



Comprehensive Annual Financial Report

For the Years Ended December 31, 2012 and 2011

San Antonio Water System is a Component Unit of the City of San Antonio, Texas

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***COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
SAN ANTONIO WATER SYSTEM
A COMPONENT UNIT OF THE
CITY OF SAN ANTONIO, TEXAS
For the Years Ended December 31, 2012 and 2011***

***Prepared by:
Financial Services Department***

***Douglas P. Evanson
Sr. Vice President/Chief Financial Officer***

***Mary E. Bailey
Controller***

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INTRODUCTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SAN ANTONIO WATER SYSTEM

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April 22, 2013

Mr. Berto Guerra, Jr., Chairman
Mr. Willie Mitchell, Vice-Chairman
Mr. Roberto Anguiano, Secretary
Mr. Samuel E. Luna, Assistant Secretary
Ms. Elizabeth M. Provencio, Trustee
Mr. Louis E. Rowe, Trustee
Hon. Julián Castro, Mayor

Trustees:

In accordance with the requirements of City Ordinance No. 75686, we are pleased to submit herewith the Comprehensive Annual Financial Report (CAFR) of the San Antonio Water System (SAWS) for the year ended December 31, 2012. We believe that the financial and statistical information presented in the report is accurate in all material respects and that all disclosures necessary to enable the reader to gain an understanding of SAWS' financial status have been included.

The information contained in this report is the responsibility of management. Management assumes this responsibility based upon a comprehensive framework of internal control that it has established for this purpose. This internal control structure has been designed to ensure that the assets of SAWS are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that the objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

City Ordinance No. 75686 also requires that the annual financial report be submitted for audit by an independent accountant. The report of our independent auditors, Padgett, Stratemann & Co., L.L.P. is included in the financial section of the 2012 CAFR. Their report expresses an unqualified opinion as to the fairness of the presentation of our financial statements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The results of the audit of SAWS for the year ended December 31, 2012, provided no instances of material weaknesses in the internal control structure. The independent auditors' report on internal control compliance with applicable laws and regulations can be found in the Federal Awards section of this report.

The Management Discussion and Analysis (MD&A) beginning on page 4 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.

PROFILE OF SAN ANTONIO WATER SYSTEM

On February 13, 1992, the City Council determined that it was in the best interest of the citizens of San Antonio (the City) and the customers served by the water and wastewater systems to consolidate all water systems, agencies and activities into one institution. This action was taken due to the myriad of issues confronting the City related to the development and protection of its water resources. Such consolidation provided the City a singular voice of representation when promoting or defending the City's goals and objectives related to water resource planning and development with local, regional, state and federal water authorities and officials.

Final City Council approval for such consolidation was given on April 30, 1992 with the approval of Ordinance No. 75686 which effectuated the consolidation of all city owned utilities related to water including the water, wastewater, and water reuse systems as SAWS.

The City, which is the county seat of Bexar County, is located in south central Texas, approximately 75 miles south of the state capital of Austin and 145 miles from the Mexican border. The U.S. Census Bureau's estimated population for the City was 1,359,758 in 2011 and 1,785,704 for Bexar County in 2012. The U.S. Census Bureau currently ranks San Antonio as the second largest city in Texas and the seventh largest city in the United States. The climate in San Antonio is characterized by warm summers with mild winters. Based on data observed over a thirty year period, the average high temperature in August is 96 degrees Fahrenheit, with the average low temperature in January of 41 degrees. Annual precipitation for the City averages 32.27 inches.

SAWS includes all water resources, properties, facilities, and plants owned, operated and maintained by the City relating to supply, storage, treatment, transmission, and distribution of treated potable water; collection and treatment of wastewater; and treatment and recycling of wastewater. Additionally, SAWS owns and operates six thermal energy facilities providing chilled water and steam services to governmental and private entities. In 2012, SAWS provided potable water service to more than 360,000 customer connections which represents about 79% of the water utility customers in Bexar County, while providing wastewater services to more than 408,000 customer connections representing approximately 93% of the wastewater customers in Bexar County. As of December 31, 2012 SAWS employs 1,748 full-time employees and provides maintenance of over 10,000 miles of water and sewer mains.

The complete management and control of SAWS has been vested in a board of trustees known as the "San Antonio Water System Board of Trustees." The Board of Trustees consists of the Mayor and six Trustees who are residents of the City of San Antonio or reside within the area serviced by SAWS. With the exception of the Mayor, all other trustees are appointed by the City Council for four year staggered terms and are eligible for reappointment for one additional four-year term. Four trustees must be appointed from four different quadrants in the City and two trustees are appointed from the north and south sides of the City. In addition to appointing the SAWS trustees, City Council must approve all changes in SAWS rates and any debt issued by SAWS. The general operations of SAWS are under the supervision of the President/Chief Executive Officer who is employed by the Board of Trustees. The financial statements of SAWS are presented in the CAFR of the City of San Antonio as a major discretely presented component unit.

On January 28, 2012 all assets, liabilities, rights, duties and obligations of Bexar Metropolitan Water District were transferred to an entity known as the San Antonio Water System District Special Project (SAWS DSP). Management and control of SAWS DSP is vested in the SAWS Board of Trustees, however, SAWS DSP is not considered to be a part of SAWS. Instead, SAWS DSP will be reported as a discrete component unit of the City of San Antonio until full integration with SAWS has been completed. More information about SAWS DSP and these integration efforts is presented in Note C to the financial statements and later in this letter of transmittal.

The mission, vision and values of the San Antonio Water System are as follows:

Mission
Sustainable, Affordable, Water Services

Vision
To be leaders in delivering responsible water services for life

Values
Excellence, Integrity and Respect

Financial planning is critical for SAWS to accomplish this mission. In order to adequately plan for water sources and appropriate infrastructure, models have been developed to analyze the impacts of various growth and replacement scenarios on the company's financial position. Some of these models have a short-term focus, some are mid-range models, and some are long-term.

Short-term planning is mainly focused in two areas, cash management and expense tracking. The Treasury function at SAWS balances the need for adequate cash resources and the desire to maximize returns on assets. The Finance function at SAWS analyzes the monthly spending requirements in view of other corporate obligations, such as ordinance requirements and obligations to bond holders.

Mid-range planning mainly focuses on the next year's activities. A comprehensive financial plan is developed using updated revenue forecasts, operating and maintenance estimates, capital requirements, and interest rate forecasts.

Long-range planning is the heart of SAWS' planning activities. Statistical models are used to estimate customer growth and water usage patterns. These are fed into a revenue model that incorporates the various rate class prices to produce detailed revenue forecasts. Simultaneously, the company produces capital and operating and maintenance budgets, from which twenty-year estimates are developed. Upon receiving these inputs, the financial planning model uses a debt optimization process to determine the correct balance and timing of funding sources.

The Annual Budget is prepared on a comprehensive basis and as such includes an Operating Budget that includes all water, wastewater, chilled water and steam, and recycle operations as well as a Capital Budget. The Annual Budget is prepared in such a manner that expenses may be controlled on a line-item basis. Encumbrances are not formally recorded in the accounting system, however, SAWS monitors and controls spending by utilizing variance reports for each of its cost centers. Variance justifications are prepared and reviewed monthly by the Chief Financial Officer and quarterly by the entire executive management team, including the President/CEO.

ECONOMIC CONDITIONS AND OUTLOOK

LOCAL ECONOMY

The San Antonio economy has experienced robust, sustained growth since the mid-1990's. This economic growth coupled with the net in-migration trends experienced in many areas of Texas has resulted in population growth that has exceeded national averages. Economic growth over the past ten years peaked during a three year period from 2005 to 2007 when the San Antonio Metropolitan Statistical Area (MSA) experienced nonagricultural employment growth at annual rates in excess of 3%. Since 2007, the effects of the downturn in the national economy were felt in the area with employment growing no more than 1.3% per year from 2008 to 2011. In 2012, as a reflection of improving local and national economic conditions, nonagricultural employment rose by 2.6%. While not immune to the challenges being faced within the global

economy, the diversity of the San Antonio economy provides some stability through economic cycles. Specifically, San Antonio's strategic positions in key employment sectors including government and military, biomedical sciences, medical services, tourism, and hospitality contribute to this stability. San Antonio's favorable economic position relative to the nation is reflected in the fact that, according to the U.S. Bureau of Labor Statistics, as of the end of December 2012 the San Antonio MSA unemployment rate was 5.7% (preliminary estimate), while the nation's was 7.8%.

A summary of San Antonio's nonagricultural employment by industry for the preceding ten years is as follows:

as of December of each year	San Antonio MSA Non-Farm Employment by Industry									
	2012 *	2011	2010	2009	2008	2007	2006	2005	2004	2003
Natural Resources, Mining and Construction	47,000	43,500	44,700	48,100	55,200	55,800	50,600	49,300	46,100	44,600
Manufacturing	47,200	46,500	45,300	43,500	45,600	49,000	49,800	47,400	45,700	46,000
Trade, Transportation and Utilities	151,600	150,200	147,300	146,400	152,600	155,600	152,700	145,500	141,200	139,900
Information	17,900	18,100	18,100	18,300	20,600	21,500	21,900	21,100	21,000	22,500
Financial Activities	70,400	69,600	68,600	66,100	66,500	65,800	64,900	63,700	61,800	61,100
Professional and Business Services	102,600	100,100	101,200	102,700	104,400	107,300	104,000	101,100	89,400	88,400
Educational and Health Services	134,900	132,800	130,200	125,900	122,200	116,900	112,100	110,200	105,600	101,800
Leisure and Hospitality	113,000	104,300	101,000	97,300	99,100	95,700	91,300	87,200	84,200	81,400
Other Services	32,300	31,700	31,800	30,900	30,700	30,200	28,500	26,900	26,900	27,700
Government	161,700	159,800	164,200	161,900	158,200	154,100	150,000	146,900	144,300	144,000
Total Non-Farm Employment	878,600	856,600	852,400	841,100	855,100	851,900	825,800	799,300	766,200	757,400

Source: U.S. Bureau of Labor Statistics

* Preliminary

Other indicators of the local economy include residential building permits as well as the average value of each new residential housing unit as indicated in the table below.

	San Antonio MSA New Housing Units									
	2012 *	2011	2010	2009	2008	2007	2006	2005	2004	2003
MSA New Residential Housing Units Authorized (Single & Multi-Family)	8,229	7,127	6,865	5,924	10,574	13,295	19,761	22,305	17,539	13,375
MSA Average Value of Each New Residential Housing Unit (Single & Multi-Family)	\$ 143,821	\$ 141,095	\$ 154,353	\$ 177,851	\$ 136,740	\$ 154,958	\$ 137,100	\$ 125,942	\$ 120,246	\$ 123,778

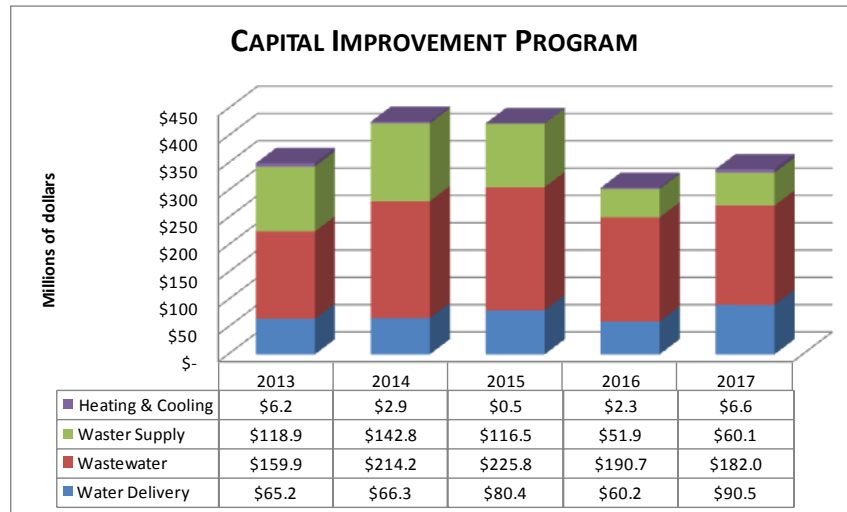
Source: U.S. Census Bureau

* Preliminary

Additional information regarding demographic and economic conditions for San Antonio can be found in the Statistical Section of this report on pages 102 and 103.

LONG-TERM FINANCIAL PLANNING

Capital Improvement Program



Capital expenditures for the next five years are projected to total in excess of \$1.8 billion. Program requirements over this five year horizon include:

Additional Water Resources

- Integration Pipeline & Pump Station (\$168.1M) – Design services and construction for pump station facilities and pipelines necessary to integrate water supplies originating south and east of San Antonio, including water treated at the Aquifer Storage and Recovery facility, into the western portion of SAWS’ service area. Total cost of this project is projected to be \$173.6 million including work already in progress.
- Brackish Groundwater Water Desalination (\$113.7M) – Development of a brackish water desalination plant is being planned for installation in southern Bexar County. Brackish groundwater will provide SAWS with a new source of water that can be developed close to San Antonio. The initial phase of the project is projected to produce 12,210 acre-feet per year. The treatment plant is being designed to accommodate additional upgrades and technologies. Future phases are expected to provide additional brackish resources in Bexar County, bringing the total yield of the project up to 30,525 acre-feet annually by 2026. Total cost of the first phase of this project is projected to be \$179.3 million. This includes the work already in progress amount of \$86.2 million. Design of the second phase of this project is projected to begin in 2017 with completion of that phase by 2021.

Water and Wastewater Infrastructure

- Water Distribution and Wastewater Collection System Growth (\$206.4M) – Growth projects include replacing existing pipe with larger pipe to increase the capacity of the system, and extending pipe to areas currently underserved by a centralized sewer system.
- Wastewater Main Replacements and Collection System Rehabilitation (\$555.8M) – Planned and emergency rehabilitation and replacement of wastewater mains and elimination or rehabilitation of wastewater lift stations throughout SAWS’ service area. Planned replacements are determined based on a combination of factors such as age, level of deterioration and estimated failure rate. Included in this category are the ongoing capital improvements necessary to reduce the occurrence of sanitary sewer overflows.

