

SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORPORATION (TMFC) – to account for the financing for the acquisition and construction of a One Stop Development Services Center and a Fire and Police Emergency Dispatch Center, also known as the Public Safety Answering Point (PSAP) facility, for the City of San Antonio, Texas. Financing was derived from the sale of City of San Antonio, Texas Municipal Facilities Corporation Lease Revenue Bonds.

STARBRIGHT INDUSTRIAL DEVELOPMENT CORPORATION (SIDC) – to account for the purchase of the project site for the Toyota plant and finance other costs of the project site including site preparation and a training facility as provided in the Project Starbright Agreement. Financing was derived from the prior sale of City of San Antonio, Texas Starbright Industrial Development Corporation Contract Revenue Bonds.

SAN ANTONIO ECONOMIC DEVELOPMENT CORPORATION (EDC) – was established to promote, assist, and enhance economic development activities for the City.

TEXAS PUBLIC FACILITIES CORPORATION (TPFC) – was established in accordance with state laws for the purpose of, and to act on the behalf of the City, to effectuate the buyout of the City's existing Hotel Revenue Bonds and funding for the expansion of the City's Convention Center through issuance of 2012 Lease Revenue Bonds.

HEMISFAIR PARK AREA REDEVELOPMENT CORPORATION (HPARC) – was established by the City in August 2009 for the purpose of aiding and acting on behalf of the City to assist with acquiring property, planning, developing, constructing, managing, maintaining, and financing projects within Hemisfair and adjacent to or near Hemisfair.

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Nonmajor Governmental Funds

Special Revenue Funds (continued)

BLENDED COMPONENT UNITS (continued)

URBAN RENEWAL AGENCY (OUR SA) – OUR SA is responsible for implementing the City's Urban Renewal Program. Financing is provided from the City of San Antonio, and the sale of redeveloped real estate.

WESTSIDE DEVELOPMENT CORPORATION (WDC) – was established to promote economic development and redevelopment opportunities in the west side of San Antonio. WDC seeks to generate new capital investment, create higher paying jobs, and reduce the poverty level in the area. In addition, WDC functions as a land development corporation that has the power to buy, sell, and accept land as a nonprofit without the restrictions placed upon a municipality.

Capital Projects Funds

GENERAL OBLIGATION BONDS

GENERAL OBLIGATION BONDS – to account for financial resources to be used for the acquisition or construction of major capital facilities, such as drainage and library improvements, excluding those financed by proprietary-type funds and trust funds. Financing is derived by the sale of General Obligation Bonds.

PRE-1999 GENERAL OBLIGATION BONDS – consist of six bond elections from 1980 to 1994 held on January 26, 1980, April 2, 1983, April 6, 1985, November 3, 1987, May 6, 1989, and May 7, 1994, respectively, for development and improvement projects. These six bond elections covered projects within seven areas: libraries, fire protection, crime prevention, parks, San Antonio River flood control, drainage and flood control, and street, bridge, and related improvements.

1999 GENERAL OBLIGATION BONDS – a bond election held on May 1, 1999 approved $140.2 million in physical infrastructure development and improvement projects. These projects were within six areas: streets and pedestrian, drainage improvements, flood control with park improvements, parks and recreation, library system, and public safety.

2003 GENERAL OBLIGATION BONDS – a bond election held on November 4, 2003 approved $115.0 million in physical infrastructure development and improvement projects. These projects were within five areas: streets and pedestrian, drainage improvements, library improvements, parks and recreation, and public safety.

2007 GENERAL OBLIGATION BONDS – a bond election held on May 12, 2007 approved $550.0 million in physical infrastructure development and improvement projects. These projects were within five areas: streets and pedestrian, drainage improvements, library improvements, parks and recreation, and public safety.

GENERAL OBLIGATION PROJECTS FUND – to account for the acquisition or construction of major capital facilities such as streets, drainage, library, and park improvements, where funding is primarily derived from the sale of General Obligation Bonds.

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Nonmajor Governmental Funds

Capital Projects Funds (continued)

CERTIFICATES OF OBLIGATION

CERTIFICATES OF OBLIGATION – to account for permanent public improvements and/or construction of municipal facilities, streets, drainage, and emergency fire protection projects. Financing is derived from the sale of Certificates of Obligation.

PRE-2006 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold between the years of 1986 to 2005 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2006 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2006 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2007 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2007 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2008 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2008 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2010 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2010 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2011 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2011 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2012 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2012 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

2013 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2013 for construction of a new fire station facility, various street lighting improvements, and the equipment and management related to these projects.

2015 CERTIFICATES OF OBLIGATION – consists of Certificates of Obligation sold in 2015 for construction of municipal facilities, library, streets, drainage, parks, police, and emergency fire protection projects.

CERTIFICATES OF OBLIGATION PROJECTS FUND – to account for the acquisition or construction of major capital facilities such as streets, drainage, library, and park improvements, where funding is primarily derived from the sale of Certificates of Obligation.

OTHER CAPITAL PROJECTS

CONVENTION CENTER EXPANSION – to account for financial resources to be used in the Convention Center Expansion Project. Financing is primarily derived by contributions from the Texas Public Facility Corporation, a City blended component unit.

EDWARDS AQUIFER PROTECTION VENUE – to account for the acquisition and development of land in the Edwards Aquifer Recharge Zones. Financing is derived from a ⅛ cent sales tax approved by voters on May 7, 2007 and a portion from the sale of sales tax revenue commercial paper notes.

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Nonmajor Governmental Funds

Capital Projects Funds (continued)

OTHER CAPITAL PROJECTS (continued)

EQUIPMENT ACQUISITION – to account for the lease financing of large or bulk capital assets for the City to include a mainframe computer, fire trucks, police video equipment, various medical emergency services equipment, etc.

IMPROVEMENT PROJECTS – to account for special capital improvements designated by City Council. Financing is derived from contributions from other funds and notes payables issued.

MUNICIPAL DRAINAGE UTILITY SYSTEM – to account for financial resources to be used to finance the costs of drainage improvements, including the acquisition, construction, and repair of structures, equipment and facilities for the City's Municipal Drainage Utility System. Financing is derived from the prior sale of City of San Antonio, Texas Municipal Drainage Utility System Revenue Bonds.

PARKS DEVELOPMENT AND EXPANSION – to account for the acquisition and development of new parkland in the Edwards Aquifer Recharge Zones, as well as linear parks along Leon Creek and Salado Creek. Financing is derived from a ⅛ cent sales tax approved by voters on May 6, 2000, extended by voters on May 7, 2005 and again on November 2, 2010. Balance also includes a portion from the prior sale of sales tax revenue commercial paper notes.

RESIDUAL CAPITAL PROJECTS – to account for residual investment earnings generated from General Obligation Bonds (Pre-1999, 1999, 2003, and 2007) and Certificates of Obligation (Pre-2006, 2006, 2007, 2008, 2010, and 2011) project fundings. These residual earnings were primarily used to fund specific municipal facilities and street projects.

TAX & REVENUE NOTES – to account for capital projects where funding is derived from the sale of short-term tax and revenue notes.

Permanent Funds

CARVER CULTURAL CENTER ENDOWMENT – to account for matching funds held by the City of San Antonio and grant funds previously awarded by the National Endowment for the Arts.

CITY CEMETERIES – to account for operation of the City of San Antonio's burial park. Financing for operations is provided by user fees and investment earnings. The principal portion is required to be retained in the Fund's Corpus.

WILLIAM C. MORRIS ENDOWMENT – to account for funds donated to the City of San Antonio by the estate of William C. Morris for the purpose of developing and sustaining the San Antonio Public Library's programs for children.

BOZA BECICA ENDOWMENT – to account for funds donated to the City of San Antonio by the estate of Boza Becica for the purpose of developing and sustaining the San Antonio Public Library's material purchases. The principal portion is required to be retained in the Fund's Corpus.

Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2015
(In Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Assets:				
Cash and Cash Equivalents	$ 15,063	$ 1,009	$ -	$ 16,072
Investments	97,758	8,154		105,912
Receivables, Net	9,261	18		9,279
Materials and Supplies, at Cost	71			71
Deposits				
Prepaid Expenditures	84			84
Due From Other Funds	3,314			3,314
Due From Other Governmental Agencies, Net	858			858
Restricted Assets:				
Cash and Cash Equivalents	138,998	73,221	488	212,707
Investments	125,076	148,349	3,916	277,341
Receivables, Net	78,815	1,397	63	80,275
Materials and Supplies, at Cost	1,795			1,795
Deposits	2	5,510		5,512
Prepaid Expenditures	17	31		48
Due From Other Funds	7,676	67,339		75,015
Due From Other Governmental Agencies, Net	16,329	5,360		21,689
Total Assets	$ 495,117	$ 310,388	$ 4,467	$ 809,972
Liabilities and Fund Balances:				
Liabilities:				
Vouchers Payable	$ 3,039	$ -	$ -	$ 3,039
Accounts Payable - Other	8,325			8,325
Accrued Payroll	689			689
Accrued Leave Payable	1			1
Unearned Revenue	38			38
Due To Other Funds	10,758			10,758
Restricted Liabilities:				
Vouchers Payable	7,249	31,786	14	39,049
Accounts Payable - Other	6,404	46,106		52,510
Accrued Payroll	1,966			1,966
Unearned Revenue	71,071	26,640		97,711
Due To Other Funds	62,409	43,145		105,554
Due To Other Governmental Agencies	140			140
Total Liabilities	172,089	147,677	14	319,780
Fund Balances:				
Nonspendable	1,969	5,541	3,764	11,274
Restricted	211,687	161,128	689	373,504
Committed	91,859	9,181		101,040
Assigned	19,234			19,234
Unassigned	(1,721)	(13,139)		(14,860)
Total Fund Balances	323,028	162,711	4,453	490,192
Total Liabilities and Fund Balances	$ 495,117	$ 310,388	$ 4,467	$ 809,972

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year-Ended September 30, 2015
(In Thousands)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
Revenues:				
Taxes:				
Property	$ 16,054	$ -	$ -	$ 16,054
General Sales and Use	80,064			80,064
Gross Receipts Business	3,224			3,224
Occupancy	79,163			79,163
Penalties and Interest on Delinquent Taxes	50			50
Intergovernmental	165,670	20,125		185,795
Charges for Services	98,542		258	98,800
Fines and Forfeits	354			354
Miscellaneous	40,853	1,966		42,819
Investment Earnings	918	491	12	1,421
Contributions	18,434			18,434
Total Revenues	503,326	22,582	270	526,178
Expenditures:				
Current:				
General Government	7,934	99	1	8,034
Public Safety	16,565	4,786		21,351
Public Works	58,314			58,314
Health Services	32,895			32,895
Sanitation	6,963			6,963
Welfare	89,024			89,024
Culture and Recreation	67,436		74	67,510
Convention and Tourism	22,667			22,667
Urban Redevelopment and Housing	15,522			15,522
Education	22,185			22,185
Economic Development and Opportunity	17,542			17,542
Capital Outlay		475,466		475,466
Debt Service:				
Principal Retirement	5,348			5,348
Interest	25,694			25,694
Issuance Costs		738		738
Total Expenditures	388,089	481,089	75	869,253
Excess (Deficiency) of Revenue Over (Under) Expenditures	115,237	(458,507)	195	(343,075)
Other Financing Sources (Uses):				
Issuance of Long-Term Debt	1,643	95,827		97,470
Premium on Long-Term Debt		5,324		5,324
Transfers In	61,468	441,633		503,101
Transfers Out	(324,500)	(91,827)		(416,327)
Total Other Financing Sources (Uses)	(261,389)	450,957		189,568
Net Change in Fund Balances	(146,152)	(7,550)	195	(153,507)
Fund Balances, October 1 (restated)	469,180	170,261	4,258	643,699
Fund Balances, September 30	$ 323,028	$ 162,711	$ 4,453	$ 490,192

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Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue Funds
As of September 30, 2015
(In Thousands)

	GRANTS	OTHER SPECIAL REVENUES	BLENDED COMPONENT UNITS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Assets:				
Cash and Cash Equivalents	$ -	$ 13,692	$ 1,371	$ 15,063
Investments		97,408	350	97,758
Receivables, Net		8,755	506	9,261
Materials and Supplies, at Cost		71		71
Prepaid Expenditures		80	4	84
Due From Other Funds		3,314		3,314
Due From Other Governmental Agencies, Net		858		858
Restricted Assets:				
Cash and Cash Equivalents	3,201	12,797	123,000	138,998
Investments	10,779	114,296	1	125,076
Receivables, Net	58,790	19,719	306	78,815
Materials and Supplies, at Cost	529	212	1,054	1,795
Deposits	1	1		2
Prepaid Expenditures	1		16	17
Due From Other Funds	154	7,522		7,676
Due From Other Governmental Agencies	15,999	330		16,329
Total Assets	$ 89,454	$ 279,055	$ 126,608	$ 495,117
Liabilities and Fund Balances:				
Liabilities:				
Vouchers Payable	$ -	$ 3,039	$ -	$ 3,039
Accounts Payable - Other		8,317	8	8,325
Accrued Payroll		689		689
Accrued Leave Payable		1		1
Unearned Revenue		23	15	38
Due To Other Funds		10,758		10,758
Due To Other Governmental Agencies				
Restricted Liabilities:				
Vouchers Payable	4,887	2,358	4	7,249
Accounts Payable - Other	4,526	1,305	573	6,404
Accrued Payroll	689	1,245	32	1,966
Unearned Revenue	70,831	5	235	71,071
Due To Other Funds	7,329	7,008	48,072	62,409
Due To Other Governmental Agencies	140			140
Total Liabilities	88,402	34,748	48,939	172,089
Fund Balances:				
Nonspendable	531	364	1,074	1,969
Restricted	2,357	135,047	74,283	211,687
Committed		91,859		91,859
Assigned		17,037	2,197	19,234
Unassigned	(1,836)		115	(1,721)
Total Fund Balances	1,052	244,307	77,669	323,028
Total Liabilities and Fund Balances	$ 89,454	$ 279,055	$ 126,608	$ 495,117

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue Funds
Year-Ended September 30, 2015
(In Thousands)

	GRANTS	OTHER SPECIAL REVENUES	BLENDED COMPONENT UNITS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
Revenues:				
Taxes:				
Property	$ -	$ 16,054	$ -	$ 16,054
General Sales and Use		80,064		80,064
Gross Receipts Business		3,224		3,224
Occupancy		79,163		79,163
Penalties and Interest on Delinquent Taxes		50		50
Intergovernmental	146,738	18,784	148	165,670
Charges for Services	290	88,356	9,896	98,542
Fines and Forfeits		354		354
Miscellaneous	3,277	35,784	1,792	40,853
Investment Earnings	155	729	34	918
Contributions	11,770	4,876	1,788	18,434
Total Revenues	162,230	327,438	13,658	503,326
Expenditures:				
Current:				
General Government	2,535	5,399		7,934
Public Safety	11,038	5,527		16,565
Public Works	20,301	38,013		58,314
Health Services	18,095	14,800		32,895
Sanitation	284	6,679		6,963
Welfare	88,867	157		89,024
Culture and Recreation	1,140	55,003	11,293	67,436
Convention and Tourism		21,345	1,322	22,667
Urban Redevelopment and Housing	15,197	325		15,522
Education		22,185		22,185
Economic Development and Opportunity	3,386	11,527	2,629	17,542
Debt Service:				
Principal Retirement	2,480		2,868	5,348
Interest	2,285		23,409	25,694
Total Expenditures	165,608	180,960	41,521	388,089
Excess (Deficiency) of Revenue Over (Under) Expenditures	(3,378)	146,478	(27,863)	115,237
Other Financing Sources (Uses):				
Issuance of Long-Term Debt			1,643	1,643
Transfers In	11,036	23,787	26,645	61,468
Transfers Out	(9,123)	(162,319)	(153,058)	(324,500)
Total Other Financing Sources (Uses)	1,913	(138,532)	(124,770)	(261,389)
Net Change in Fund Balances	(1,465)	7,946	(152,633)	(146,152)
Fund Balances, October 1 (restated)	2,517	236,361	230,302	469,180
Fund Balances, September 30	$ 1,052	$ 244,307	$ 77,669	$ 323,028

Combining Balance Sheet
Nonmajor Governmental Funds - Grants
As of September 30, 2015
(In Thousands)

	AMERICAN RECOVERY AND REINVESTMENT ACT	CATEGORICAL GRANT-IN AID	COMMUNITY DEVELOPMENT PROGRAM	CONFISCATED PROPERTY	HOME PROGRAM	HUD 108 LOAN PROGRAM	TOTAL NONMAJOR GRANTS
Assets:							
Restricted Assets:							
Cash and Cash Equivalents	$ 39	$ 691	$ 771	$ 284	$ 1,275	$ 141	$ 3,201
Investments	316	1,622	2,932	2,274	3,635		10,779
Receivables, Net	3,719	8	14,188	8	40,867		58,790
Materials and Supplies, at Cost		529					529
Deposits	1						1
Prepaid Expenditures		1					1
Due From Other Funds		106			48		154
Due From Other Governmental Agencies		14,701	169		1,129		15,999
Total Assets	$ 4,075	$ 17,658	$ 18,060	$ 2,566	$ 46,954	$ 141	$ 89,454
Liabilities and Fund Balances:							
Restricted Liabilities:							
Vouchers Payable	$ 2	$ 4,358	$ 195	$ 26	$ 306	$ -	$ 4,887
Accounts Payable - Other		3,669	24	2	831		4,526
Accrued Payroll		621	51	2	15		689
Unearned Revenue	4,075	1,890	18,908		45,817	141	70,831
Due To Other Funds		7,119	48	162			7,329
Due To Other Governmental Agencies	123			17			140
Total Liabilities	4,200	17,657	19,226	209	46,969	141	88,402
Fund Balances:							
Nonspendable	1	530					531
Restricted				2,357			2,357
Unassigned	(126)	(529)	(1,166)		(15)		(1,836)
Total Fund Balances	(125)	1	(1,166)	2,357	(15)		1,052
Total Liabilities and Fund Balances	$ 4,075	$ 17,658	$ 18,060	$ 2,566	$ 46,954	$ 141	$ 89,454

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Grants
Year-Ended September 30, 2015
(In Thousands)

	AMERICAN RECOVERY AND REINVESTMENT ACT	CATEGORICAL GRANT-IN AID	COMMUNITY DEVELOPMENT PROGRAM	CONFISCATED PROPERTY	HOME PROGRAM	HUD 108 LOAN PROGRAM	TOTAL NONMAJOR GRANTS
Revenues:							
Intergovernmental	$ 147	$ 127,249	$ 12,665	$ 1,502	$ 5,175	$ -	$ 146,738
Charges for Services			290				290
Miscellaneous	58	314	1,323		1,261	321	3,277
Investment Earnings	2	3	125	8	13	4	155
Contributions		8,790		78	2,902		11,770
Total Revenues	207	136,356	14,403	1,588	9,351	325	162,230
Expenditures:							
Current:							
General Government		7	2,524	1	2	1	2,535
Public Safety		9,376	79	1,583			11,038
Public Works		20,295	6				20,301
Health Services		18,095					18,095
Sanitation		284					284
Welfare		88,867					88,867
Culture and Recreation		657	483				1,140
Urban Redevelopment and Housing	198	1,817	3,818		9,364		15,197
Economic Development and Opportunity			2,601			785	3,386
Debt Service:							
Principal Retirement						2,480	2,480
Interest						2,285	2,285
Total Expenditures	198	139,398	9,511	1,584	9,366	5,551	165,608
Excess (Deficiency) of Revenue Over (Under) Expenditures	9	(3,042)	4,892	4	(15)	(5,226)	(3,378)
Other Financing Sources (Uses):							
Transfers In		6,271				4,765	11,036
Transfers Out	(9)	(3,228)	(5,512)	(374)			(9,123)
Total Other Financing Sources (Uses)	(9)	3,043	(5,512)	(374)		4,765	1,913
Net Change in Fund Balances		1	(620)	(370)	(15)	(461)	(1,465)
Fund Balances, October 1	(125)		(546)	2,727		461	2,517
Fund Balances, September 30	$ (125)	$ 1	$ (1,166)	$ 2,357	$ (15)	$ -	$ 1,052

Combining Balance Sheet
Nonmajor Governmental Funds - Other Special Revenues
As of September 30, 2015
(In Thousands)

	ADVANCED TRANSPORTATION DISTRICT	COMMUNITY AND VISITOR FACILITIES	COMMUNITY SERVICES	HOTEL/MOTEL 2% REVENUE	PARKS DEVELOPMENT AND EXPANSION	EARLY EDUCATION DEVELOPMENT	RIGHT OF WAYS	SAN ANTONIO HOUSING TRUST	STORMWATER OPERATIONS	TAX INCREMENT REINVESTMENT ZONE	PARKS ENVIRONMENTAL AND SANITATION	TOTAL OTHER NONMAJOR SPECIAL REVENUES
Assets:												
Cash and Cash Equivalents	$ -	$ 10,577	$ 782	$ -	$ -	$ -	$ 105	$ 2,228	$ -	$ -	$ -	$ 13,692
Investments		83,648	2,596				864	10,300				97,408
Receivables, Net		8,590	6				149	10				8,755
Materials and Supplies, at Cost		71										71
Prepaid Expenditures		80										80
Due From Other Funds		3,314										3,314
Due From Other Governmental Agencies, Net							858					858
Restricted Assets:												
Cash and Cash Equivalents	343	1,016	3,591	3	4,497	49			1,941	1,357		12,797
Investments	6,261	8,145	25,329		45,723	392			18,223	10,223		114,296
Receivables, Net	2,523	9	1,460	1,453	5,416	5,346			2,924	24	564	19,719
Materials and Supplies, at Cost			126						86			212
Deposits			1									1
Due From Other Funds			101	7,381	1					39		7,522
Due From Other Governmental Agencies			323							7		330
Total Assets	$ 9,127	$ 115,450	$ 34,315	$ 8,837	$ 55,637	$ 5,787	$ 1,976	$ 12,538	$ 23,174	$ 11,650	$ 564	$ 279,055
Liabilities and Fund Balances:												
Liabilities:												
Vouchers Payable	$ -	$ 2,289	$ 702	$ -	$ -	$ -	$ 14	$ 34	$ -	$ -	$ -	$ 3,039
Accounts Payable - Other		8,303	1				13					8,317
Accrued Payroll		658					31					689
Accrued Leave Payable		1										1
Unearned Revenue		22					1					23
Due To Other Funds		7,444		3,314								10,758
Restricted Liabilities:												
Vouchers Payable	17		1,347						483	378	133	2,358
Accounts Payable - Other	15		441			189			559	43	58	1,305
Accrued Payroll	42		154			569			368	13	99	1,245
Unearned Revenue			5									5
Due To Other Funds	210		1,322		210	5,029				85	152	7,008
Total Liabilities	284	18,717	3,972	3,314	210	5,787	59	34	1,410	519	442	34,748
Fund Balances:												
Nonspendable		151	127						86			364
Restricted	8,843	4,789	27,534	5,523	55,427				21,678	11,131	122	135,047
Committed		76,673	2,682					12,504				91,859
Assigned		15,120					1,917					17,037
Total Fund Balances	8,843	96,733	30,343	5,523	55,427		1,917	12,504	21,764	11,131	122	244,307
Total Liabilities and Fund Balances	$ 9,127	$ 115,450	$ 34,315	$ 8,837	$ 55,637	$ 5,787	$ 1,976	$ 12,538	$ 23,174	$ 11,650	$ 564	$ 279,055

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Other Special Revenues
Year-Ended September 30, 2015
(In Thousands)

	ADVANCED TRANSPORTATION DISTRICT	COMMUNITY AND VISITOR FACILITIES	COMMUNITY SERVICES	HOTEL/MOTEL 2% REVENUE	PARKS DEVELOPMENT AND EXPANSION	EARLY EDUCATION DEVELOPMENT	RIGHT OF WAYS	SAN ANTONIO HOUSING TRUST	STORMWATER OPERATIONS	TAX INCREMENT REINVESTMENT ZONE	PARKS ENVIRONMENTAL AND SANITATION	TOTAL OTHER NONMAJOR SPECIAL REVENUES
Revenues:												
Taxes:												
Property	$ -	$ -	$ 3,729	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,325	$ -	$ 16,054
General Sales and Use	15,328				32,368	32,368						80,064
Gross Receipts Business			3,224									3,224
Occupancy		61,556		17,607								79,163
Penalties and Interest on Delinquent Taxes		39		11								50
Intergovernmental		7,303	11,481									18,784
Charges for Services		26,437	7,118				2,568		45,471	41	6,721	88,356
Fines and Forfeits			354									354
Miscellaneous	27	361	8,465			24,920		1,902	109			35,784
Investment Earnings	27	264	94	9	144		2	107	56	26		729
Contributions			3,063		1,709				104			4,876
Total Revenues	15,382	95,960	37,528	17,627	34,221	57,288	2,570	2,009	45,740	12,392	6,721	327,438
Expenditures:												
Current:												
General Government	3	33	5,335	1	16			2	6	3		5,399
Public Safety			5,527									5,527
Public Works	4,510						1,760		31,743			38,013
Health Services			14,800									14,800
Sanitation											6,679	6,679
Welfare			157									157
Culture and Recreation		49,305	3,224		2,474							55,003
Convention and Tourism		21,345										21,345
Urban Redevelopment and Housing			112					213				325
Education						22,185						22,185
Economic Development and Opportunity			3,923							7,604		11,527
Total Expenditures	4,513	70,683	33,078	1	2,490	22,185	1,760	215	31,749	7,607	6,679	180,960
Excess of Revenue Over Expenditures	10,869	25,277	4,450	17,626	31,731	35,103	810	1,794	13,991	4,785	42	146,478
Other Financing Sources (Uses):												
Transfers In		7,503	2,385	13,899								23,787
Transfers Out	(13,748)	(27,146)	(4,578)	(28,660)	(34,536)	(35,103)	(845)		(15,606)	(2,097)		(162,319)
Total Other Financing Sources (Uses)	(13,748)	(19,643)	(2,193)	(14,761)	(34,536)	(35,103)	(845)		(15,606)	(2,097)		(138,532)
Net Change in Fund Balances	(2,879)	5,634	2,257	2,865	(2,805)		(35)	1,794	(1,615)	2,688	42	7,946
Fund Balances, October 1	11,722	91,099	28,086	2,658	58,232		1,952	10,710	23,379	8,443	80	236,361
Fund Balances, September 30	$ 8,843	$ 96,733	$ 30,343	$ 5,523	$ 55,427	$ -	$ 1,917	$ 12,504	$ 21,764	$ 11,131	$ 122	$ 244,307

Combining Balance Sheet
Nonmajor Governmental Funds - Blended Component Units
As of September 30, 2015
(In Thousands)

	SAN ANTONIO EDUCATION FACILITIES CORP.	SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORP.	SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY	MUNICIPAL GOLF ASSOCIATION SAN ANTONIO	SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORP.	STARBRIGHT INDUSTRIAL DEVELOPMENT CORP.	SAN ANTONIO ECONOMIC DEVELOPMENT CORP.	TEXAS PUBLIC FACILITIES CORP.	HEMISFAIR PARK AREA REDEVELOPMENT CORP.	URBAN RENEWAL AGENCY (OUR SA)	WESTSIDE DEVELOPMENT CORP.	TOTAL NONMAJOR BLENDED COMPONENT UNITS
Assets:												
Cash and Cash Equivalents	$ 110	$ 7	$ 9	$ -	$ -	$ -	$ 82	$ -	$ 900	$ -	$ 263	$ 1,371
Investments							350					350
Receivables, net									71		435	506
Prepaid Expenditures											4	4
Restricted Assets:												
Cash and Cash Equivalents				1,306	603	259		120,726	90	16		123,000
Investments						1						1
Receivables, Net				202				1		103		306
Materials and Supplies, at Cost				236						818		1,054
Prepaid Expenditures				13		3						16
Total Assets	$ 110	$ 7	$ 9	$ 1,757	$ 603	$ 263	$ 432	$ 120,727	$ 1,061	$ 937	$ 702	$ 126,608
Liabilities and Fund Balances:												
Liabilities:												
Accounts Payable - Other	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8	$ 8
Unearned Revenue											15	15
Restricted Liabilities:												
Vouchers Payable										4		4
Accounts Payable - Other				556					17			573
Accrued Payroll									32			32
Unearned Revenue				145					90			235
Due To Other Funds								48,072				48,072
Total Liabilities				701				48,072	139	4	23	48,939
Deferred Inflows of Resources				-					-			
Fund Balances:												
Nonspendable				249		3				818	4	1,074
Restricted					603	260		72,655	90		675	74,283
Assigned	110	7	9	807			432		832			2,197
Unassigned										115		115
Total Fund Balances	110	7	9	1,056	603	263	432	72,655	922	933	679	77,669
Total Liabilities and Fund Balances	$ 110	$ 7	$ 9	$ 1,757	$ 603	$ 263	$ 432	$ 120,727	$ 1,061	$ 937	$ 702	$ 126,608

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Blended Component Units
Year-Ended September 30, 2015
(In Thousands)

