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***OTHER FINANCIAL INFORMATION-***  
***DESCRIPTION AND***  
***SCHEDULE OF FUNDS***



**San Antonio Water System  
DESCRIPTION OF FUNDS  
For the Seven Months Ended December 31, 2001**

City Ordinance No. 75686 adopted April 30, 1992 requires that Gross Revenues of the System be applied in sequence to: (a) current expenses of operation and maintenance including a two-month reserve amount; (b) debt service and reserve requirements; (c) transfers to the City and capital expenditures, or unexpected or extraordinary repairs or replacements, or for any other lawful purpose. Accordingly, the System has established certain self-balancing funds within its enterprise fund accounts to demonstrate compliance with City Ordinance No. 75686. In addition the System has established certain other self-balancing funds within its accounting system for purposes of internal management control and reporting. Following is a description of each self-balancing fund maintained by the Board.

**FUNDS ESTABLISHED BY CITY ORDINANCE NO. 75686**

**System Fund** - All Gross Revenues of the System shall be credited to this fund upon receipt, unless otherwise provided in City Ordinance No. 75686. All current expenses of operation and maintenance of the System shall be paid from this fund as a first charge against the gross revenues so credited. Before making any deposits to other funds required to be made from the System Fund, the Board of Trustees shall retain in the System Fund at all times an amount at least equal to two months of the amount budgeted for the then current fiscal year for the current maintenance and operation expenses of the System.

**Debt Service Fund** - The sole purpose of this fund is for the payment of principal and interest on all bonds which are payable from Pledged Revenues.

**Reserve Fund** - This fund shall be used to pay the principal of and interest on any Bonds when and to the extent the amounts in the Debt Service Fund are insufficient for such purpose, and may be used for the purpose of finally retiring the last of any Bonds.

**Project Fund** - This fund shall be used to account for

- (1) the proceeds of Senior Lien and Junior Lien Obligations,
- (2) any premium thereon, and
- (3) investment earnings thereon issued for the purposes of paying the costs of capitalized interest on the Senior Lien Obligations during the extension, construction, improvement, or repair of the System, the costs of issuance of Senior Lien and Junior Lien Obligations and
- (4) any other lawful purpose.

**Renewal and Replacement Fund** - This fund shall be used for the purpose of

- (1) paying the costs of improvements, enlargements, extensions, additions, replacements, or other capital expenditures related to the System, or

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- (2) paying the costs of unexpected or extraordinary repairs or replacements of the System for which System Funds are not available
- (3) paying unexpected or extraordinary expenses of operation and maintenance of the System for which System Funds are not otherwise available
- (4) depositing any funds received by the System pursuant to the CPS Contract,
- (5) paying bonds or other obligations of the System for which other System revenues are not available
- (6) making up any shortfall in the Payment to the City General Fund required by Section 17, and
- (7) for any other lawful purpose,

**FUNDS ESTABLISHED BY MANAGEMENT**

**Internal Service Fund** -This fund is used to account for the financing of goods or services provided by an organizational unit to other organizational units of the Board on a cost-reimbursement basis. The Board utilizes this fund for internal management and control of a central stores and a central garage operation.

The Schedules of Funds presented on the following pages are prepared and presented for purposes of demonstrating compliance with City Ordinance No. 75686 and management requirements.