- Water Main Replacements (\$65.6M) – Planned and emergency rehabilitation and replacement of water mains throughout SAWS’ service area.
- Wastewater Treatment Plant Improvements and Rehabilitation (\$135.4M) - improvements and rehabilitation work at all three of SAWS treatment plants to upgrade, replace or rehabilitate existing infrastructure. Much of the work is at Dos Rios water recycling center and consists of improvements to settling tanks to handle increased flow and rehabilitation of sludge digesters to improve operating efficiency and increase the ability to capture sewer gas and reuse it as an energy source. Improvements at Leon Creek will focus on the removal of nutrient to improve the quality of the recycled water that is reused and compliance with future nutrient permit limits.
- Water Production Improvements and Rehabilitation (\$105.5M) – improvements and rehabilitation of SAWS water production facilities, including the construction of additional storage tanks, chlorine system upgrades and pump station rehabilitations, bringing them to current standards.

Consistent with SAWS’ capital financing policy, it is currently SAWS’ intention to fund approximately one-third of these future capital expenditures with cash as opposed to debt financing. Despite this fact, it is still projected that SAWS overall debt burden will continue to grow over the next five years. Going forward, increasing debt service costs are anticipated to have the most significant impact on SAWS’ overall financial position. In response to these higher levels of debt service, SAWS is actively attempting to identify further operational efficiencies while at the same time re-evaluating its capital plans.

Rate Adjustments

The adoption of the fiscal year 2013 operating and capital budget included an average rate increase of 8.4% for services provided by SAWS. This rate increase was effective for usage beginning in March 2013. The increase in rates was driven largely by increased debt service costs associated with the 2013 portion of the capital spending discussed above and additional operating expenses associated with SAWS expanded program to reduce the occurrence of sanitary sewer overflows. In addition to the 8.4% rate increase implemented for 2012, SAWS’ current five year projections show the need for additional annual rate adjustments ranging from 6.0% to 13.5% over the time period 2014 – 2017 excluding increases attributable to the pass through fees assessed by the Edwards Aquifer Authority (EAA) and the Texas Commission on Environmental Quality (TCEQ). While SAWS’ rate structure as of March 2013, which is 23.5% lower than the average of six large Texas cities for SAWS average residential customer, is well placed to absorb these additional rate increases, SAWS is aggressively trying to identify additional opportunities to mitigate at least a portion of these increases.

FINANCIAL POLICIES

Rates and Charges

During the development of the Annual Budget, SAWS develops revenue budgets and related rates and charges sufficient to:

- Pay operating and maintenance expenses;
- Produce pledged revenues sufficient to pay:
 - 1.25 times the annual debt service requirements and
 - The amounts required to be deposited in any reserve fund created for the payment and security of senior lien obligations;
- pay outstanding debt service obligations;
- fund transfers to the City of San Antonio; and
- pay any other debt payable from the net revenues.

SAWS’ revenue budgets are based on projected customer growth as well as water and wastewater usage patterns during periods of normal precipitation. During years where rainfall is lower than normal, water usage

increases and SAWS' operating revenues generally exceed forecasted amounts. SAWS uses these excess revenues to minimize future debt financing of its capital projects and to buffer the impact of wetter than normal years on revenues. Operating revenues exceeded budget by \$6.4 million in 2012 despite higher than normal rainfall as water usage exceeded budgeted projections.

Capital Financing

SAWS' capital financing consists of two types of funding: pay as you go financing and debt financing. Pay as you go financing is an integral part of SAWS' overall financing plan. Pay as you go financing is defined as all sources of funding other than debt issuance and includes unrestricted fund balances, developer contributions, investment earnings and certain grant proceeds. Debt financing consists of commercial paper issuances as well as funds provided by revenue bonds. The use of commercial paper serves as just-in-time debt financing and helps to reduce interest costs during the construction phase of capital projects. Eventually, revenue bonds are issued to term out the commercial paper borrowings.

SAWS' goal is to fund approximately 30%-35% of annual capital expenditures with pay as you go financing. This level will vary based on the availability of funds. During 2012, SAWS' capital expenditures totaled \$264.8 million with 38% or \$100.4 million of those expenditures having been funded with pay as you go sources.

MAJOR INITIATIVES

Integration of Bexar Metropolitan Water District Assets and Operations

On November 8, 2011, 74% of voters in the Bexar Metropolitan Water District (BexarMet) voted in favor of dissolving the utility and for transferring the responsibility for its assets and operations to SAWS. The election was authorized by the Texas Legislature through Senate Bill (SB) 341, adopted in May 2011. In accordance with SB 341, final assumption of control of BexarMet operations by SAWS was predicated on preclearance of the election results by the U.S. Department of Justice, which was received on January 28, 2012. At that time the assets, liabilities, rights, duties and obligations of BexarMet were transferred to an entity known as the San Antonio Water System District Special Project (SAWS DSP). Management and control of SAWS DSP is vested in the SAWS Board of Trustees (Board), however, in accordance with the District Special Project Ordinance, SAWS DSP is not a part of SAWS. Instead, SAWS DSP will be reported as a discrete component unit of the City of San Antonio until full integration with SAWS has been completed. Full integration with SAWS will be considered to have occurred when the rates paid by SAWS DSP customers for water service are the same as those paid by SAWS customers and no SAWS DSP debt remains outstanding.

Upon beginning the process of integration in 2012, SAWS was tasked with rebuilding a water utility that was facing severe financial and budgetary constraints, infrastructure needs, non-firm water sustainability, relatively high water rates, relatively low employee compensation, lack of appropriate employee resources due to layoffs, and a generally poor relationship with the public. SAWS approached these daunting challenges methodically, but swiftly during the year and have resolved, or begun to resolve many of the challenges facing the prior utility.

Some of the accomplishments achieved during 2012 in connection with these efforts include:

- Adoption of a balanced budget that resulted in no rate increase
- Significant cost reductions achieved through debt refinancing
- Significant operating cost reductions through contract renegotiations
- Faster response times through integration of field operation employees
- Cost reductions achieved through infrastructure interconnections
- Integration of computer applications and data
- Consolidated customer and developer responses

While full integration of SAWS DSP services and infrastructure may not be complete for a few more years, the functional integration of most departments are complete, and customers are close to the point of not being able to distinguish between SAWS and SAWS DSP. Enormous savings and cost-avoidance to both SAWS and SAWS DSP will lead to reduced rate pressures in the future. The consolidation of services will also lead to more coordinated and uniform operational services while providing all customers with access to customer services in locations across the area. Finally, water and infrastructure planning efforts for the combined entities will ensure water availability and enhance economic development in the region.

See Note C to the financial statements for additional information about the SAWS assumption of BexarMet.

Conservation

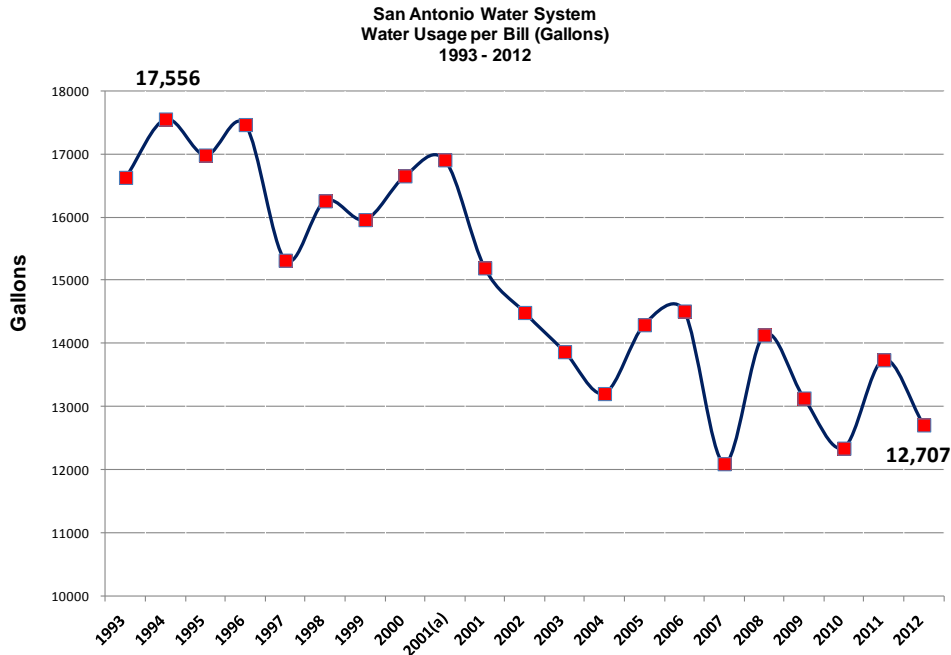
As evidenced by our five-year capital spending projections, the cost of developing and acquiring additional water supplies to meet the increased water demands of San Antonio's projected future population is extremely high. SAWS recognizes that efforts to improve conservation are a cost-efficient approach to minimizing the increase in demand for water caused by population growth. Beginning in 1994, SAWS implemented progressive water conservation programs aimed at reducing the number of gallons of water used. These programs target both indoor and outdoor residential use, commercial and industrial use.

Residential programs include the distribution of high-efficiency toilets, providing landscape rebates, providing leak repairs and retrofits to qualified low-income customers and providing free irrigation system reviews for ratepayers to determine maintenance needs and make suggestions for improving efficiency. Commercial programs include custom industrial rebates to improve water using processes, assistance with the installation of high-efficiency toilets and other water conserving equipment, commercial landscape consultations, as well as providing free cooling tower assessments to customers to identify opportunities for water and energy savings.

Some highlights of SAWS' conservation initiatives during 2012 included:

- total annual water savings of approximately 2,677 acre feet achieved through:
 - retrofit of 5,825 residential high efficiency toilets
 - retrofit of 5,379 commercial high-efficiency toilets and urinals
 - custom rebate projects for business customers
 - 138 irrigation and landscape rebate projects
 - 378 home makeover visits and retrofits
- 1,899 indoor and outdoor audits for customers
- 29 commercial consultations
- 387 Plumbers to People visits
- publication of a weekly WaterSaver e-newsletter currently reaching 12,450 people each week

SAWS' conservation efforts over time have had a dramatic impact on water usage per customer since SAWS was created in 1992. While years with dry weather result in spikes in the gallons used per bill, the chart below shows that the trend in gallons used per bill has been steadily declining. This decline translates into a significant reduction in the amount of water supplies SAWS will need to obtain to meet future demands for water.



(a) Data for 7 months ending Dec. 31, 2001. In 2001, the SAWS Board of Trustees approved a change in the fiscal year end from May 31st to Dec. 31st.

Water Management Plan

In December 2012, the SAWS Board of Trustees approved the *2012 Water Management Plan*. The *2012 Plan* represents a revision to the *2009 Water Management Plan Update* to take into account the numerous developments that changed the elemental building blocks of the *2009 Update*. The new plan is a comprehensive analysis of SAWS existing water supplies plus the supplies now made available from the assumption by SAWS of the BexarMet operations. The plan also includes a series of conservation and water resource strategies that will enable it to provide adequate water supplies, even during critical drought periods, for future San Antonio residents.

Except where otherwise indicated, this summary of the *2012 Water Management Plan* will focus on the plan's impact on SAWS exclusive of SAWS DSP since it is a separate reporting unit.

The *2012 Water Management Plan* also addresses the impact of the Edwards Aquifer Recovery Implementation Program (EARIP). The EARIP process was a four year effort that culminated in the adoption of an Edwards Aquifer Habitat Conservation Plan (EAHCP) and supporting documents by the SAWS Board of Trustees, other Applicants, and a diverse set of stakeholders and interest group representatives from throughout the Edwards Aquifer region. The EAHCP is intended to protect Edwards Aquifer users as well as federally-listed threatened and endangered species during droughts. EAHCP impacts on SAWS include:

- Operation by SAWS of the Aquifer & Storage Recovery (ASR) system in a prescribed-yet-flexible manner should record-breaking drought conditions afflict the Edwards Aquifer region during the term of the EAHCP and requirement to store regionally-leased water in the ASR outside of droughts.
- A change to the Demand Management/Critical Period Management regimen instituted by Texas' Senate Bill 3 (2007) through the addition of a fifth stage of critical period withdrawal reductions on all Edwards Aquifer users.
- An initial commitment of Edwards Aquifer supply permits (8,000 acre-feet per year from SAWS current inventory) towards a Regional Conservation Program administered by the Edwards Aquifer

Authority (EAA) and designed to assist municipalities and industries in implementing water conservation measures.

The *2012 Water Management Plan* charts the path that SAWS plans to pursue in the short term that will contribute to positioning SAWS in combination with the resources of SAWS DSP to meet the long-term needs of future San Antonio residents through 2070.

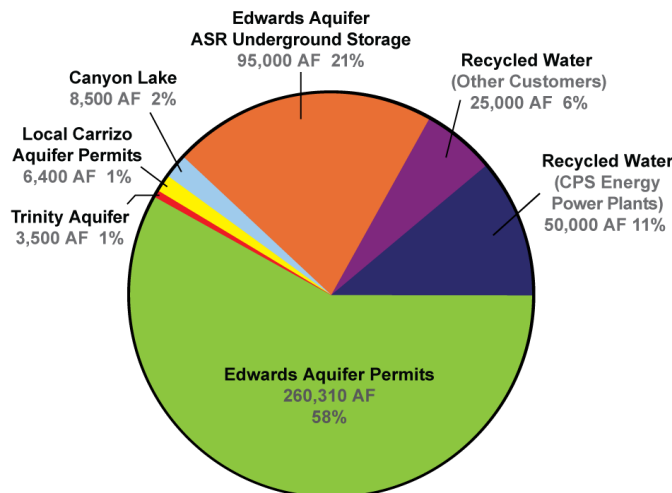
Current Sources of Water Supply

The table below provides a summary of the available sources of water supply under non-drought conditions for SAWS and SAWS DSP, separately and combined:

Available Sources of Water Supply as of December 31, 2012

Source	Acre-Feet		
	SAWS	DSP	Total
Edwards Aquifer Permits	260,310	35,585	295,895
Edwards Aquifer Storage & Recovery (ASR)	95,000	-	95,000
Recycled Water - CPS Energy Power Plants	50,000	-	50,000
Recycled Water - Other Customers	25,000	-	25,000
Canyon Regional Water Authority	-	3,500	3,500
Medina Lake Surface Water	-	13,000	13,000
Canyon Lake	8,500	-	8,500
Local Carrizo Aquifer Permits	6,400	1,000	7,400
Trinity Aquifer	3,500	12,050	15,550
TOTAL	448,710	65,135	513,845

The following pie chart illustrates the available sources of water supply for SAWS (exclusive of SAWS DSP) as of December 2012 under non-drought conditions:



The largest amount of SAWS water holdings (exclusive of SAWS DSP) reside in its permitted right to withdraw water from the Edwards Aquifer. In 1993, the Texas Legislature created the Edwards Aquifer Authority (EAA) as a conservation and reclamation district. The EAA has broad powers to manage, conserve, preserve, and protect the Edwards Aquifer and to increase the recharge of, and prevent the waste or pollution of water in the aquifer. Among other charges, the EAA was directed to limit groundwater withdrawals from the Edwards Aquifer through a permitting system. The EAA was also directed by the Texas Legislature to ensure that, not later than December 31, 2012, the continuous minimum spring flows of the Comal Springs (in New Braunfels) and the San Marcos Springs (in San Marcos) are maintained to protect endangered and threatened species. This requirement is being addressed by the Edwards Aquifer Recovery Implementation Program (EARIP) and the Edwards Aquifer Habitat Conservation Plan (EAHCP).