	SAN ANTONIO EDUCATION FACILITIES CORP.	SAN ANTONIO HEALTH FACILITIES DEVELOPMENT CORP.	SAN ANTONIO INDUSTRIAL DEVELOPMENT AUTHORITY	MUNICIPAL GOLF ASSOCIATION SAN ANTONIO	SAN ANTONIO TEXAS MUNICIPAL FACILITIES CORP.	STARBRIGHT INDUSTRIAL DEVELOPMENT CORP.	SAN ANTONIO ECONOMIC DEVELOPMENT CORP.	TEXAS PUBLIC FACILITIES CORP.	HEMISFAIR PARK AREA REDEVELOPMENT CORP.	URBAN RENEWAL AGENCY (OUR SA)	WESTSIDE DEVELOPMENT CORP.	TOTAL NONMAJOR BLENDED COMPONENT UNITS
Revenues:												
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 148	$ -	$ 148
Charges for Services	19			9,700					2		175	9,896
Miscellaneous				998	3		56		7	728		1,792
Investment Earnings								22		5	7	34
Contributions				1,010			300		282		196	1,788
Total Revenues	19			11,708	3		356	22	291	881	378	13,658
Expenditures:												
Current:												
Culture and Recreation				11,293								11,293
Convention and Tourism										1,322		1,322
Economic Development and Opportunity					3	3	523		1,570		530	2,629
Debt Service:												
Principal Retirement				1,328	1,540							2,868
Interest				113	1,355	733		21,208				23,409
Total Expenditures				12,734	2,898	736	523	21,208	1,570	1,322	530	41,521
Excess (Deficiency) of Revenue Over (Under) Expenditures	19			(1,026)	(2,895)	(736)	(167)	(21,186)	(1,279)	(441)	(152)	(27,863)
Other Financing Sources:												
Issuance of Long-Term Debt				1,643								1,643
Transfers In					2,895	856		21,208	1,427		259	26,645
Transfers Out				(254)				(152,804)				(153,058)
Total Other Financing Sources (Uses)				1,389	2,895	856		(131,596)	1,427		259	(124,770)
Net Change in Fund Balances	19			363		120	(167)	(152,782)	148	(441)	107	(152,633)
Fund Balances, October 1 (restated)	91	7	9	693	603	143	599	225,437	774	1,374	572	230,302
Fund Balances, September 30	$ 110	$ 7	$ 9	$ 1,056	$ 603	$ 263	$ 432	$ 72,655	$ 922	$ 933	$ 679	$ 77,669

Combining Balance Sheet
Nonmajor Governmental Funds - Capital Projects
As of September 30, 2015
(In Thousands)

	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	OTHER CAPITAL PROJECTS	TOTAL CAPITAL PROJECTS
Assets:				
Cash and Cash Equivalents	$ -	$ -	$ 1,009	$ 1,009
Investments			8,154	8,154
Receivables, Net			18	18
Restricted Assets:				
Cash and Cash Equivalents	42,119	19,216	11,886	73,221
Investments	46,190	70,945	31,214	148,349
Receivables, Net	1,284	58	55	1,397
Deposits			5,510	5,510
Prepaid Expenditures			31	31
Due From Other Funds	9,323	2,411	55,605	67,339
Due From Other Governmental Agencies	5,088	1	271	5,360
Total Assets	$ 104,004	$ 92,631	$ 113,753	$ 310,388
Liabilities and Fund Balances:				
Liabilities:				
Restricted Liabilities:				
Vouchers Payable	$ 13,635	$ 2,888	$ 15,263	$ 31,786
Accounts Payable - Other	22,071	3,840	20,195	46,106
Unearned Revenue	21,968	33	4,639	26,640
Due To Other Funds	416	6,267	36,462	43,145
Total Liabilities	58,090	13,028	76,559	147,677
Fund Balances:				
Nonspendable			5,541	5,541
Restricted	51,203	83,922	26,003	161,128
Committed			9,181	9,181
Unassigned	(5,289)	(4,319)	(3,531)	(13,139)
Total Fund Balances	45,914	79,603	37,194	162,711
Total Liabilities and Fund Balances	$ 104,004	$ 92,631	$ 113,753	$ 310,388

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Capital Projects
Year-Ended September 30, 2015
(In Thousands)

	GENERAL OBLIGATION BONDS	CERTIFICATES OF OBLIGATION	OTHER CAPITAL PROJECTS	TOTAL CAPITAL PROJECTS
Revenues:				
Intergovernmental	$ 15,255	$ -	$ 4,870	$ 20,125
Miscellaneous	1,489	124	353	1,966
Investment Earnings	216	111	164	491
Total Revenues	16,960	235	5,387	22,582
Expenditures:				
Current:				
General Government	38	21	40	99
Public Safety			4,786	4,786
Capital Outlay	176,043	32,632	266,791	475,466
Debt Service:				
Issuance Costs		610	128	738
Total Expenditures	176,081	33,263	271,745	481,089
(Deficiency) of Revenue (Under) Expenditures	(159,121)	(33,028)	(266,358)	(458,507)
Other Financing Sources (Uses):				
Issuance of Long-Term Debt		80,180	15,647	95,827
Premium on Long-Term Debt		5,024	300	5,324
Transfers In	154,097	31,038	256,498	441,633
Transfers Out	(24,723)	(32,760)	(34,344)	(91,827)
Total Other Financing Sources (Uses)	129,374	83,482	238,101	450,957
Net Change in Fund Balances	(29,747)	50,454	(28,257)	(7,550)
Fund Balances, October 1	75,661	29,149	65,451	170,261
Fund Balances, September 30	$ 45,914	$ 79,603	$ 37,194	$ 162,711

Combining Balance Sheet
Nonmajor Governmental Funds - General Obligation Bonds
As of September 30, 2015
(In Thousands)

	PRE-1999 GENERAL OBLIGATION BONDS	1999 GENERAL OBLIGATION BONDS	2003 GENERAL OBLIGATION BONDS	2007 GENERAL OBLIGATION BONDS	GENERAL OBLIGATION PROJECTS FUND	TOTAL GENERAL OBLIGATION BONDS
Assets:						
Restricted Assets:						
Cash and Cash Equivalents	$ 17	$ 1	$ 86	$ 5,118	$ 36,897	$ 42,119
Investments	141	11	715	45,323		46,190
Receivables, Net			4	95	1,185	1,284
Due From Other Funds					9,323	9,323
Due From Other Governmental Agencies					5,088	5,088
Total Assets	$ 158	$ 12	$ 805	$ 50,536	$ 52,493	$ 104,004
Liabilities and Fund Balances:						
Liabilities:						
Restricted Liabilities:						
Vouchers Payable	$ 158	$ -	$ 9	$ -	$ 13,468	$ 13,635
Accounts Payable - Other					22,071	22,071
Unearned Revenue					21,968	21,968
Due To Other Funds			69	72	275	416
Total Liabilities	158		78	72	57,782	58,090
Fund Balances:						
Restricted		12	727	50,464		51,203
Unassigned					(5,289)	(5,289)
Total Fund Balances		12	727	50,464	(5,289)	45,914
Total Liabilities and Fund Balances	$ 158	$ 12	$ 805	$ 50,536	$ 52,493	$ 104,004

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - General Obligation Bonds
Year-Ended September 30, 2015
(In Thousands)

	PRE-1999 GENERAL OBLIGATION BONDS	1999 GENERAL OBLIGATION BONDS	2003 GENERAL OBLIGATION BONDS	2007 GENERAL OBLIGATION BONDS	GENERAL OBLIGATION PROJECTS FUND	TOTAL GENERAL OBLIGATION BONDS
Revenues:						
Intergovernmental	$ -	$ -	$ -	$ -	$ 15,255	$ 15,255
Miscellaneous					1,489	1,489
Investment Earnings			8	208		216
Total Revenues			8	208	16,744	16,960
Expenditures:						
Current:						
General Government			5	33		38
Capital Outlay					176,043	176,043
Total Expenditures			5	33	176,043	176,081
Excess (Deficiency) of Revenue (Under) Expenditures			3	175	(159,299)	(159,121)
Other Financing Sources (Uses):						
Transfers In					154,097	154,097
Transfers Out	(2)	(28)	(2,167)	(22,288)	(238)	(24,723)
Total Other Financing Sources (Uses):	(2)	(28)	(2,167)	(22,288)	153,859	129,374
Net Change in Fund Balances	(2)	(28)	(2,164)	(22,113)	(5,440)	(29,747)
Fund Balances, October 1	2	40	2,891	72,577	151	75,661
Fund Balances, September 30	$ -	$ 12	$ 727	$ 50,464	$ (5,289)	$ 45,914

Combining Balance Sheet
Nonmajor Governmental Funds - Certificates of Obligation
As of September 30, 2015
(In Thousands)

	PRE-2006 CERTIFICATES OF OBLIGATION	2006 CERTIFICATES OF OBLIGATION	2007 CERTIFICATES OF OBLIGATION	2008 CERTIFICATES OF OBLIGATION	2010 CERTIFICATES OF OBLIGATION	2011 CERTIFICATES OF OBLIGATION	2012 CERTIFICATES OF OBLIGATION	2013 CERTIFICATES OF OBLIGATION	2015 CERTIFICATES OF OBLIGATION	CERTIFICATES OF OBLIGATION PROJECTS FUND	TOTAL CERTIFICATES OF OBLIGATION
Assets:											
Restricted Assets:											
Cash and Cash Equivalents	$ 3	$ 621	$ 214	$ 119	$ 182	$ 765	$ 334	$ 556	$ 15,161	$ 1,261	$ 19,216
Investments	30	1,398	693	974	2,386	6,680	2,694	4,483	51,607		70,945
Receivables, Net	1	3	3	3	7	12	5	9	15		58
Due From Other Funds					5					2,406	2,411
Due From Other Governmental Agencies										1	1
Total Assets	$ 34	$ 2,022	$ 910	$ 1,096	$ 2,580	$ 7,457	$ 3,033	$ 5,048	$ 66,783	$ 3,668	$ 92,631
Liabilities and Fund Balances:											
Liabilities:											
Restricted Liabilities:											
Vouchers Payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,888	$ 2,888
Accounts Payable - Other		452								3,388	3,840
Unearned Revenue										33	33
Due To Other Funds						7	1,389		3,193	1,678	6,267
Total Liabilities		452				7	1,389		3,193	7,987	13,028
Fund Balances:											
Restricted	34	1,570	910	1,096	2,580	7,450	1,644	5,048	63,590		83,922
Unassigned										(4,319)	(4,319)
Total Fund Balances	34	1,570	910	1,096	2,580	7,450	1,644	5,048	63,590	(4,319)	79,603
Total Liabilities and Fund Balances	$ 34	$ 2,022	$ 910	$ 1,096	$ 2,580	$ 7,457	$ 3,033	$ 5,048	$ 66,783	$ 3,668	$ 92,631

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Certificates of Obligation
Year-Ended September 30, 2015
(In Thousands)

	PRE-2006 CERTIFICATES OF OBLIGATION	2006 CERTIFICATES OF OBLIGATION	2007 CERTIFICATES OF OBLIGATION	2008 CERTIFICATES OF OBLIGATION	2010 CERTIFICATES OF OBLIGATION	2011 CERTIFICATES OF OBLIGATION	2012 CERTIFICATES OF OBLIGATION	2013 CERTIFICATES OF OBLIGATION	2015 CERTIFICATES OF OBLIGATION	CERTIFICATES OF OBLIGATION PROJECTS FUND	TOTAL CERTIFICATES OF OBLIGATION
Revenues:											
Miscellaneous	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 124	$ 124
Investment Earnings	3	6	5	6	14	27	11	17	22		111
Total Revenues	3	6	5	6	14	27	11	17	22	124	235
Expenditures:											
Current:											
General Government	1	2	2	2	3	5	3	3			21
Capital Outlay		452								32,180	32,632
Debt Service:											
Issuance Costs									610		610
Total Expenditures	1	454	2	2	3	5	3	3	610	32,180	33,263
Excess (Deficiency) of Revenue Over (Under) Expenditures	2	(448)	3	4	11	22	8	14	(588)	(32,056)	(33,028)
Other Financing Sources (Uses):											
Issuance of Long-Term Debt									80,180		80,180
Premium on Long-Term Debt									5,024		5,024
Transfers In										31,038	31,038
Transfers Out	(960)	(1,145)	(1,368)	(473)	(2,393)	(2,229)	(2,449)	(717)	(21,026)		(32,760)
Total Other Financing Sources (Uses)	(960)	(1,145)	(1,368)	(473)	(2,393)	(2,229)	(2,449)	(717)	64,178	31,038	83,482
Net Change in Fund Balances	(958)	(1,593)	(1,365)	(469)	(2,382)	(2,207)	(2,441)	(703)	63,590	(1,018)	50,454
Fund Balances, October 1	992	3,163	2,275	1,565	4,962	9,657	4,085	5,751		(3,301)	29,149
Fund Balances, September 30	$ 34	$ 1,570	$ 910	$ 1,096	$ 2,580	$ 7,450	$ 1,644	$ 5,048	$ 63,590	$ (4,319)	$ 79,603

Combining Balance Sheet
Nonmajor Governmental Funds - Other Capital Projects
As of September 30, 2015
(In Thousands)

	CONVENTION CENTER EXPANSION	EDWARDS AQUIFER PROTECTION VENUE	EQUIPMENT ACQUISITION	IMPROVEMENT PROJECTS	MUNICIPAL DRAINAGE UTILITY SYSTEM	PARKS DEVELOPMENT AND EXPANSION	RESIDUAL CAPITAL PROJECTS	TAX & REVENUE NOTES	TOTAL OTHER CAPITAL PROJECTS
Assets:									
Cash and Cash Equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,009	$ -	$ 1,009
Investments							8,154		8,154
Receivables, Net							18		18
Restricted Assets:									
Cash and Cash Equivalents	54	2	11	10,010	849	23		937	11,886
Investments	92	12	3,402		6,563	185		20,960	31,214
Receivables, Net			5	3	12			35	55
Deposits				5,510					5,510
Prepaid Expenditures	31								31
Due From Other Funds	52,072			3,460	73				55,605
Due From Other Governmental Agencies				271					271
Total Assets	$ 52,249	$ 14	$ 3,418	$ 19,254	$ 7,497	$ 208	$ 9,181	$ 21,932	$ 113,753
Liabilities and Fund Balances:									
Liabilities:									
Restricted Liabilities:									
Vouchers Payable	$ 11,123	$ -	$ -	$ 3,981	$ 159	$ -	$ -	$ -	$ 15,263
Accounts Payable - Other	13,471			6,106	165			453	20,195
Unearned Revenue				4,639					4,639
Due To Other Funds	28,131		1,533	2,042	147			4,609	36,462
Total Liabilities	52,725		1,533	16,768	471			5,062	76,559
Fund Balances:									
Nonspendable	31			5,510					5,541
Restricted		14	1,885		7,026	208		16,870	26,003
Committed							9,181		9,181
Unassigned	(507)			(3,024)					(3,531)
Total Fund Balances	(476)	14	1,885	2,486	7,026	208	9,181	16,870	37,194
Total Liabilities and Fund Balances	$ 52,249	$ 14	$ 3,418	$ 19,254	$ 7,497	$ 208	$ 9,181	$ 21,932	$ 113,753

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Other Capital Projects
Year-Ended September 30, 2015
(In Thousands)

	CONVENTION CENTER EXPANSION	EDWARDS AQUIFER PROTECTION VENUE	EQUIPMENT ACQUISITION	IMPROVEMENT PROJECTS	MUNICIPAL DRAINAGE UTILITY SYSTEM	PARKS DEVELOPMENT AND EXPANSION	RESIDUAL CAPITAL PROJECTS	TAX & REVENUE NOTES	TOTAL OTHER CAPITAL PROJECTS
Revenues:									
Intergovernmental	$ -	$ -	$ -	$ 4,870	$ -	$ -	$ -	$ -	$ 4,870
Miscellaneous	2			129			222		353
Investment Earnings			11		27	1	46	79	164
Total Revenues	2		11	4,999	27	1	268	79	5,387
Expenditures:									
Current:									
General Government			12		5		6	17	40
Public Safety			4,786						4,786
Capital Outlay	159,415			105,623	1,300			453	266,791
Debt Service:									
Issuance Costs				48				80	128
Total Expenditures	159,415		4,798	105,671	1,305		6	550	271,745
Excess (Deficiency) of Revenue Over (Under) Expenditures	(159,413)		(4,787)	(100,672)	(1,278)	1	262	(471)	(266,358)
Other Financing Sources (Uses):									
Issuance of Long-Term Debt			4,767	6,100				4,780	15,647
Premium on Long-Term Debt								300	300
Transfers In	158,885		26	97,251	336				256,498
Transfers Out					(1,592)		(13,152)	(19,600)	(34,344)
Total Other Financing Sources (Uses)	158,885		4,793	103,351	(1,256)		(13,152)	(14,520)	238,101
Net Change in Fund Balances	(528)		6	2,679	(2,534)	1	(12,890)	(14,991)	(28,257)
Fund Balances, October 1	52	14	1,879	(193)	9,560	207	22,071	31,861	65,451
Fund Balances, September 30	$ (476)	$ 14	$ 1,885	$ 2,486	$ 7,026	$ 208	$ 9,181	$ 16,870	$ 37,194

Combining Balance Sheet
Nonmajor Governmental Funds - Permanent
As of September 30, 2015
(In Thousands)

	CARVER CULTURAL CENTER ENDOWMENT	CITY CEMETERIES	WILLIAM C. MORRIS ENDOWMENT	BOZA BECICA ENDOWMENT	TOTAL PERMANENT FUNDS
Assets:					
Restricted Assets:					
Cash and Cash Equivalents	$ 45	$ 351	$ 35	$ 57	$ 488
Investments	359	2,818	279	460	3,916
Receivables, Net	1	61		1	63
Total Assets	$ 405	$ 3,230	$ 314	$ 518	$ 4,467
Liabilities and Fund Balances:					
Liabilities:					
Restricted Liabilities:					
Vouchers Payable	$ -	$ 11	$ -	$ 3	$ 14
Total Liabilities		11		3	14
Fund Balances:					
Nonspendable	334	2,916		514	3,764
Restricted	71	303	314	1	689
Total Fund Balances	405	3,219	314	515	4,453
Total Liabilities and Fund Balances	$ 405	$ 3,230	$ 314	$ 518	$ 4,467

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Permanent
Year-Ended September 30, 2015
(In Thousands)

	CARVER CULTURAL CENTER ENDOWMENT	CITY CEMETERIES	WILLIAM C. MORRIS ENDOWMENT	BOZA BECICA ENDOWMENT	TOTAL PERMANENT FUNDS
Revenues:					
Charges for Services	$ -	$ 258	$ -	$ -	$ 258
Investment Earnings	1	9	1	1	12
Total Revenues	1	267	1	1	270
Expenditures:					
Current:					
General Government		1			1
Culture and Recreation		69	2	3	74
Total Expenditures		70	2	3	75
Excess (Deficiency) of Revenue Over (Under) Expenditures	1	197	(1)	(2)	195
Net Change in Fund Balances	1	197	(1)	(2)	195
Fund Balances, October 1	404	3,022	315	517	4,258
Fund Balances, September 30	$ 405	$ 3,219	$ 314	$ 515	$ 4,453

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Supplementary Budget and Actual Schedules for Legally Adopted Funds

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Schedules of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes	$ 575,040	$ 571,781	$ (3,259)
Licenses and Permits	7,890	8,107	217
Intergovernmental	8,104	8,071	(33)
Revenues from Utilities	342,881	348,997	6,116
Charges for Services	59,266	70,692	11,426
Fines and Forfeits	12,375	12,235	(140)
Miscellaneous	11,677	10,790	(887)
Investment Earnings	530	525	(5)
Contributions	100	185	85
Total Revenues	1,017,863	1,031,383	13,520
Expenditures:			
General Government	76,481	74,075	2,406
Public Safety	697,453	693,371	4,082
Public Works	60,489	57,312	3,177
Health Services	23,952	23,425	527
Welfare	35,072	34,166	906
Culture and Recreation	89,466	88,567	899
Convention and Tourism	659	739	(80)
Economic Development and Opportunity	27,751	27,044	707
Urban Redevelopment and Housing	15,795	15,382	413
Debt Service:			
Principal Retirement	12,330	12,330	
Interest	462	462	
Total Expenditures	1,039,910	1,026,873	13,037
Excess (Deficiency) of Revenues Over Expenditures	(22,047)	4,510	26,557
Other Financing Sources (Uses):			
Transfers In	23,545	27,773	4,228
Transfers Out	(49,766)	(48,921)	845
Total Other Financing Sources (Uses)	(26,221)	(21,148)	5,073
Net Change in Fund Balance	(48,268)	(16,638)	$ 31,630
Fund Balances, October 1	218,595	218,595	
Add Encumbrances		41,511	
Fund Balances, September 30	$ 170,327	$ 243,468	

Schedule of Revenues Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Property:			
Current	$ 268,478	$ 267,729	$ (749)
Delinquent	2,712	2,134	(578)
City Sales	262,820	258,948	(3,872)
Alcoholic Beverages	7,600	7,957	357
Telecommunication Access Lines Fees	14,446	14,918	472
Cablevision Franchise	15,108	16,127	1,019
Bingo	1,107	1,312	205
Other	639	621	(18)
Penalties and Interest on Delinquent Taxes	2,130	2,035	(95)
Total Taxes	575,040	571,781	(3,259)
Licenses and Permits:			
Alcoholic Beverages Licenses	1,127	827	(300)
Health Licenses	4,016	4,177	161
Amusement Licenses	116	106	(10)
Professional and Occupational Licenses	1,438	1,542	104
Building Permits	565	810	245
Street Permits	628	645	17
Total Licenses and Permits	7,890	8,107	217
Intergovernmental:			
Library Aid from Bexar County	3,784	3,784	
Bexar County - Child Support	40	43	3
Magistration and Detention - Bexar	1,336	1,337	1
Other	1,549	1,533	(16)
Health Aid from Bexar County	736	728	(8)
SAWS Reimbursement	263	267	4
VIA Contributions	327	326	(1)
Hotel/Motel Tax Collection Fee	69	53	(16)
Total Intergovernmental	8,104	8,071	(33)
Revenues from Utilities:			
CPS Energy	329,347	336,283	6,936
San Antonio Water System	13,534	12,714	(820)
Total Revenues from Utilities	$ 342,881	$ 348,997	$ 6,116

(Continued)

Schedule of Revenues Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Charges for Services:			
General Government	$ 3,781	$ 4,007	$ 226
Public Safety:			
Police Department	6,401	6,108	(293)
Fire Department	34,315	45,035	10,720
Sanitation:			
Demolition of Unsafe Structures	390	498	108
Streets	380	574	194
Health	2,806	3,034	228
Culture and Recreation:			
Tower of the Americas	868	886	18
Hemisphere Plaza	91	88	(3)
La Villita	489	511	22
Recreation Fees	2,054	2,180	126
Concessions in Other Parks	7	7	
River Boats	5,804	5,798	(6)
Swimming Pools	100	41	(59)
Community Centers	447	542	95
Library	1,086	1,050	(36)
Miscellaneous Recreation Revenue	247	333	86
Total Charges for Services	59,266	70,692	11,426
Fines and Forfeits:			
Municipal Court Fines	12,375	12,235	(140)
Miscellaneous:			
Sales	4,279	4,382	103
Recovery of Expenditures	2,479	1,432	(1,047)
Interfund Charges	1,850	2,004	154
Rents, Leases, and Concessions	2,636	2,862	226
Other	433	110	(323)
Total Miscellaneous	11,677	10,790	(887)
Investment Earnings:			
Interest	530	525	(5)
Contributions:			
Contributions	100	185	85
Total Revenues	$ 1,017,863	$ 1,031,383	$ 13,520

(End of Schedule)

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Expenditures:			
General Government:			
Legislative:			
Personal Services	$ 2,024	$ 2,082	$ (58)
Contractual Services	3,434	3,169	265
Commodities	181	179	2
Other Expenditures	4,217	4,043	174
Total Legislative	9,856	9,473	383
Judicial:			
Personal Services	11,113	10,707	406
Contractual Services	987	1,566	(579)
Commodities	155	177	(22)
Other Expenditures	1,805	1,793	12
Capital Outlay		6	(6)
Total Judicial	14,060	14,249	(189)
Executive:			
Personal Services	29,118	25,872	3,246
Contractual Services	16,099	17,855	(1,756)
Commodities	1,126	1,159	(33)
Other Expenditures	6,222	5,447	775
Capital Outlay		20	(20)
Total Executive	52,565	50,353	2,212
Total General Government	76,481	74,075	2,406
Public Safety:			
Police:			
Personal Services	317,435	318,795	(1,360)
Contractual Services	8,211	8,529	(318)
Commodities	2,499	2,235	264
Other Expenditures	21,040	20,652	388
Capital Outlay	228	312	(84)
Total Police	349,413	350,523	(1,110)
Fire:			
Personal Services	224,702	224,062	640
Contractual Services	7,166	6,434	732
Commodities	6,187	7,086	(899)
Other Expenditures	22,442	20,908	1,534
Capital Outlay	203	292	(89)
Total Fire	$ 260,700	$ 258,782	$ 1,918

(Continued)

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Administration:			
Personal Services	$ 25,017	$ 22,853	$ 2,164
Contractual Services	3,381	3,237	144
Commodities	2,071	1,679	392
Other Expenditures	11,748	11,416	332
Total Administration	42,217	39,185	3,032
Other Protection:			
Personal Services	23,565	23,676	(111)
Contractual Services	4,516	4,214	302
Commodities	2,419	2,786	(367)
Other Expenditures	14,623	14,088	535
Capital Outlay		117	(117)
Total Other Protection	45,123	44,881	242
Total Public Safety	697,453	693,371	4,082
Public Works:			
Streets:			
Personal Services	20,163	19,477	686
Contractual Services	8,961	8,569	392
Commodities	7,056	7,700	(644)
Other Expenditures	7,524	6,986	538
Capital Outlay	109	134	(25)
Total Streets	43,813	42,866	947
Lighting:			
Contractual Services	1,000	624	376
Commodities		376	(376)
Other Expenditures	15,676	13,446	2,230
Total Lighting	16,676	14,446	2,230
Total Public Works	$ 60,489	$ 57,312	$ 3,177

(Continued)

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Health Services:			
Personal Services	$ 15,390	$ 14,575	$ 815
Contractual Services	3,183	3,394	(211)
Commodities	1,578	1,722	(144)
Other Expenditures	3,778	3,612	166
Capital Outlay	23	122	(99)
Total Health Services	23,952	23,425	527
Welfare:			
Personal Services	6,310	6,229	81
Contractual Services	23,170	22,274	896
Commodities	498	664	(166)
Other Expenditures	4,834	4,752	82
Capital Outlay	260	247	13
Total Welfare	35,072	34,166	906
Culture and Recreation:			
Libraries:			
Personal Services	21,288	20,761	527
Contractual Services	3,938	4,291	(353)
Commodities	5,316	5,290	26
Other Expenditures	4,366	4,233	133
Capital Outlay		12	(12)
Total Libraries	34,908	34,587	321
Parks:			
Personal Services	29,461	29,075	386
Contractual Services	10,668	11,418	(750)
Commodities	3,746	3,373	373
Other Expenditures	10,588	9,887	701
Capital Outlay	95	227	(132)
Total Parks	54,558	53,980	578
Total Culture and Recreation	$ 89,466	$ 88,567	$ 899

(Continued)

Schedule of Expenditures Compared to Budget
Budget and Actual (Budgetary Basis)
General Fund
Year-Ended September 30, 2015

(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Convention and Tourism:			
Personal Services	$ 443	$ 417	$ 26
Contractual Services	29	34	(5)
Commodities	105	206	(101)
Other Expenditures	82	82	
Total Convention and Tourism	659	739	(80)
Economic Development and Opportunity:			
Personal Services	5,174	4,901	273
Contractual Services	22,103	21,663	440
Commodities	152	166	(14)
Other Expenditures	322	314	8
Total Economic Development and Opportunity	27,751	27,044	707
Urban Redevelopment and Housing:			
Personal Services	9,834	9,615	219
Contractual Services	3,249	3,152	97
Commodities	388	296	92
Other Expenditures	2,324	2,301	23
Capital Outlay		18	(18)
Total Urban Redevelopment and Housing:	15,795	15,382	413
Debt Service:			
Principal Retirement	12,330	12,330	
Interest	462	462	
Total Debt Service:	12,792	12,792	
Total Expenditures	$ 1,039,910	$ 1,026,873	$ 13,037

(End of Schedule)