In 2007, the Texas Legislature passed Senate Bill 3, which established a new annual pumping limit, or ‘cap,’ and placed restrictions on supply availability during drought periods into State statute. Senate Bill 3 established this annual regional pumping cap at 572,000 acre-feet per year.

As of December 31, 2012, SAWS (exclusive of the SAWS DSP) holds 260,310 acre-feet per year of EAA-permitted groundwater withdrawal rights. Access to these permitted groundwater withdrawal rights is subject to varying levels of availability (cutbacks) depending on a management system using water levels at key index wells and springflows. These cutbacks in any given year may range from 0% to 44%.

Planned Water Supply Projects for the Short Term (2012-2020)

Development of the *2012 Water Management Plan* included consideration of numerous projects to address future water supply needs for a growing city. A brief project abstract and project activity status is presented below for the projects that will be pursued during the short term (2012-2020).

Additional Edwards Aquifer Supplies

SAWS expects to acquire an additional 10,900 acre-feet of Edwards Aquifer permitted groundwater withdrawal rights. Examination of present distribution of permits indicates that this volume of water is available for acquisition through lease or purchase.

Advanced Conservation

Given changes in water usage patterns and recognizing the significant success of indoor (equipment-based) conservation, future conservation efforts will be focused toward reducing outdoor water use. Based on data collected from thousands of customer landscape consultations and interaction with tens of thousands of SAWS customers over almost 20 years, SAWS has determined that there is great opportunity for reduced peak water use through better landscape design and management strategies that will enhance the beauty and dry year viability of San Antonio’s landscapes.

Expanded Carrizo Production

A potential new project is Expanded Carrizo Production in southeastern Bexar County. As described earlier, SAWS already has experience in designing, building, and operating projects that produce freshwater from the Carrizo Aquifer in southern Bexar County. Expanded Carrizo Production is a project to develop additional Carrizo Aquifer wells in southern Bexar County proximate to the ASR site. The project will be constructed in three phases starting in 2017 at 7,000 acre-feet with subsequent phases planned in 7,000 acre-feet increments scheduled for 2022 and 2026. Expanded Carrizo Production ultimately provides 21,000 acre-feet per year of supply for the purposes of the *2012 Water Management Plan*.

Brackish Groundwater Desalination Program

In 2011, the SAWS Board of Trustees approved proceeding on the Brackish Groundwater Desalination (BGD) program. The BGD program involves the production of brackish water, water too salty to drink, from the Wilcox Aquifer in southern Bexar County and treatment to drinking water quality standards.

In January 2013, the SAWS Board of Trustees selected Black & Veatch as the program manager marking the program's transition from the feasibility phase into the design phase. Design is anticipated to be completed in late 2013. Construction on the treatment plant, pipelines, pump-stations, and other facilities is expected to begin in 2013, with the plant commissioning expected in late 2015 and full operation in late 2016, providing 12,210 acre-feet per year of drought-proof desalinated groundwater to San Antonio's taps. Future phases will bring the total supply from this Program to 30,525 acre-feet.

Request for Competitive Sealed Proposals (RFCSP)

In January 2011, in accordance with the *2009 Update*, SAWS requested competitive sealed proposals for a water supply to supplement future water inventory. The RFCSP document specified that SAWS could accept up to 20,000 acre-feet of water per year in 2020 and might gradually increase the quantity by up to 1,500 acre-feet annually beginning in 2021. Nine proposals were received by the July 22, 2011 deadline. An extensive evaluation of nine separate proposals resulted in four of the projects being deemed responsive to the utility's request.

With the approval of the *2012 Water Management Plan*, SAWS is proceeding with the final stage of the RFCSP. This stage will include recent critical factors such as the integration of DSP, the EAHCP, and 2010 Census data in making the final determination of the size and timing of the RFCSP. The *2012 Water Management Plan* projects that up to 50,000 acre-feet per year could be requested in 2018 and additional water, if available, added as required.

Planned Water Supply Projects for the Mid-Term (2021-2039)

While the *2012 Water Management Plan* expects the dry year usage to remain at 135 gallons per capita per day (GPCD) beyond the year 2020, population is expected to continue to grow, resulting in an overall increase in total demand. For this reason, the mid-term program calls for SAWS to execute additional phases of the BGD Program and the Expanded Carrizo project.

The *2012 Water Management Plan* outlines a water management strategy that maintains SAWS current supplies, successfully develops supplies in the short term, and builds on those supplies in the mid-term:

- Conservation programming that maintains consumption at 135 GPCD.
- Phase II and III of the BGD Program (additional 12,210 acre-feet per year by the year 2021, followed by an additional 6,105 acre-feet per year by the year 2026) for a total yield of 30,525 acre-feet for the Program.
- Phase II and III of Expanded Carrizo (additional 7,000 acre-feet per year by the year 2022, followed by an additional 7,000 acre-feet per year by the year 2026).
- The completion of the water supplies identified in the short and mid-term Programs will ensure that SAWS has water security – even in a future repeat of drought of record-like conditions – through 2040.

It is important to note that the EAHCP has a term that will expire during this mid-term period; however, the necessity to balance the needs of the human users of the Edwards Aquifer and the Federally-listed threatened and endangered species associated with it will remain. Some form of Aquifer management for periods of record-breaking drought stress will be required to continue. While those future forms of Aquifer management

cannot be predicted, SAWS will continue to represent the EAHCP commitment in water supply and demand projections beyond the expiration of the present HCP.

Meter Replacement Program

In 2012, SAWS continued its program to replace water meters that may be under registering water usage. Based on a sample testing of meters in service, SAWS determined that the accuracy of meters generally diminished after 15 years, and required replacement to assure customer consumption was being billed accurately. Using meter age as a criteria, SAWS crews and a third party contractor began replacing identified meters that were eligible by age. During 2012, 37,995 water meters were replaced. In an effort to accurately account for water used by customers, SAWS plans to continue this meter replacement program going forward.

Sanitary Sewer Collection System

SAWS regularly prioritizes sewer deficiencies to be addressed and has developed a comprehensive program of maintenance, monitoring and repair of sewer lines including:

- Annual pipeline cleaning: SAWS has increased the number of miles of sewer line cleaned and improved the process to target the most problematic pipe. In 2007, about 530 miles were cleaned while about 1,100 miles of sewer line were cleaned in 2012 with a focus on cleaning the most problematic pipe on a timely basis. SAWS projects that approximately 1,500 miles of sewer line will be cleaned in 2013.
- Fats, Oil and Grease (FOG) program: In May 2011, the City Council adopted a program intended to reduce the damaging effects to the sewer system from the discharge of FOG by food service establishments (FSE) by changing the requirements for evaluating grease traps, and by encouraging the use of best management practices (BMP's) in the control and disposal of grease. In 2012, the use of BMP's was encouraged by the assessment of a lower monthly fee for FSE's who comply with BMP's and a higher fee for those that elect not to comply. In 2012 over 4,300 FSE's were inspected by SAWS.
- Video monitoring of sewer lines: In 2012, SAWS conducted video monitoring on 265 miles of sewer lines. SAWS projects that approximately 550 miles of video monitoring will be conducted in 2013.

SAWS is currently engaged in negotiations with the U.S. Environmental Protection Agency (EPA) concerning the terms of a potential consent decree that, if approved and adopted, will require SAWS to expand its programs to reduce the occurrence of sanitary sewer overflows (SSO's). The 2013 SAWS budget reflects the adoption of expanded programs that are recognized as best industry practices to reduce the number of SSO's in other cities. Specifically, the 2013 budget includes \$13.8 million in added operating costs and \$115.47 million in added capital project investments to identify and address SSO's, and to rehabilitate aging sewer infrastructure to minimize future SSO occurrence.

Because negotiations with the EPA continue, the scope of future SSO remediation costs by SAWS in the years after 2013 may change, but the emphasis on applying best practices learned from the experience of other cities will continue. See Note J to the financial statements for additional information about SAWS negotiations with EPA.

Enterprise Resource Software System

In 2006, SAWS initiated a program to implement an integrated software system, called ERSS (Enterprise Resource Software System). The ERSS program is composed of various third-party developed information systems applications including: Finance, Procurement, Human Resources, Payroll, Budgeting, Asset

Management, Work Order, Permitting, Customer Information and Billing. The total budget to implement all applications within the ERSS program is \$34.2 million. To date, SAWS has successfully implemented all but the Customer Information and Billing (CIS) applications of the ERSS program. By the time SAWS has successfully implemented the CIS applications, SAWS will have invested approximately \$14.3 million to develop, configure and implement the CIS applications. These costs have been capitalized in accordance with GASB Statement 51, *Accounting and Financial Reporting for Intangible Assets* and are included in Capital Assets on the Statement of Net Position. Since April, 2012, SAWS engaged with the third party developer of the CIS application to change the delivery approach and implement a collaborative process for developing and implementing the CIS applications. As a result of the collaboration, significant, substantive strides have been made towards functional and technical product completion. SAWS and the third party developer have committed to continue the current focus through the anticipated successful implementation of the CIS applications in late 2013.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SAWS for its Comprehensive Annual Financial Report for the year ended December 31, 2011. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. SAWS has received this recognition for its comprehensive annual financial report for nineteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to GFOA.

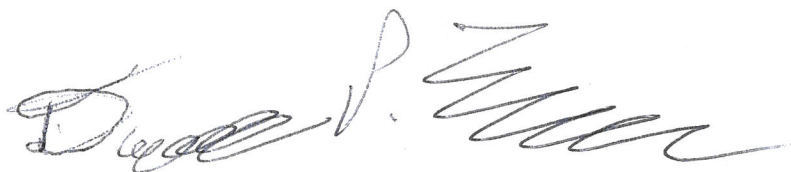
SAWS also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2012. This is the sixth time that SAWS has received this award. In order to receive this award, SAWS must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The timely preparation of the CAFR for the year ended December 31, 2012 could not have been accomplished without the cooperation and dedicated services of the Accounting Department under the direction of Ms. Mary Bailey. We also wish to express sincere appreciation to each member of the Board of Trustees for the interest and support provided in conducting the financial affairs of SAWS in a sound and progressive manner.

Respectfully submitted,



Robert R. Puente
President/Chief Executive Officer



Douglas P. Evanson
Sr. Vice President/Chief Financial Officer

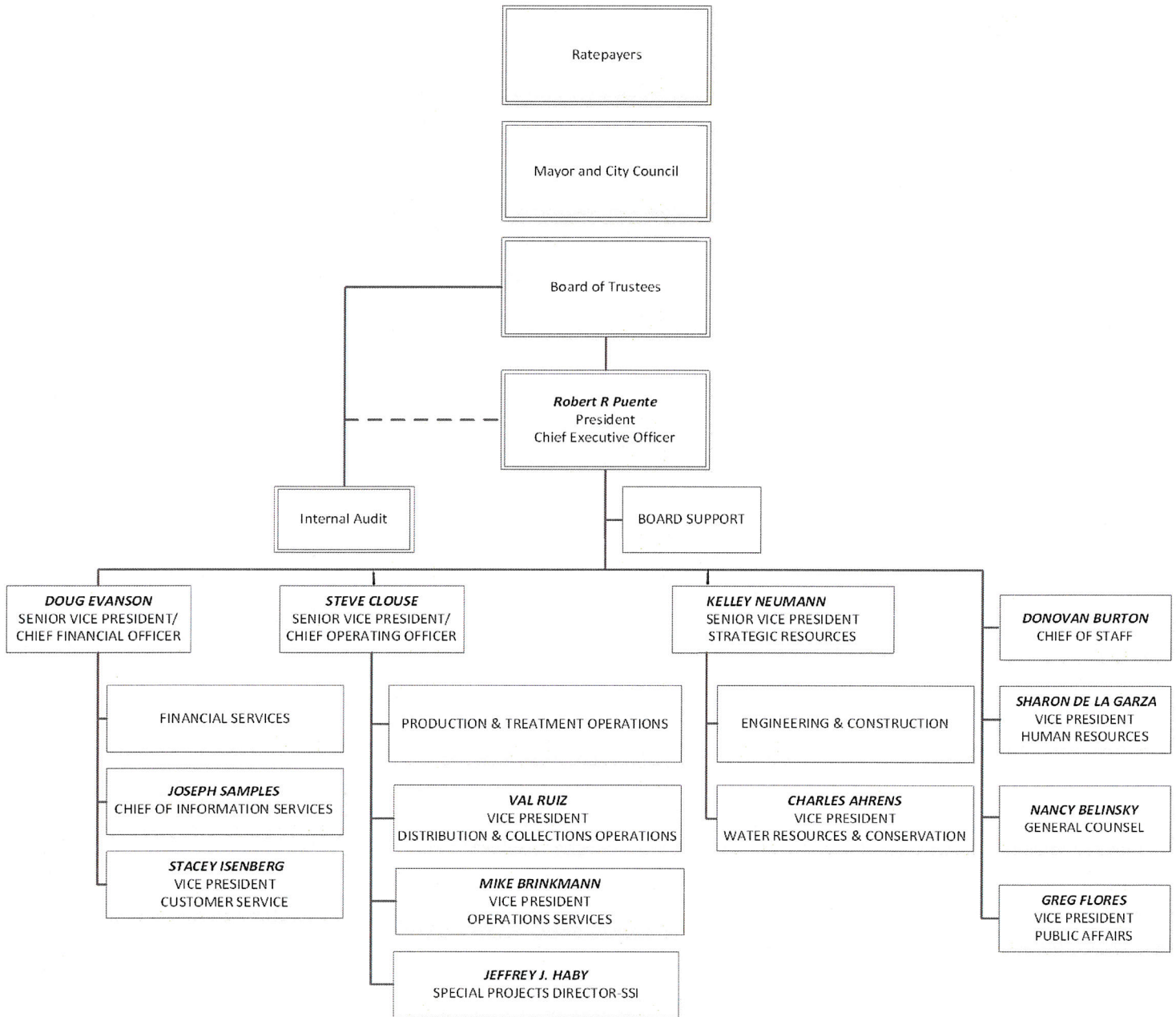
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**MEMBERS OF THE
SAN ANTONIO WATER SYSTEM BOARD OF TRUSTEES**

	<u>Term Expires</u>	<u>Occupation</u>
<i>Berto Guerra, Jr. – Chairman</i>	<i>May 31, 2014</i>	<i>Chairman and CEO – Avanzar Interior Technologies GP, LLC, and co-owner of Toyota Boerne</i>
<i>Willie A. Mitchell – Vice Chairman</i>	<i>May 31, 2010(a)</i>	<i>Educational Consultant</i>
<i>Roberto Anguiano – Secretary</i>	<i>May 31, 2012(a)</i>	<i>Retired SAWS Plant Superintendent</i>
<i>Samuel E. Luna – Assistant Secretary</i>	<i>May 31, 2013</i>	<i>Professor – San Antonio College</i>
<i>Elizabeth M. Provencio – Trustee</i>	<i>May 31, 2013</i>	<i>Attorney – Denton, Navarro, Rocha Bernal PC</i>
<i>Louis E. Rowe – Trustee</i>	<i>May 31, 2013</i>	<i>President and CEO – Goetting & Associates</i>
<i>Julián Castro, Mayor – Ex Officio</i>	<i>May 31, 2013</i>	<i>Attorney – Sole Practitioner</i>

(a) In accordance with state law, incumbent continues to serve in position pending action by San Antonio City Council.

SAN ANTONIO WATER SYSTEM ORGANIZATION CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Antonio Water System
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

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



Christopher P. Moirrell

President

Jeffrey R. Ennis

Executive Director

FINANCIAL SECTION

Independent Auditor's Report

To the Board of Trustees
San Antonio Water System
San Antonio, Texas

Report of the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the San Antonio Water System ("SAWS"), a component unit of the City of San Antonio, Texas, as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise SAWS' 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 audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 entity'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 entity'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.

SAN ANTONIO

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

AUSTIN

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of SAWS, as of December 31, 2012 and 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Post Employment Benefit Plans – Schedules of Funding Progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 audits 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise SAWS' basic financial statements. The Description of Funds and Combining Schedules, and Supplemental Schedules, 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 accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The Description of Funds and Combining Schedules, Supplemental Schedules, and Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Description of Funds and Combining Schedules, Supplemental Schedules, and Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section, Statistical Section, and Bonded Debt Schedules and Analyses, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no 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 April 22, 2013 on our consideration of the SAWS' 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 SAWS' internal control over financial reporting and compliance.

Padgett, Stratemann + Co., LLP

Certified Public Accountants
April 22, 2013

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Management's Discussion and Analysis

This Management Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and provides a narrative overview and analysis of financial activities and performance as detailed in the Comprehensive Annual Financial Report (CAFR) for the fiscal year ending December 31, 2012. Please read it in conjunction with the transmittal letter at the front of this report and SAWS' financial statements including the notes to the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- SAWS' net position increased by \$95.5 million during 2012.
- Operating revenues increased from \$418.1 million in 2011 to \$438.5 million in 2012 largely as a result of a rate increase that went into effect in January 2012.
- Taking advantage of the historically low interest rate environment and SAWS strong credit ratings, SAWS refunded nearly \$305 million of outstanding bonds, reducing future debt service payments by more than \$74 million.
- At the end of 2012, SAWS maintained unrestricted cash and investments of \$184 million with an additional \$38.4 million cash and investments restricted as a reserve equal to two months of budgeted operation and maintenance expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

MD&A is intended to serve as an introduction to the basic financial statements, which are comprised of the following components:

- *Statements of Net Position* - present information on all of SAWS' assets, deferred outflow of resources and liabilities as of the end of each calendar year, with the net amount reported as SAWS' net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SAWS is improving or deteriorating.
- *Statements of revenues, expenses and changes in net position* - present information showing how SAWS' net position changed during the years presented on an accrual basis. This statement measures the success of SAWS' activities and can be used to determine whether SAWS has successfully recovered all its costs through its rates and other charges.
- *Statements of cash flows* - reflect cash receipts and payments for operating, non-capital financing, capital and related financing, and investing activities for the years presented.
- *San Antonio Water System Fiduciary Funds Statements of Net Position* - present information on SAWS single-employer postretirement benefit plans' assets and liabilities, with the difference between the two reported as net position held in trust for pension and other postemployment benefits.
- *San Antonio Water System Fiduciary Funds Statements of Changes in Net Position* - present information showing how the fiduciary funds' net position changed during the years presented on an accrual basis.
- *Notes to financial statements* - provide additional information that is essential to a full understanding of the data provided in the financial statements, such as SAWS' accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.
- *Required Supplemental Information* - Information is presented concerning SAWS' progress in funding its obligations to provide pension and other postemployment benefits to its employees.

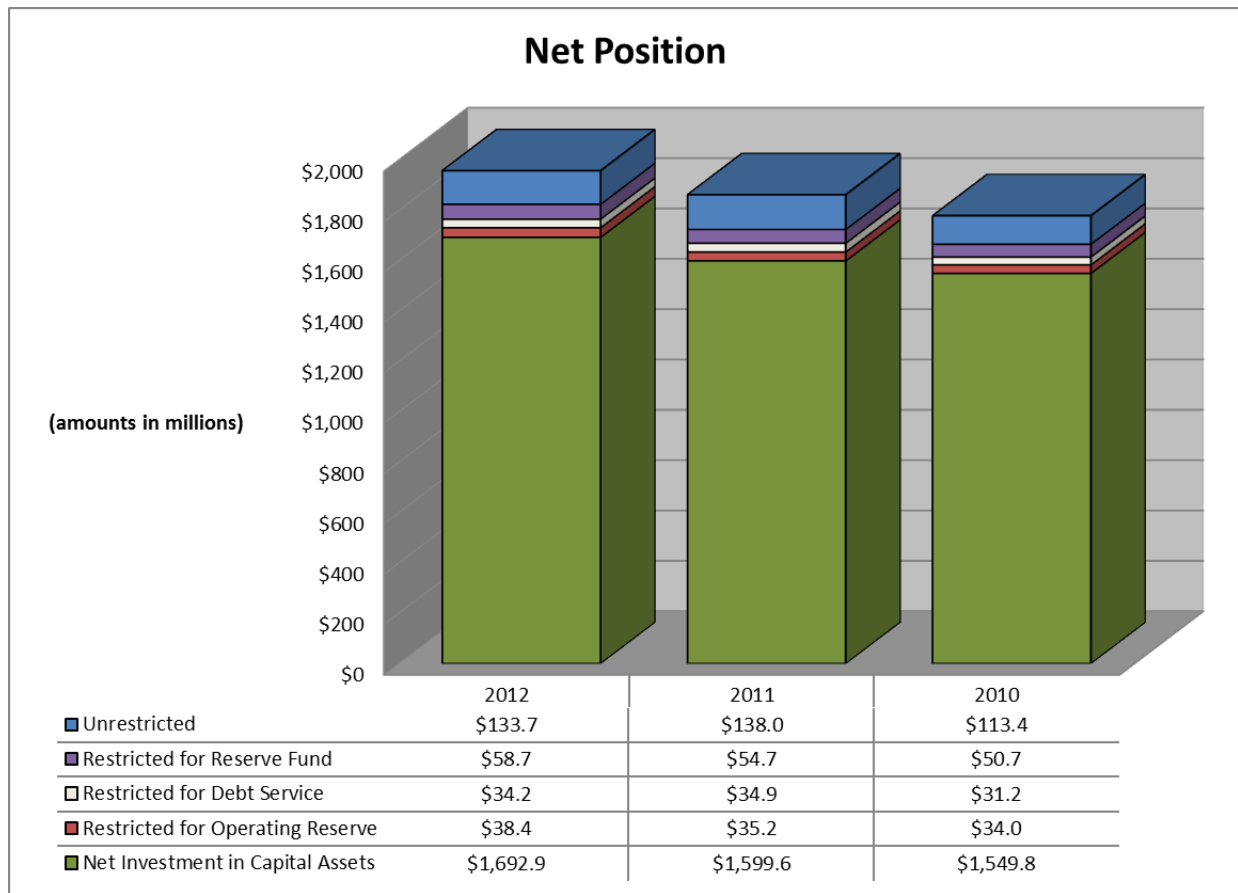
Other supplemental information is presented for additional analysis and is not a required part of the basic financial statements.

- *Description of Funds and Combining Schedules* – SAWS has established certain self-balancing funds to comply with state law and bond covenants for purposes of internal control and reporting. The fund financial schedules keep track of specific sources of funding and spending for particular purposes and provide more detailed information about SAWS’ most significant funds.
- *Supplemental Schedules* – Includes schedules that provide information relative to the sources and uses of funds in accordance with SAWS’ founding ordinance and budgetary information.
- *Statistical Section* – Presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about SAWS’ overall financial health.
- *Bonded Debt Schedules and Analyses* – Includes detailed schedules that provide information relative to SAWS’ various bond obligations.
- *Federal Award Section* – Information is presented related to the single audit act in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133 “Audits of States, Local Governments, and Non-Profit Organizations”.

FINANCIAL ANALYSIS – FINANCIAL POSITION

CONDENSED NET POSITION			2012-2011		2011-2010		
<i>(amounts in thousands)</i>	As of December 31,			Increase	%	Increase	%
	2012	2011	2010	(Decrease)	Change	(Decrease)	Change
Current assets	\$ 379,071	\$ 371,150	\$ 317,419	\$ 7,921	2%	\$ 53,731	17%
Capital assets, net	3,771,228	3,553,065	3,362,867	218,163	6%	190,198	6%
Other non-current assets	227,574	238,949	333,788	(11,375)	(5%)	(94,839)	(28%)
Total Assets	4,377,873	4,163,164	4,014,074	214,709		149,090	
Deferred outflows of resources	19,746	18,380	5,575	1,366	7%	12,805	230%
Total Assets and Deferred Outflows of Resources	4,397,619	4,181,544	4,019,649	216,075	5%	161,895	4%
Current liabilities	162,048	152,150	132,205	9,898	7%	19,945	15%
Non-current liabilities	2,277,631	2,166,954	2,108,383	110,677	5%	58,571	3%
Total Liabilities	2,439,679	2,319,104	2,240,588	120,575	5%	78,516	4%
Net Position:							
Net investment in capital assets	1,692,909	1,599,612	1,549,777	93,297	6%	49,835	3%
Restricted	131,324	124,785	115,865	6,539	5%	8,920	8%
Unrestricted	133,707	138,043	113,419	(4,336)	(3%)	24,624	22%
Total Net Position	\$ 1,957,940	\$ 1,862,440	\$ 1,779,061	\$ 95,500	5%	\$ 83,379	5%

Net Position: Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SAWS is improving or deteriorating. SAWS’ net position increased \$95.5 million from 2011 to 2012 and increased \$83.4 million from 2010 to 2011.



The largest portion of SAWS' net position reflects its net investment in capital assets. SAWS' net investment in capital assets represents the carrying value of capital assets and capital related deferred outflows of resources, less capital related borrowings. Any cash and investment amounts restricted for construction purposes are also reflected in these totals. The \$93.3 million increase from 2011 to 2012 reflects \$81.8 million of capital contributions from developers as well as the funding of 2012 capital expenditures with renewal and replacement funds, offset by depreciation expense for the year. The \$49.8 million increase from 2010 to 2011 reflects \$59.5 million of capital contributions from developers and funding of 2011 capital expenditures with non-debt funds, offset by 2011 depreciation expense.

Funds that have been restricted for a specific purpose by legally enforceable legislation and bond covenants are classified as restricted net position. The components of restricted net position include funds Restricted for Operating Reserve, Restricted for Debt Service and Restricted for Reserve Fund.

As of December 31, 2012, \$38.4 million of cash and investments was classified as Restricted for Operating Reserve. This amount is restricted in accordance with the requirements of City of San Antonio Ordinance 75686 that calls for the establishment and maintenance of an operating reserve equal to two months of the annual maintenance and operations budget. The amount of cash and investments restricted for this purpose will vary from year to year with any changes in the budgeted level of maintenance and operations expense.

Additionally, \$34.2 million of cash and investments was restricted for debt service purposes at December 31, 2012. The cash and investments, net of restricted liabilities that was restricted for debt purposes decreased \$.7 million from 2011 to 2012 despite an increase in the debt outstanding due primarily to the impact of

bonds refunded during 2012. The amount restricted for debt purposes increased by \$3.7 million from 2010 to 2011 as a result of increases in the annual debt service requirements resulting from debt issued in 2011.