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Debt Service Fund
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Property Taxes:			
Current	$ 159,721	$ 160,109	$ 388
Delinquent	1,620	1,271	(349)
Penalties and Interest on Delinquent Taxes	1,270	1,218	(52)
Miscellaneous	3,546	3,546	
Investment Earnings	206	47	(159)
Total Revenues	166,363	166,191	(172)
Expenditures:			
General Government:			
Contractual Services	16	379	(363)
Debt Service:			
Principal Retirement	116,775	120,165	(3,390)
Interest	66,789	69,933	(3,144)
Issuance Costs		824	(824)
Total Expenditures	183,580	191,301	(7,721)
(Deficiency) of Revenues Over Expenditures	(17,217)	(25,110)	(7,893)
Other Financing Sources (Uses):			
Transfers In	15,924	22,846	6,922
Refunding Debt Issued	146,170	144,880	(1,290)
Payments to Refunded Bond Escrow Agent	(161,004)	(159,593)	1,411
Premium on Long-Term Debt	15,737	15,607	(130)
Total Other Financing Sources (Uses)	16,827	23,740	6,913
Net Change in Fund Balance	(390)	(1,370)	$ (980)
Fund Balances, October 1	46,808	46,808	
Fund Balances, September 30	$ 46,418	$ 45,438	

The City noted budget violations of excess expenditures over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Advanced Transportation District
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
General Sales and Use:			
City Sales Tax	$ 15,232	$ 15,328	$ 96
Investment Earnings	22	27	5
Miscellaneous	1	27	26
Total Revenues	15,255	15,382	127
Expenditures:			
General Government:			
Other Expenditures		3	(3)
Total General Government		3	(3)
Public Works:			
Personal Services	1,613	1,579	34
Contractual Services	632	820	(188)
Commodities	36	28	8
Other Expenditures	2,062	2,058	4
Capital Outlay	30	170	(140)
Total Public Works	4,373	4,655	(282)
Total Expenditures	4,373	4,658	(285)
Excess (Deficiency) of Revenues Over Expenditures	10,882	10,724	(158)
Other Financing (Uses):			
Transfers Out	(15,321)	(19,860)	(4,539)
Total Other Financing (Uses)	(15,321)	(19,860)	(4,539)
Net Change in Fund Balance	(4,439)	(9,136)	$ (4,697)
Fund Balances, October 1	11,722	11,722	
Add Encumbrances		6,257	
Fund Balances, September 30	$ 7,283	$ 8,843	

The City noted budget violations of excess expenditures, transfers out, and encumbrances over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community and Visitor Facilities
Year-Ended September 30, 2015

(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Occupancy	$ 61,650	$ 61,556	$ (94)
Penalties and Interest on Delinquent Taxes		39	39
Intergovernmental	1,826	7,303	5,477
Charges for Services	23,141	26,437	3,296
Miscellaneous	579	361	(218)
Investment Earnings		264	264
Total Revenues	87,196	95,960	8,764
Expenditures:			
General Government:			
Other Expenditures		33	(33)
Total General Government		33	(33)
Culture & Recreation:			
Cultural & Creative Development:			
Personal Services	1,447	1,408	39
Contractual Services	1,260	1,538	(278)
Commodities	22	20	2
Other Expenditures	155	619	(464)
Capital Outlay	175	107	68
Total Cultural & Creative Development	3,059	3,692	(633)
Convention Facilities:			
Personal Services	17,624	17,343	281
Contractual Services	4,555	4,649	(94)
Commodities	1,019	1,142	(123)
Other Expenditures	10,849	12,037	(1,188)
Capital Outlay	159	853	(694)
Total Convention Facilities	34,206	36,024	(1,818)
Nondepartmental:			
Personal Services	180	310	(130)
Contractual Services	4,152	4,361	(209)
Other Expenditures	11	585	(574)
Total Nondepartmental	4,343	5,256	(913)
Contributions to Other Agencies	6,256	5,997	259
Total Culture & Recreation	47,864	50,969	(3,105)
Convention and Tourism:			
Convention and Visitors Bureau:			
Personal Services	7,418	7,771	(353)
Contractual Services	12,070	12,312	(242)
Commodities	305	243	62
Other Expenditures	664	1,301	(637)
Capital Outlay	2	8	(6)
Total Convention and Tourism	20,459	21,635	(1,176)
Total Expenditures	68,323	72,637	(4,314)
Excess of Revenues Over Expenditures	18,873	23,323	4,450
Other Financing Sources (Uses):			
Transfers In	153	7,503	7,350
Transfers Out	(28,230)	(36,277)	(8,047)
Total Other Financing Sources (Uses)	(28,077)	(28,774)	(697)
Net Change in Fund Balance	(9,204)	(5,451)	$ 3,753
Fund Balances, October 1	91,099	91,099	
Add Encumbrances		11,085	
Fund Balances, September 30	$ 81,895	$ 96,733	

The City noted budget violations of excess expenditures, transfers out, and encumbrances over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Note: Includes revenues and expenditures generated from Convention and Tourism activities relating to the promotion of City of San Antonio owned facilities to be used for conventions, community and entertainment venues; the marketing and promotion of San Antonio through the Convention and Visitors Bureau and support for arts and cultural organizations in the Department of Cultural and Creative Development.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Confiscated Property
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Intergovernmental	$ 1,594	$ 1,502	$ (92)
Contributions		78	78
Investment Earnings	3	8	5
Total Revenues	1,597	1,588	(9)
Expenditures:			
General Government:			
Other Expenditures		1	(1)
Total General Government		1	(1)
Public Safety:			
Personal Services	321	283	38
Contractual Services	679	367	312
Commodities	297	176	121
Other Expenditures	274	291	(17)
Capital Outlay	494	466	28
Total Public Safety	2,065	1,583	482
Total Expenditures	2,065	1,584	481
Excess (Deficiency) of Revenues Over Expenditures	(468)	4	472
Other Financing (Uses):			
Transfers Out	(376)	(374)	2
Total Other Financing (Uses)	(376)	(374)	2
Net Change in Fund Balance	(844)	(370)	$ 474
Fund Balances, October 1	2,727	2,727	
Fund Balances, September 30	$ 1,883	$ 2,357	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Hotel/Motel 2% Revenue
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Taxes:			
Occupancy	$ 17,614	$ 17,607	$ (7)
Penalties and Interest on Delinquent Taxes		11	11
Investment Earnings		9	9
Total Revenues	17,614	17,627	13
Expenditures:			
General Government:			
Other Expenditures		1	(1)
Total Expenditures		1	(1)
Excess of Revenues Over Expenditures	17,614	17,626	12
Other Financing Sources (Uses):			
Transfer In	5,915	13,899	7,984
Transfers Out	(21,311)	(28,660)	(7,349)
Total Other Financing Sources (Uses)	(15,396)	(14,761)	635
Net Change in Fund Balance	2,218	2,865	$ 647
Fund Balances, October 1	2,658	2,658	
Fund Balances, September 30	$ 4,876	$ 5,523	

The City noted budget violations of excess expenditures and transfers out over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

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Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Parks Development and Expansion - 2015, 2010, and 2005 Venue Projects
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
General Sales and Use	$ 32,579	$ 32,368	$ (211)
Contributions		1,709	1,709
Investment Earnings	112	144	32
Total Revenues	32,691	34,221	1,530
Expenditures:			
General Government:			
Other Expenditures		16	(16)
Total General Government		16	(16)
Culture and Recreation:			
Contractual Services	652	2,474	(1,822)
Total Culture and Recreation	652	2,474	(1,822)
Total Expenditures	652	2,490	(1,838)
Excess (Deficiency) of Revenues Over Expenditures	32,039	31,731	(308)
Other Financing (Uses):			
Transfers Out	(41,602)	(71,435)	(29,833)
Total Other Financing (Uses)	(41,602)	(71,435)	(29,833)
Net Change in Fund Balance	(9,563)	(39,704)	$ (30,141)
Fund Balances, October 1	58,232	58,232	
Add Encumbrances		36,899	
Fund Balances, September 30	$ 48,669	$ 55,427	

The City noted budget violations of excess expenditures, encumbrances, and transfers over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Table of Contents

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Parks Environmental & Sanitation
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 6,765	$ 6,721	$ (44)
Total Revenues	6,765	6,721	(44)
Expenditures:			
Sanitation:			
Personal Services	4,049	4,055	(6)
Contractual Services	2,114	2,049	65
Commodities	108	108	
Other Expenditures	472	467	5
Total Sanitation	6,743	6,679	64
Total Expenditures	6,743	6,679	64
Excess of Revenues Over Expenditures	22	42	20
Net Change in Fund Balance	22	42	$ 20
Fund Balances, October 1	80	80	
Fund Balances, September 30	$ 102	$ 122	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Right of Ways
Year-Ended September 30, 2015

(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 2,464	$ 2,568	$ 104
Investment Earnings		2	2
Total Revenues	2,464	2,570	106
Expenditures:			
Public Works:			
Personal Services	1,269	1,226	43
Contractual Services	183	162	21
Commodities	13	19	(6)
Other Expenditures	282	298	(16)
Capital Outlay	21	57	(36)
Total Public Works	1,768	1,762	6
Total Expenditures	1,768	1,762	6
Excess of Revenues Over Expenditures	696	808	112
Other Financing (Uses):			
Transfers Out	(138)	(845)	(707)
Total Other Financing (Uses)	(138)	(845)	(707)
Net Change in Fund Balance	558	(37)	$ (595)
Fund Balances, October 1	1,952	1,952	
Add Encumbrances		2	
Fund Balances, September 30	$ 2,510	$ 1,917	

The City noted budget violations of excess transfers out and encumbrances are over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Stormwater Operations
Year-Ended September 30, 2015

(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 44,836	$ 45,471	$ 635
Miscellaneous	82	109	27
Investment Earnings	45	56	11
Contributions		104	104
Total Revenues	44,963	45,740	777
Expenditures:			
General Government:			
Other Expenditures		6	(6)
Total General Government		6	(6)
Public Works:			
Administration:			
Personal Services	2,494	2,476	18
Contractual Services	5,007	5,130	(123)
Commodities	53	45	8
Other Expenditures	215	222	(7)
Capital Outlay	70	68	2
Total Administration	7,839	7,941	(102)
Vegetation Control:			
Personal Services	3,635	3,704	(69)
Contractual Services	476	771	(295)
Commodities	457	600	(143)
Other Expenditures	1,458	1,513	(55)
Capital Outlay	713	574	139
Total Vegetation Control	6,739	7,162	(423)
River Maintenance:			
Personal Services	788	801	(13)
Contractual Services	2,196	1,374	822
Commodities	240	151	89
Other Expenditures	1,665	1,511	154
Capital Outlay		2	(2)
Total River Maintenance	4,889	3,839	1,050
Street Sweeping:			
Personal Services	1,853	1,867	(14)
Contractual Services	501	637	(136)
Commodities	280	310	(30)
Other Expenditures	1,203	1,178	25
Total Street Sweeping	3,837	3,992	(155)
Tunnel Maintenance:			
Personal Services	2,881	2,940	(59)
Contractual Services	992	1,124	(132)
Commodities	703	672	31
Other Expenditures	676	691	(15)
Capital Outlay	134	103	31
Total Tunnel Maintenance	5,386	5,530	(144)
Design Engineering:			
Personal Services	2,255	2,196	59
Contractual Services	2,193	2,332	(139)
Commodities	19	22	(3)
Other Expenditures	458	450	8
Capital Outlay	19	123	(104)
Total Design Engineering	4,944	5,123	(179)
Total Public Works	33,634	33,587	47
Total Expenditures	33,634	33,593	41
Excess of Revenues Over Expenditures	11,329	12,147	818
Other Financing (Uses):			
Transfers Out	(13,595)	(27,598)	(14,003)
Total Other Financing (Uses)	(13,595)	(27,598)	(14,003)
Net Change in Fund Balance	(2,266)	(15,451)	$ (13,185)
Fund Balances, October 1	23,379	23,379	
Add Encumbrances		13,836	
Fund Balances, September 30	$ 21,113	$ 21,764	

The City noted budget violations of excess transfers out and encumbrances over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Tax Increment Financing
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Miscellaneous [1]	$ 523	$ 490	$ (33)
Total Revenues	523	490	(33)
Expenditures:			
Economic Development and Opportunity:			
Personal Services	414	414	
Contractual Services	40	32	8
Commodities	4	1	3
Other Expenditures	38	38	
Capital Outlay	1	1	
Total Expenditures	497	486	11
Excess (Deficiency) of Revenues Over Expenditures	26	4	(22)
Net Change in Fund Balance	26	4	$ (22)
Fund Balances, October 1	28	28	
Fund Balances, September 30	$ 54	$ 32	

[1] For financial reporting presentation the revenue is reported as transfers in or intergovernmental; however the above schedule reflects the fund schedule from the City's 2015 Adopted Budget.

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Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Child Safety
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 367	$ 354	$ (13)
Intergovernmental	1,932	1,840	(92)
Total Revenues	2,299	2,194	(105)
Expenditures:			
Public Safety:			
Personal Services	1,499	1,532	(33)
Contractual Services	11	11	
Commodities	14	8	6
Other Expenditures	727	734	(7)
Total Expenditures	2,251	2,285	(34)
Excess (Deficiency) of Revenues Over Expenditures	48	(91)	(139)
Net Change in Fund Balance	48	(91)	$ (139)
Fund Balances, October 1	7	7	
Fund Balances, September 30	$ 55	$ (84)	

The City noted budget violations of excess expenditures over appropriations.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Energy Efficiency Fund
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Intergovernmental	$ 1,094	$ 1,118	$ 24
Miscellaneous Revenue	2	2	
Investment Earnings	2	3	1
Total Revenues	1,098	1,123	25
Expenditures:			
General Government:			
Personal Services	381	292	89
Contractual Services	988	1,258	(270)
Commodities	1	1	
Other Expenditures	21	17	4
Total Expenditures	1,391	1,568	(177)
(Deficiency) of Revenues Over Expenditures	(293)	(445)	(152)
Other Financing Sources:			
Transfers In		20	20
Total Other Financing Sources		20	20
Net Change in Fund Balance	(293)	(425)	$ (132)
Fund Balances, October 1	1,090	1,090	
Add Encumbrances		568	
Fund Balances, September 30	$ 797	$ 1,233	

The City noted budget violations of excess expenditures and encumbrances over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Services Funds - Golf Course Operating and Maintenance
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Miscellaneous [1]	$ 254	$ 254	$ -
Total Revenues	254	254	
Other Financing Sources (Uses):			
Transfers In	210	210	
Transfers Out	(104)	(104)	
Total Other Financing Sources (Uses)	106	106	
Net Change in Fund Balance	360	360	$ -
Fund Balances, October 1	(1,069)	(1,069)	
Fund Balances, September 30	$ (709)	$ (709)	

[1] For financial reporting presentation the revenue is reported as transfers in; however the above schedule reflects the fund schedule from the City's 2015 Adopted Budget.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Juvenile Case Manager
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 1,483	$ 1,507	$ 24
Investment Earnings	2	2	
Total Revenues	1,485	1,509	24
Expenditures:			
General Government:			
Personal Services	1,123	1,105	18
Contractual Services	8	14	(6)
Commodities	7	5	2
Other Expenditures	89	110	(21)
Total Expenditures	1,227	1,234	(7)
Excess of Revenues Over Expenditures	258	275	17
Net Change in Fund Balance	258	275	$ 17
Fund Balances, October 1	792	792	
Fund Balances, September 30	$ 1,050	$ 1,067	

The City noted budget violations of excess expenditures over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Municipal Court Security
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 413	$ 406	$ (7)
Total Revenues	413	406	(7)
Expenditures:			
General Government:			
Personal Services	368	370	(2)
Contractual Services	15	30	(15)
Commodities	3	2	1
Other Expenditures	39	39	
Total Expenditures	425	441	(16)
(Deficiency) of Revenues Over Expenditures	(12)	(35)	(23)
Other Financing (Uses):			
Transfers Out	(23)	(23)	
Total Other Financing (Uses)	(23)	(23)	
Net Change in Fund Balance	(35)	(58)	$ (23)
Fund Balances, October 1	11	11	
Fund Balances, September 30	$ (24)	$ (47)	

The City noted budget violations of excess expenditures are over appropriations.

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Municipal Court Technology
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 598	$ 575	$ (23)
Investment Earnings		2	2
Total Revenues	598	577	(21)
Expenditures:			
General Government:			
Contractual Services	726	724	2
Other Expenditures	30	30	
Capital Outlay	9	111	(102)
Total Expenditures	765	865	(100)
(Deficiency) of Revenues Over Expenditures	(167)	(288)	(121)
Other Financing (Uses):			
Transfers Out	(28)	(28)	
Total Other Financing (Uses)	(28)	(28)	
Net Change in Fund Balance	(195)	(316)	$ (121)
Fund Balances, October 1	939	939	
Add Encumbrances		2	
Fund Balances, September 30	$ 744	$ 625	

The City noted budget violations of excess expenditures and encumbrances over appropriations. As there was sufficient actual revenues or fund balances to cover these excesses, the City does not deem these violations to be material.

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Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Special Revenue Funds
Community Service Funds - Tree Canopy Preservation and Mitigation Fund
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 1,631	$ 1,289	$ (342)
Investment Earnings	7	9	2
Total Revenues	1,638	1,298	(340)
Expenditures:			
Culture and Recreation:			
Personal Services	223	199	24
Contractual Services	179	141	38
Commodities	904	794	110
Other Expenditures	66	62	4
Capital Outlay	25	12	13
Total Expenditures	1,397	1,208	189
Excess (Deficiency) of Revenues Over Expenditures	241	90	(151)
Other Financing (Uses):			
Transfers Out	(12)	(12)	
Total Other Financing (Uses)	(12)	(12)	
Net Change in Fund Balance	229	78	$ (151)
Fund Balances, October 1	3,458	3,458	
Add Encumbrances		12	
Fund Balances, September 30	$ 3,687	$ 3,548	

Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
Permanent Fund
City Cemeteries
Year-Ended September 30, 2015
(In Thousands)

	2015		
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:			
Charges for Services	$ 229	$ 258	$ 29
Investment Earnings		9	9
Total Revenues	229	267	38
Expenditures:			
General Government:			
Other Expenditures	1	1	
Total General Government	1	1	
Culture and Recreation:			
Personal Services			
Contractual Services	109	66	43
Commodities	2	1	1
Other Expenditures	2	2	
Total Culture and Recreation	113	69	44
Total Expenditures	114	70	44
Excess of Revenues Over Expenditures	115	197	82
Other Financing (Uses):			
Transfers Out	(79)		79
Total Other Financing (Uses)	(79)		79
Net Change in Fund Balance	194	197	$ 161
Fund Balances, October 1	3,022	3,022	
Fund Balances, September 30	$ 3,216	$ 3,219	

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Nonmajor Enterprise Funds

DEVELOPMENT SERVICES – accounts for all revenues and expenses associated with the operation and maintenance of the City's development and service activities.

MARKET SQUARE – accounts for all revenues and expenses associated with the management and operation of the Farmer's Market, El Mercado, the Market Square Parking Lot, and Alameda.

PARKING SYSTEM – accounts for all revenues and expenses associated with the operation and maintenance of the City's structures and parking lots, required debt service for outstanding bonds, and construction and management of the Parking System's assets.

Combining Statement of Net Position
Nonmajor Enterprise Funds
As of September 30, 2015
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	TOTAL NONMAJOR ENTERPRISE FUNDS
Assets:				
Current Assets:				
Unrestricted Assets:				
Cash and Cash Equivalents	$ 1,651	$ 141	$ 810	$ 2,602
Investments	13,344	1,152	6,547	21,043
Receivables, Net	155	26	182	363
Materials and Supplies, at Cost			66	66
Due From Other Governmental Agencies, Net			2	2
Total Unrestricted Assets	15,150	1,319	7,607	24,076
Restricted Assets:				
Debt Service Accounts:				
Cash and Cash Equivalents			590	590
Investments			4,742	4,742
Receivables, Net			7	7
Construction Accounts:				
Cash and Cash Equivalents			138	138
Improvement and Contingency Accounts:				
Cash and Cash Equivalents			274	274
Investments			2,209	2,209
Receivables, Net			4	4
Total Restricted Assets			7,964	7,964
Total Current Assets	15,150	1,319	15,571	32,040
Noncurrent Assets:				
Capital Assets:				
Land		45	8,125	8,170
Buildings		1,357	24,830	26,187
Improvements		7,950	5,294	13,244
Machinery and Equipment	618		1,345	1,963
Construction in Progress			1,337	1,337
Total Capital Assets	618	9,352	40,931	50,901
Less: Accumulated Depreciation	444	3,394	15,461	19,299
Net Capital Assets	174	5,958	25,470	31,602
Total Noncurrent Assets	174	5,958	25,470	31,602
Total Assets	15,324	7,277	41,041	63,642
Total Deferred Outflows of Resources	1,493	30	1,347	2,870

Combining Statement of Net Position
Nonmajor Enterprise Funds
As of September 30, 2015
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	TOTAL NONMAJOR ENTERPRISE FUNDS
Liabilities:				
Current Liabilities:				
Payable from Current Unrestricted Assets:				
Vouchers Payable	$ 111	$ 153	$ 114	$ 378
Accounts Payable-Other	1,367	26	338	1,731
Accrued Payroll	449	10	105	564
Current Portion of Accrued Leave Payable	649	12	161	822
Unearned Revenue	1	13	38	52
Due To Other Funds	89	13		102
Total Payable from Current Unrestricted Assets	2,666	227	756	3,649
Payable from Restricted Assets:				
Vouchers Payable			137	137
Accrued Interest			111	111
Current Portion of Bonds and Certificates (net of premium/discount)			996	996
Total Payable from Restricted Assets			1,244	1,244
Total Current Liabilities	2,666	227	2,000	4,893
Noncurrent Liabilities:				
Bonds and Certificates (net of current portion & discount/premium)			10,102	10,102
Accrued Leave Payable (net of current portion)		11		11
Net OPEB Obligation and Pension Liability	21,730	499	5,664	27,893
Total Noncurrent Liabilities	21,730	510	15,766	38,006
Total Liabilities	24,396	737	17,766	42,899
Total Deferred Inflows of Resources	305	6	69	380
Net Position:				
Net Investment in Capital Assets	174	5,958	15,519	21,651
Restricted:				
Debt Service			5,228	5,228
Capital Projects			275	275
Unrestricted (Deficit)	(8,058)	606	3,531	(3,921)
Total Net Position	$ (7,884)	$ 6,564	$ 24,553	$ 23,233

Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
Year-Ended September 30, 2015
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	TOTAL NONMAJOR ENTERPRISE FUNDS
Operating Revenues:				
Charges for Services	$ 27,878	$ 2,654	$ 9,272	$ 39,804
Total Operating Revenues	27,878	2,654	9,272	39,804
Operating Expenses:				
Personal Services	18,506	420	4,329	23,255
Contractual Services	1,916	1,494	1,629	5,039
Commodities	377	57	150	584
Other	5,186	455	1,126	6,767
Depreciation	33	353	1,084	1,470
Total Operating Expenses	26,018	2,779	8,318	37,115
Operating Income (Loss)	1,860	(125)	954	2,689
Nonoperating Revenues (Expenses):				
Investment Earnings	58	3	43	104
Other Nonoperating Revenue	229	14	23	266
Interest and Debt Expense			(1,027)	(1,027)
Other Nonoperating Expense	(7)		(3)	(10)
Total Nonoperating Revenues (Expenses)	280	17	(964)	(667)
Change in Net Position Before Transfers	2,140	(108)	(10)	2,022
Transfers In (Out):				
Transfers In	1,500		2,391	3,891
Transfers Out	(6,861)	(226)	(2,024)	(9,111)
Total Transfers In (Out)	(5,361)	(226)	367	(5,220)
Change In Net Position	(3,221)	(334)	357	(3,198)
Net Position - October 1 (restated)	(4,663)	6,898	24,196	26,431
Net Position - September 30	$ (7,884)	$ 6,564	$ 24,553	$ 23,233

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year-Ended September 30, 2015
(In Thousands)

	DEVELOPMENT SERVICES	MARKET SQUARE	PARKING SYSTEM	TOTAL NONMAJOR ENTERPRISE FUNDS
Cash Flows from Operating Activities:				
Cash Received from Customers	$ 27,818	$ 2,662	$ 9,494	$ 39,974
Cash Payments to Suppliers for Goods and Services	(7,254)	(2,041)	(2,725)	(12,020)
Cash Payments to Employees for Service	(16,586)	(349)	(3,769)	(20,704)
Cash Received from Other Cash Receipts	229	14	23	266
Net Cash Provided by Operating Activities	4,207	286	3,023	7,516
Cash Flows from Noncapital Financing Activities:				
Transfers In from Other Funds	1,500		2,391	3,891
Transfers Out to Other Funds	(6,861)	(226)	(2,024)	(9,111)
Due to Other Funds	(56)	13		(43)
Due from Other Funds	1			1
Net Cash Provided by (Used for) Noncapital Financing Activities	(5,416)	(213)	367	(5,262)
Cash Flows from Capital and Related Financing Activities:				
Acquisitions and Construction of Capital Assets	(130)		(889)	(1,019)
Interest and Fees Paid on Long-Term Debt			(1,035)	(1,035)
Principal Payments on Long-Term Debt			(994)	(994)
Net Cash (Used for) Capital and Related Financing Activities	(130)		(2,918)	(3,048)
Cash Flows from Investing Activities:				
Purchases of Investment Securities	(13,383)	(1,152)	(13,498)	(28,033)
Maturity of Investment Securities	14,983	1,117	13,545	29,645
Investments Earnings	53	3	42	98
Net Cash Provided by (Used for) Investing Activities	1,653	(32)	89	1,710
Net Increase in Cash and Cash Equivalents	314	41	561	916
Cash and Cash Equivalents, October 1	1,337	100	1,251	2,688
Cash and Cash Equivalents, September 30	$ 1,651	$ 141	$ 1,812	$ 3,604
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	$ 1,860	$ (125)	$ 954	$ 2,689
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	33	353	1,084	1,470
Other Nonoperating Revenues	229	14	23	266
Changes in Assets, Liabilities, Deferred Outflows and Deferred Inflows:				
(Increase) Decrease in Accounts Receivable	(61)	(3)	186	122
(Increase) in Due from Other Governmental Agencies			(2)	(2)
(Increase) in Materials and Supplies			(54)	(54)
Increase (Decrease) in Vouchers Payable	(259)	41	(13)	(231)
Increase (Decrease) in Accounts Payable - Other	484	(76)	247	655
Increase in Accrued Payroll	75	2	12	89
Increase (Decrease) in Accrued Leave Payable	14	5	(12)	7
Increase in Net OPEB Obligation and Pension Liability	3,019	88	495	3,602
(Increase) in Deferred Outflows	(1,493)	(30)	(4)	(1,527)
Increase in Deferred Inflows	305	6	69	380
Increase in Unearned Revenue	1	11	38	50
Net Cash Provided by Operating Activities	$ 4,207	$ 286	$ 3,023	$ 7,516
Noncash Investing, Capital and Financing Activities:	$ -	$ -	$ -	$ -

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Internal Service Funds

SELF-INSURANCE PROGRAMS – to account for Self-Insurance Programs including funds for the administration of all tort claims against the City and for the operation of the City's employee benefit programs. Included in the Self-Insurance Programs are the Employee Health Benefits Program, Insurance Reserve Program, and Workers' Compensation Program.

INFORMATION SERVICES – to account for financing of goods or services provided to other departments or agencies in the field of data processing, programming, and communication services.

OTHER INTERNAL SERVICES – to account for financing of goods or services (other than data processing and programming) provided to other departments or agencies. This fund has the following divisions: Purchasing, Central Stores, Automotive Repair, Temporary Services and Building Maintenance and Repairs. Reserves for Equipment Renewal and Replacement are recorded by charges to the user departments.

CAPITAL IMPROVEMENTS MANAGEMENT SERVICES (CIMS) – to account for revenues and expenses associated with the administration and delivery of the City's capital improvement projects.