The requirements of Ordinance 75686 stipulate that SAWS must accumulate and maintain a reserve equal to 100% of the maximum annual debt service requirements for senior lien debt obligations. Increases in the required reserve amount may be deposited into the Reserve Fund over a five year period. Ordinance 75686 allows for SAWS to provide surety policies equal to all or part of the required reserve. Prior to 2008, SAWS acquired surety policies on debt issuances in lieu of depositing cash in its Reserve Fund. Due to downgrades in the credit ratings of certain of these surety policy providers during 2008 and 2009, SAWS has been required to make deposits into its Reserve Fund. Additional deposits to the Reserve Fund were also required as a result of debt issued without surety policies since 2008. SAWS may use bond proceeds to make the required deposits related to new debt issued. SAWS made cash deposits to the Reserve Fund totaling \$3.7 million in both 2011 and 2012. Bond proceeds were also used to deposit an additional \$5.4 million in 2011 and \$10.7 million in 2012. Reserve fund deposits are required to be maintained until a) the revenue bonds mature, b) the surety policy provider's credit ratings improve to the minimum ratings required under SAWS bond ordinance, or c) new surety policies are provided that meet the requirements of the bond ordinance. As of December 31, 2012 additional deposits to the Reserve Fund of \$9.4 million will be required over the next three years related to debt currently outstanding. SAWS does not believe that funding these reserve deposits will have a material adverse impact on its operations or financial condition.

The remaining balance of SAWS' net position is unrestricted and may be used for any allowable purpose as outlined in Ordinance 75686. Unrestricted net position decreased \$4.3 million from 2011 to 2012 as transfers to the Reserve Fund and capital expenditures paid with renewal and replacement funds exceeded the amount of funds provided by operations during the year. In 2011, funds provided by operations exceeded the transfers to the Reserve Fund and capital expenditures paid with non-debt sources, resulting in an increase in unrestricted net position of \$24.6 million from 2010.

FINANCIAL ANALYSIS – REVENUES, EXPENSES AND CHANGES IN NET POSITION

During 2012, SAWS' net position increased by \$95.5 million which consisted of income before capital contributions of \$13.7 million and capital contributions of \$81.8 million. In 2011, SAWS' net position increased by \$83.5 million which consisted of income before capital contributions of \$23.9 million and capital contributions of \$59.5 million.

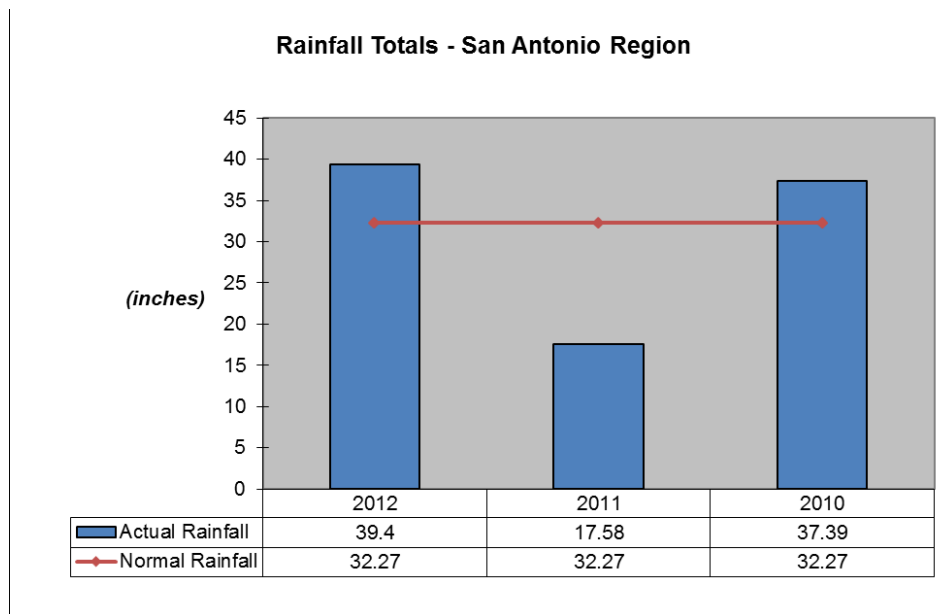
CONDENSED REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION								
(amounts in thousands)	As of December 31,			2012-2011		2011-2010		
	2012	2011	2010	Increase (Decrease)	% Change	Increase (Decrease)	% Change	
Operating revenues								
Water delivery system	\$ 121,078	\$ 125,188	\$ 106,864	\$ (4,110)	(3%)	\$ 18,324	17%	
Water supply system	136,704	130,755	117,402	5,949	5%	13,353	11%	
Wastewater system	168,368	150,520	132,408	17,848	12%	18,112	14%	
Chilled water and steam system	12,378	11,631	12,223	747	6%	(592)	(5%)	
Total operating revenues	438,528	418,094	368,897	20,434	5%	49,197	13%	
Non-operating revenues	6,149	5,955	3,625	194	3%	2,330	64%	
Total Revenues	444,677	424,049	372,522	20,628	5%	51,527	14%	
Operating expenses								
Salaries and fringe benefits	\$ 125,295	\$ 127,816	\$ 121,523	\$ (2,521)	(2%)	\$ 6,293	5%	
Contractual services	100,165	66,900	82,708	33,265	50%	(15,808)	(19%)	
Materials and supplies	23,966	24,868	20,320	(902)	(4%)	4,548	22%	
Other charges	21,790	21,756	36,883	34	0%	(15,127)	(41%)	
Less costs capitalized to								
construction in progress	(33,640)	(32,282)	(34,945)	(1,358)	4%	2,663	(8%)	
Depreciation expense	103,034	98,374	107,761	4,660	5%	(9,387)	(9%)	
Total operating expenses	340,610	307,432	334,250	33,178	11%	(26,818)	(8%)	
Non-operating expenses								
Amortization of debt issuance costs	1,783	1,809	2,081	(26)	(1%)	(272)	(13%)	
Other finance charges	2,934	2,881	2,936	53	2%	(55)	(2%)	
Interest expense	74,782	77,751	76,805	(2,969)	(4%)	946	1%	
Gain on sale of capital assets	(430)	(773)	(392)	343	(44%)	(381)	97%	
Payments to City of San Antonio	11,161	10,926	9,565	235	2%	1,361	14%	
Payments to other entities	122	124	124	(2)	(2%)	-	0%	
Total non-operating expenses	90,352	92,718	91,119	(2,366)	(3%)	1,599	2%	
Total Expenses	430,962	400,150	425,369	30,812	8%	(25,219)	(6%)	
Increase/(decrease) in net position								
before capital contributions	13,715	23,899	(52,847)	(10,184)	(43%)	76,746	(145%)	
Capital Contributions	81,785	59,480	53,300	22,305	38%	6,180	12%	
Change in Net Position	95,500	83,379	453	12,121	15%	82,926	18306%	
Net Position, beginning of year	1,862,440	1,779,061	1,778,608	83,379	5%	453	0%	
Net Position, end of year	\$ 1,957,940	\$ 1,862,440	\$ 1,779,061	\$ 95,500	5%	\$ 83,379	5%	

Operating Revenues: SAWS' operating revenues are provided by its four core businesses: Water Delivery, Water Supply, Wastewater, and Chilled Water and Steam. Changes in operating revenues from year to year are largely the result of weather conditions, customer growth and changes in rates for service. SAWS' operating revenues increased from \$418.1 million in 2011 to \$438.5 million in 2012. Due to above average rainfall during 2012, water usage decreased 6.5% from 2011 to 2012. The impact of lower usage was more than offset by the 7.9% average rate increase that went into effect at the beginning of 2012 and average customer growth of 1.5% during the year.

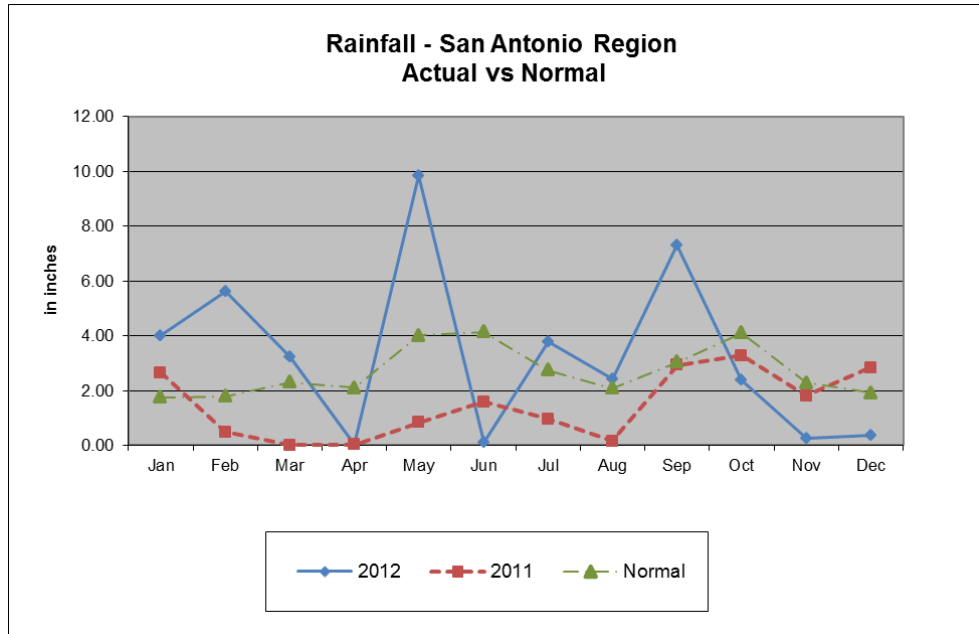
Operating revenues increased from \$368.9 million in 2010 to \$418.1 million in 2011. During 2011, Texas experienced one of the worst drought years in its recorded history. Lack of rainfall and extremely high temperatures during the summer months resulted in a 12.5% increase in water usage between 2010 and 2011.

This increased water usage, average customer growth of 1.2% and the impact of an average rate increase of 6.5% that went into effect in November 2010 contributed to the increase in operating revenues from 2010.

The Water Delivery core business is responsible for the actual distribution of water from its source to the customer’s premises. Operating revenues for this business are derived through a combination of a monthly service charge that is dependent upon the size of the customer’s water meter and a volume charge that relates to the customer’s actual water usage. Water Delivery operating revenues decreased \$4.1 million or 3.3% to \$121.1 million in 2012 primarily as a result of decreased water usage, offset by customer growth and a 3.4% increase in Water Delivery rates. Conversely, below normal rainfall during 2011 contributed to an increase in Water delivery operating revenues of \$18.3 million between 2010 and 2011. Even though restrictions were imposed on outdoor water use during much of the year as a result of the drought, SAWS sold a record amount of water during 2011. Customer growth and a rate increase of 2.2% also contributed to the increase in revenue from 2010.



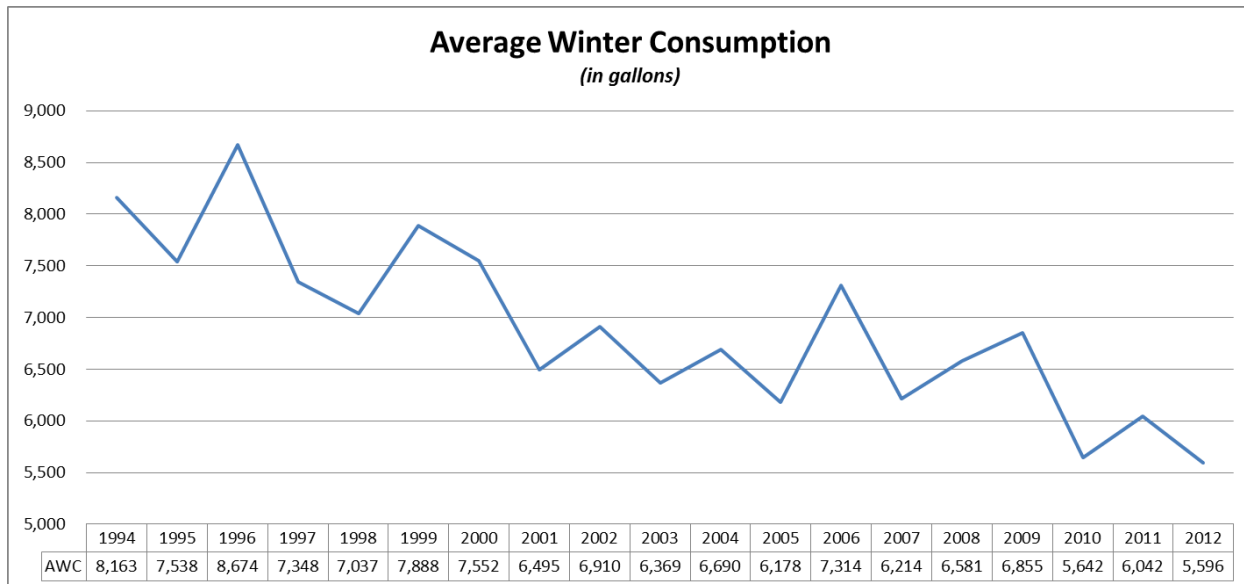
During 2012, rainfall exceeded normal levels by 22% and was more than double the rainfall during 2011. Most of rain in 2012 came during the peak usage period (May-September). Rainfall during that period was more than 3.5 times normal levels. This above average rainfall helped to alleviate the severe drought conditions that plagued the region in 2011. Rainfall for 2011 was just slightly more than half the normal amount for the year. Through the first eight months of 2011 only 7.4 inches had fallen, which was 70% below normal for that period.



The Water Supply core business is responsible for all functions related to the development and provision of additional water resources. In order to support the costs associated with these initiatives, in 2000, SAWS implemented a separate funding mechanism, known as the Water Supply Fee, for water supply development and water quality protection. Also included in Water Supply operating revenues are a pass-through fee designed to recoup the annual fees paid to the Edwards Aquifer Authority (EAA) for permitted water rights, meter fees and volumetric charges to customers utilizing recycled water for industrial or irrigation purposes, and allocated portions of water delivery revenues designed to fund residential and commercial conservation programs and debt service associated with water and supply and recycle projects in progress prior to implementation of a separate water supply fee. In 2012, Water Supply operating revenues increased \$5.9 million or 4.5% to \$136.7 million. In 2012, EAA increased permit fees paid by non-agricultural users by nearly 80% due to the development of a Habitat Conservation Plan designed to protect the region from the threat of environmental lawsuits and federal control of the region's largest water source, the Edwards Aquifer. As a result, SAWS recouped an additional \$11.7 million from its customers between 2011 and 2012 through a pass-through fee. The increase in the pass-through fee, customer growth, and a 3% increase in Water Supply rates more than offset the impact of decreased water usage. In 2011, operating revenues increased \$13.4 million or 11% to \$130.8 million. The impact of increased water usage, customer growth and a 2.9% increase in rates more than offset the \$1.6 million decrease in the EAA pass-through fee in 2011.