Combining Statement of Net Position
Internal Service Funds
As of September 30, 2015
(In Thousands)

	SELF-INSURANCE PROGRAMS						
	EMPLOYEE HEALTH BENEFITS	INSURANCE RESERVE	WORKERS' COMPENSATION	INFORMATION SERVICES	OTHER INTERNAL SERVICES	CAPITAL IMPROVEMENTS MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Assets:							
Current Assets:							
Cash and Cash Equivalents	$ 338	$ 3,342	$ 5,787	$ 1,067	$ 6,021	$ 398	$ 16,953
Investments	2,632	26,864	46,497	7,599	50,609	3,251	137,452
Receivables, Net	505	41	67	52	275	2	942
Materials and Supplies, at Cost				21	1,398		1,419
Deposits	98		36				134
Prepaid Expenses		674		1			675
Due From Other Funds					25	170	195
Due From Other Governmental Agencies, Net				672	75		747
Total Current Assets	3,573	30,921	52,387	9,412	58,403	3,821	158,517
Capital Assets:							
Buildings				21	158		179
Improvements					244		244
Machinery and Equipment	16			6,154	184,191	92	190,453
Depreciable Intangible						250	250
Total Capital Assets	16			6,175	184,593	342	191,126
Less: Accumulated Depreciation	12			5,242	104,861	217	110,332
Net Capital Assets	4			933	79,732	125	80,794
Total Assets	3,577	30,921	52,387	10,345	138,135	3,946	239,311
Total Deferred Outflows of Resources	181	159	126	2,641	1,486	1,281	5,874
Liabilities:							
Current Liabilities:							
Vouchers Payable	800	74	165	1,209	6,207	81	8,536
Accounts Payable-Other	1,926	139	14	691	394	221	3,385
Claims Payable	11,222	5,973	10,472				27,667
Accrued Payroll	50	48	36	769	447	372	1,722
Current Portion of Accrued Leave Payable	70	78	78	1,752	711	669	3,358
Unearned Revenue	2			70			72
Due To Other Funds	8,952			27			8,979
Total Current Liabilities	23,022	6,312	10,765	4,518	7,759	1,343	53,719
Noncurrent Liabilities:							
Claims Payable		15,679	27,694				43,373
Accrued Leave Payable (net of current portion)		28			167		195
Net OPEB Obligation and Pension Liability	2,500	2,225	1,760	35,786	24,145	17,610	84,026
Total Noncurrent Liabilities	2,500	17,932	29,454	35,786	24,312	17,610	127,594
Total Liabilities	25,522	24,244	40,219	40,304	32,071	18,953	181,313
Total Deferred Inflows of Resources	37	32	26	539	303	261	1,198
Net Position:							
Net Investment in Capital Assets	4			933	79,732	125	80,794
Unrestricted (Deficit)	(21,805)	6,804	12,268	(28,790)	27,515	(14,112)	(18,120)
Total Net Position	$ (21,801)	$ 6,804	$ 12,268	$ (27,857)	$ 107,247	$ (13,987)	$ 62,674

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year-Ended September 30, 2015
(In Thousands)

	SELF-INSURANCE PROGRAMS						
	EMPLOYEE HEALTH BENEFITS	INSURANCE RESERVE	WORKERS' COMPENSATION	INFORMATION SERVICES	OTHER INTERNAL SERVICES	CAPITAL IMPROVEMENTS MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Operating Revenues:							
Charges for Services	$ 138,669	$ 10,760	$ 17,851	$ 53,676	$ 88,808	18,654	$ 328,418
Total Operating Revenues	138,669	10,760	17,851	53,676	88,808	18,654	328,418
Operating Expenses:							
Personal Services	3,500	2,113	814	40,824	17,084	12,183	76,518
Contractual Services	13,092	354	1,473	16,036	4,398	1,440	36,793
Commodities	18	27	38	1,943	1,169	213	3,408
Materials					24,254		24,254
Claims	118,438	1,405	12,145				131,988
Other	1,852	2,127	809	5,683	9,007	2,058	21,536
Depreciation	1			183	22,747	61	22,992
Total Operating Expenses	136,901	6,026	15,279	64,669	78,659	15,955	317,489
Operating Income (Loss)	1,768	4,734	2,572	(10,993)	10,149	2,699	10,929
Nonoperating Revenues (Expenses):							
Investment Earnings	9	87	141	23	139	2	401
Other Nonoperating Revenue	2,279	8	386	188	205	3	3,069
Gain (Loss) on Sale of Capital Assets					2,750	1	2,751
Other Nonoperating Expense		(10)	(16)	(2)	(16)		(44)
Total Nonoperating Revenues (Expenses)	2,288	85	511	209	3,078	6	6,177
Change in Net Position Before Transfers	4,056	4,819	3,083	(10,784)	13,227	2,705	17,106
Transfers In (Out):							
Transfers In			85		1,056		1,141
Transfers Out		(1,385)		(399)	(3,333)		(5,117)
Total Transfers In (Out)		(1,385)	85	(399)	(2,277)		(3,976)
Change in Net Position	4,056	3,434	3,168	(11,183)	10,950	2,705	13,130
Net Position - October 1 (restated)	(25,857)	3,370	9,100	(16,674)	96,297	(16,692)	49,544
Net Position - September 30	$ (21,801)	$ 6,804	$ 12,268	$ (27,857)	$ 107,247	$ (13,987)	$ 62,674

Combining Statement of Cash Flows
Internal Service Funds
Year-Ended September 30, 2015
(In Thousands)

	SELF-INSURANCE PROGRAMS						
	EMPLOYEE HEALTH BENEFITS	INSURANCE RESERVE	WORKERS' COMPENSATION	INFORMATION SERVICES	OTHER INTERNAL SERVICES	CAPITAL IMPROVEMENTS MANAGEMENT SERVICES	TOTAL INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities:							
Cash Received from Customers	$ 138,227	$ 10,742	$ 17,858	$ 54,527	$ 88,911	18,676	$ 328,941
Cash Payments to Suppliers for Goods and Services	(133,280)	(5,999)	(10,773)	(22,983)	(36,680)	(3,609)	(213,324)
Cash Payments to Employees for Service	(4,904)	(1,736)	(1,398)	(28,267)	(17,113)	(14,001)	(67,419)
Cash Received from Other Cash Receipts	2,279	8	386	188	205	3	3,069
Net Cash Provided by Operating Activities	2,322	3,015	6,073	3,465	35,323	1,069	51,267
Cash Flows from Noncapital Financing Activities:							
Transfers In from Other Funds			85		1,056		1,141
Transfers Out to Other Funds		(1,385)		(399)	(3,333)		(5,117)
Due To Other Funds	(2,499)			27	(853)	(6)	(3,331)
Due From Other Funds	224		15	334	345	(170)	748
Net Cash Provided by (Used for) Noncapital Financing Activities	(2,275)	(1,385)	100	(38)	(2,785)	(176)	(6,559)
Cash Flows from Capital and Related Financing Activities:							
Acquisitions and Construction of Capital Assets				(587)	(31,213)	(13)	(31,813)
Proceeds from Sale of Assets					4,044	1	4,045
Net Cash (Used for) Capital and Related Financing Activities				(587)	(27,169)	(12)	(27,768)
Cash Flows from Investing Activities:							
Purchases of Investment Securities	(2,640)	(26,942)	(46,634)	(7,621)	(50,758)	(3,261)	(137,856)
Maturity of Investment Securities	2,698	26,220	42,354	5,354	47,079	2,545	126,250
Investment Earnings	9	99	120	22	135	2	387
Net Cash Provided by (Used for) Investing Activities	67	(623)	(4,160)	(2,245)	(3,544)	(714)	(11,219)
Net Increase in Cash and Cash Equivalents	114	1,007	2,013	595	1,825	167	5,721
Cash and Cash Equivalents, October 1	224	2,335	3,774	472	4,196	231	11,232
Cash and Cash Equivalents, September 30	$ 338	$ 3,342	$ 5,787	$ 1,067	$ 6,021	$ 398	$ 16,953
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:							
Operating Income (Loss)	$ 1,768	$ 4,734	$ 2,572	$ (10,993)	$ 10,149	$ 2,699	10,929
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:							
Depreciation	1			183	22,747	61	22,992
Other Nonoperating Revenues	2,279	8	386	188	205	3	3,069
Changes in Assets, Liabilities, Deferred Outflows and Deferred Inflows:							
(Increase) Decrease in Accounts Receivable	(444)	(18)	7	(19)	(152)	22	(604)
Decrease in Due from Other Governmental Agencies				800	255		1,055
Decrease in Materials and Supplies				3	176		179
(Increase) in Prepaid Expenses		(6)		(1)			(7)
Decrease in Deposits	4						4
Increase in Vouchers Payable	526	18	62	725	2,006	42	3,379
Increase (Decrease) in Claims Payable	(77)	(2,222)	3,637				1,338
Increase (Decrease) in Accounts Payable - Other	(329)	124	(7)	(48)	(34)	60	(234)
Increase (Decrease) in Accrued Payroll	7	13	(11)	332	80	10	431
Increase (Decrease) in Accrued Leave Payable	11	(12)	42	510	70	(39)	582
Increase (Decrease) in Net OPEB Obligation and Pension Liability	(1,278)	503	(515)	13,817	1,004	(769)	12,762
(Increase) in Deferred Outflows	(181)	(159)	(126)	(2,641)	(1,486)	(1,281)	(5,874)
Increase in Deferred Inflows	37	32	26	539	303	261	1,198
Increase (Decrease) in Unearned Revenue	(2)			70			68
Net Cash Provided by Operating Activities	$ 2,322	$ 3,015	$ 6,073	$ 3,465	$ 35,323	$ 1,069	$ 51,267

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Fiduciary Funds

FIRE AND POLICE PENSION AND HEALTH CARE FUNDS – to account for resources of the pension and health care funds established for the City's firefighters and police officers, as provided for under state law and the respective collective bargaining agreements:

SAN ANTONIO FIRE AND POLICE PENSION FUND – to account for collection and payment of funds for the pension fund established for the City's firefighters and police officers, as provided for under state law.

SAN ANTONIO FIRE AND POLICE RETIREE HEALTH CARE FUND – to account for the collection and payment of funds for health care benefits of the City's firefighters and police officers who retired after October 1, 1989, as provided for under state law and the respective collective bargaining agreements.

AGENCY FUNDS – to account for funds which are custodial in nature and for which the City is acting as an agent. The City has established the following agency funds based upon the above definition:

BEXAR COUNTY HOTEL/MOTEL TAX COLLECTIONS FUND – to account for the collection and payment to Bexar County for certain hotel occupancy taxes.

CRIMINAL JUSTICE PLANNING FUND – to account for the collection and payment to the State of Texas for Law Enforcement Fees collected.

CVB HOUSING BUREAU FUND – to account for individual hotel reservation deposits maintained by Convention & Visitors Bureau staff for confirmed City-wide conventions**.**

DEPOSIT FUND – to account for the collection and payment of cash deposits held by the City pending the outcome of bids on contracts.

EVIDENTIARY CASH FUND – to account for cash impounded by the San Antonio Police Department pending the outcome of legal proceedings.

LESSEES' SPECIAL EVENTS LIABILITY INSURANCE FUND – to account for funds utilized for the purchase of insurance coverage on special events. Financing is provided by contributions from lessees.

MUNICIPAL COURT CASH BOND FUND – to account for the collection and payment of Court Cash Bonds held by the City pending the outcome of court cases.

MAYOR'S LUNCH – to account for collection and payment to caterers for lunch events with the Mayor organized and for the benefit of third parties.

STATE SALES TAX FUND – to account for the collection and payment to the State of Texas for sales tax collected.

UNCLAIMED PROPERTY FUND – to account for the collection and administration of unclaimed property in accordance with the Texas Property Code - Title 6.

Combining Statement of Fiduciary Net Position
Fire and Police Pension and Health Care Funds
As of September 30, 2015
(In Thousands)

	FIRE AND POLICE PENSION FUND	FIRE AND POLICE RETIREE HEALTH CARE FUND	TOTAL FIRE AND POLICE PENSION AND HEALTH CARE FUNDS
Assets:			
Current Assets:			
Cash and Cash Equivalents	$ 44,866	$ 6,948	$ 51,814
Security Lending Collateral	111,932		111,932
Investments:			
Common Stock	937,082	7,843	944,925
U.S. Government Securities	56,675		56,675
Corporate Bonds	533,960		533,960
Mutual Funds		99,847	99,847
Hedge Funds	378,874	6,455	385,329
Real Estate	255,853	47,634	303,487
Alternative	398,874	148,800	547,674
Receivables:			
Accounts	9,643		9,643
Accrued Interest	4,928	7	4,935
Prepaid Expenses		88	88
Total Current Assets	2,732,687	317,622	3,050,309
Capital Assets:			
Machinery and Equipment	396	112	508
Buildings	551	514	1,065
Total Capital Assets	947	626	1,573
Less: Accumulated Depreciation	332	99	431
Net Capital Assets	615	527	1,142
Total Assets	$ 2,733,302	$ 318,149	$ 3,051,451
Liabilities:			
Vouchers Payable	$ 5,436	$ 65	$ 5,501
Accounts Payable - Other	19,770		19,770
Claims Payable		2,511	2,511
Accrued Payroll	253	25	278
Securities Lending Obligation	111,932		111,932
Total Liabilities	137,391	2,601	139,992
Net Position:			
Net Position Held in Trust for Pension, OPEB Benefits and Other Purposes	$ 2,595,911	$ 315,548	$ 2,911,459

Combining Statement of Changes in Fiduciary Net Position
Fire and Police Pension and Health Care Funds
Year-Ended September 30, 2015
(In Thousands)

	FIRE AND POLICE PENSION FUND	FIRE AND POLICE RETIREE HEALTH CARE FUND	TOTAL FIRE AND POLICE PENSION AND HEALTH CARE FUNDS
Additions:			
Contributions:			
Employer	$ 75,802	$ 26,183	$ 101,985
Employee	37,901	13,099	51,000
Other Contributions		1,373	1,373
Total Contributions	113,703	40,655	154,358
Investment Earnings:			
Net (Decrease) in Fair Value of Investments	(93,219)	(5,839)	(99,058)
Real Estate Income, Net	15,790		15,790
Interest and Dividends	43,535	2,508	46,043
Securities Lending	360	6	366
Other Income	609	17	626
Total Investment Earnings	(32,925)	(3,308)	(36,233)
Less: Investment Expenses			
Investment Management Fees and Custodian Fees	(14,587)	(391)	(14,978)
Less: Securities Lending Expenses			
Borrower Rebates and Lending Fees	(75)	(3)	(78)
Net Investment Earnings	(47,587)	(3,702)	(51,289)
Total Additions	66,116	36,953	103,069
Deductions:			
Benefits	143,454	25,580	169,034
Refunds of Contributions	703		703
Administrative Expenses	2,903	2,433	5,336
Total Deductions	147,060	28,013	175,073
Change in Net Position	(80,944)	8,940	(72,004)
Net Position - October 1 (restated)	2,676,855	306,608	2,983,463
Net Position - September 30	$ 2,595,911	$ 315,548	$ 2,911,459

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Combining Balance Sheet
Agency Funds
As of September 30, 2015
(In Thousands)

	ASSETS				
	CASH AND CASH EQUIVALENTS	INVESTMENTS	ACCOUNTS RECEIVABLE	ACCRUED INTEREST	TOTAL ASSETS
Funds:					
Bexar County Hotel/Motel Tax Collections Fund	$ 163	$ 1,312	$ 22	$ 2	$ 1,499
Criminal Justice Planning Fund	2,913				2,913
CVB Housing Bureau Fund	2				2
Deposit Fund	7,898				7,898
Evidentiary Cash Fund	330	2,652		4	2,986
Lessees' Special Events Liability Insurance Fund	14				14
Municipal Court Cash Bond Fund	99				99
Mayor's Lunch	1	2			3
State Sales Tax Fund	131				131
Unclaimed Property Fund	69	559		1	629
Total	$ 11,620	$ 4,525	$ 22	$ 7	$ 16,174

	LIABILITIES	
	ACCOUNTS PAYABLE OTHER	TOTAL LIABILITIES
Funds:		
Bexar County Hotel/Motel Tax Collections Fund	$ 1,499	$ 1,499
Criminal Justice Planning Fund	2,913	2,913
CVB Housing Bureau Fund	2	2
Deposit Fund	7,898	7,898
Evidentiary Cash Fund	2,986	2,986
Lessees' Special Events Liability Insurance Fund	14	14
Municipal Court Cash Bond Fund	99	99
Mayor's Lunch	3	3
State Sales Tax Fund	131	131
Unclaimed Property Fund	629	629
Total	$ 16,174	$ 16,174

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CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

As of September 30, 2015

(In Thousands)

	BALANCE 10-01-2014	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2015
Bexar County Hotel/Motel Tax Collections Fund				
Assets:				
Cash and Cash Equivalents	$ 133	$ 18,738	$ 18,708	$ 163
Investments	1,467	1,312	1,467	1,312
Receivables:				
Accounts	16	17,291	17,285	22
Accrued Interest	1	3	2	2
Total Assets	$ 1,617	$ 37,344	$ 37,462	$ 1,499
Liabilities:				
Vouchers Payable	$ -	$ 16,859	$ 16,859	$ -
Accounts Payable - Other	1,617	17,081	17,199	1,499
Total Liabilities	$ 1,617	$ 33,940	$ 34,058	$ 1,499
Criminal Justice Planning Fund				
Assets:				
Cash and Cash Equivalents	$ 3,288	$ 11,099	$ 11,474	$ 2,913
Receivables:				
Accounts		11	11	
Total Assets	$ 3,288	$ 11,110	$ 11,485	$ 2,913
Liabilities:				
Vouchers Payable	$ -	$ 19	$ 19	$ -
Accounts Payable - Other	3,288	16,019	16,394	2,913
Total Liabilities	$ 3,288	$ 16,038	$ 16,413	$ 2,913
CVB Housing Bureau Fund				
Assets:				
Cash and Cash Equivalents	$ 29	$ 7	$ 34	$ 2
Total Assets	$ 29	$ 7	$ 34	$ 2
Liabilities:				
Vouchers Payable	$ -	$ 34	$ $ 34	$ -
Accounts Payable - Other	29	12	39	2
Total Liabilities	$ 29	$ 46	$ 73	$ 2
Deposit Fund				
Assets:				
Cash and Cash Equivalents	$ 5,060	$ 5,982	$ 3,144	$ 7,898
Receivables:		-	-	
Accounts		2,868	2,868	
Total Assets	$ 5,060	$ 8,850	$ 6,012	$ 7,898
Liabilities:				
Vouchers Payable	$ -	$ 60	$ 60	$ -
Accounts Payable - Other	5,060	433,073	430,235	7,898
Total Liabilities	$ 5,060	$ 433,133	$ 430,295	$ 7,898

(continued)

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CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

As of September 30, 2015

(In Thousands)

	BALANCE 10-01-2014	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2015
Evidentiary Cash Fund				
Assets:				
Cash and Cash Equivalents	$ 215	$ 3,256	$ $ 3,141	$ 330
Investments	2,398	2,652	2,398	2,652
Receivables:				
Accrued Interest	3	8	7	4
Total Assets	$ 2,616	$ 5,916	$ 5,546	$ 2,986
Liabilities:				
Accounts Payable - Other	$ 2,616	$ 496	$ 126	$ 2,986
Total Liabilities	$ 2,616	$ 496	$ 126	$ 2,986
Lessees' Special Event Liability Insurance Fund				
Assets:				
Cash and Cash Equivalents	$ 14	$ -	$ -	$ 14
Total Assets	$ 14	$ -	$ -	$ 14
Liabilities:				
Accounts Payable - Other	$ 14	$ -	$ -	$ 14
Total Liabilities	$ 14	$ -	$ -	$ 14
Municipal Court Cash Bond Fund				
Assets:				
Cash and Cash Equivalents	$ 114	$ 83	$ 98	$ 99
Total Assets	$ 114	$ 83	$ 98	$ 99
Liabilities:				
Accounts Payable - Other	$ 114	$ 197	$ 212	$ 99
Total Liabilities	$ 114	$ 197	$ 212	$ 99
Mayor's Lunch Fund				
Assets:				
Cash and Cash Equivalents	$ 1	$ 3	$ 3	$ 1
Investments	2	2	2	2
Total Assets	$ 3	$ 5	$ 5	$ 3
Liabilities:				
Accounts Payable - Other	$ 3	$ -	$ -	$ 3
Total Liabilities	$ 3	$ -	$ -	$ 3

(continued)

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CITY OF SAN ANTONIO, TEXAS

Combining Statement of Changes in Assets and Liabilities

Agency Funds

As of September 30, 2015

(In Thousands)

	BALANCE 10-01-2014	ADDITIONS	DEDUCTIONS	BALANCE 09-30-2015
State Sales Tax Fund				
Assets:				
Cash and Cash Equivalents	$ 820	$ 13,281	$ 13,970	$ 131
Receivables:				
Accounts	3	2	5	
Total Assets	$ 823	$ 13,283	$ 13,975	$ 131
Liabilities:				
Accounts Payable - Other	$ 823	$ 13,288	$ 13,980	$ 131
Total Liabilities	$ 823	$ 13,288	$ 13,980	$ 131
Unclaimed Property Fund				
Assets:				
Cash and Cash Equivalents	$ 217	$ 561	$ 709	$ 69
Investments	415	559	415	559
Receivables:				
Accounts		25	25	
Accrued Interest	1	1	1	1
Total Assets	$ 633	$ 1,146	$ 1,150	$ 629
Liabilities:				
Accounts Payable - Other	$ 633	$ 151	$ 155	$ 629
Total Liabilities	$ 633	$ 151	$ 155	$ 629
Total All Agency Funds				
Assets:				
Cash and Cash Equivalents	$ 9,891	$ 53,010	$ 51,281	$ 11,620
Investments	4,282	4,525	4,282	4,525
Receivables:				
Accounts	19	20,197	20,194	22
Accrued Interest	5	12	10	7
Total Assets	$ 14,197	$ 77,744	$ 75,767	$ 16,174
Liabilities:				
Vouchers Payable	$ -	$ 16,972	$ 16,972	$ -
Accounts Payable - Other	14,197	480,317	478,340	16,174
Total Liabilities	$ 14,197	$ 497,289	$ 495,312	$ 16,174

(end of statement)

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Nonmajor Discretely Presented Component Units

BROOKS DEVELOPMENT AUTHORITY (BDA) – was designated to improve mission effectiveness, reduce the cost of providing quality installation support, and promote economic development on Brooks Air Force Base and in the surrounding community. Dedicated funds will provide basic municipal services at the base while continuing to develop it as a technology and business park.

PORT AUTHORITY OF SAN ANTONIO (THE PORT) – was established for the purpose of monitoring the closing of Kelly Air Force Base (Kelly) and formulating and adopting a comprehensive plan for the conversion and redevelopment of Kelly. The Port is authorized to issue bonds to finance related projects. These bonds are not obligations of the City.

SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION (SAEAPFC) – was established for the purpose of, and to act on behalf of the City in, the financing and acquisition of electric energy and power, oil, gas, coal and other liquid, gaseous or solid hydrocarbon fuels for the electric and gas systems of the City of San Antonio.

SAWS DISTRICT SPECIAL PROJECT (DSP) – was established as a component unit of the City during the transition of BexarMet's operations into SAWS.

SAN ANTONIO HOUSING TRUST FINANCE CORPORATION (HTFC) – was established in accordance with state laws for the purpose of acting on behalf of the City, to carry out the purposes of the Texas Housing Finance Corporations Act.

SAN ANTONIO HOUSING TRUST FOUNDATION, INC. (HTF) – is a nonprofit corporation established in 1990 for the purpose of supporting charitable, educational, and scientific undertakings, specifically for providing housing for low- to middle-income families. In addition, SAHTF provides administrative and other support for the operations of the San Antonio Housing Trust Fund, a Special Revenue Fund of the City.

SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION (HTPFC) – was established to assist the City in financing, refinancing, or providing public facilities. The Corporation was to provide a tool to develop affordable housing.

Combining Statement of Net Position

Nonmajor Discretely Presented Component Units

As of September 30, 2015

(In Thousands)

	BROOKS DEVELOPMENT AUTHORITY	PORT AUTHORITY OF SAN ANTONIO	SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION	SAWS DISTRICT SPECIAL PROJECT	SAN ANTONIO HOUSING TRUST FINANCE CORPORATION	SAN ANTONIO HOUSING TRUST FOUNDATION INC.	SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION	TOTAL NONMAJOR COMPONENT UNITS
Assets:								
Current Assets:								
Unrestricted Assets:								
Cash and Cash Equivalents	$ 22,746	$ 22,359	$ 1,118	$ 19,383	$ 937	$ -	$ 740	$ 67,283
Receivables, Net	2,610	555	5,162	8,298				16,625
Materials and Supplies, at Cost	50							50
Due from Other Governmental Agencies		1,539						1,539
Prepaid Expenses	140		30,691	716				31,547
Other Assets		505						505
Total Unrestricted Assets	25,546	24,958	36,971	28,397	937		740	117,549
Restricted Assets:								
Debt Service Accounts:								
Cash and Cash Equivalents	49,980		13,569	5,890				69,439
Investments			9,850					9,850
Receivables			86					86
Other Restricted Accounts:								
Cash and Cash Equivalents		2,918		2,699		3,487		9,104
Receivables			69,115			136		69,251
Total Restricted Assets	49,980	2,918	92,620	8,589		3,623		157,730
Total Current Assets	75,526	27,876	129,591	36,986	937	3,623	740	275,279
Noncurrent Assets:								
Capital Assets:								
Land	4,700	35,583		10,254		30	5,863	56,430
Infrastructure	26,356	45,895						72,251
Buildings	63,684	176,214				147		240,045
Utility in Plant Service	322			392,826				393,148
Machinery and Equipment	9,612	7,658				62		17,332
Construction in Progress	25,704	8,546		24,181				58,431
Total Capital Assets	130,378	273,896		427,261		239	5,863	837,637
Less: Accumulated Depreciation	46,497	102,854		134,741		62		284,154
Assets Held for Resale				2,241				2,241
Net Capital Assets	83,881	171,042		294,761		177	5,863	555,724
Other Noncurrent Assets:								
Cash and Cash Equivalents				22,267				22,267
Receivables, Net		2,104		190		3,202		5,496
Prepaid Expenses		650	276,760					277,410
Other Noncurrent Assets								
Total Other Noncurrent Assets		2,754	276,760	22,457		3,202		305,173
Total Noncurrent Assets	83,881	173,796	276,760	317,218		3,379	5,863	860,897
Total Assets	159,407	201,672	406,351	354,204	937	7,002	6,603	1,136,176
Deferred Outflows of Resources	2,589	1,033		3,661				7,283
Liabilities:								
Current Liabilities:								
Payable from Current Unrestricted Assets:								
Accounts Payable and Other Current Liabilities	9,009	3,933		8,524		2,370	90	23,926
Unearned Revenues	716	4,542						5,258
Due to Other Governmental Agencies		3						3
Current Portion of Long-term Lease/Notes Payable	6,457	675						7,132
Current Portion of Other Payables	160							160
Total Payable from Current Unrestricted Assets	16,342	9,153		8,524		2,370	90	36,479
Payable from Restricted Assets:								
Accrued Bond Interest and Certficates		217	10,375	1,340				11,932
Current Portion of Bonds and Certificates		940	26,980	6,825				34,745
Other Payables		1,285		1,635				2,920
Total Payable from Current Restricted Assets		2,442	37,355	9,800				49,597
Total Current Liabilities	16,342	11,595	37,355	18,324		2,370	90	86,076
Noncurrent Liabilities:								
Bonds and Certificates (net of current portion & premium/discount)		35,670	368,996	235,573				640,239
Long-term Lease/Notes Payable (net of current portion)	84,395	13,236						97,631
Other Payables (net of current portion)	5,797			169			5,348	11,314
Total Noncurrent Liabilities	90,192	48,906	368,996	235,742			5,348	749,184
Total Liabilities	106,534	60,501	406,351	254,066		2,370	5,438	835,260
Net Position:								
Net Investment in Capital Assets	43,205	120,521		62,739		177	5,863	232,505
Restricted for:								
Debt Service				9,440				9,440
Capital Projects				16,195				16,195
Operating and Other Reserves				1,502		2,568		4,070
Perpetual Care:								
Temporarily Restricted						26		26
Unrestricted	12,257	21,683		13,923	937	1,861	(4,698)	45,963
Total Net Position	$ 55,462	$ 142,204	$ -	$ 103,799	$ 937	$ 4,632	$ 1,165	$ 308,199

Combining Statement of Activities

Nonmajor Discretely Presented Component Units

Year-Ended September 30, 2015

(In Thousands)

FUNCTION/PROGRAM ACTIVITIES	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: BROOKS DEVELOPMENT AUTHORITY	PORT AUTHORITY OF SAN ANTONIO	SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION	SAWS DISTRICT SPECIAL PROJECT	SAN ANTONIO HOUSING TRUST FINANCE CORPORATION	SAN ANTONIO HOUSING TRUST FOUNDATION, INC.	SAN ANTONIO HOUSING TRUST PUBLIC FACILITY CORPORATION	TOTAL NONMAJOR COMPONENT UNITS
Brooks Development Authority												
Economic Development and Opportunity	$ 17,993	$ 9,163	$ 220	$ 4,985	$ (3,625)	$ -	$ -	$ -	$ -	$ -	$ -	$ (3,625)
Port Authority of San Antonio												
Economic Development and Opportunity	37,088	36,587		3,941		3,440						3,440
SA Energy Acquisition Public Facility Corporation												
General Government	54,254	47,653					(6,601)					(6,601)
SAWS District Special Project												
Public Works	69,271	68,663	11,462					10,854				10,854
San Antonio Housing Trust Finance Corporation												
Urban Redevelopment and Housing	178	705							527			527
San Antonio Housing Trust Foundation, Inc.												
Urban Redevelopment and Housing	1,253	762								(491)		(491)
San Antonio Housing Trust Public Facility Corporation												
Urban Redevelopment and Housing	1,247	1,011									(236)	(236)
Total	$ 181,284	$ 164,544	$ 11,682	$ 8,926	(3,625)	3,440	(6,601)	10,854	527	(491)	(236)	3,868
General Revenues:												
Investment Earnings					20	403	916	61		247		1,647
Miscellaneous					20	627	5,685	320		10	61	6,723
Total General Revenues					40	1,030	6,601	381		257	61	8,370
Change in Net Position					(3,585)	4,470		11,235	527	(234)	(175)	12,238
Net Position - Beginning of Fiscal Year					59,047	137,734		92,564	410	4,866	1,340	295,961
Net Position - End of Fiscal Year					$ 55,462	$ 142,204	$ -	$ 103,799	$ 937	$ 4,632	$ 1,165	$ 308,199

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Capital Assets Used in the Operation of Governmental Funds

Capital Assets Used in the Operation of Governmental Funds

Schedule of Capital Assets by Source[1]

As of September 30, 2015

(In Thousands)

		2015
Governmental Funds Capital Assets:		
Land	$	1,429,536
Other Non-Depreciable Assets		2,166
Non-Depreciable Intangible Assets		139,508
Depreciable Intangible Assets		3,855
Buildings		933,527
Improvements		722,972
Infrastructure		2,893,227
Machinery and Equipment		307,523
Construction in Progress		618,794
Total Governmental Funds Capital Assets	$	7,051,108
Investment in Governmental Funds Capital Assets by Source:		
Current Revenue	$	2,449,608
General Obligation Bonds, Certificates of Obligation, Notes, and Revenue Bonds		3,953,204
Federal and State Grants		607,417
Special Assessments		1,008
Municipal Golf Association - SA		10,555
Housing Trust Foundation		62
Westside Development Corp		17
Private Citizens' Contribution		24,695
San Antonio Fair, Inc.		4,542
Total Investment in Governmental Funds Capital Assets by Source	$	7,051,108

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

Capital Assets Used in the Operation of Governmental Funds

Schedule of Capital Assets by Function and Activity[1]

As of September 30, 2015

(In Thousands)

	Land	Other Non-Depreciable Assets	Non-Depreciable Intangible Assets	Depreciable Intangible Assets	Buildings	Improvements	Infrastructure	Machinery and Equipment	Total
General Government:									
Legislative	$ 56	$ -	$ -	$ -	$ 2,592	$ 91	$ -	$ 343	$ 3,082
Judicial	196			1,004	19,091	248		629	21,168
Executive								27	27
Administration	3,930		12,556	2,176	233,939	34,893	10,699	154,515	452,708
Total General Government	4,182		12,556	3,180	255,622	35,232	10,699	155,514	476,985
Public Safety:									
Police	12,187				40,082	10,152		65,024	127,445
Fire	39,598				70,960	11,204	236	47,153	169,151
Building Inspection and Regulations	7,299				14,210			211	21,720
Total Public Safety	59,084				125,252	21,356	236	112,388	318,316
Public Works	1,259,382	2,166	17,717		213,429	341,861	2,846,447	14,260	4,695,262
Health Services	1,302			469	8,288	672		4,511	15,242
Convention and Tourism	5,422			206	132,352	97,105		9,215	244,300
Sanitation					45	15		704	764
Welfare	419				30,157	7,795		1,554	39,925
Culture and Recreation:									
Libraries	8,707				99,193	25,102	22,997	1,812	157,811
Parks	90,126		109,235		41,437	190,505	10,982	6,302	448,587
Total Culture and Recreation	98,833		109,235		140,630	215,607	33,979	8,114	606,398
Urban Redevelopment and Housing						699	1,866	768	3,333
Education	912				27,752			427	29,091
Economic Development and Opportunity						2,630		68	2,698
Total Capital Assets Allocated to Functions	$ 1,429,536	$ 2,166	$ 139,508	$ 3,855	$ 933,527	$ 722,972	$ 2,893,227	$ 307,523	$ 6,432,314
Construction in Progress									618,794
Total Governmental Funds Capital Assets									$ 7,051,108

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

Capital Assets Used in the Operation of Governmental Funds

Schedule of Changes in Capital Assets by Function and Activity[1]

As of September 30, 2015

(In Thousands)

Function and Activity:	Beginning Balance (Restated)	Additions	Deductions	Ending Balance
General Government:				
Legislative	$ 3,082	$ -	$ -	$ 3,082
Judicial	20,834	334		21,168
Executive	27			27
Administration	448,208	5,540	1,040	452,708
Total General Government	472,151	5,874	1,040	476,985
Public Safety:				
Police	126,813	1,086	454	127,445
Fire	164,393	4,963	205	169,151
Building Inspection and Regulations	21,720			21,720
Total Public Safety	312,926	6,049	659	318,316
Public Works	4,512,373	183,741	852	4,695,262
Health Services	15,034	439	231	15,242
Convention and Tourism	240,219	5,053	972	244,300
Sanitation	707	107	50	764
Welfare	39,409	609	93	39,925
Culture and Recreation:				
Libraries	157,799	12		157,811
Parks	436,674	13,704	1,791	448,587
Total Culture and Recreation	594,473	13,716	1,791	606,398
Urban Redevelopment and Housing	3,315	18		3,333
Education	28,933	158		29,091
Economic Development and Opportunity	2,658	40		2,698
Construction in Progress	422,488	205,045	8,739	618,794
Total Governmental Funds Capital Assets	$ 6,644,686	$ 420,849	$ 14,427	$ 7,051,108

[1] This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

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STATISTICAL SECTION

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Statistical Section (Unaudited)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement No. 54 in fiscal year 2011; schedules presenting fund balance information as required by GASB Statement No. 54 began in that year.

FINANCIAL TRENDS – These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY – These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales and use taxes.

DEBT CAPACITY – These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION – These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

OPERATING INFORMATION – These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Statistical Data
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	Fiscal Year									
	2006 (Restated)	2007 (Restated)	2008	2009	2010 [1] (Restated)	2011 (Restated)	2012 [2] (Restated)	2013 [3] (Restated)	2014 [4] (Restated)	2015
Governmental Activities:										
Net Investment in Capital Assets	$ 1,984,942	$ 2,024,576	$ 2,092,623	$ 2,200,616	$ 2,238,834	$ 2,364,212	$ 2,325,170	$ 2,304,579	$ 2,554,305	$ 2,615,833
Restricted	105,024	120,591	122,537	128,727	124,300	126,142	104,158	72,643	100,264	61,796
Unrestricted	181,484	184,154	162,997	168,054	162,135	63,069	78,783	72,932	(516,002)	(472,820)
Total Governmental Activities, net position	$ 2,271,450	$ 2,329,321	$ 2,378,157	$ 2,497,397	$ 2,525,269	$ 2,553,423	$ 2,508,111	$ 2,450,154	$ 2,138,567	$ 2,204,809
Business-Type Activities:										
Net Investment in Capital Assets	$ 216,459	$ 201,846	$ 208,894	$ 260,679	$ 273,344	$ 273,108	$ 270,500	$ 292,278	$ 300,791	$ 316,995
Restricted	27,700	61,559	76,178	66,099	78,558	90,532	104,990	91,418	102,390	126,562
Unrestricted	7,240	23,010	31,247	2,976	556	15,320	9,851	18,024	(47,431)	(55,809)
Total Business-Type Activities, net position	$ 251,399	$ 286,415	$ 316,319	$ 329,754	$ 352,458	$ 378,960	$ 385,341	$ 401,720	$ 355,750	$ 387,748
Primary Government:										
Net Investment in Capital Assets	$ 2,201,401	$ 2,226,422	$ 2,301,517	$ 2,461,295	$ 2,512,178	$ 2,637,320	$ 2,595,670	$ 2,596,857	$ 2,855,096	$ 2,932,828
Restricted	132,724	182,150	198,715	194,826	202,858	216,674	209,148	164,061	202,654	188,358
Unrestricted	188,724	207,164	194,244	171,030	162,691	78,389	88,634	90,956	(563,433)	(528,629)
Total Primary Government, net position	$ 2,522,849	$ 2,615,736	$ 2,694,476	$ 2,827,151	$ 2,877,727	$ 2,932,383	$ 2,893,452	$ 2,851,874	$ 2,494,317	$ 2,592,557

[1] Net Position were restated as implementing GASB Statement No. 54 resulted in the reclassification of fund types between governmental, business-type and fiduciary.

[2] Net Position were restated as implementing GASB Statement No. 61 resulted in the reclassification of reporting between discretely presented and blended component units.

[3] Net Position was restated as implementing GASB Statement No. 65 resulted in the reclassification of items previously reported as assets and liabilities.

[4] Net Position was restated as implementing GASB Statement No. 68 resulted in the reclassification of how pension obligations were previously reported.

Statistical Data
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	2006 (Restated)	2007 (Restated)	2008	2009	2010 [1] (Restated)	2011 (Restated)	2012	2013 [2,3] (Restated)	2014	2015
Expenses:										
Governmental Activities:										
General Government	$ 83,719	$ 118,881	$ 109,850	$ 92,415	$ 114,591	$ 103,617	$ 140,761	$ 127,697	$ 112,845	$ 96,842
Public Safety	424,058	456,375	529,762	497,274	545,359	607,532	613,975	684,547	721,930	729,938
Public Works	226,849	143,172	220,267	212,256	221,612	239,195	252,804	257,395	324,257	247,087
Sanitation	3,112	2,878	3,000	3,953	8,385	20,015	14,382	13,250	7,142	7,535
Health Services	87,283	91,432	90,443	92,351	104,667	101,995	101,293	38,250	55,014	55,020
Culture and Recreation	90,337	128,450	142,537	145,386	143,122	147,591	153,642	161,280	167,463	179,480
Convention and Tourism	126,802	155,285	69,734	42,512	26,437	28,735	31,892	29,674	31,579	34,811
Conservation	146									
Urban Redevelopment and Housing	21,766	20,575	39,700	45,533	26,486	13,570	13,252	9,111	25,949	30,785
Welfare	134,554	153,704	168,585	162,956	177,819	185,600	157,678	162,015	115,094	121,932
Education								6,381	8,530	64,917
Economic Development and Opportunity	12,159	19,167	22,479	23,260	104,964	90,258	115,253	117,362	25,909	34,634
Bond Issuance Costs									1,862	2,544
Interest on Long-term Debt, Net	65,960	48,114	71,103	75,108	70,945	87,792	85,073	115,016	93,313	88,813
Total Governmental Activities Expenses	1,276,745	1,338,033	1,467,460	1,393,004	1,544,387	1,625,900	1,680,005	1,721,978	1,690,887	1,694,338
Business-Type Activities:										
Airport System	78,083	64,482	80,505	81,229	83,109	105,708	118,560	102,041	106,033	112,439
Development Services					19,570	20,195	23,327	24,437	22,273	26,042
Market Square					251	2,215	2,297	2,135	2,558	2,846
Parking System	9,234	8,525	10,382	8,984	9,135	8,703	8,117	8,214	12,165	10,038
Solid Waste Management	61,318	68,072	82,002	88,900	85,058	82,128	89,405	93,056	98,555	92,492
Total Business-Type Activities Expenses	148,635	141,079	172,889	179,113	197,123	218,949	241,706	229,883	241,584	243,857
Total Primary Government Expenses	$ 1,425,380	$ 1,479,112	$ 1,640,349	$ 1,572,117	$ 1,741,510	$ 1,844,849	$ 1,921,711	$ 1,951,861	$ 1,932,471	$ 1,938,195
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	$ 62,286	$ 45,307	$ 45,757	$ 29,323	$ 21,176	$ 27,853	$ 22,245	$ 27,951	$ 27,710	$ 33,662
Public Safety	9,046	9,059	9,536	9,026	10,350	9,882	12,190	12,278	49,363	60,147
Public Works	36,969	39,090	46,970	50,266	53,723	43,267	43,164	44,706	47,342	49,111
Sanitation		268	5		397	407	509	365	7,491	7,366
Health Services	15,852	24,401	22,792	26,518	31,595	33,815	30,940	30,356	18,844	16,660
Culture and Recreation	18,947	26,277	40,549	34,483	33,791	33,037	34,483	46,707	53,698	50,047
Convention and Tourism	19,640	19,067	1,278	1,308	1,262					
Urban Redevelopment and Housing	126	1	2	22,949	388	400	634	584		148
Welfare	341	19	192	122	72	52	15	2		
Education									267	412
Economic Development and Opportunity	2,562	1,971	2,026	2,141	2,582	2,631	5,025	90	135	220
Operating Grants and Contributions	179,917	186,381	198,736	206,356	256,214	267,524	211,290	202,932	168,170	175,921
Capital Grants and Contributions	29,050	57,891	49,577	81,114	98,362	137,892	149,713	145,199	84,744	32,642
Total Governmental Activities Program Revenues	374,736	409,732	417,420	463,606	509,912	556,760	510,208	511,170	457,764	426,336
Business-Type Activities:										
Charges for Services:										
Airport System	50,058	53,115	63,944	61,764	63,524	82,901	84,395	80,635	84,410	83,193
Development Services					20,336	21,629	23,392	24,813	27,646	27,878
Market Square					138	2,211	2,316	2,477	2,598	2,654
Parking System	10,276	10,236	10,988	9,143	9,287	8,588	8,630	8,654	8,487	9,272
Solid Waste Management	60,090	70,080	81,988	81,263	87,888	90,067	93,333	92,871	96,321	100,334
Capital Grants and Contributions	18,079	23,188	36,987	31,115	40,156	40,237	34,765	39,580	44,206	45,886
Total Business-Type Activities Program Revenues	138,503	156,619	193,907	183,285	221,329	245,633	246,831	249,030	263,668	269,217
Total Primary Government Program Revenues	$ 513,239	$ 566,351	$ 611,327	$ 646,891	$ 731,241	$ 802,393	$ 757,039	$ 760,200	$ 721,432	$ 695,553

[1] Activities were restated as implementing GASB Statement No. 54 resulted in the reclassification of fund types between governmental, business-type and fiduciary.
[2] Net Position were restated as implementing GASB Statement No. 61 resulted in the reclassification of reporting between discretely presented and blended component
[3] EMS was reclassed from Health Services to Public Safety

Statistical Data

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(In Thousands)

	2006 (Restated)	2007 (Restated)	2008	2009	2010 [1] (Restated)	2011 (Restated)	2012 [2] (Restated)	2013	2014	2015
Net (Expense) Revenue:										
Governmental Activities	$ (902,009)	$ (928,301)	$ (1,050,040)	$ (929,398)	$ (1,034,475)	$ (1,069,140)	$ (1,169,797)	$ (1,210,808)	$ (1,233,123)	$ (1,268,002)
Business-Type Activities	(10,132)	15,540	21,018	4,172	24,206	26,684	5,125	19,147	22,084	25,360
Total Primary Government Net Expense	$ (912,141)	$ (912,761)	$ (1,029,022)	$ (925,226)	$ (1,010,269)	$ (1,042,456)	$ (1,164,672)	$ (1,191,661)	$ (1,211,039)	$ (1,242,642)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property Taxes	$ 276,728	$ 326,342	$ 379,457	$ 407,183	$ 406,579	$ 396,847	$ 395,944	$ 402,619	$ 423,781	$ 446,705
General Sales and Use Taxes	210,141	224,480	232,348	221,746	223,475	236,819	259,927	287,944	324,612	339,012
Selective Sales and Use Taxes	4,932	5,308	5,712	5,741	5,921	5,879	5,200	5,799	7,554	7,957
Gross Receipts Business Taxes	30,415	30,236	31,705	33,396	35,913	34,341	33,625	33,745	34,784	36,202
Occupancy Taxes	58,678	63,878	68,414	58,800	59,734	62,968	67,937	72,770	77,064	79,163
Penalties and Interest on Delinquent Taxes	3,851	4,088	3,797	3,784	3,885	3,797	3,554	3,302	3,557	3,303
Revenues from Utilities	256,541	257,687	304,545	275,993	293,091	308,838	299,693	307,687	355,515	348,997
Investment Earnings	38,386	54,027	39,463	17,500	6,954	6,184	5,005	5,192	3,997	3,164
Miscellaneous	16,173	26,530	30,299	24,017	24,039	40,217	53,990	35,500	50,868	62,021
Special Items			8,320							
Transfers, net	1,021	(6,404)	(5,184)	498	5,429	1,404	1,156	(2,871)	1,570	7,720
Total Governmental Activities	896,866	986,172	1,098,876	1,048,658	1,065,020	1,097,294	1,126,031	1,151,687	1,283,302	1,334,244
Business-Type Activities:										
Investment Earnings	10,023	11,099	12,010	4,769	823	772	827	1,026	764	562
Miscellaneous	589	1,973	12	464	1,547	450	1,585	621	4,861	13,440
Special Items	10,870		(8,320)	4,528						
Transfers, net	(1,021)	6,404	5,184	(498)	(5,429)	(1,404)	(1,156)	(4,351)	(4,552)	(7,364)
Total Business-Type Activities	20,461	19,476	8,886	9,263	(3,059)	(182)	1,256	(2,704)	1,073	6,638
Total Primary Government	$ 917,327	$ 1,005,648	$ 1,107,762	$ 1,057,921	$ 1,061,961	$ 1,097,112	$ 1,127,287	$ 1,148,983	$ 1,284,375	$ 1,340,882
Change in Net Position:										
Governmental Activities	$ (5,143)	$ 57,871	$ 48,836	$ 119,260	$ 30,545	$ 28,154	$ (43,766)	$ (59,121)	$ 50,179	$ 66,242
Business-Type Activities	10,329	35,016	29,904	13,435	21,147	26,502	6,381	16,443	23,157	31,998
Total Primary Government	$ 5,186	$ 92,887	$ 78,740	$ 132,695	$ 51,692	$ 54,656	$ (37,385)	$ (42,678)	$ 73,336	$ 98,240

[1] Net Assets and Activities were restated as implementing GASB Statement No. 54 resulted in the reclassification of fund types between governmental, business-type and fiduciary.

[2] Net Position was restated as implementing GASB Statement No. 61 resulted in the reclassification of reporting between discretely presented and blended component units.

Statistical Data
Fund Balances, Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)

(In Thousands)

	Fiscal Year									
	2006 (Restated)	2007 (Restated)	2008	2009	2010	2011 [1] (Restated)	2012	2013 [2] (Restated)	2014 (Restated)	2015
General Fund:										
Reserved	$ 11,866	$ 16,730	$ 14,773	$ 16,100	$ 30,526					
Unreserved	149,610	143,567	190,775	190,407	199,110					
Total General Fund	$ 161,476	$ 160,297	$ 205,548	$ 206,507	$ 229,636					
All Other Governmental Funds:										
Reserved	$ 263,230	$ 280,443	$ 411,023	$ 377,536	$ 421,620					
Unreserved, reported in:										
Special Revenue	1,928	3,003	3,487	2,734	4,183					
Permanent	3,102	4,756	5,018	4,649	4,802					
Capital Project	238,946									
Unrestricted	176,631	380,823	279,624	354,906	298,480					
Total All Other Governmental Funds	$ 683,837	$ 669,025	$ 699,152	$ 739,825	$ 729,085					
General Fund:										
Nonspendable						$ 4,939	$ 5,800	$ 6,238	$ 5,504	$ 7,026
Restricted						1,107	1,003	718	1,032	537
Committed						48,540	47,035	39,603	46,882	52,686
Assigned						7,413	4,143	3,230	523	521
Unassigned						170,693	158,532	135,375	164,654	182,698
Total General Fund						$ 232,692	$ 216,513	$ 185,164	$ 218,595	$ 243,468
All Other Governmental Funds:										
Nonspendable						$ 4,416	$ 5,235	$ 4,943	$ 4,716	$ 11,274
Restricted						686,530	665,530	946,189	853,657	742,930
Committed						67,281	77,204	85,060	101,183	101,040
Assigned						13,237	12,330	19,866	24,495	19,234
Unassigned						(74,796)	(38,916)	(30,699)	(3,427)	(14,860)
Total All Other Governmental Funds						$ 696,668	$ 721,383	$ 1,025,359	$ 980,624	$ 859,618

[1] The City implemented GASB Statement No. 54 in fiscal year 2011 resulting in different fund balance classifications than in prior years.

[2] Fund Balances were restated as implementing GASB Statement No. 61 resulted in the reclassification of reporting between discretely presented and blended component units.

Statistical Data

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(In Thousands)

	Fiscal Year									
	2006	2007	2008	2009	2010[1]	2011	2012	2013[2]	2014	2015
Revenues:										
Taxes	$ 597,379	$ 653,427	$ 718,860	$ 729,808	$ 733,694	$ 740,039	$ 766,903	$ 808,185	$ 872,987	$ 912,934
Licenses and Permits	19,765	6,927	7,756	7,090	7,769	8,680	8,469	8,343	7,396	8,107
Intergovernmental	192,285	202,667	221,943	229,476	269,315	306,813	245,030	230,356	240,847	198,307
Revenues from Utilities	256,368	257,687	304,158	275,605	292,726	308,451	299,306	307,300	348,480	348,997
Charges for Services	120,541	136,950	148,981	143,526	144,293	117,607	122,229	131,220	153,995	169,492
Fines and Forfeits	10,948	15,114	12,249	13,111	11,506	14,124	14,807	13,925	13,597	12,589
Miscellaneous	27,305	24,498	29,471	30,631	34,393	40,626	43,989	35,308	50,955	57,546
Contributions	19,871	29,744	15,053	30,359	83,541	104,709	123,020	128,012	30,579	31,596
In-Kind Contributions[1]	15,617	13,786	16,222	13,273						
Investment Earnings	35,830	50,050	35,412	15,696	6,383	5,515	4,354	4,232	3,505	2,761
Total Revenues	1,295,909	1,390,850	1,510,105	1,488,575	1,583,620	1,646,564	1,628,107	1,666,881	1,722,341	1,742,329
Expenditures:										
General Government	80,672	114,968	117,853	85,651	92,054	93,797	105,291	94,973	74,902	79,295
Public Safety	440,231	450,664	472,904	501,560	522,982	553,324	571,221	659,949	688,987	711,201
Public Works	119,697	101,433	121,023	103,127	114,327	93,975	88,697	92,498	164,768	112,470
Health Services	86,258	92,350	90,086	90,615	96,342	102,723	100,061	36,625	52,499	56,133
Sanitation	70,509	2,824	4,372	3,764	8,596	20,020	14,590	13,190	7,050	6,963
Welfare	137,711	153,877	166,263	162,411	176,961	184,942	156,105	159,528	113,074	123,064
Culture and Recreation	87,136	85,522	132,750	127,830	123,202	132,801	132,596	146,270	142,537	155,098
Convention and Tourism	87,509	60,288	20,053	20,930	21,240	20,043	20,158	18,939	20,969	23,406
Urban Redevelopment and Housing	17,538	14,028	20,008	43,700	41,686	13,298	15,902	9,214	25,251	30,496
Education								3,500	34,750	57,172
Economic Development and Opportunity	11,678	24,821	14,637	20,307	106,645	23,951	114,927	116,838	25,524	34,762
Capital Outlay	115,229	345,047	319,663	313,944	287,722	411,270	301,381	291,038	379,309	475,466
Debt Service:										
Principal Retirement	61,865	81,835	99,385	113,316	152,605	140,975	117,265	117,595	130,412	140,963
Interest	71,848	57,190	77,271	79,723	75,614	83,981	87,327	102,965	105,417	105,939
Bond Escrow Agent	5									
Arbitrage Expenditure		42								
Issuance Costs	429	3,557	2,467	1,630	3,518	1,626	1,732	6,465	1,862	2,544
Total Expenditures	1,388,315	1,588,446	1,658,735	1,668,508	1,823,494	1,876,726	1,827,253	1,869,587	1,967,311	2,114,972
(Deficiency) of Revenues (Under) Expenditures	(92,406)	(197,596)	(148,630)	(179,933)	(239,874)	(230,162)	(199,146)	(202,706)	(244,970)	(372,643)
Other Financing Sources (Uses):										
Issuance of Long-Term Debt	70,690	382,060	381,745	205,485	413,180	176,635	218,985	793,671	223,555	237,765
Refunding Debt Issued									67,050	144,880
Payments to Refunded Bond Escrow Agent	(34,927)	(210,643)	(170,737)		(185,508)		(37,892)	(356,969)	(76,531)	(159,593)
Issuance of Notes and Loans	63,218	10,966	2,799	1,768		14,716				
Issuance of Commercial Paper		4,000	6,500	15,305						
Premium/(Discount) on Long-Term Debt	2,251	7,139	12,014	3,034	27,680	15,182	30,617	43,246	31,455	41,762
Release of Enterprise Fund Obligations			9,645							
Debt Transfer to Enterprise Fund			(11,045)							
Transfers In	228,041	335,090	341,227	411,807	361,508	336,070	368,586	694,459	528,253	585,857
Transfers Out	(231,290)	(350,275)	(348,140)	(415,809)	(364,600)	(340,516)	(369,827)	(698,979)	(532,384)	(574,161)
Total Other Financing Sources (Uses)	97,983	178,337	224,008	221,590	252,260	202,087	210,469	475,428	241,398	276,510
Net Change in Fund Balances	$ 5,577	$ (19,259)	$ 75,378	$ 41,657	$ 12,386	$ (28,075)	$ 11,323	$ 272,722	$ (3,572)	$ (96,133)
Debt Service as a Percentage of Noncapital Expenditures	10.7%	10.3%	12.4%	13.9%	14.5%	14.2%	13.1%	13.8%	14.9%	14.6%

[1] In-Kind Contributions was combined under Contributions in fiscal year 2010

[2] EMS was reclassed from Health Services to Public Safety

Statistical Data
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

Fiscal Year	Property [1]	Sales and Use [2]	Hotel/Motel Occupancy	Alcoholic Beverage Tax [3]	Business Tax	Penalties and Interest and Judgments	Total
2006	289,348	210,141	58,672	4,932	30,823	3,464	597,380
2007	325,811	224,480	63,892	5,308	30,236	3,701	653,428
2008	376,884	232,348	68,414	5,712	31,705	3,797	718,860
2009	406,341	221,746	58,800	5,741	33,396	3,784	729,808
2010	404,766	223,475	59,734	5,921	35,913	3,885	733,694
2011	396,235	236,819	62,968	5,879	34,341	3,797	740,039
2012	396,660	259,927	67,937	5,200	33,625	3,554	766,903
2013	404,625	287,944	72,770	5,799	33,745	3,302	808,185
2014	425,416	324,612	77,064	7,554	34,784	3,557	872,987
2015	447,297	339,012	79,163	7,957	36,202	3,303	912,934
Change:							
2006-2015	54.6%	61.3%	34.9%	61.3%	17.5%	-4.6%	52.8%

[1] The City had maintained the property tax rate at a current tax rate from 2002 to 2007, and was able to reduce the property tax rate in 2008 because of growth in property tax values (see Assessed Value and Actual Value of Taxable Property).

[2] Sales and Use tax revenues increased in the past ten years, with the exception of 2009 and 2010, due to a combination of rate increases (see Direct and Overlapping Sales and Use Tax Rates), growth in taxable retail sales (see Taxable Sales by Category), and several legislative measures to broaden the sales and use tax base.

[3] Alcoholic Beverage Tax increased in 2011 due to legislative measures, and again in 2014 due to restoration of a 2.0% administrative fee to City, plus additional legislative measures to broaden the Alcoholic Beverage Tax base.

Statistical Data

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(In Thousands)

Fiscal Year Ended	Residential Property	Commercial Property	Industrial Property	Other Property	Less: Tax-Exempt Property [1]	Estimated Actual Value	Total Direct Tax Rate
2006	30,761,632	20,736,858	1,654,272	3,598,145	6,881,952	49,868,955	0.58
2007	35,144,958	23,195,079	1,728,928	4,964,661	8,265,925	56,767,701	0.58
2008	40,002,580	27,919,043	2,751,798	5,792,563	10,511,117	65,954,867	0.57
2009	42,379,588	30,763,686	2,735,402	7,973,642	11,311,176	72,541,142	0.57
2010	41,874,227	32,060,323	2,515,645	8,031,416	11,738,392	72,743,219	0.57
2011	41,545,063	30,853,443	2,363,174	7,974,502	11,728,635	71,007,547 [2]	0.57
2012	41,126,475	31,052,797	2,362,451	8,114,854	11,975,378	70,681,199 [2]	0.57
2013	40,716,193	32,283,498	2,455,552	8,039,080	12,095,367	71,398,956	0.57
2014	41,251,546	34,899,935	2,494,938	8,336,790	12,371,142	74,612,067	0.57
2015	43,908,306	37,346,495	2,438,664	8,778,393	13,241,605	79,230,253	0.57

Source: Bexar Appraisal District

[1] Tax-exempt property deductions include deductions of residential homestead exemptions and exemptions granted to persons 65 years of age and older and disabled veterans. In addition, other exemptions include historic properties, tax phase-ins, freeport, transitional housing, disabled veterans and surviving spouse, absolute, prorated, low income housing, pollution control, community housing development organization, disabled person residence homestead, armed services surviving spouse, and personal property vehicle.

[2] Net Taxable Assessed Value decreased in 2011 and 2012 due to a reduction in base values.