The collection and treatment of wastewater is the primary function of the Wastewater core business. Approximately 60% of Wastewater operating revenues are generated by residential customers. The residential portion of Wastewater operating revenue is calculated based upon the average water usage of each residential wastewater customer during a three consecutive month billing period from November through March. This average, referred to as the average winter consumption (AWC) goes into effect with the April billing each year and continues for a period of twelve months.

The following chart depicts SAWS AWC since 1994. While periods of extremely dry weather lead to spikes in the AWC, water conservation efforts have resulted in an overall downward trend in the AWC over the past 18 years.

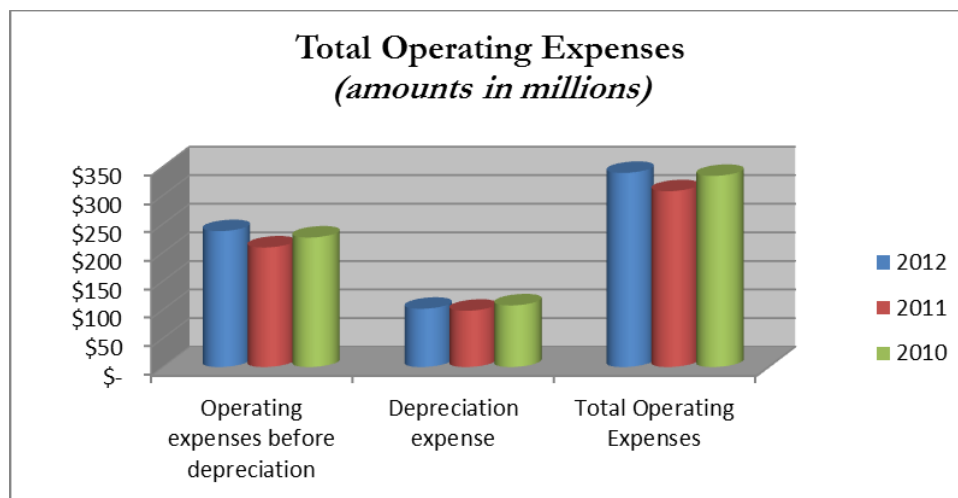


Wastewater operating revenues increased \$17.8 million or 11.9% to \$168.4 million in 2012. The 13.6% increase in Wastewater rates and customer growth more than offset the impact of a decrease in the AWC in 2012. Above average rainfall during the winter averaging period resulted in a 7.4% decrease in the AWC that went into effect in April 2012, bringing the AWC to its lowest level in SAWS history. Wastewater operating revenues were \$150.5 million for 2011, an increase of \$18.1 million or 14% from 2010. Due to below normal rainfall during the winter averaging period, the AWC that went into effect in April 2011 increased 7% from the 2010 AWC. The impact of the increase in the AWC, customer growth and an 11.9% wastewater rate increase contributed to the growth in operating revenue in 2011.

The Chilled Water and Steam core business is responsible for providing heating and cooling services to customers, including various downtown hotels, City of San Antonio facilities, the Alamodome, Port Authority of San Antonio tenants and Hemisfair Plaza tenants. Operating revenues for this core business increased \$.7 million or 6.4% from 2011 due to an increase in chilled water usage. Operating revenues declined \$.6 million or 5% from 2010 due to the loss of the Brooks City Base contract, which was discontinued in 2010.

Non-operating revenues: Non-operating revenues, which primarily represent interest income earned on investments and the federal interest subsidy on SAWS Build America Bonds (BABs), increased \$.2 million due to an increase in the average yield on investments. The average investment balance decreased from \$511.1 million in 2011 to \$477.7 million in 2012 while the average yield on SAWS's portfolio increased from .23% in 2011 to .33% in 2012. Non-operating revenues increased \$2.3 million during 2011 primarily due to the federal subsidy related to the BABs issued in November 2010. The increase in the BABs subsidy more than offset lower average yields on investments. The average investment balance decreased slightly from \$513 million in 2010 to \$511.1 million in 2011 while the average yield on SAWS's portfolio decreased from .33% in 2010 to .23% in 2011.

Operating Expenses: Total 2012 operating expenses of \$340.6 million increased \$33.2 million or 10.8% from 2011 levels primarily due to the recovery during 2011 of costs associated with a water supply agreement with the Lower Colorado River Authority (LCRA).



During 2012, SAWS' salary and benefit related costs decreased \$2.5 million or 2% over the prior year. This decrease is due in part to a reduction in SAWS medical and retirement benefit costs resulting from steps implemented during 2011 to slow or reduce the historic growth in these benefit costs.

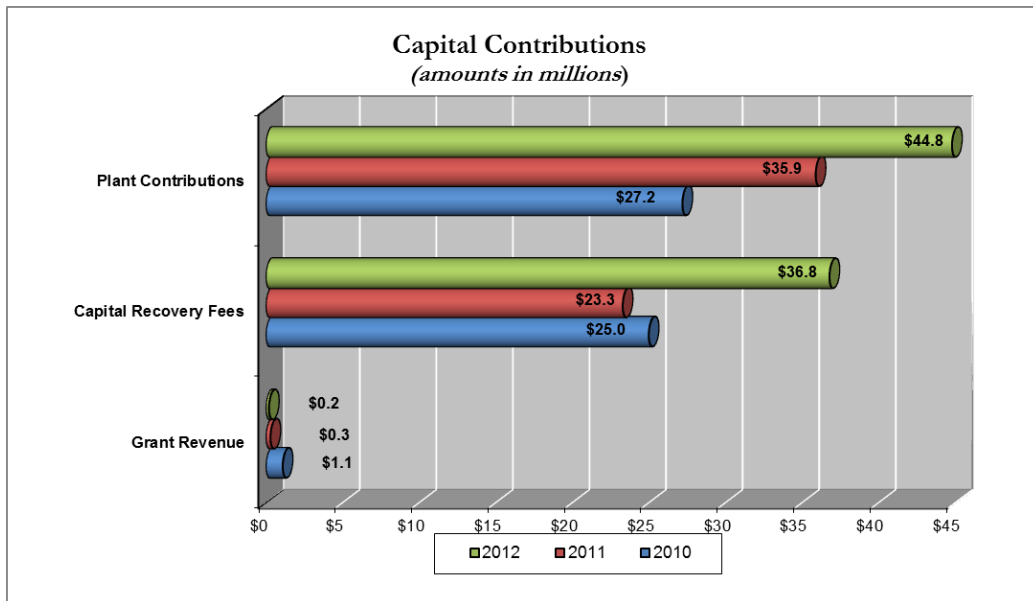
Contractual services increased \$33.3 million in 2012 primarily as a result of a recovery of costs during 2011 related to a water supply agreement with LCRA. In November 2011, SAWS settled its lawsuit with LCRA and recorded a \$28.1 million credit to contractual services. This settlement is discussed in more detail in Note E to the financial statements. Additionally, fees paid to EAA during 2012 for permitted water rights increased \$12.2 million while maintenance and production costs were lower due to the temporary improvement in drought conditions during the year.

In 2012, depreciation expense increased \$4.7 million or 4.7% to \$103 million due to the addition of \$263.4 million in depreciable assets.

Total operating expenses were \$307.4 million in 2011, a decrease of \$26.8 million or 8% from 2010. SAWS' salary and benefit related costs increased \$6.3 million in 2011 as the result of an increase in medical and retirement costs. Contractual services, material and supplies decreased as the recovery from LCRA more than offset the impact of extreme drought conditions during the year on maintenance and production costs. Other charges decreased \$15.1 million between 2010 and 2011 due to a decrease in write offs of impaired capital assets and a decrease in retiree healthcare costs. Write offs related to capital asset impairments were \$3.8 million in 2011 compared to \$13.3 million in 2010. Due to changes made in cost sharing and eligibility requirements for SAWS' post-retirement healthcare (OPEB) plan as well as the adoption of a plan to begin funding the OPEB obligation, the annual required contribution for this plan decreased \$5 million in 2011. In 2011, depreciation expense was \$98.4 million, a decrease of \$9.4 million or 9% from 2010. While \$170.8 million in depreciable assets were added during 2011 to utility plant in service, 2010 depreciation expense included a \$13.4 million one-time adjustment to fully depreciate assets eliminated due to a closure of SAWS' Salado Creek Wastewater Treatment Plant.

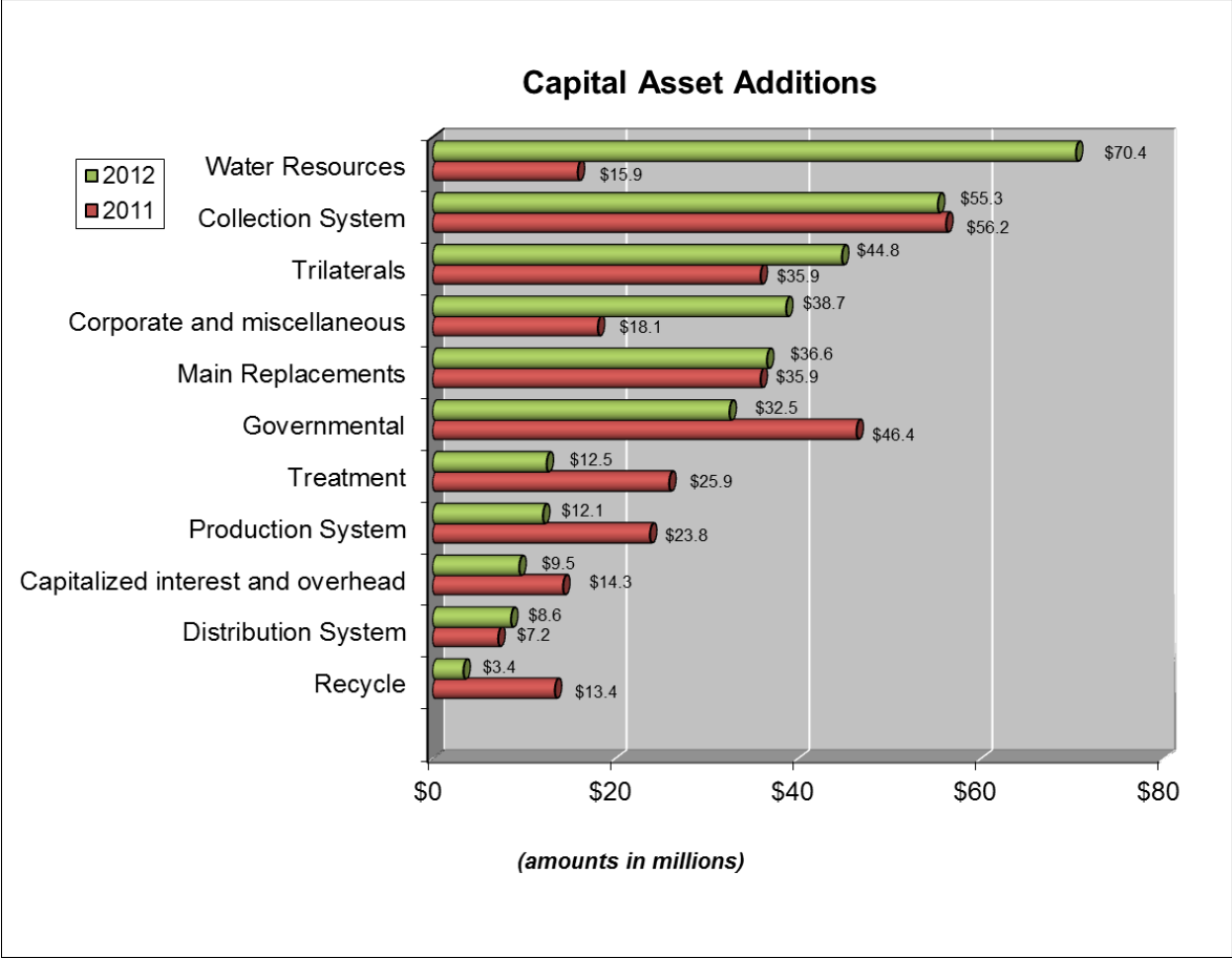
Non-operating Expenses: 2012 non-operating expenses decreased \$2.4 million or 2.6% from 2011 primarily due to a decrease in interest expense. While the average debt outstanding increased 3.8%, the average cost of debt before capitalized interest decreased from 4.27% in 2011 to 3.89% in 2012 as a result of debt savings achieved through the refunding of nearly \$305 million in bonds in 2012 and more than \$165 million bonds in 2011. During 2011, non-operating expenses increased \$1.6 million or 1.8% from 2010 as increased revenues resulted in higher payments to the City of San Antonio and increased interest expense associated with higher borrowing levels was only partially offset by the savings from the debt refunded in 2011.

Capital Contributions: Capital contributions for 2012 totaled \$81.8 million and represent an increase of \$22.3 million from 2011. In 2011, capital contributions totaled \$59.5 million, an increase of \$6.2 million from 2010. Development activity began to pick up in 2011 as the economy began to recover with the gradual easing of tight credit markets. As a result, infrastructure donated by developers increased in 32% in 2011 and 25% in 2012. Capital recovery fees increased 58% in 2012 as result of an increase in the fees charged to new customers that went into effect in June 2011 as well as the increase in customer growth. Capital recovery fees decreased slightly from 2011 due to a slight reduction in customer growth.



CAPITAL ASSET ACTIVITY

During 2012 SAWS' total capital assets (net of accumulated depreciation) grew from \$3.6 billion to \$3.8 billion, while during 2011, net capital assets increased from \$3.4 billion to \$3.6 billion. Capital asset additions were \$324.4 million in 2012 and \$293 million in 2011. The graph below shows the additions for each year by general category.



SAWS is committed under various contracts for completion of construction or acquisition of capital assets totaling \$309 million as of December 31, 2012. For further detail information on capital assets, refer to Note F.

LONG-TERM DEBT ACTIVITY

In February 2012, SAWS issued \$225.3 million of senior lien revenue refunding bonds. The proceeds of these bonds were used to refund \$265.9 of the outstanding Series 2002 senior lien bonds and pay the cost of issuance. In April 2012, SAWS issued \$31.9 million of junior lien revenue refunding bonds. The proceeds of these bonds were used to refund the Series 2001, 2001-A, 2002 and 2002-A junior lien bonds and pay the cost of issuance. In August 2012, SAWS issued \$19.6 million junior lien revenue bonds under Texas Water Development Board programs. The proceeds of the bonds were used to finance capital improvements and pay the cost of issuance. In October 2012, SAWS issued \$163.4 million in senior lien revenue refunding bonds. The proceeds were used to refund \$175 million of outstanding commercial paper and pay the cost of issuance.

During the course of the year, SAWS also issued \$133.7 million in new commercial paper notes which were used to finance capital improvements. SAWS intends to reissue maturing commercial paper and ultimately

refund such maturities with proceeds from the issuance of long-term revenue bonds. Consistent with this intent, SAWS classifies outstanding commercial paper notes as long-term debt.

In April 2011, SAWS issued \$46.6 million of senior lien revenue refunding bonds. The proceeds of these bonds were used to refund \$50.2 million of the outstanding Series 2001 bonds and pay the cost of issuance. In August 2011, SAWS issued \$24.6 million of junior lien revenue bonds and \$18.1 million of junior lien revenue and refunding bonds under Texas Water Development Board programs. The proceeds of these bonds were used to pay the cost of issuance, refund \$2 million of outstanding commercial paper and finance capital improvements. In October 2011, SAWS issued \$165.1 million of revenue refunding bond. The proceeds of these bonds were used to pay the cost of issuance and refund \$34.6 million of the Series 2002 bonds, \$80.5 million of the Series 2002-A bonds and \$60 million of outstanding commercial paper. SAWS also issued \$35 million in new commercial paper notes which were used to finance capital improvements.

In September 2012, Fitch Ratings, Moody's Investors Service, Inc. and Standard & Poor's Rating Service reaffirmed SAWS' credit ratings as indicated below. SAWS' high quality credit ratings are based on its large and diverse service area, sound financial management, long-term planning of water supply and infrastructure needs, and competitive water and sewer rates. SAWS' commercial paper ratings were updated in October 2012 based on new revolving credit agreements with Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York branch, and Wells Fargo Bank, N.A. For additional information on the commercial paper program, refer to Note I.

BOND AND COMMERCIAL PAPER RATINGS				
	Senior Lien Debt	Junior Lien Debt	Tax-Exempt Commercial Paper	
			Series A	Series B
Fitch Ratings	AA+	AA	F1	F1+
Moody's Investors Service, Inc.	Aa1	Aa2	P-1	P-1
Standard & Poor's Ratings Service	AA	AA-	A-1+	A-1+

SAWS' bond ordinance requires the maintenance of a debt coverage ratio of at least 1.25x the current annual debt service on outstanding senior lien debt. As of December 31, 2012 and 2011, SAWS was in compliance with the terms and provisions of the ordinances and documents related to its outstanding bonds and commercial paper.

FINANCIAL RATIOS			
	2012	2011	2010
Current Year Debt Coverage‡:			
Senior Lien Debt	2.11x	2.28x	1.60x
All Debt	1.60x	1.74x	1.22x
Maximum Annual Debt Coverage‡:			
Senior Lien Debt	1.63x	1.85x	1.30x
All Debt	1.44x	1.57x	1.11x
Equity (<i>equity/ total liabilities + equity</i>)	44.5%	44.5%	44.3%
<i>‡ Debt service is net of federal interest subsidy.</i>			

ECONOMIC OUTLOOK FOR THE FUTURE

In January 2013, the San Antonio City Council approved an average rate increase of 8.4% for most services provided by SAWS effective March 1, 2013. This rate adjustment was needed to provide additional funding to address aging infrastructure issues, support continued development of additional water supplies, reduce sanitary sewer overflows and meet other operational requirements. Customer growth has been somewhat steady during the last three years despite a weak economy and high unemployment levels. During 2012 customer connections grew 1.5% compared to 1.2% during 2011 and 1.3% during 2010. The San Antonio region is positioned to see slightly elevated growth levels during the next few years. While continued customer growth can help offset increasing operating costs, the development of additional water supplies to service the growth in customers as well as the continuing costs to address infrastructure issues will require future rate adjustments.

CONTACTING SAWS' FINANCIAL MANAGEMENT

This Comprehensive Annual Financial Report is provided to our citizens, customers, investors and creditors as a general overview of SAWS' financial condition and results of operation with a general explanation of the factors affecting the finances of the organization. It is provided to demonstrate SAWS' accountability for the revenues it collects and the expenditures it makes for the services provided. If you have questions about this report or need additional financial information, contact:

Douglas P. Evanson
 Sr. Vice President/Chief Financial Officer
 San Antonio Water System
 PO Box 2449
 San Antonio, Texas 78298

Information about the San Antonio Water System can also be obtained through the Internet at www.saws.org.

BASIC FINANCIAL STATEMENTS

San Antonio Water System
STATEMENTS OF NET POSITION
(amounts in thousands)

	December 31,	
	2012	2011
CURRENT ASSETS		
Unrestricted Current Assets		
Cash and cash equivalents	\$ 132,273	\$ 118,636
Investments	51,694	69,413
Accounts receivable, net of allowances for uncollectible accounts	54,985	46,356
Other current assets	9,271	9,317
Total unrestricted current assets	248,223	243,722
Restricted Current Assets:		
Cash and cash equivalents	16,146	11,698
Investments	114,702	115,730
Total restricted current assets	130,848	127,428
Total Current Assets	379,071	371,150
NONCURRENT ASSETS		
Unrestricted Noncurrent Assets		
Unamortized debt issuance costs	17,528	17,680
Accounts receivable, non current	6,985	7,985
Restricted Noncurrent Assets:		
Cash and cash equivalents	27,785	41,983
Investments	175,276	171,301
Capital Assets:		
Utility plant in service	4,261,006	4,003,201
Less allowance for depreciation	1,369,885	1,271,438
	2,891,121	2,731,763
Land, water rights and other intangible assets	308,560	298,864
Construction in progress	571,547	522,438
Total capital assets (net of accumulated depreciation)	3,771,228	3,553,065
Total Noncurrent Assets	3,998,802	3,792,014
TOTAL ASSETS	4,377,873	4,163,164
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivatives	19,746	18,380
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,397,619	\$ 4,181,544

The accompanying notes to financial statements form an integral part of this statement.

San Antonio Water System
STATEMENTS OF NET POSITION (continued)
(amounts in thousands)

	December 31,	
	2012	2011
LIABILITIES		
Current Liabilities To Be Paid From Unrestricted Assets		
Accounts payable	\$ 34,884	\$ 29,156
Accrued vacation payable	5,516	4,576
Accrued payroll and benefits	2,158	1,556
Accrued claims payable	9,956	10,565
Sundry payables and accruals	1,044	1,338
Total unrestricted current liabilities	53,558	47,191
Current Liabilities To Be Paid From Restricted Assets		
Accrued interest payable	13,661	12,871
Payables under construction contracts	35,279	35,767
Customers' deposits	9,265	8,701
Commercial paper notes	2,970	2,840
Revenue bonds payable within one year	47,315	44,780
Total restricted current liabilities	108,490	104,959
Total Current Liabilities	162,048	152,150
Noncurrent Liabilities		
Accrued vacation payable	2,562	2,919
Unfunded postemployment benefits	82,910	81,234
Derivative instrument	25,149	24,171
Commercial paper notes	167,775	212,090
Revenue bonds payable after one year, net of unamortized premiums, discounts and deferred losses on refunding	1,999,235	1,846,540
Total Noncurrent Liabilities	2,277,631	2,166,954
TOTAL LIABILITIES	2,439,679	2,319,104
NET POSITION		
Net investment in capital assets	1,692,909	1,599,612
Restricted for operating reserve	38,389	35,227
Restricted for debt service fund	34,254	34,862
Restricted for reserve fund	58,681	54,696
Unrestricted	133,707	138,043
TOTAL NET POSITION	\$ 1,957,940	\$ 1,862,440

The accompanying notes to financial statements form an integral part of this statement.

San Antonio Water System
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the Years Ended December 31,
(amounts in thousands)

OPERATING REVENUES	2012	2011
Water delivery system	\$ 121,078	\$ 125,188
Water supply system	136,704	130,755
Wastewater system	168,368	150,520
Chilled water and steam system	12,378	11,631
Total operating revenues	<u>438,528</u>	<u>418,094</u>
OPERATING EXPENSES		
Salaries and fringe benefits	125,295	127,816
Contractual services	100,165	66,900
Material and supplies	23,966	24,868
Other charges	21,790	21,756
Less costs capitalized to construction in progress	<u>(33,640)</u>	<u>(32,282)</u>
Total operating expenses before depreciation	237,576	209,058
Depreciation expense	<u>103,034</u>	<u>98,374</u>
Total operating expenses	<u>340,610</u>	<u>307,432</u>
Operating income	97,918	110,662
NONOPERATING REVENUES		
Interest earned and miscellaneous	6,149	5,955
NONOPERATING EXPENSES		
Amortization of debt issuance costs	1,783	1,809
Other finance charges	2,934	2,881
Interest expense	74,782	77,751
Gain on sale of capital assets	(430)	(773)
Payments to the City of San Antonio	11,161	10,926
Payments to other entities	122	124
Total nonoperating expenses	<u>90,352</u>	<u>92,718</u>
Increase in net position, before capital contributions	13,715	23,899
Capital contributions	<u>81,785</u>	<u>59,480</u>
CHANGE IN NET POSITION	95,500	83,379
NET POSITION, BEGINNING OF YEAR	<u>1,862,440</u>	<u>1,779,061</u>
NET POSITION, END OF YEAR	<u>\$ 1,957,940</u>	<u>\$ 1,862,440</u>

The accompanying notes to financial statements form an integral part of this statement.

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San Antonio Water System
STATEMENTS OF CASH FLOWS
For the years ended December 31,
(amounts in thousands)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 426,446	\$ 416,881
Cash paid to vendors for operations	(129,404)	(94,613)
Cash paid to employees for services	(102,026)	(99,977)
Net cash provided by operating activities	195,016	222,291
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to the City of San Antonio	(7,867)	(8,003)
Payments to other entities	(120)	(126)
Net cash used for noncapital financing activities	(7,987)	(8,129)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	588	1,175
Proceeds from developers for plant construction	36,761	23,263
Proceeds from grants	267	741
Payment to employees for construction of plant	(20,409)	(19,524)
Payment to vendors for construction of plant	(13,232)	(12,758)
Payments for acquisition of equipment and furniture	(10,766)	(14,224)
Payments for acquisition of property and plant	(220,433)	(191,322)
Proceeds from commercial paper	133,655	35,000
Payment for retirement of commercial paper	(2,840)	(2,720)
Proceeds from revenue bonds	29,574	45,499
Payment for retirement of revenue bonds	(41,740)	(39,730)
Payment of interest on commercial paper	(472)	(628)
Payment of interest on revenue bonds	(88,416)	(87,679)
Payment for bond related expenses	(3,851)	(2,345)
Payment for bank charges	(3,105)	(2,211)
Net cash used for capital and related financing activities	(204,419)	(267,463)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(583,860)	(586,955)
Maturity of investments	596,969	716,423
Interest income and other	8,168	6,421
Net cash provided by investing activities	21,277	135,889
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,887	82,588
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	172,317	89,729
CASH AND CASH EQUIVALENTS, AT END OF YEAR	\$ 176,204	\$ 172,317

The accompanying notes to financial statements form an integral part of this statement.

San Antonio Water System
STATEMENTS OF CASH FLOWS (continued)
For the years ended December 31,
(amounts in thousands)

	2012	2011
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENTS OF CASH FLOWS TO STATEMENT OF NET POSITION		
Cash and Cash Equivalents		
Unrestricted	\$ 132,273	\$ 118,636
Restricted		
Current	16,146	11,698
Noncurrent	27,785	41,983
	\$ 176,204	\$ 172,317

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	\$ 97,918	\$ 110,662
Adjustments to reconcile operating income to net cash provided by operating activities:		
Non-cash revenues from City of San Antonio	(3,296)	(2,923)
Provision for uncollectible accounts	3,800	2,811
Charge-off of prior year construction expenditures to operating expense	2,211	3,791
Depreciation expense	103,034	98,374
Change in assets and liabilities:		
Increase in accounts receivable	(11,459)	(10,444)
Increase in other current assets	(309)	(337)
Increase in accounts payable	595	3,180
Increase in accrued vacation payable	583	882
Increase in accrued payroll and benefits	602	306
Increase/(Decrease) in claims payables	(609)	1,252
Increase/(Decrease) in sundry payables and accruals	(294)	703
Increase in unfunded postemployment benefits	1,676	13,932
Increase in customers' deposits	564	102
Total adjustments	97,098	111,629
Net cash provided by operating activities	\$ 195,016	\$ 222,291

NONCASH CAPITAL AND FINANCING ACTIVITIES

Plant contributions received from developers	\$ 44,787	\$ 35,872
Bond proceeds deposited into an escrow account for purposes of refunding:		
Revenue Bonds	\$ 304,890	\$ 165,315
Commercial Paper	\$ 175,000	\$ 62,000

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San Antonio Water System Fiduciary Funds
STATEMENTS OF NET POSITION
(amounts in thousands)

	December 31,	
	2012	2011
ASSETS		
Cash and cash equivalents	\$ 80	\$ -
Investments	122,812	92,010
TOTAL ASSETS	122,892	92,010
LIABILITIES	-	-
NET POSITION HELD IN TRUST FOR PENSION AND OTHER POST EMPLOYMENT BENEFITS	<u>\$ 122,892</u>	<u>\$ 92,010</u>

STATEMENTS OF CHANGES IN NET POSITION
For the years ended December 31,
(amounts in thousands)

	2012	2011
ADDITIONS		
Employer contributions	\$ 22,396	\$ 9,171
Investment income	12,432	2,713
Total additions	34,828	11,884
DEDUCTIONS		
Pension payments	3,921	3,412
Administrative expenses	25	-
Total deductions	3,946	3,412
NET INCREASE IN NET POSITION	30,882	8,472
NET POSITION AT BEGINNING OF YEAR	92,010	83,538
NET POSITION AT END OF YEAR	<u>\$ 122,892</u>	<u>\$ 92,010</u>

The accompanying notes to financial statements form an integral part of these statements.