Statistical Data

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per $100 of assessed value)

		City Direct Rates			Overlapping Rates					
Fiscal Year	Tax Roll	General Fund	Debt Service Funds	Total Direct	Alamo Community College	Bexar County	University Health System	San Antonio River Authority	Alamo Heights ISD	East Central ISD
2006	2005	0.367040	0.211500	0.578540	0.107050	0.318471	0.243869	0.016425	1.656600	1.680000
2007	2006	0.367040	0.211500	0.578540	0.137050	0.314147	0.243869	0.016425	1.486600	1.520000
2008	2007	0.360800	0.211500	0.572300	0.134550	0.326866	0.237408	0.015951	1.156600	1.190000
2009	2008	0.355640	0.211500	0.567140	0.135855	0.326866	0.266235	0.015951	1.162000	1.319500
2010	2009	0.354190	0.211500	0.565690	0.135855	0.326866	0.276235	0.015951	1.168000	1.319500
2011	2010	0.354190	0.211500	0.565690	0.141623	0.326866	0.276235	0.016652	1.198000	1.296000
2012	2011	0.354190	0.211500	0.565690	0.141623	0.326866	0.276235	0.017370	1.218000	1.296000
2013	2012	0.354190	0.211500	0.565690	0.149150	0.326866	0.276235	0.017370	1.218000	1.275000
2014	2013	0.354190	0.211500	0.565690	0.149150	0.326866	0.276235	0.017500	1.205000	1.275000
2015	2014	0.354190	0.211500	0.565690	0.149150	0.314500	0.276235	0.017290	1.195000	1.265000

		Overlapping Rates									
Fiscal Year	Tax Roll	Edgewood ISD	Harlandale ISD	Judson ISD	Northeast ISD	Northside ISD	San Antonio ISD	Somerset ISD	South San Antonio ISD	Southside ISD	Southwest ISD
2006	2005	1.722200	1.756000	1.776000	1.794000	1.775000	1.720000	1.685000	1.840000	1.720000	1.618800
2007	2006	1.610000	1.700000	1.636000	1.669000	1.592500	1.579700	1.536700	1.710000	1.690000	1.496000
2008	2007	1.405000	1.349000	1.410000	1.402900	1.262500	1.249700	1.194000	1.445000	1.360000	1.195000
2009	2008	1.405000	1.479000	1.463000	1.402900	1.337500	1.249700	1.228000	1.433800	1.368990	1.243200
2010	2009	1.420000	1.604800	1.463000	1.402900	1.365500	1.279700	1.289000	1.454900	1.368990	1.256100
2011	2010	1.407000	1.544400	1.430000	1.402900	1.375500	1.307600	1.278000	1.454900	1.368990	1.222600
2012	2011	1.398000	1.538500	1.425000	1.402900	1.375500	1.357600	1.278000	1.454900	1.368900	1.273000
2013	2012	1.398000	1.538500	1.425000	1.425000	1.375500	1.357600	1.278000	1.451500	1.368900	1.401622
2014	2013	1.382600	1.528800	1.425000	1.440600	1.375500	1.382600	1.278000	1.451500	1.368900	1.465000
2015	2014	1.362700	1.528800	1.420000	1.415000	1.375500	1.382600	1.278000	1.451500	1.368900	1.414900

Source: Bexar County Tax Office, Bexar Appraisal District, and Independent School Districts

Statistical Data

Principal Property Taxpayers

Current Year and Nine Years Ago

(In Thousands)

	2015			2006		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
H.E.Butt Grocery Company	$ 1,047,882	1	1.32%	$ 637,295	1	1.28%
Wal-Mart Stores, Inc.	491,024	2	0.62%	305,389	4	0.61%
VHS San Antonio Partners LP	489,459	3	0.62%			
Methodist Healthcare System	463,365	4	0.58%	173,423	6	0.35%
Toyota Motor Manufacturing Texas	395,522	5	0.50%			
Hyatt Regency Hotels	379,795	6	0.48%	143,670	9	0.29%
United Services Automobile Association	307,619	7	0.39%	310,901	3	0.62%
La Cantera Retail LTD Partnership	280,721	8	0.35%			
Frankel Family Trust	261,408	9	0.33%			
Marriott International, Inc.	257,946	10	0.33%	195,081	5	0.39%
AT&T				400,371	2	0.80%
Valero Energy Corporation				157,292	7	0.32%
Alamo Stonecrest Holdings				144,910	8	0.29%
Time Warner				139,260	10	0.28%
Total	$ 4,374,741		5.52%	$ 2,607,592		5.23%

Source: City of San Antonio

Statistical Data

Property Tax Levies and Collections

Last Ten Fiscal Years

(In Thousands)

Fiscal Year Ended	Taxes Levied for the Fiscal Year [1]	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years [2] [3]	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	$ 288,512	$ 283,418	98.23%	$ 3,968	$ 287,386	99.61%
2007	326,326	321,211	98.43%	3,827	325,038	99.61%
2008	372,823	366,888	98.41%	3,835	370,723	99.44%
2009	405,010	398,119	98.30%	3,753	401,872	99.23%
2010	405,896	397,356	97.90%	3,680	401,036	98.80%
2011	396,621	389,419	98.18%	4,164	393,583	99.23%
2012	395,466	389,217	98.42%	4,002	393,219	99.43%
2013	400,055	394,756	98.68%	2,469	397,225	99.29%
2014	418,177	413,452	98.87%	725	414,177	99.04%
2015	444,979	437,746	98.37%		437,746	98.37%

[1] Taxes levied, less the over-65 and disabled tax freeze amount.

[2] Penalty, judgments, and interest on judgments are excluded.

[3] Amounts represent the taxes levied during that fiscal year-end that were collected in subsequent fiscal years.

Statistical Data
Taxable Sales by Category
Last Ten Calendar Years

(In Thousands)

	Calendar Year [1]									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Motor Vehicle and Parts Dealers	$ 4,530,840	$ 4,279,474	$ 4,741,297	$ 4,255,879	$ 3,748,520	$ 4,433,993	$ 4,992,543	$ 5,800,519	$ 6,242,321	$ 7,136,472
Furniture and Home Furnishings Stores	558,900	632,722	623,580	587,033	543,871	534,378	531,298	660,701	595,966	708,950
Electronics and Appliance Stores	922,766	1,092,875	1,105,409	933,284	869,489	883,394	1,173,505	1,270,747	1,069,591	936,119
Building Material and Garden Equipment and Supplies Dealers	1,071,339	1,184,707	1,184,077	1,179,431	1,144,487	1,193,047	1,345,821	1,474,677	1,653,623	1,858,695
Food and Beverage Stores [2]	2,553,203	2,744,361	2,947,324	3,233,292	3,296,735	3,360,128	3,850,446	3,770,484	4,261,436	4,372,544
Health and Personal Care Stores	1,521,135	1,729,193	1,952,449	1,895,026	1,265,431	1,266,153	1,758,122	1,668,709	1,706,340	1,782,269
Gasoline Stations	1,270,710	1,482,688	1,553,859	1,684,077	1,312,607	1,557,800	1,843,246	2,214,699	1,864,947	2,110,169
Clothing and Clothing Accessories Stores [3]	939,403	1,042,774	1,083,057	1,083,856	1,011,987	1,068,586	1,133,418	1,275,161	1,332,480	1,332,398
Sporting Goods, Hobby, Book and Music Stores	437,902	390,546	405,698	528,716	542,502	674,629	629,928	657,522	718,030	746,568
General Merchandise Stores	2,554,982	2,884,279	3,142,862	3,229,483	3,173,001	3,234,093	3,376,580	3,506,042	3,602,616	3,785,270
Miscellaneous Store Retailers	789,071	846,862	982,130	818,767	774,875	808,292	861,017	896,706	973,027	920,729
Nonstore Retailers	86,138	81,602	107,407	114,534	98,354	117,890	146,821	146,666	170,897	176,038
Food Services and Drinking Places	2,228,510	2,371,142	2,530,543	2,653,768	2,640,952	4,011,106	2,994,004	3,253,930	3,438,648	3,670,159
Total	$ 19,464,899	$ 20,763,225	$ 22,359,692	$ 22,197,146	$ 20,422,811	$ 23,143,489	$ 24,636,749	$ 26,596,563	$ 27,629,922	$ 29,536,380
City Direct Sales Tax Rate	1.000%	1.000%	1.125% [4]	1.125% [4]	1.125% [4]	1.125% [4]	1.125% [4]	1.125% [4]	1.250% [4 5]	1.250% [4 5]

Source: Texas Comptroller of Public Accounts

[1] Calendar Year 2015 information will not be available until May of 2016.

[2] General grocery items are not taxable; the sales and use tax applies only to prepared food items and nonfood items.

[3] Clothing under $100 is exempt during the sales and use tax holiday in August

[4] Proposition 2 - Parks Development and Expansion Venue Project increased sales and use tax. This tax was added for acquisition of open space and linear parks along the Leon and Salado Creeks, Medina and San Antonio Rivers and improvements and additions to the Municipal Parks and Recreation System. A new proposition was approved in May 2015 to extend the incremental rate for similar acquisitions and improvements

[5] In November 2012, the citizens of the City elected to enact a 1/8 cent sales tax to fund the San Antonio Early Childhood Municipal Development Corporation (Pre-K 4 SA).

Statistical Data
Direct and Overlapping Sales and Use Tax Rates
Last Ten Fiscal Years

Fiscal Year	San Antonio Tax	PreK4SA Tax[4]	San Antonio ATD [1]	San Antonio MTA [2]	State of Texas	Total
2006 [3]	1.125%		0.250%	0.500%	6.250%	8.125%
2007	1.125%		0.250%	0.500%	6.250%	8.125%
2008	1.125%		0.250%	0.500%	6.250%	8.125%
2009	1.125%		0.250%	0.500%	6.250%	8.125%
2010	1.125%		0.250%	0.500%	6.250%	8.125%
2011	1.125%		0.250%	0.500%	6.250%	8.125%
2012	1.125%		0.250%	0.500%	6.250%	8.125%
2013 [5]	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%
2014 [5]	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%
2015 [5]	1.125%	0.125%	0.250%	0.500%	6.250%	8.250%

[1] San Antonio Advanced Transportation District (ATD) is tax added for improvements to public transportation, streets, highways, and other related transportation infrastructure.

[2] San Antonio Metropolitan Transit Authority (MTA) is tax added by the Transit Authority to provide public transportation services within designated boundaries.

[3] Proposition 2 - Parks Development and Expansion Venue Project increased sales and use tax. This tax was added for acquisition of open space and linear parks along the Leon and Salado Creeks, Medina and San Antonio Rivers and improvements and additions to the Municipal Parks and Recreation System. A new proposition was approved in May 2015 to extend the incremental rate for similar acquisitions and improvements.

[4] In November 2012, the citizens of the City elected to enact a 1/8 cent sales tax to fund the San Antonio Early Childhood Municipal Development Corporation (Pre-K 4 SA).

[5] The City is currently at its Sales and Use Tax Rate maximum limit of 8.250%.

Statistical Data
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Governmental Activities

Fiscal Year	Tax-Exempt General Obligation Bonds	Taxable General Obligation Bonds	Tax-Exempt Commercial Paper	Tax-Exempt Certificates of Obligation	Taxable Certificates of Obligation	Tax Notes	Contractual Obligations	Revenue Bonds	Revenue Notes	Capital Leases	Notes Payable
2006	$ 612,290	$ 10,785	$ -	$ 183,455	$ 6,170	$ 37,600	$ -	$ 551,767	$ -	$ 10,267	$ 58,005
2007	657,595	9,685	4,000	218,185	290	60,000		554,372		14,465	56,171
2008	717,275		10,500	291,380	225	17,925		578,412		12,685	54,958
2009	731,270		25,805	348,235	155	48,095		570,252		10,567	53,355
2010	721,350	191,550	14,370	303,635	80	28,860		557,387		5,796	50,880
2011	708,055	191,550		356,870		27,450		575,115		17,045	48,816
2012	810,275	191,550		332,685		32,015		564,371		14,193	46,631
2013	850,645	191,550		328,140		19,190		878,564	18,460	15,285	43,671
2014	950,405	191,550		282,235		38,070	17,500	870,919	28,055	8,916	41,320
2015	1,060,870	191,550		250,030	43,820	26,610	8,835	862,869	15,725	13,498	44,910

Business-Type Activities

Fiscal Year	Tax-Exempt General Obligation Bonds	Taxable General Obligation Bonds	Tax-Exempt Certificates of Obligation	Tax Notes	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income [1]	Per Capita [1]
2006	$ -	$ -	$ -	$ -	$ 261,885	$ 115	$ 1,732,339	6.51%	$ 1,310
2007					251,370	2,678	1,828,811	7.01%	1,394
2008	940	8,555	2,805		395,695	14,946	2,106,301	7.62%	1,585
2009	905	17,575	2,715		360,380	24,664	2,193,973	7.63%	1,637
2010	1,345	16,875	2,135	34,500	344,525	25,615	2,298,903	8.13%	1,742
2011	1,310	16,075	2,035		406,300	21,140	2,371,761	8.35%	1,788
2012	1,270	14,900	1,935		379,665	21,312	2,410,802	8.30%	1,773
2013	1,230	13,600	1,830		361,550	16,105	2,739,820	8.91%	1,981
2014	1,255	12,120	1,635		342,885	16,471	2,803,336	8.88%	1,990
2015	2,365	11,120	330		488,880	15,580	3,036,992	9.26%	2,114

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements

[1] See Demographic and Economic Statistics for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Statistical Data

Ratios of Net General Bonded Debt Outstanding

Last Ten Fiscal Years

(dollars in thousands, except per capita)

	Governmental and Business-Type Activities									
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Contractual Obligations	Revenue Notes	Total [1]	Less Principal [2]	Net Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita [3]
2006	$ 623,075	$ 189,625	$ 37,600	$ -	$ -	$ 850,300	$ (25,680)	$ 824,620	1.65%	$ 623.34
2007	667,280	218,475	60,000			945,755	(31,553)	914,202	1.61%	696.65
2008	726,770	294,410	17,925			1,039,105	(39,898)	999,207	1.51%	751.86
2009	749,750	351,105	48,095			1,148,950	(45,036)	1,103,914	1.52%	823.48
2010	931,120	305,850	63,360			1,300,330	(39,295)	1,261,035	1.73%	955.70
2011	916,990	358,905	27,450			1,303,345	(38,857)	1,264,488	1.78%	953.22
2012	1,017,995	334,620	32,015			1,384,630	(46,141)	1,338,489	1.89%	984.38
2013	1,057,025	329,970	19,190		18,460	1,424,645	(24,866)	1,399,779	1.96%	1,011.99
2014	1,155,330	283,870	38,070	17,500	28,055	1,522,825	(23,788)	1,499,037	2.01%	1,063.89
2015	1,265,905	294,180	26,610	8,835	15,725	1,611,255	(26,898)	1,584,357	2.00%	1,102.78

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Information is provided for the years since the implementation of GASB Statement No. 34.

[1] Airport, Parking, and Solid Waste utilized part of this debt from FY 2005 to FY 2015; refer to note 6.

[2] Resources have been externally restricted for the repayment of the principal of debt.

[3] Population data can be found in Demographic and Economic Statistics.

Statistical Data

Direct and Overlapping Governmental Activities Debt

As of September 30, 2015

(In Thousands)

	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Shares of Overlapping Debt
Governmental Unit:			
Debt Repaid with Property Taxes:			
Alamo Community College Bonds	$ 453,170	71.34%	$ 323,282
Bexar County Bonds	1,495,174	71.68%	1,071,679
San Antonio River Authority Bonds	28,613	65.63%	18,777
University Health System	693,054	70.20%	486,524
Alamo Heights Independent School District Bonds	100,370	49.53%	49,713
East Central Independent School District Bonds	628,186	41.98%	263,719
Edgewood Independent School District Bonds	71,939	100.00%	71,939
Harlandale Independent School District Bonds	242,897	100.00%	242,897
Judson Independent School District Bonds	420,402	41.15%	172,995
Northeast Independent School District Bonds	1,430,108	84.48%	1,208,208
Northside Independent School District Bonds	2,061,018	74.24%	1,530,173
San Antonio Independent School District Bonds	715,768	99.22%	710,169
Somerset Independent School District Bonds	29,963	2.78%	832
South San Antonio Independent School District Bonds	180,273	100.00%	180,273
Southside Independent School District Bonds	46,710	18.78%	8,772
Southwest Independent School District Bonds	229,285	50.80%	116,473
Total Overlapping Debt			$ 6,456,425
City Direct Debt			$ 2,512,617
Total Direct and Overlapping Debt			$ 8,969,042

Sources: Assessed value data used to estimate applicable percentages provided by the districts. Debt outstanding data provided by each overlapping government.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of San Antonio. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

[1] For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Statistical Data
Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed Value	$ 92,471,859
Debt Limit (10.0% of Assessed Value)	9,247,186
Debt Applicable to Limit:	
Total Bonded Debt	1,595,530
Less: Self-Supporting Debt:	(104,680)
Debt Supplemented by Other Sources	
Assets Available for Payment of Principal In:	
Debt Service Fund	(42,035)
Total Net Debt Applicable to Limit	1,448,815
Legal Debt Margin	$ 7,798,371

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	$ 5,675,091	$ 6,503,363	$ 7,646,598	$ 8,385,232	$ 8,448,161	$ 8,273,618	$ 8,265,658	$ 8,349,432	$ 8,698,321	$ 9,247,186
Total Net Debt Applicable to Limit	913,972	879,538	917,865	986,437	1,159,482	1,177,644	1,246,134	1,297,787	1,381,400	1,448,815
Legal Debt Margin	$ 4,761,119	$ 5,623,825	$ 6,728,733	$ 7,398,795	$ 7,288,679	$ 7,095,974	$ 7,019,524	$ 7,051,645	$ 7,316,921	$ 7,798,371
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	16.1%	13.5%	12.0%	11.8%	13.7%	14.2%	15.1%	15.5%	15.9%	15.7%

Note: City Charter and the Constitution of the State of Texas sets limits of bond indebtedness at 10.0% of assessed valuation

Statistical Data
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Hotel Occupancy Tax Revenue Bonds[1]				Texas Convention Center Hotel Finance[2 3]			
	Hotel Occupancy Tax	Debt Service		Coverage	Net Revenues of Hotel	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2006	$ 45,634	$ 1,375	$ 9,910	4.04	$ -	$ -	$ 10,442	
2007	49,711	3,100	8,865	4.15			10,442	
2008	53,211	245	6,960	7.39			10,442	
2009	45,733	4,255	5,539	4.67			10,442	
2010	46,460	7,265	4,199	4.05		2,150	10,442	
2011	48,975	7,660	3,952	4.22		2,320	10,345	
2012	52,840	8,385	3,819	4.33		2,500	10,238	
2013						2,690	10,122	
2014						2,895	9,993	
2015						3,120	9,850	

Fiscal Year	Municipal Drainage Utility System				Starbright Industrial Development Corporation			
	Municipal Drainage Utility System Revenue	Debt Service		Coverage	Pledged Revenue	Debt Service		Coverage
		Principal	Interest			Principal	Interest	
2006	$ 27,758	$ 2,410	$ 4,896	3.80	$ 246,084	$ -	$ 1,138	216.24
2007	29,540	2,495	4,811	4.04	248,540	525	1,138	149.45
2008	33,485	2,590	4,719	4.58	293,796	535	1,126	176.88
2009	36,306	2,685	4,617	4.97	265,512	550	1,113	159.66
2010	36,972	2,795	4,507	5.06	283,502	565	1,097	170.58
2011	37,576	2,915	4,390	5.14	297,630	585	1,078	178.97
2012	38,187	3,055	4,253	5.23	288,096	605	1,057	173.34
2013	38,847	3,200	2,851	6.42	293,310		605	484.81
2014	39,279	3,245	3,312	5.99	331,717		733	452.55
2015	39,919	3,390	3,170	6.10	332,068		733	453.03

(Continued)

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Operating expenses do not include interest, depreciation, or amortization expenses.

[1] In fiscal year 2013 the City's Public Facilities Corporation issued Lease Revenue Bonds to refund all Hotel Occupancy Tax Revenue Bonds and finance the Convention Center expansion project. The debt issued by the Public Facilities Corporation is paid by annually appropriated lease payments made by the City to the Public Facilities Corporation.

[2] Texas Convention Center Hotel Finance interest for FY 2005-2007 has been capitalized.

[3] The bonds are secured by a lien on and are payable from the following sources of revenue (in the order of priority given): first, the Pledged Hotel Operating Revenues which are the net revenues derived from the Hotel that remain after making necessary monthly escrow payments for property taxes; insurance premiums; and furniture, fixtures, and equipment replacements; second, the State Hotel Occupancy Tax collected at the Hotel; third, the State Sales Tax collected at the Hotel; fourth, the Hotel specific General Hotel Occupancy Tax (7.0% HOT); and fifth, the Expansion Hotel Occupancy Tax revenues collected Citywide (2.0% HOT).

Statistical Data
Pledged-Revenue Coverage
Last Ten Fiscal Years
(In Thousands)

	Airport System				Parking System [1]			
		Debt Service				Debt Service		
Fiscal Year	Airport System Revenues	Principal	Interest	Coverage	Parking System Revenues	Principal	Interest	Coverage
2006	$ 60,774	$ 7,910	$ 9,526	3.49	$ 11,160	$ 600	$ 1,325	5.80
2007	65,487	8,245	8,749	3.85	10,263	620	1,295	5.36
2008	65,935	8,310	11,466	3.33	11,173	660	1,264	5.81
2009	61,353	9,665	12,456	2.77				
2010	63,878	5,380	11,770	3.72				
2011	63,761	13,325	11,661	2.55				
2012	62,300	12,845	10,200	2.70				
2013	61,370	13,190	10,750	2.56				
2014	67,800	13,440	9,874	2.91				
2015	53,054	11,250	9,316	2.58				

	PFC Operations						
					Debt Service		
Fiscal Year	PFC Beginning Fund Balance	PFC Revenues	Less: PFC Expenses	Net Available Revenue	Principal	Interest	Coverage
2006	$ 20,960	$ 10,682	$ 10,361	$ 21,281	$ 1,705	$ 3,719	3.92
2007	26,293	12,678	6,050	32,921	1,775	3,651	6.07
2008	31,601	17,115	5,257	43,459	3,965	6,128	4.31
2009	32,024	16,116	13,216	34,924	3,535	7,222	3.25
2010	30,752	16,766	6,049	41,469	3,690	7,066	3.86
2011	32,498	16,197	7,926	40,769	4,845	7,783	3.23
2012	25,200	16,364	3,725	37,839	4,795	7,605	3.05
2013	21,542	16,064	715	36,891	4,925	7,904	2.88
2014	21,165	15,318	10	36,473	5,225	7,609	2.84
2015	20,230	16,582	340	36,472	5,460	7,380	2.84

	CFC Operations[2]						
					Debt Service		
Fiscal Year	CFC Beginning Fund Balance	CFC Revenues	Less: CFC Expenses	Net Available Revenue	Principal	Interest	Coverage
2015	$ -	$ 9,621	$ -	$ 9,621	$ -	$ -	

(End of Schedule)

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Operating expenses do not include interest, depreciation, or amortization expenses.

[1] In fiscal year 2009 the City defeased its Parking System Series 2000 Revenue Bonds. The outstanding debt is not pledged with revenues of the Parking System.

[2] CFC Operations started in fiscal year 2015.

Statistical Data

Demographic and Economic Statistics

Last Ten Calendar Years

Year	Population	Personal Income *(thousands of dollars)*	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2006	1,322,900	$ 26,603,519	$ 20,110	33.2	283,393	4.7%
2007	1,312,286	26,093,495	19,884	32.6	291,873	4.0%
2008	1,328,984	27,653,499	20,808	32.8	295,673	4.2%
2009	1,340,549	28,750,754	21,447	32.6	296,328	5.9%
2010	1,319,492	28,260,879	21,418	32.1	387,343	7.0%
2011	1,326,539	28,421,098	21,425	32.8	392,897	7.1%
2012	1,359,730	29,038,394	21,356	32.7	396,718	6.4%
2013	1,383,194	30,752,552	22,233	33.2	397,500	5.8%
2014	1,409,019	31,581,326	22,414	33.0	407,047	4.8%
2015	1,436,697	32,790,329	22,823	33.2	401,771	3.7%

Sources: Population, personal income, per capita income, median age and school enrollment information provided by the Information Technology Department, City of San Antonio, Texas. Unemployment rate provided by the Texas Workforce Commission.

Statistical Data
Principal Employers
Current Year and Nine Years Ago

	2015			2006		
Employer	Employees	Rank	Percentage of Total City Employment [1]	Employees	Rank	Percentage of Total City Employment [2]
Joint Base San Antonio (JBSA) - Lackland, Fort Sam & Randolph	93,434	1	9.82%	8,360	5	1.10%
H.E.B. Food Stores	20,000	2	2.10%	14,588	1	1.91%
USAA	17,000	3	1.79%	13,965	2	1.83%
Northside Independent School District	13,698	4	1.44%	10,320	4	1.35%
City of San Antonio	11,770	5	1.24%	11,119	3	1.46%
North East Independent School District	9,209	6	0.97%	7,574	7	0.99%
Methodist Health Care System	8,118	7	0.85%	7,027	9	0.92%
San Antonio Independent School District	7,423	8	0.78%	7,685	6	1.01%
Baptist Health Systems	6,498	9	0.68%			
JPMorgan Chase Bank NA	5,000	10	0.53%			
SBC Communications (AT&T)				6,500	10	0.85%
Alamo Community College District				7,200	8	0.95%
Total	192,150		20.20%	94,338		12.37%

Source: Economic Development Division, City of San Antonio, Texas, Book of Lists 2014, and Department of Defense personnel statistics.

[1] Percent based on an Employment Estimate of 951,300 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2015. Figure provided by the Texas Workforce Commission.

[2] Percent based on an Employment Estimate of 762,800 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2006 Figure provided by the Texas Workforce Commission.

Statistical Data

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

	Full-time Equivalent Employees as of September 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function/Program:										
Mayor and Council[22]	17	18	17	17	17	15	18	19	18	25
City Manager	13	24	22	17	17	17	15	18	18	15
Administrative Services [3]	185									
Alamodome [4]	46									
Animal Care Services	77	83	100	104	108	103	117	116	109	112
Asset Management [5]	212	212								
Aviation Uniformed Officers	28	28	28	27	30	31	33	52	49	31
Aviation Civilian Employees	360	382	417	424	415	409	425	338	322	349
Building & Equipment Services [9 21]		182	155	161	147	157	256	250	155	156
Capital Improvements Management Services (CIMS)[20]			137	183	196	200	200	198		
Center City Development [7 19]						6	7	7	121	114
City Attorney	93	92	108	104	104	99	95	94	84	84
City Auditor	13	25	23	22	22	20	21	21	21	22
City Clerk	20	22	24	24	20	21	22	27	30	28
Communications and Public Affairs [2 17]	6	8	8	9	8	13	16	16	56	50
Convention and Visitors Bureau	67	75	86	90	86	84	132	127	80	81
Convention Facilities [4]	252									
Convention, Sports and Entertainment Facilities[4]		276	308	298	280	290	311	292	297	283
Creative and Cultural Development	9	11	12	12	11	12	12	19	20	24
Customer Services/311 System[17]	58	52	62	62	56	59	52	42		
Development Services[6 12]	219	244	217	220	200	225	199	195	221	231
Downtown Operations[19]		67	174	174	160	140	143	123		
Eastpoint[18]									15	15
Early Education Development[14]								146	300	344
Economic and Employment Development	37	37	38	35	33	24	27	21	24	23
Finance[10]	71	87	91	87	82	89	134	186	145	147
Firefighters and EMS	1,435	1,450	1,448	1,533	1,568	1,606	1,612	1,641	1,655	1,601
Fire Department Civilian Employees	95	114	103	133	159	144	124	107	112	153
Grants Monitoring and Administration[15]		20	22	21	25	22	16			
Health	510	483	365	365	360	345	314	295	292	306
Housing and Community Development [1]	23									
Human Resources	67	77	91	85	73	69	84	80	105	102
Human Services [8]	331	331	335	319	278	251	286	285	255	297
Information Technology Services	212	196	208	218	214	199	194	317	309	309
Intergovernmental Relations [2]	4	5	5	5	5	5	5	5	7	7
International Affairs[12]	12	10	10	10	8	4	4			
Library	311	315	336	331	300	321	497	468	297	297
Municipal Court	174	164	156	166	174	182	188	171	175	168
Housing and Neighborhood Services [1 16]	153	156	167	173	154	131	133	134		
Non Departmental[12]	19	21	35	24	36	36	30	53	35	36
Office of Historic Preservation[15]									12	16
Office of Management and Budget	17	14	14	18	17	23	22	21	26	24
Parks and Recreation	812	703	624	646	617	602	630	587	566	594
Planning and Community Development[6 13]	33	40	36				48	57	189	189
Police Officers	1,988	2,031	2,078	2,186	2,229	2,261	2,276	2,311	2,333	2,191
Police Department Civilian Employees	562	552	523	638	599	585	565	547	506	541
Public Works [20]	750	740	647	636	610	591	600	547		
Purchasing and Contract Services [5 3 10]		8	147	131	136	131	2			
Solid Waste Management [21]	515	468	460	452	455	447	521	512	578	606
Transportation and Capital Improvments[20]									698	741
Total	**9,806**	**9,823**	**9,837**	**10,160**	**10,009**	**9,969**	**10,386**	**10,445**	**10,235**	**10,312**

Statistical Data

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

Source: City of San Antonio, Texas. Figures account for actual employment positions filled

[1] In fiscal year 2006, the Neighborhood Action and Code Compliance Departments were combined then in fiscal year 2007 this combined with Housing to form the Housing and Neighborhood Services Departmen

[2] In fiscal year 2006, the External Relations Department divided to form the Intergovernmental Relations and the Communications and Public Affairs Department

[3] In fiscal year 2007, Administrative Services was divided into two new departments, forming the Fleet Maintenance and Operations and Purchasing and Contract Services Departments

[4] In fiscal year 2007, Alamodome and Convention Facilities were combined to form the Convention, Sports and Entertainment Facilities Department

[5] In fiscal year 2008, the Assest Management Department was moved into Purchasing and Contract Services

[6] In fiscal year 2009, Planning and Community Development was combined with Development Services and then split back up in fiscal year 2012

[7] In fiscal year 2011, Center City Development was separated from Economic and Employment Development

[8] In fiscal year 2011, Community Initiatives was renamed Human Services.

[9] In fiscal year 2012, Fleet Maintenance Operations was renamed Building & Equipment Services

[10] In fiscal year 2012, Purchasing and Contract Services was combined with Finance

[11] In fiscal year 2012, Code Compliance was combined with Development Services

[12] In fiscal year 2013, International Affairs was combined with Non Departmental

[13] In fiscal year 2013, Grants Monitoring and Administration was combined with Planning and Community Development

[14] In fiscal year 2013, Early Education Development department was established.

[15] In fiscal year 2014, Office of Historic Preservation split from Development Services

[16] In fiscal year 2014, Housing and Neighborhood services combined with Planning and Community Development

[17] In fiscal year 2014, Customer Services/311 Systems combined with Communications and Public Affairs.

[18] In fiscal year 2014, Eastpoint department was established.

[19] In fiscal year 2014, Downtown Operations was combined with Center City Development

[20] In fiscal year 2014, Public Works and CIMS combined to form Transportation and Capital Improvements

[21] In fiscal year 2015, some Fleet employees were reclassed from Building Equipment Services into Solid Waste Management

[22] In fiscal year 2015, the Mayor and members of the City Council are considered City employees.

Statistical Data

Operating Indicators by Function/Program

Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function/Program:										
Police:										
Physical Arrests [1]	80,794	75,516	88,078	123,038	186,181	161,604	165,319	164,310	180,667	188,212
Parking Violations	93,888	104,309	110,670	81,480	76,142	62,170	78,612	77,570	76,128	74,716
Traffic Violations	222,326	200,371	236,792	266,866	254,011	165,908	266,157	226,084	215,164	182,237
Fire:										
Fire Incidents	89,426	90,389	100,104	101,421	104,253	114,087	108,507	105,404	99,191	114,483
Fires Extinguished	9,719	7,292	5,305	4,839	2,390	3,121	2,218	2,420	2,371	2,046
Inspections	16,612	19,986	24,718	23,149	22,459	21,180	25,057	23,891	24,517	24,668
Solid Waste:										
Refuse Collected (tons per day)	1,709	1,818	1,842	1,698	1,376	1,137	1,123	1,138	1,084	1,219
Recyclables Collected (tons per day)	100	149	217	285	478	446	501	593	504	581
Other Public Works:										
Street Resurfacing (miles)	115.46	140.09	185.31	453.20	423.00	275.00	348.00	252.00	241.00	270.00
Potholes Repaired	17,290	23,724	12,919	12,120	42,240	15,137	11,431	10,465	12,955	29,401
Parks and Recreation:										
Athletic Field Permits Issued	1,955	1,674	1,628	1,939	1,945	3,939	4,273	4,746	5,043	4,116
Community Center Reservations	2,805	3,079	2,190	2,220	1,930	1,735	2,015	2,198	2,097	2,173
Library:										
Volumes in Collection	2,155,843	2,091,735	2,164,172	2,188,219	2,241,491	2,333,032	2,216,722	2,155,139	2,139,234	2,179,598
Volumes in Circulation	6,030,777	5,935,818	6,374,109	6,616,776	6,601,175	6,733,534	7,354,466	7,396,057	7,177,889	7,362,800
Water:										
Customers	325,944	336,434	344,168	348,834	352,059	356,546	360,281	365,099	367,408	373,920
Water Main Breaks	2,577	3,073	1,392	2,594	3,212	1,475	3,397	2,128	1,863	2,018
Average Daily Consumption (millions of gallons)	172.2	181.6	169.2	194.9	181.4	188.0	204.5	192.2	189.1	191.3
Maximum Daily Consumption (millions of gallons)	278.1	269.0	224.0	299.1	243.5	266.02	265.6	264.0	270.2	261.0
Wastewater:										
Amount Treated Peak Day (millions of gallons)	212.0	169.0	294.0	174.0	194.0	258.0	160.0	199.0	221.0	196.0

Sources: Various City departments and San Antonio Water System.

[1] City Class "C" offenses.

Statistical Data
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function/Program:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Sub-Stations	6	6	6	6	6	6	6	6	6	6
Marked Patrol Units [1]	555	559	580	668	680	716	716	716	716	716
Fire:										
Fire Stations	50	50	50	50	50	50	51	51	51	51
Solid Waste:										
Garbage Trucks	137	147	193	224	49	65				
Recycling Trucks [2]	46	37	35	23						
Dual Purpose Collection Vehicles [2]					120	160	323	333	349	360
Other Public Works:										
Streets (miles)	4,022	3,981	4,018	4,018	4,064	4,066	4,066	4,066	4,066	4,066
Highways (miles)	911	911	1,004	1,004	1,046	1,036	1,036	1,140	1,180	1,180
Streetlights	64,848	75,490	76,696	77,674	79,468	79,468	70,714	71,531	71,877	71,834
Traffic Signals	1,153	1,180	1,197	1,226	1,288	1,299	1,317	1,332	1,366	1,385
Parks and Recreation:										
Acreage	16,660	18,384	18,914	14,241	14,282	14,288	14,519	14,822	14,866	15,469
Playgrounds	116	119	114	151	148	154	166	177	178	196
Baseball/Softball Diamonds	112	112	112	129	129	129	129	129	130	129
Soccer/Football Fields	62	62	62	93	93	93	94	94	94	94
Golf Courses	7	7	7	7	7	7	7	7	7	8
Swimming Pools	24	24	24	25	27	26	26	26	26	26
Community Centers	26	29	29	31	30	30	30	30	30	30
Water:										
Water Mains (miles)	4,404	4,525	4,673	4,802	4,866	4,936	4,988	5,022	5,072	5,259
Fire Hydrants	23,212	23,964	25,004	25,955	26,599	27,115	27,566	27,914	28,323	28,753
Storage Capacity (millions of gallons)	142.0	166.0	164.0	165.0	166.2	180.8	184.1	183.7	197.4	220.6
Wastewater:										
Sewer Mains (miles)	4,607	4,739	4,877	5,001	5,085	5,118	5,163	5,200	5,238	5,247
Storm Sewers (miles)	498.0	498.0	498.0	498.0	498.0	581.0	581.0	581.0	700.0	700.0
Permitted Treatment Capacity (millions of gallons)	225.5	225.5	179.5	187.0	187.0	187.0	187.0	187.0	187.0	187.0

Sources: Various City departments, CPS Energy, TxDOT, and San Antonio Water System.

[1] The number of units reported in fiscal year 2011 includes all marked patrol vehicles, regardless of function.

[2] The recycle only vehicles have been removed from the fleet. COSA has purchased dual purpose vehicles, which serve both as garbage and recycle collection vehicles.

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FEDERAL SECTION

Summary Schedule of Federal Awards by Type
Last Two Fiscal Years

Grant Type	Fiscal Year 2015	Fiscal Year 2014 (Restated)	Variance Increase (Decrease)
Federal Categorical Grants:			
Social Services	$ 110,213,737	$ 60,540,370	$ 49,673,367
Air Transportation	39,288,128	27,234,420	12,053,708
Public Health	14,907,163	16,350,239	(1,443,076)
Criminal Justice	9,926,867	3,783,421	6,143,446
Recreation and Culture	1,135,266	2,113,865	(978,599)
Economic Development		4,353,551	(4,353,551)
Emergency Management	3,361,147	2,911,064	450,083
Environmental Quality	185,040	1,506,854	(1,321,814)
Total Federal Categorical Grants	$ 179,017,348	$ 118,793,784	$ 60,223,564
Federal Block Grants:			
Community Development Block Grant	$ 12,705,226	$ 11,772,041	$ 933,185
HOME Program Block Grant	4,857,323	3,745,405	1,111,918
Total Federal Block Grants	$ 17,562,549	$ 15,517,446	$ 2,045,103
Total Federal Grants	$ 196,579,897	$ 134,311,230	$ 62,268,667

The City's Federal awards increased over the prior year by $63.2 million. Social Services comprised the majority of this increase, with a $49.7 million increase due to the City receiving the 2016 Child Care Development grant in fiscal year 2015. In the past, we would normally not receive until the next fiscal year had started.

Air Transportation saw a new Residential Acoustical Treatment Program in the amount of $10.8 million and a new Air Traffic Controller Grant in the amount of $3.7 million.

The decrease in Public Health is attributed to a one time Cure Violence Grant that was received in fiscal year 2014 in the amount of $977 thousand.

The large increase is Criminal Justice is due mainly to three new grants received in fiscal year 2015; the COPS grant in the amount of $3.1 million, a Body Camera Grant in the amount of $1.2 million, and an Enhanced Collaborative Model to Combat Human Trafficking Competitive Solicitation grant in the amount of $650 thousand.

The decrease in Recreation and Culture is comprised of two one-time TXDOT Bicycle Grants totaling $1.1 million that the City received in fiscal year 2014.

Economic Development did not receive any grants in fiscal year 2015. Fiscal year 2014's largest award was the Strategic Multi-Modal TIGER Grant for $3.8 million.

The decrease in Environmental Quality grants was due to a one-time Transportation Enhancement Program that was received in fiscal year 2014 in the amount of $1.0 million.

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Schedule of Expenditures of Federal Awards by Grantor, Federal Program and Grant Number

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2015

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM		FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	FEDERAL EXPENDITURES
U. S. Department of Agriculture:					
Pass Through - Texas Department of State Health Services:					
Special Supplemental Nutrition Program for Women, Infants, and Children:	*				
WIC 2013-2014		10.557	2014-045067	26-01636124	$ 78,694
WIC 2014-2015		10.557	2015-047322-001	26-01636144	5,981,142
WIC 2015-2016		10.557	2016-048759-001	26-01636159	1,023
Total Special Supplemental Nutrition Program for Women, Infants, and Children					$ 6,060,859
Pass Through - Texas Health and Human Services Commission:					
Summer Food Service Program for Children:					
Summer Food Program 2014		10.559	CE ID 01566	26-02026008	$ (2,562)
Summer Food Program 2015		10.559	CE ID 01566	26-02026009	612,943
Total Summer Food Service Program for Children					$ 610,381
Total U.S. Department of Agriculture					$ 6,671,240
U.S. Department of Defense:					
Direct Program					
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation:					
Office of Military Transformation 2013		12.607	RA06185-12-05	26-03248005	$ 6,567
Total U.S. Department of Defense					$ 6,567
U.S. Department of Housing and Urban Development:					
Direct Programs					
Housing Counseling Assistance Program:					
Housing Counseling Program 2014		14.169	HC14-0821-012	26-05438039	$ 1,311
Housing Counseling Program 2015		14.169	HC15-0821-006	26-05438044	16,960
Total Housing Counseling Assistance Program					$ 18,271
Community Development Block Grants/Entitlement Grants:	*				
Community Development Program - 22nd Year		14.218	B92MC480508	28-022000	$ (14,375)
Community Development Program - 23rd Year		14.218	B93MC480508	28-023000	(3,690)
Community Development Program - 25th Year		14.218	B99MC480508	28-025000	(116,895)
Community Development Program - 26th Year		14.218	B00MC480508	28-026000	(360,920)
Community Development Program - 27th Year		14.218	B01MC480508	28-027000	(127,434)
Community Development Program - 28th Year		14.218	B02MC480508	28-028000	(403,478)
Community Development Program - 29th Year		14.218	B03MC480508	28-029000	(392,232)
Community Development Program - 30th Year		14.218	B04MC480508	28-030000	(802,978)
Community Development Program - 31st Year		14.218	B05MC480508	28-031000	35,666
Community Development Program - 32nd Year		14.218	B06MC480508	28-032000	1,168,643
Community Development Program - 33rd Year		14.218	B07MC480508	28-033000	(13,358)
Community Development Program - 34th Year		14.218	B08MC480508	28-034000	(1,331,374)
Community Development Program - 35th Year		14.218	B09MC480508	28-035000	286,879
Community Development Program - 36th Year		14.218	B10MC480508	28-036000	97,505
Community Development Program - 37th Year		14.218	B11MC480508	28-037000	393,522
Community Development Program - 38th Year		14.218	B12MC480508	28-038000	692,577
Community Development Program - 39th Year		14.218	B13MC480508	28-039000	4,286,608
Community Development Program - 40th Year		14.218	B14MC480508	28-040000	7,926,610
Community Development Program - 41st Year		14.218	B15MC480508	28-041000	2,393
Neighborhood Stabilization Grant		14.218	B08MN480501	23-28000001	(33,770)
CDBG Investment Partnerships Program Outstanding Loans		14.218	Various	Various	4,313,249
Neighborhood Stabilization Grant Program Outstanding Loans		14.218	Various	Various	3,344,473
Total Community Development Block Grants/Entitlement Grants					$ 18,947,621
Emergency Solutions Grant Program:					
ESG 2012-2014		14.231	E12MC480508	26-05438031	$ 54,728
ESG 2013-2015		14.231	E13MC480508	26-05438036	147,353
ESG 2014-2016		14.231	E14MC480508	26-05438041	916,245
Total Emergency Solutions Grant Program					$ 1,118,326
Supportive Housing Program:					
SHP 2013		14.235	TX0007L5J00XXXX	26-05438038	$ 347,964
SHP 2014		14.235	TX0007L6J001407	26-05438046	77,789
Total Supportive Housing Program					$ 425,753
Subtotal U.S. Department of Housing and Urban Development					$ 20,509,971

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2015

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	FEDERAL EXPENDITURES
U.S. Department of Housing and Urban Development (Continued):				
Direct Programs (Continued)				
HOME Investment Partnerships Program: *				
HOME Program Grant - 10th Year	14.239	M01MC480508	25-010000	$ (304,429)
HOME Program Grant - 12th Year	14.239	M03MC480508	25-012000	(300,180)
HOME Program Grant - 13th Year	14.239	M04MC480508	25-013000	(558,327)
HOME Program Grant - 14th Year	14.239	M05MC480508	25-014000	722,697
HOME Program Grant - 15th Year	14.239	M06MC480508	25-015000	211,078
HOME Program Grant - 16th Year	14.239	M07MC480508	25-016000	(306,184)
HOME Program Grant - 17th Year	14.239	M08MC480508	25-017000	(423,981)
HOME Program Grant - 18th Year	14.239	M09MC480508	25-018000	(639,910)
HOME Program Grant - 19th Year	14.239	M10MC480508	25-019000	435,084
HOME Program Grant - 20th Year	14.239	M11MC480508	25-020000	510,221
HOME Program Grant - 21st Year	14.239	M12MC480508	25-021000	1,245,208
HOME Program Grant - 22st Year	14.239	M13MC480508	25-022000	2,118,452
HOME Program Grant - 23st Year	14.239	M14MC480508	25-023000	895,307
HOME Investment Partnerships Program Outstanding Loans	14.239	Various	Various	25,473,287
Total HOME Investment Partnerships Program				$ 29,078,323
Housing Opportunities for Persons with AIDS:				
HOPWA 2013-2016	14.241	TXH13F005	26-05438037	$ 848
HOPWA 2014-2017	14.241	TXH14F005	26-05438042	1,425,922
Total Housing Opportunities for Persons with AIDS				1,426,770
Lead Hazard Reduction Demonstration Grant Program:				
Lead Hazard Reduction Demonstration 2011-2014	14.905	TXLHD0226-11	26-05461003	$ 1,086,097
Lead Hazard Reduction Demonstration 2013-2016	14.905	TXLHD0259-13	26-05450001	366,901
Total Lead Hazard Reduction Demonstration Grant Program				$ 1,452,998
Healthy Homes Production Program:				
Healthy Homes Production Grant	14.913	TXHHP0009-11	26-05461004	$ 211,779
Total U.S. Department of Housing and Urban Development				$ 52,679,841
U.S. Department of Justice:				
Pass-Through - Office of the Governor, Criminal Justice Division:				
Edward Byrne Memorial Justice Assistance Grant Program:				
Cure Violence Grant 2014	16.738	28266-01	26-05336001	$ 791,993
JAG 2011-2015	16.738	2011-DJ-BX-3270	26-02817019	23,456
JAG 2012-2016	16.738	2012-DJ-BX-0821	26-02817022	330
JAG 2013-2017	16.738	2013-DJ-BX-1037C	26-02817024	160,819
JAG 2014-2018	16.738	2014-DJ-BX-0900	26-02817026	110,683
Police Case Management System	16.738	2826601	26-01617001	33,302
Total Edward Byrne Memorial Justice Assistance Grant Program				$ 1,120,583
Direct Program				
Federal Confiscated Property: *				
Airport Federal Account	16.XXX	N/A	29-037000	$ 154,972
Federal Account	16.XXX	N/A	29-039000	474,335
HIDTA - Federal Account	16.XXX	N/A	29-046000	443,763
Total Federal Confiscated Property				$ 1,073,070
Total U.S. Department of Justice				$ 2,193,653
U.S. Department of Transportation:				
Direct Programs				
Airport Improvement Program:				
Expand Apron 80-2014	20.106	3-48-0192-080-2014	26-05833068	$ 1,078,146
Rehabilitate Taxiway G 77-2014	20.106	3-48-0192-077-2014	26-05833065	2,226,499
Rehabilitate Taxiway N 78-2014	20.106	3-48-0192-078-2014	26-05833066	628,835
Residential Acoustical Program 75-2013	20.106	3-48-0192-075-13	26-05833061	3,435,509
Residential Acoustical Program 79-2014	20.106	3-48-0192-079-2	26-05833067	4,899,347
Runway 12R Rehabilitation 60-09	20.106	3-48-0192-60-09	26-05833058	(2,457)
Stinson- Air Traffic Control Tower	20.106	2XXAV027	26-05833045	128,387
Stinson-Runway 1432	20.106	13155STSON	26-05833046	2,045,084
Terminal Area Taxiways 64-10	20.106	3-48-0192-64-10	26-05833059	(882)
Terminal Area Taxiways 73-12	20.106	3-48-0192-073-12	26-05833052	834,894
Terminal Area Taxiways 76-13	20.106	3-48-0192-076-2013	26-05833064	4,154,678
Total Airport Improvement Program				$ 19,428,040
National Motor Carrier Safety:				
TACT Enforcement & Evaluation Program 2012-2013	20.218	FMMHP0064120100	26-05917016	$ (391)
TACT Enforcement & Evaluation Program 2014-2015	20.218	FMMHP0156140100	26-05917023	395,886
TACT Public Education & Outreach Program 2014-2015	20.218	FMMHP0156140100	26-05917024	158,499
Total National Motor Carrier Safety				$ 553,994
Subtotal U.S. Department of Transportation				$ 19,982,034

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2015

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	FEDERAL EXPENDITURES
U.S. Department of Transportation (Continued):				
Pass Through - Texas Department of Transportation:				
Highway Research and Development Program:				
Highway Research and Development Program	20.200	HIPA-10	26-05923003	$ 285,876
Highway Planning and Construction:				
Transportation Enhancement-TxDOT Bicycle Safety	20.205	CSJ 0915-12-535	26-05955003	$ 28,528
TxDOT Low Impact Landscaping	20.205	CSJ 0915-12-534	26-05923004	(11,988)
School Flasher Communications Upgrade Project	20.205	0915-12-495	26-05923005	33,869
TXDOT Contributions	20.205	Various	26-05940001	2,051,317
Total Highway Planning and Construction				$ 2,101,726
Enhanced Mobility of Seniors and Individuals with Disabilities:				
Freedom Grant 2014	20.513	N/A	26-05938005	$ 10,976
Paul S. Sarbanes Transit in the Parks Grant:				
Paul S. Sarbanes Transit in the Parks	20.520	D2011-ATPL-015	26-05955005	$ 71,010
Alcohol Impaired Driving Countermeasures Incentive Grants I:				
DWI Step Program 2012	20.601	S-IDM-00047	26-05917008	$ (62)
Traffic Safety Grant 2014	20.601	S-1YG-0008	26-05917022	347
Traffic Safety Grant 2015	20.601	15PD-D-1YG-0005	26-05917025	998,461
Click It or Ticket 2015	20.601	2015-SanAntPD-C	26-05917026	47,002
Total Alcohol Impaired Driving Countermeasures Incentive Grants I				$ 1,045,748
Total U.S. Department of Transportation				$ 23,497,370
Environmental Protection Agency:				
Pass Through - Texas Commission on Environmental Quality				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act:				
Air Monitoring in SA TCEQ PM 2.5 2014	66.034	582-12-10038	26-00836016	$ (14)
Air Monitoring in SA TCEQ PM 2.5 2015	66.034	582-12-10038	26-00836019	64,708
Air Monitoring in SA TCEQ PM 2.5 2016	66.034	582-16-60239	26-00836022	5,256
Total Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act				$ 69,950
Nonpoint Source Implementation Grants:				
319 Grant for Old Mission Drive In	66.460	582-11-12836	26-00823001	$ 46,213
Total Environmental Protection Agency				$ 116,163
U.S. Department of Education:				
Pass Through - United Way of San Antonio and Bexar County:				
Fund for the Improvement of Education:				
Eastside Promise Neighborhood Grant	84.215	U215N110053	26-04217001	$ 159,092
Total U.S. Department of Education				$ 159,092
U.S. Department of Health and Human Services:				
Direct Program				
Medical Reserve Corps Small Grant Program:				
National Association of County and City Health Officials Grant 2014	93.008	MJRC 14-1891	26-02236029	$ 2,155
National Association of County and City Health Officials Grant 2015	93.008	MRC 15-1891	26-02236051	3,500
Total Medical Reserve Corps Small Grant Program				$ 5,655
Pass Through - Alamo Area Council of Governments:				
Aging Cluster:				
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers:				
SSEP Supportive Service for Elderly 2013-2014	93.044	COSA 14 SST	26-01138016	$ 1,098
Total Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers				$ 1,098
Special Programs for the Aging - Title III, Part C - Nutrition Services:				
CNP 2013-2014	93.045	COSA 14 NS	26-01138015	$ (13,602)
CNP 2014-2015	93.045	COSA 15 NS	26-01138017	2,239,454
Total Special Program for the Aging - Title III, Part C - Nutrition Services				$ 2,225,852
Total Aging Cluster				$ 2,226,950
Direct Programs				
Laboratory Leadership, Workforce Training and Management Development, Improving Public Health Laboratory Infrastructure:				
Bioterrorism Surge Capacity Grant	93.065	564001002051305	26-06536002	$ 697
Sodium Reduction in Communities:				
Sodium Reduction 2013-2014	93.082	1UI58DP004939-0	26-02236045	$ 3,000
Sodium Reduction 2014-2015	93.082	1UI58DP004939-0	26-02236048	215,452
Sodium Reduction 2015-2016	93.082	5NU58DP004939-0	26-02236053	81
Total Sodium Reduction in Communities				$ 218,533
Subtotal U.S. Department of Human Health and Human Services				$ 2,451,835

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2015

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM	FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	FEDERAL EXPENDITURES
U.S. Department of Health and Human Services (Continued):				
Pass Through-Texas Department of State Health Services:				
Public Health Emergency Preparedness:				
Bioterrorism Discretionary Fund	93.069	2015-047257	26-01636145	$ 75,833
Bio-Terrorism Preparation 2013-2014	93.069	2014-001103-001	26-01636115	(65)
Bio-Terrorism Preparation 2014-2015	93.069	2015-001103-001	26-01636132	727,711
Cities Readiness Initiative 2014-2016	93.069	2015-001117-001	26-01636133	160,487
Cities Readiness Initiative 2015	93.069	2015-001117-001	26-01636149	50,442
CPS/LRN PHEP 2016	93.069	2016-001067-001	26-01636147	39,868
Laboratory Response Network 2014	93.069	2014-001067-001	26-01636114	701
Laboratory Response Network 2015	93.069	2015-001067-001	26-01636131	177,712
PHEP CPS - Ebola Preparedness	93.069	2014-03-06-0138	26-01636146	17,144
PHEP Hazards 2016	93.069	2016-001103-001	26-01636148	229,974
Total Public Health Emergency Preparedness				$ 1,479,807
Direct Program				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances:				
Substance Abuse and Mental Health Services Administration 2014	93.104	SM061639	26-05438045	$ 183,156
Pass Through-Texas Department of State Health Services:				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs:				
Special T.B. Team Project 2013	93.116	2013-041143-010	26-01636094	$ (47)
Special T.B. Team Project 2014	93.116	2014-001409-001	26-01636122	(143)
Special T.B. Team Project 2015	93.116	2015-001409-001	26-01636140	409,492
Total Project Grants and Cooperative Agreements for Tuberculosis Control Programs				$ 409,302
Direct Programs				
Health Program for Toxic Substances and Disease Registry:				
Brownfields Concepts 2015	93.161	1E11TS000229-01	26-01636138	$ 98,523
Grants to States to Support Oral Health Workforce Activities:				
Oral Health Workforce Grant 2013	93.236	2013-042497-001	26-02236035	$ (226)
Immunization Cooperative Agreements:				
Hepatitis B Vaccine Pilot Program 2013	93.268	1H23IP000694-01	26-02236038	$ 24,243
Immunization Program 317 - 2013	93.268	1H23IP000718-01	26-02236039	(208)
Immunization Program 317 - 2014	93.268	5H23IP000718-02	26-02236046	501,491
Immunization Program 317 - 2015	93.268	5H23IP000718-03	26-02236050	2,258,065
Total Immunization Cooperative Agreements				$ 2,783,591
PPHF National Public Health Improvement Initiative:				
Strengthening Public Health Infrastructure for Improved Health 2013	93.507	5U58CD001304-03	26-02236034	$ (50)
Strengthening Public Health Infrastructure for Improved Health 2014	93.507	5U58CD001304-04	26-02236044	75,668
Total PPHF National Public Health Improvement Initiative				$ 75,618
Pass Through - Texas Department of Housing & Community Affairs:				
Community Services Block Grant: *				
CSBG - 2013	93.569	61130001573	26-06038009	$ (1,008)
CSBG - 2014	93.569	61140001833	26-06038010	871,330
CSBG - 2015	93.569	61150002168	26-06038011	1,192,641
Total Community Services Block Grant				$ 2,062,963
Pass Through - Alamo Workforce Development, Inc.:				
Temporary Assistance for Needy Families:				
CCDS - 2013-2014	93.558	CCDS2008001	26-03938008	$ 10,678
CCDS - 2014-2015	93.558	CCDS2008001	26-03938009	155,182
Total Temporary Assistance for Needy Families				$ 165,860
Child Care Cluster:				
Child Care and Development Block Grant: *				
CCDS - 2013-2014	93.575	CCDS2008001	26-03938008	$ 395,101
CCDS - 2014-2015	93.575	CCDS2008001	26-03938009	10,428,211
Total Child Care and Development Block Grant				$ 10,823,312
Child Care Mandatory and Matching Funds of the Child Care and Development Fund: *				
CCDS - 2013-2014	93.596	CCDS2008001	26-03938008	$ 5,215,994
CCDS - 2014-2015	93.596	CCDS2008001	26-03938009	18,653,931
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund				$ 23,869,925
Total Child Care Cluster				$ 34,693,237
Direct Programs				
Head Start:				
Head Start Program 2012-2013	93.600	06CH0107/34	26-02238013	$ (548)
Head Start Program 2013-2014	93.600	06CH0107/35	26-02238014	(3,371)
Head Start Program 2014-2015	93.600	06CH7074/02	26-02238015	9,056,322
Head Start Program 2015-2016	93.600	06CH7074	26-02238016	13,630,448
Early Head Start 2015-2016	93.600	06HP0019/01	26-02238017	808,233
Total Head Start				$ 23,491,084
Subtotal U.S. Department of Health and Human Services				$ 65,442,915

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Schedule of Expenditures of Federal Awards
Year-Ended September 30, 2015

FEDERAL GRANTOR/PASS THROUGH GRANTOR/FEDERAL PROGRAM		FEDERAL CFDA NUMBER	GRANT NUMBER	CITY NUMBER	FEDERAL EXPENDITURES
U.S. Department of Health and Human Services (Continued):					
Direct Programs (Continued)					
Healthy Start Initiative:	*				
Healthy Start Initiative 2013-2014		93.926	H49MC00101-01	26-02236042	$ 947
Healthy Start Initiative 2014-2015		93.926	H49MC00101-01	26-02236049	1,018,070
Healthy Start Initiative 2015-2016		93.926	H49MC001011500	26-02236052	497,477
Total Healthy Start Initiative					$ 1,516,494
Pass Through - Texas Department of State Health Services:					
HIV Prevention Activities - Health Department Based:					
STD-Staff Support Program 2014		93.940	2014-001341-001	26-01636119	$ (158)
STD-Staff Support Program 2015		93.940	2015-001341-001	26-01636135	162,729
Total HIV Prevention Activities - Health Department Based					$ 162,571
Preventative Health Services - Sexually Transmitted Diseases Control Grants:					
STD-Staff Support Program 2014		93.977	2014-001341-001	26-01636119	$ (559)
STD-Staff Support Program 2015		93.977	2015-001341-001	26-01636135	576,945
Total Preventative Health Services - Sexually Transmitted Diseases Control Grants					$ 576,386
Maternal and Child Health Services Block Grant to the States:					
Title V CHS - Dental Services 2014		93.994	2014-044723-001	26-01636125	$ 842
Title V CHS - Dental Services 2015		93.994	2015-046161-001	26-01636141	237,141
Total Maternal and Child Health Services Block Grant to the States					$ 237,983
Total U.S. Department of Health and Human Services					$ 70,388,184
Executive Office of the President:					
Direct Program					
High Intensity Drug Trafficking Areas Program:					
HIDTA Initiative San Antonio 2012		95.001	G12SS0009A	26-02817020	$ 31,504
HIDTA Initiative San Antonio 2013		95.001	G13SS0009A	26-02817023	(1,160)
HIDTA Initiative San Antonio 2014		95.001	G14SS0009A	26-02817025	645,786
HIDTA Initiative San Antonio 2015		95.001	G15SS0009A	26-02817027	1,100,409
Total High Intensity Drug Trafficking Areas Program					$ 1,776,539
Total Executive Office of the President					$ 1,776,539
U.S. Department of Homeland Security:					
Direct Programs					
National Explosives Detection Canine Team Program:					
Airport K9 Grant		97.072	HSTS0208HCAN448	26-06533008	$ (1,089,000)
Law Enforcement Officer Reimbursement Agreement Program:					
Airport Checkpoint Grant 2013-2015		97.090	HSTS0213HSLR282	26-06533010	$ (788,023)
Pass Through - Texas Department of Public Safety					
Homeland Security Cluster:					
Non-Profit Security Program:					
UASI 2012		97.008	2012-SS-00018-S01	26-06520021	$ 2,511
Emergency Management Performance Grants:					
EMPG 2013		97.042	2013 EP00067	26-06520020	$ 13,161
EMPG 2014		97.042	14-EPMG-0632	26-06520023	(70,111)
EMPG 2015		97.042	15TX-EMPG-0632	26-06520026	202,098
Total Emergency Management Performance Grants					$ 145,148
Homeland Security Grant Program:					
SHSP 2013		97.067	13-SR-65000-01	26-06520024	$ 296,519
SHSP 2014		97.067	EMW-2014-SS-00029	26-06520025	580,390
Total Homeland Security Grant Program					$ 876,909
State Homeland Security Program:					
SHSP 2011		97.073	11-SR-65000-03	26-06520017	$ (1,255)
Total Homeland Security Cluster					$ 1,023,313
Pass Through - Texas Commission on Environmental Quality					
Homeland Security Biowatch Program:					
Air Monitoring Biowatch 2013		97.091	582-13-30020	26-00836012	$ (98)
Air Monitoring Biowatch 2014		97.091	582-13-30020	26-00836015	(1,631)
Air Monitoring Biowatch 2015		97.091	582-13-30020	26-00836018	276,702
Air Monitoring Biowatch 2016		97.091	DHS-15-OHA-91	26-00836021	26,369
Total Homeland Security Biowatch Program					$ 301,342
Total U.S. Department of Homeland Security					$ (552,368)
TOTAL EXPENDITURES OF FEDERAL AWARDS					**$ 156,936,281**

* Major Program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

Notes to the Schedule of Expenditures of Federal Awards

Year-Ended September 30, 2015

1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the cost principles contained in OMB Circular A-87, *Cost Priniciples for State, Local, and Indian Tribal Governments*, and Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule of Federal Awards represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

2. In September 2004, City Council authorized the submission of a $57,000,000 HUD 108 loan application to HUD, which was received August 2006. Proceeds of the loan have been utilized to fund various capital improvement projects including streets and drainage projects, and to fund improvements to public health facilities, parks, libraries, and community recreation and cultural facilities. As of September 30, 2015, $58,247,326 has been expended, which includes principal received, as well as interest revenue earned. The loan amount outstanding as of September 30, 2015 is $38,810,000.

3. Through September 30, 2015, the City provided federal awards to subrecipients as follows:

Program Titles	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grants/Entitlement Grants	14.218	$ 3,660,416
Emergency Shelter Grants Program	14.231	771,913
HOME Investment Partnerships Program	14.239	29,199
Housing Opportunities for Persons with AIDS	14.241	1,391,530
Substance Abuse and Mental Health Services Administration 2014	93.104	159,001
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	370,437
Head Start Program	93.600	16,747,593
Total		$ 23,130,089

4. As of September 30, 2015, the City had HOME Program Notes Receivable of $40,781,696, which is reduced by the estimated allowances for the doubtful accounts of $7,782,115. These are loans that are made for renovation or construction of apartment complexes that provide rental to low income people. Some loans are forgivable provided the program and loan criteria are met. Included in the gross notes receivable balance are multi-family loans in the amount of $25,473,287 that have continuing eligibility compliance requirements and are included in the Schedule of Expenditures of Federal Awards.

5. As of September 30, 2015, the City had CDBG Program Notes Receivable of $14,160,237, which is reduced by the estimated allowances for the doubtful accounts of $3,497,940. These are rental rehabilitation loans. Some loans are forgivable provided the program and loan criteria are met. Included in the gross notes receivable balance are multi-family loans in the amount of $4,313,249 that have continuing eligibility compliance requirements and are included in the Schedule of Expenditures of Federal Awards.

6. As of September 30, 2015, the City had NSP Program Notes Receivable of $3,594,772, which is reduced by estimated allowances for doubtful accounts of $903,113. These are rental rehabilitation loans. Some loans are forgivable provided the program and loan criteria are met. Included in the gross notes receivable balance are multi-family loans in the amount of $3,344,473 that have continuing eligibility compliance requirements and are included in the Schedule of Expenditures of Federal Awards.

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

PS&Co.

Padgett Stratemann

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 2, 2016. Our report was modified to include a reference to the restatement of beginning net position/fund balance due to the adoption of Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68,* and changes in component unit reporting. Our report was also modified to include a reference to other auditors. We did not audit the financial statements of HemisFair Park Area Redevelopment Corporation; San Antonio Economic Development Corporation; Westside Development Corporation; San Antonio Fire and Police Pension Fund; or the San Antonio Fire and Police Retiree Health Care Fund; blended and fiduciary component units, which represent 73%, 84%, and 9%, respectively, of the assets and deferred outflows, net position/fund balances, and revenues/additions of the aggregate remaining fund information. We also did not audit CPS Energy; SA Energy Acquisition Public Facility Corporation; San Antonio Housing Trust Finance Corporation; San Antonio Housing Trust Foundation, Inc.; or the San Antonio Housing Trust Public Facility Corporation, discretely presented component units, which represent 66%, 59%, and 80%, respectively, of the assets and deferred outflows, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based solely on the report of the other auditors. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Brooks Development Authority, CPS Energy, SA Energy Acquisition Public Facility Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Public Facility Corporation, and San Antonio Water System – District Special Project, audited separately by other auditors, were not audited in accordance with *Government Auditing Standards.*

AUSTIN
811 BARTON SPRINGS ROAD, SUITE 550
AUSTIN, TEXAS 78704
512 476 0717

HOUSTON
1980 POST OAK BOULEVARD, SUITE 1100
HOUSTON, TEXAS 77056
713 335 8630

SAN ANTONIO
100 N.E. LOOP 410, SUITE 1100
SAN ANTONIO, TEXAS 78216
210 828 6281

TOLL FREE: 800 879 4966
WEB: PADGETT-CPA.COM

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Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Padgett, Stratemann + Co., L.L.P.

San Antonio, Texas
March 2, 2016

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Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance as Required by OMB Circular A-133

PS&Co.

Padgett Stratemann

Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance as Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the City of San Antonio, Texas' (the "City") compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The City's basic financial statements include the operations of the Port Authority of San Antonio, San Antonio Early Childhood Education Municipal Development Corporation dba Pre-K 4 SA, and San Antonio Water System, which expended $25,901,590 in federal awards, which are not included in the Schedule of Expenditures of Federal Awards during the year ended September 30, 2015. Our audit, described below, did not include the operations of the Port Authority of San Antonio, San Antonio Early Childhood Municipal Development Corporation dba Pre-K 4 SA, or San Antonio Water System because the component units engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

AUSTIN
811 BARTON SPRINGS ROAD, SUITE 550
AUSTIN, TEXAS 78704
512 476 0717

HOUSTON
1980 POST OAK BOULEVARD, SUITE 1100
HOUSTON, TEXAS 77056
713 335 8630

SAN ANTONIO
100 N.E. LOOP 410, SUITE 1100
SAN ANTONIO, TEXAS 78216
210 828 6281

TOLL FREE: 800 879 4966
WEB: PADGETT-CPA.COM

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Padgett, Stratemann + Co., L.L.P.

San Antonio, Texas
March 2, 2016

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Schedule of Findings and Questioned Costs

Federal

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2015

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness (es) identified?	_____	Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	X	No
Noncompliance material to financial statements noted?	_____	Yes	X	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	X	No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	X	No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 501 (a) of Circular A-133?	_____	Yes	X	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.218	Community Development Block Grants/Entitlement Grants
14.239	HOME Investment Partnerships Program
16.XXX	Federal Confiscated Property
93.569	Community Services Block Grant
93.575, 93.596	Child Care Cluster
93.926	Healthy Start Initiative

Dollar threshold used to distinguish between Type A and Type B programs: $3,000,000

Auditee qualified as low-risk auditee?	X	Yes	_____	No

Schedule of Findings and Questioned Costs
Federal Grants
Year-Ended September 30, 2015

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO FINANCIAL STATEMENTS

None

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None

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Corrective Action Plan

Federal

Corrective Action Plan
Federal Grants
Year-Ended September 30, 2015

None

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Summary Status of Prior Year Findings

Federal

Summary Status of Prior Year Findings
Federal Grants
Year-Ended September 30, 2015

Finding 2014-001
Accounting and Monitoring a Transaction Related to the Convention Center Hotel Finance Corporation
Type of Finding – Significant deficiency

Recommendation:
The external auditors recommended the City strengthen its procedures over CCHC activity and similar transactions to ensure these transactions are appropriately recorded and disclosed in the financial statements.

Status:
Corrected

The City reviewed and documented activity associated with CCHC's creation and its impact on the City's financials. The City further put in place policies to document similar agreements through white papers as these transactions occur during the year. Implementation occurred on March 5, 2015.

Responsible Person:
Troy Elliott, CPA, Director
Finance Department

Finding: 2014-002
Special Tests and Provisions – Drawdowns of HOME Funds
CFDA #14.239 – HOME Investment Partnerships Program
Award Numbers – M08MC480508, M10MC480508, M11MC480508, M12MC480508, and M13MC480508
Award Years – 2009, 2011, 2012, 2013, and 2014
Federal Agency – U.S. Department of Housing and Urban Development
Type of Finding – Non-compliance and Significant deficiency
Questioned Cost - $0

Recommendation:
We recommend the City update controls and procedures to ensure the City representative certifying the drawdown of funds reviews the local account to ensure all program income funds have been expended prior to the processing of any request for additional funds as required by HUD regulations.

Status:
Corrected

IDIS Expenditures and Draw Down procedures were submitted and approved by HUD in April 2014. Procedures include a monthly reconciliation of program income. Draw down procedures are currently in effect. An Agreed Upon Procedures (AUP) was finalized for the $4.5 million HOME correction and another AUP for additional HOME PI is currently in the works.

Summary Status of Prior Year Findings
Federal Grants
Year-Ended September 30, 2015

Responsible Person:
John Dugan, Director
Department of Planning and Community Development

Finding: 2014-003
Program Income
CFDA #14.239 – HOME Investment Partnerships Program
Award Numbers – M08MC480508, M10MC480508, M11MC480508, M12MC480508, and M13MC480508
Award Years – 2009, 2011, 2012, 2013, and 2014
Federal Agency – U.S. Department of Housing and Urban Development
Type of Finding – Non-compliance and Significant deficiency
Questioned Costs - $383

Recommendation:
We recommend the City update controls and procedures to ensure all program income funds have been expended prior to approving the request for additional funds.

We also recommend the City complete a reconciliation of the HOME program income receipts and the HOME program income activities between IDIS and the City's accounting system from 2006 through the present as requested by HUD and apply future expenditures against the program income funds before any additional drawdowns.

In addition, we recommend the City implement monthly reconciliation controls and procedures between HOME program income receipts and vouchers reported in the City's accounting system with drawdowns in IDIS to ensure the accuracy of the amounts being requested from HUD.

Status:
Corrected

IDIS Expenditures and Draw Down procedures were submitted and approved by HUD in April 2014. Procedures include a monthly reconciliation of program income. Draw down procedures are currently in effect. An AUP was finalized for the $4.5 million HOME correction and another AUP for additional HOME PI is currently in the works. The questioned costs were waived by HUD as the amount was under the $500 remittance threshold.

Responsible Person:
John Dugan, Director
Department of Planning and Community Development

Finding: 2014-004
Procurement and Suspension and Debarment
CFDA #95.001 – High Intensity Drug Trafficking Area
Award Number – G14SS0009A
Award Year – 2014
Federal Agency – Executive Office of the President
Type of Finding – Non-compliance and Control deficiency
Questioned Costs - $0

Summary Status of Prior Year Findings
Federal Grants
Year-Ended September 30, 2015

Recommendation:
We recommend the City amend its Procurement Policy and Procedures to include controls and procedures over federally funded leases and lease renewals greater than $25,000 in order to ensure such expenditures are adequately documented and in compliance with procurement and suspension and debarment requirements.

Status:
In Progress

The Finance Department will coordinate with Center City Development Office (CCDO) to draft, release, and train on a Lease Administrative Directive by September 2016. The Administrative Directive and training will include checklists created by CCDO to ensure that adherence with all federal procurement regulations are followed, and that proper documentation is retained (to include documentation of sole source cases and searches for suspension and debarment). Specific identification of funding sources of the leases, whether grant or debt, will be required in order to ensure specific adherence to governing regulations.

Implementation Date
September 2016

Responsible Persons:
Chief William McManus
San Antonio Police Department

Troy Elliott, CPA, Director
Finance Department

Finding: 2014-005
Procurement and Suspension and Debarment
Homeland Security Cluster
Award Number – EMW-2012-SS-00018-S01
Award Year – 2012
Federal Agency – U.S. Department of Homeland Security
Type of Finding – Non-compliance and Control deficiency
Questioned Costs - $0

Recommendation:
We recommend the City should ensure that its departments comply with its procurement requirements and document written justification for limiting competition for each individual purchase in excess of the small purchase threshold ($25,000).

Status:
Corrected

OEM has subsequently obtained a sole source letter from the vendor and all required sole source justification documentation has been added to the file. Field personnel were informed that a purchase order must be in place before a vendor can perform maintenance on equipment. This will ensure that suspension and debarment requirements are met prior to the vendor performing any work.

Summary Status of Prior Year Findings
Federal Grants
Year-Ended September 30, 2015

Responsible Persons:
Chief Charles Hood
San Antonio Fire Department

Troy Elliott, CPA, Director
Finance Department

Finding: 2014-006
Program Income
CFDA #14.218 – Community Development Block Grants/Entitlement Grants
Award Numbers – B05MC480508, B06MC480508, B08MC480508, B09MC480508, B10MC480508, B11MC480508, B12MC480508, B13MC480508
Award Years – 2005, 2006, 2008, 2009, 2010, 2011, 2012, and 2013
Federal Agency – U.S. Department of Housing and Urban Development
Type of Finding –Significant deficiency
Questioned Costs - $0

Recommendation:
We recommend the City update controls and procedures to ensure all program income funds have been expended prior to approving the request for additional funds.

We also recommend the City complete a reconciliation of the CDBG program income receipts and the CDBG program income activities between IDIS and the City's accounting system as requested by HUD, and apply future expenditures against program income funds before any additional drawdowns.

In addition, we recommend the City implement monthly reconciliation controls and procedures between CDBG program income receipts and vouchers reported in the City's accounting system with drawdowns in IDIS to ensure the accuracy of the amounts being requested from HUD.

Status:
In Progress

The City and HUD have been working diligently to reconcile the City's CDBG Program Income recorded in SAP to that reported in IDIS. Remaining reconciliation items are anticipated to be resolved by March 2016. Once the reconciliation has been completed and approved by HUD, new processes developed will be initiated to ensure program income is reported in IDIS monthly and used before new funding is drawn upon.

Implementation Date
March 2016

Responsible Person:
John Dugan, Director
Department of Planning and Community Development

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STATE SECTION

Summary Schedule of State Awards by Type

Last Two Fiscal Years

Grant Type	Fiscal Year 2015	Fiscal Year 2014	Variance Increase (Decrease)
State Categorical Grants:			
Public Health	$ 1,855,695	$ 3,470,034	$ (1,614,339)
Criminal Justice	1,211,867	1,182,945	28,922
Environmental Quality	52,293		52,293
Emergency Management	34,177	28,908	5,269
Social Services	13,492,964	13,727,164	(234,200)
Total State Categorical Grants	$ 16,646,996	$ 18,409,051	$ (1,762,055)

The Public Health variance is due to the TB Medicaid Waiver that was received in fiscal year 2014 in the amount of $1.5 million that was not received in fiscal year 2015. This grant was extended, so the next grant will be not awarded until fiscal year 2016. Social Services amount is wholly comprised of Child Care Development grant expenses. The amount is based on a predetermined percentage provided by the grantor. These percentages fluctuate slightly from year to year.

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Schedule of Expenditures of State Awards by Grantor, State Program and Grant Number

Schedule of Expenditures of State Awards
Year-Ended September 30, 2015

STATE GRANTOR/PASS THROUGH GRANTOR/ STATE PROGRAM		GRANT NUMBER	CITY NUMBER	STATE EXPENDITURES
Texas Commission on Environmental Quality:				
Direct Programs				
Air Monitors:				
Air Monitors Lake Calaveras 2014-2015		582-15-50028	26-00836020	$ 41,199
Air Monitors Lake Calaveras 2015-2016		582-15-50028	26-00836023	3,042
Total Air Monitors				$ 44,241
Solid Waste Grant Projects:				
Community Outreach Program 2014		14-18-G06	26-00855010	$ 77,606
Community Outreach Program 2015		15-18-G01	26-00855011	89,352
Total Solid Waste Grant Projects				$ 166,958
Total Texas Commission on Environmental Quality				$ 211,199
Texas Department of State Health Services:				
Direct Programs				
HIV Surveillance & Prevention Programs:				
HIV Prevention Program 2014		2014-001339-001	26-01636120	$ (191)
HIV Prevention Program 2015		2015-001339-001	26-01636136	211,647
HIV Prevention Program 2016		2016-001339-001	26-01636151	13,899
HIV Surveillance Program 2015		2015-001408-001	26-01636134	191,392
HIV Surveillance Program 2016		2016-001408-001	26-01636150	13,375
Total HIV Surveillance & Prevention Programs				$ 430,122
Emerging and Acute Infectious Disease Branch:				
Food Lab 2015		2015-001105-001	26-01636130	$ 4,398
Foodborne Illness 2015		2015-046165-001	26-01636143	65,430
Foodborne Illness 2016		2016-003781-001	26-01636154	4,896
Total Emerging and Acute Infectious Disease Branch				$ 74,724
Milk Sample Lab Tests:				
Milk Group - 2015		2015-001034-001	26-01636142	$ 39,681
Milk Group - 2016		53700-6-000418508	26-01636156	4,421
Total Milk Sample Lab Tests				$ 44,102
TB Prevention and Control:				
TB Prevention and Control 2012-2013	*	2013-041143-011	26-01636093	$ (551)
TB Prevention and Control 2013-2014		2014-001439-001	26-01636121	(123)
TB Prevention and Control 2014-2015		2015-001439-001	26-01636139	376,940
TB Prevention and Control 2015-2016		2016-001439-001	26-01636157	37,239
TB Medicaid Waiver 2014		2014-045668	26-01636128	954,844
Total TB Prevention and Control				$ 1,368,349
Preventive Health and Health Services Block Grant:				
RLSS - Local Public Health (Triple O) 2012-2013		2013-041143-005	26-01636090	$ (77)
RLSS - Local Public Health (Triple O) 2014-2015		2015-001066-001	26-01636137	188,714
RLSS - Local Public Health (Triple O) 2015-2016		2016-001066-001	26-01636152	17,428
Total Preventive Health and Health Services Block Grant				$ 206,065
Immunization Grants:	*			
Inner-City School Immunization 2014		2014-001034-001	26-01636111	$ (73)
Inner-City School Immunization 2015		2015-001034-001	26-01636129	574,556
Inner-City School Immunization 2016		2016-001034-001	26-01636153	40,194
Total Immunization Grants				$ 614,677
STRAC Grant Project:				
STRAC Grant Project FY 2015		N/A	26-01620008	$ 34,177
Total Texas Department of State Health Services				$ 2,772,216
Texas Department of Transportation:				
Pass Through - The Texas Automobile Burglary & Theft Prevention Authority:	*			
Regional Auto Crimes Team 2013-2014		SAT041006314	26-03117005	$ (231,575)
Regional Auto Crimes Team 2014-2015		SAT041006314	26-03117006	1,221,949
Regional Auto Crimes Team 2015-2016		SAT041006314	26-03117007	91,472
Total Texas Department of Transportation				$ 1,081,846
Texas Attorney General's Office:				
Direct Program				
State Confiscated Property:				
New State Account		N/A	29-038000	$ 655,885
Vice Seizures		N/A	29-040000	149,650
Salvage Theft Reduction Program Seizures		N/A	29-042000	1,009
Total State Confiscated Property				$ 806,544
Total Texas Attorney General's Office				$ 806,544
Texas Commission on the Arts:				
Direct Program				
Program of the Arts:				
TCA Subgranting Grant 2013-2014		14-35275	26-00528008	$ 783
TCA Subgranting Grant 2014-2015		15-36091	26-00528010	32,000
TCA Subgranting Grant 2014-2015		15-36092	26-00528011	14,000
Total Texas Commission on the Arts				$ 46,783
Texas Workforce Commission:				
Pass Through - Alamo Workforce Development, Inc.:	*			
CCDS - 2013-2014		CCDS2008001	26-03938008	$ (83,238)
CCDS - 2014-2015		CCDS2008001	26-03938009	13,339,310
CCDS - 2015-2016		CCDS2008001	26-03938010	236,893
Total Texas Workforce Commission				$ 13,492,965
TOTAL EXPENDITURES OF STATE AWARDS				$ 18,411,553

* Major Programs

See accompanying Notes to the Schedule of Expenditures of State Awards

Notes to the Schedule of Expenditures of State Awards

Year-Ended September 30, 2015

1. The accompanying schedule of expenditures of state awards includes the state grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *State of Texas Single Audit Circular* ("Audit Circular"). The Audit Circular was issued under the authority of the Texas Government Code, Chapter 783, entitled Uniform Grant and Contract Management. This circular sets standards for obtaining consistency and uniformity among state agencies for the coordinated audit of local governments expending any state awards.

2. Through September 30, 2015, the City did not provide state awards to any subrecipients.

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

PS&Co.

Padgett Stratemann

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of San Antonio, Texas (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 2, 2016. Our report was modified to include a reference to the restatement of beginning net position/fund balance due to the adoption of Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68,* and changes in component unit reporting. Our report was also modified to include a reference to other auditors. We did not audit the financial statements of HemisFair Park Area Redevelopment Corporation; San Antonio Economic Development Corporation; Westside Development Corporation; San Antonio Fire and Police Pension Fund; or the San Antonio Fire and Police Retiree Health Care Fund; blended and fiduciary component units, which represent 73%, 84%, and 9%, respectively, of the assets and deferred outflows, net position/fund balances, and revenues/additions of the aggregate remaining fund information. We also did not audit CPS Energy; SA Energy Acquisition Public Facility Corporation; San Antonio Housing Trust Finance Corporation; San Antonio Housing Trust Foundation, Inc.; or the San Antonio Housing Trust Public Facility Corporation, discretely presented component units, which represent 66%, 59%, and 80%, respectively, of the assets and deferred outflows, net position, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based solely on the report of the other auditors. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Brooks Development Authority, CPS Energy, SA Energy Acquisition Public Facility Corporation, San Antonio Housing Trust Finance Corporation, San Antonio Housing Trust Public Facility Corporation, and San Antonio Water System – District Special Project, audited separately by other auditors, were not audited in accordance with *Government Auditing Standards.*

AUSTIN
811 BARTON SPRINGS ROAD, SUITE 550
AUSTIN, TEXAS 78704
512 476 0717

HOUSTON
1980 POST OAK BOULEVARD, SUITE 1100
HOUSTON, TEXAS 77056
713 335 8630

SAN ANTONIO
100 N.E. LOOP 410, SUITE 1100
SAN ANTONIO, TEXAS 78216
210 828 6281

TOLL FREE: 800 879 4966
WEB: PADGETT-CPA.COM

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Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Padgett, Stratemann + Co., L.L.P.

San Antonio, Texas
March 2, 2016

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Independent Auditor's Report on Compliance For Each Major State Program and Report on Internal Control Over Compliance as Required by the State of Texas Single Audit Circular

PS&Co.

Padgett Stratemann

Independent Auditor's Report on Compliance For Each Major State Program and Report on Internal Control Over Compliance as Required by the State of Texas Single Audit Circular

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

Report on Compliance for Each Major State Program

We have audited the City of San Antonio, Texas' (the "City") compliance with the types of compliance requirements described in the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the City's major state programs for the year ended September 30, 2015. The City's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The City's basic financial statements include the operations of the Port Authority of San Antonio, San Antonio Early Childhood Education Municipal Development Corporation dba Pre-K 4 SA, and San Antonio Water System. Our audit, described below, did not include the operations of the Port Authority of San Antonio, San Antonio Early Childhood Municipal Development Corporation dba Pre-K 4 SA, or San Antonio Water System because the component units engaged other auditors to perform an audit in accordance with *Government Auditing Standards*, OMB Circular A-133, and the *State of Texas Single Audit Circular*, as applicable.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Texas Single Audit Circular*. Those standards and the *State of Texas Single Audit Circular* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

AUSTIN
811 BARTON SPRINGS ROAD, SUITE 550
AUSTIN, TEXAS 78704
512 476 0717

HOUSTON
1980 POST OAK BOULEVARD, SUITE 1100
HOUSTON, TEXAS 77056
713 335 8630

SAN ANTONIO
100 N.E. LOOP 410, SUITE 1100
SAN ANTONIO, TEXAS 78216
210 828 6281

TOLL FREE: 800 879 4966
WEB: PADGETT-CPA.COM

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Major State Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended September 30, 2015.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each of its major state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each of its major state programs and to test and report on internal control over compliance in accordance with the *State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

Padgett, Stratemann + Co., L.L.P.

San Antonio, Texas
March 2, 2016

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Schedule of Findings and Questioned Costs

State

Schedule of Findings and Questioned Costs
State Grants
Year-Ended September 30, 2015

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes __X__ No
Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes __X__ No

Noncompliance material to financial statements noted? _____ Yes __X__ No

State Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes __X__ No
Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes __X__ No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in Accordance with the *State of Texas Single Audit Circular?* _____ Yes __X__ No

Identification of major programs:

Grant Numbers:	**Name of State Program or Cluster:**
2013-041143-011, 2014-001439-001, 2015-001439-001, 2016-001439-001, 2014-045668	TB Prevention and Control
2014-001034-001, 2015-001034-001, 2016-001034-001	Inner-City School Immunization
SAT041006314	Regional Auto Crimes Team
CCDS2008001	Child Care Delivery Service

Dollar threshold used to distinguish between Type A and Type B programs: $552,347

Auditee qualified as low-risk auditee? __X__ Yes _____ No

Schedule of Findings and Questioned Costs
State Grants
Year-Ended September 30, 2015

SECTION II – FINDINGS AND QUESTIONED COSTS RELATED TO FINANCIAL STATEMENTS

None

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO STATE AWARDS

None

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Corrective Action Plan

State

Corrective Action Plan
State Grants
Year-Ended September 30, 2015

None

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Summary Status of Prior Year Findings

State

Summary Status of Prior Year Findings
State Grants
Year-Ended September 30, 2015

Finding 2014-001
Accounting and Monitoring a Transaction Related to the Convention Center Hotel Finance Corporation

Type of Finding – Significant deficiency

Recommendation:
The external auditors recommended the City strengthen its procedures over CCHC activity and similar transactions to ensure these transactions are appropriately recorded and disclosed in the financial statements.

Status:
Corrected

The City reviewed and documented activity associated with CCHC's creation and its impact on the City's financials. The City further put in place policies to document similar agreements through white papers as these transactions occur during the year. Implementation occurred on March 5, 2015.

Responsible Person:
Troy Elliott, CPA, Director
Finance Department

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CITY OF SAN ANTONIO, TEXAS