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NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: On April 30, 1992, the San Antonio City Council approved Ordinance No. 75686 which effectuated the consolidation of all city owned utilities related to water including the water, wastewater, and water reuse systems as the San Antonio Water System (SAWS). Management and control of SAWS is vested in the SAWS Board of Trustees consisting of the Mayor of San Antonio and six members who are appointed by the San Antonio City Council. The City Council must approve all changes in SAWS rates and any debt issued by SAWS.

SAWS has been defined in City Ordinance No. 75686 as all properties, facilities, and plants currently owned, operated and maintained by the City and/or the Board of Trustees, for the supply, treatment, transmission and distribution of treated potable water, chilled water and steam, for the collection and treatment of wastewater and for water reuse, together with all future extensions, improvements, purchases, repairs, replacements and additions thereto, and any other projects and programs of SAWS.

The City of San Antonio currently manages a stormwater system. The City has not incorporated the stormwater system within SAWS; however, SAWS administers certain aspects of the stormwater program on behalf of the City, including billing accounts and certain technical services, for a fee.

The fiduciary financial statements include two fiduciary funds related to SAWS employee benefit plans: the San Antonio Water System Retirement Plan (SAWSRP) and the San Antonio Water System Retiree Health Trust (OPEB Trust). SAWSRP is a single-employer defined benefit pension plan. The plan is governed by the San Antonio Water System which may amend plan provisions, and which is responsible for the management of plan assets. OPEB Trust is a trust established under the provisions of the Internal Revenue Code of 1986 Section 115. SAWS will periodically make contributions to OPEB Trust in order to prefund SAWS liabilities associated with post-retirement medical and life insurance benefits provided to SAWS employees and retirees.

SAWS has no component units, however, the operations of SAWS as reported herewith are included as a discretely presented component unit of the City of San Antonio.

Basis of Accounting: The financial statements of SAWS are prepared using the accrual basis of accounting with the economic resources measurement focus as prescribed by the Governmental Accounting Standards Board (GASB). SAWS operates as a proprietary fund and applies all applicable GASB pronouncements and presents its financial statements in accordance with the GASB Codification of Governmental Accounting and Financial Reporting Standards. Under this approach, all assets and liabilities of SAWS are reported in the statement of net position, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

NOTES TO FINANCIAL STATEMENTS

In 2012, SAWS implemented the following new GASB pronouncements:

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The provisions of this Statement had no impact on SAWS in 2012.
- GASB Statement No. 61, *Financial Reporting Entity: Omnibus*. The objective of this Statement is to amend GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* in order to better meet user needs and to address reporting issues that have arisen since the issuance of those statements. Specifically this statement modifies previously existing requirements for the assessment of potential component units of a financial reporting entity. No component units of SAWS were identified as a result of the guidance provided in this Statement.
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in pronouncements issued prior to November 30 1989 by the Financial Accounting Standards Board, the Accounting Principles Board and the American Institute of Certified Public Accountants. Prior to the issuance of this Statement, SAWS applied the pronouncements codified in this Statement and therefore the implementation of this Statement had no impact on SAWS in 2012.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. This statement provides financial reporting guidance for deferred outflows and inflows of resources and identifies net position as the residual of all other elements presented in a statement of financial position. SAWS Statement of Net Position as of December 31, 2012 and 2011 has been presented in accordance with the guidance provided by this Statement

The fiduciary fund financial statements are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefit payments and plan expenses are recognized when due and payable in accordance with the terms of the plan.

Recognition of Revenues: 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.

Revenue and Expense Classification: Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with

NOTES TO FINANCIAL STATEMENTS

a proprietary fund's principal ongoing operations. The principal operating revenues of SAWS are charges to customers for water supply, water delivery, wastewater, and chilled water and steam services. Operating expenses include costs of service, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Annual Budget: Approximately sixty days prior to the beginning of each fiscal year, SAWS presents an annual budget prepared on an accrual basis to serve as a tool in controlling and administering the management and operation of the organization. The annual budget reflects an estimate of gross revenues and disposition of these revenues in accordance with the flow of funds required by Ordinance No. 75686 (See Note B). The annual budget is submitted to City Council for review and consultation.

Fund Accounting: Within SAWS' enterprise fund accounts, separate self-balancing sub-funds are maintained to account for resources for various purposes, thereby distinguishing balances restricted by City Ordinance or other enabling legislation from unrestricted resources. Interfund receivable and payable accounts have been eliminated in the financial statements.

Core Businesses: SAWS' operations are segregated into four core businesses as follows:

- Water Delivery – the functions of distributing water to the customer
- Water Supply – the functions related to the development and provision of additional water resources
- Wastewater – the functions of collecting and treating wastewater from the user customer
- Chilled Water and Steam – the functions related to providing chilled water and steam to specific customers of SAWS

Restricted Resources: It is SAWS' policy to use restricted resources first when an expenditure is made for purposes for which both restricted and unrestricted resources are available.

Cash Equivalents: SAWS considers investments with an original maturity of three months or less at the time of purchase and all bank certificates of deposit to be cash equivalents.

Investments: City Ordinance No. 75686, SAWS' Investment Policy, and Texas state law allow SAWS to invest in direct obligations of the United States 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. Under the provisions of GASB Statement No. 31, money market investments, including

NOTES TO FINANCIAL STATEMENTS

US Treasury and agency obligations, with a remaining maturity at time of purchase of one year or less are reported at amortized cost. Investments other than money market investments are reported at fair value which is based on quoted market prices or quotes from bond broker dealers.

Accounts Receivable: Accounts receivable are recorded at the invoiced amounts plus an estimate of unbilled revenue receivable. The allowance for uncollectible accounts is management's best estimate of the amount of probable credit losses based on account delinquencies and historical write-off experience. Account balances are written off against the allowance when it is probable the receivable will not be recovered. SAWS wrote off account balances totaling \$3.8 million in 2012 and \$2.8 million in 2011. A provision to increase the allowance for uncollectible accounts is recorded as an offset to operating revenue. The provision for uncollectible accounts was \$3.8 million in 2012 and \$2.8 million in 2011.

Inventory: Inventories are valued at the lower of weighted average cost or market.

Unamortized Debt Issuance Costs: Expenses relating to the sale of revenue bonds are amortized over the life of the issue using the interest method.

Restricted Noncurrent Assets: Assets restricted for the acquisition of capital assets or to pay noncurrent liabilities are reported as noncurrent assets in the Statement of Net Position regardless of their relative liquidity.

Capital Assets: Assets in service are capitalized when the unit cost is greater than or equal to \$5,000. Utility plant additions are recorded at cost, which includes materials, labor, overhead, and interest capitalized during construction. Included in capital assets are intangible assets, which consist of purchased water rights and land easements, costs associated with acquiring additional Certificates of Convenience and Necessity (CCN) related to new service areas and development costs for internally generated computer software. Overhead consists of internal costs that are clearly related to the acquisition of capital assets. Assets acquired through capital leases are recorded on the cost basis and included in utility plant in service. Assets acquired through contributions, such as those from developers, are recorded at estimated fair market value at date of donation. Maintenance, repairs, and minor renewals are charged to operating expense; major plant replacements are capitalized. Capital assets are depreciated and property under capital lease is amortized on the straight-line method. This method is applied to all individual assets except distribution mains and intangible assets. Groups of mains are depreciated on the straight-line method using rates estimated to fully depreciate the costs of the asset group over their estimated average useful lives. Intangible assets not considered to have indefinite useful lives are amortized over their estimated useful life. Capital assets are tested for impairment when a significant unexpected decline in its service utility occurs. The following table shows an estimated range of useful lives used in providing for depreciation of capital assets:

NOTES TO FINANCIAL STATEMENTS

Structures and improvements	25 - 50	years
Pumping and purification equipment	10 - 50	years
Distribution and transmission system	17.5 - 50	years
Collection system	50	years
Treatment facilities	25	years
Equipment and machinery	5 - 20	years
Furniture and fixtures	3 - 10	years
Computer equipment	5	years
Software	3 - 10	years
Intangible assets (definite useful life)	20	years

Capitalized Interest: Interest expense during the construction period is capitalized as part of the cost of capital assets.

Capital Contributions: Capital Contributions consist of plant contributions from developers, capital recovery fees, and grant proceeds received from governmental agencies for facility expansion. Capital Contributions are recognized in the Statement of Revenues, Expenses, and Changes in Net Position, after non-operating revenues (expenses), when eligibility requirements are met.

Capital recovery fees are charged to customers to connect to the water or wastewater system and may be used only for additional infrastructure capacity. In certain instances, infrastructure that facilitates expansion of SAWS' service capacity is contributed by developers. In these instances, SAWS records the donated infrastructure as plant contributions and grants credits to the developer equal to the estimated fair market value of the excess capacity of the infrastructure contributed. These credits may only be used to offset future capital recovery fees owed by the developer. At December 31, 2012, SAWS had granted \$22.4 million in unused capital recovery fee credits to developers. The use of these capital recovery fee credits is conditional based on type of development and in certain instances, time requirements and geographic restrictions.

Compensated Absences: 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.

Self-Insurance: SAWS is self-insured for a portion of workers' compensation, employee's health, employer's liability, public officials' liability, property damage, and certain elements of general liability. A liability has been

NOTES TO FINANCIAL STATEMENTS

recorded for the estimated amount of eventual loss which will be incurred on claims arising prior to the end of the period including incurred but not reported claims.

Derivative Instruments: SAWS is a party to an interest rate swap agreement which serves to hedge interest rates on a portion of SAWS' variable rate debt. The agreement qualifies as a derivative instrument in accordance with GASB Statements No. 53 and 64. Using the methodology set forth in those GASB Statements, the interest rate swap agreement has been deemed an effective hedge. As a result, hedge accounting is used to account for the changes in the fair value of the swap agreement.

The SAWSRP's investments in separate accounts held at The Principal Financial Group may use derivatives as part of their investment strategy. These accounts are comingled pools, rather than individual securities.

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

Reclassifications: Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE B - CITY ORDINANCE NO. 75686

Funds Flow: City Ordinance No. 75686 (the City Ordinance) requires that SAWS' gross revenues be applied in sequence to: (1) System Fund for 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 the Renewal and Replacement Fund.

Payments to the City's General Fund: The City Ordinance requires SAWS to make payments to the City each month after making all other payments required by the City Ordinance. The amount of the payment is determined by City Council from time to time and cannot exceed 5%. Currently SAWS pays 2.7% of Gross Revenues to the City. Payments to the City are reported as non-operating expense in the Statement of Revenues, Expenses and Changes in Net Position.

Reuse Contract: SAWS has a contract with CPS Energy, the city owned electricity and gas utility, for the provision of reuse water. According to the City Ordinance, the revenues derived from the contract have been

NOTES TO FINANCIAL STATEMENTS

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.

Pledged Revenues: Net Revenues of SAWS have been pledged to the payment and security of its senior lien debt obligations. Net Revenues are defined by the City Ordinance as SAWS' Gross Revenues after deducting operating expenses before depreciation. SAWS' Gross Revenues consist of all revenue with respect to the operation and ownership of SAWS with the exception of capital contributions, payments received under the CPS Energy contract, the federal subsidy of interest on Build America Bonds and earnings on funds deposited in the Project Fund and Reserve Fund until the Reserve Fund contains the required reserve amount.

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

NOTE C – SAN ANTONIO WATER SYSTEM DISTRICT SPECIAL PROJECT

In May 2011, the Texas Legislature passed Senate Bill 341 (SB 341) calling for an election by Bexar Metropolitan Water District (BexarMet) ratepayers to vote on the dissolution of BexarMet and consolidation with SAWS. At that time, BexarMet provided water service to approximately 92,000 customers in Bexar County and several surrounding counties. Many of BexarMet's customers were also SAWS wastewater customers. The election was held in November 2011 and the BexarMet ratepayers voted in favor of dissolution. Preclearance of the election results by the United States Department of Justice was received on January 27, 2012.

SAWS, acting by and through the City of San Antonio, has taken action to accommodate the assumption of BexarMet in accordance with the requirements and specifications of SB 341. In October 2011, the City Council adopted Ordinance No. 2011-10-20-0845 (District Special Project Ordinance) creating a "special project", as authorized by SB 341 and pursuant to SAWS senior lien bond ordinances. In accordance with the District Special Project Ordinance, on January 28, 2012 all assets, liabilities, rights, duties and obligations of BexarMet were transferred to an entity known as the San Antonio Water System District Special Project (SAWS DSP). Management and control of SAWS DSP is vested in the SAWS Board of Trustees (Board), however, in accordance with the District Special Project Ordinance, SAWS DSP is not a part of SAWS. Instead, SAWS DSP will be reported as a discrete component unit of the City of San Antonio until full integration with SAWS has been completed. Full integration with SAWS will be considered to have occurred when the rates paid by SAWS DSP customers for water service are the same as those paid by SAWS customers and no SAWS DSP debt remains outstanding. In accordance with the District Special Project Ordinance, SAWS DSP will not materially and adversely interfere with the operation of SAWS but will be fully integrated into SAWS' system by January 2017. If requested, the Texas Commission on Environmental Quality (TCEQ) may approve a maximum three year extension of the deadline for full integration.

NOTES TO FINANCIAL STATEMENTS

In accordance with the District Special Project Ordinance, the Board may allocate assets and expenses between SAWS and SAWS DSP to ensure that all activities and transactions are properly stated in the books and records of each entity. During 2012, SAWS recognized \$3.6 million in operating revenue from SAWS DSP for wholesale water provided by SAWS to SAWS DSP. Additionally, SAWS allocated \$6.3 million in operating expenses to SAWS DSP representing the cost of SAWS resources utilized to facilitate the operation of the SAWS DSP system during 2012.

In August 2012, SAWS purchased the water treatment plant owned by Bexar Metropolitan Water Development Corporation (BMWDC), a component unit of SAWS DSP. The purchase price of \$18.7 million was used to extinguish BMWDC's outstanding debt after which BMWDC was dissolved. The plant is utilized to treat water permitted to SAWS DSP and SAWS DSP is responsible for all operating and capital replacement costs associated with the plant. In addition, SAWS recognized \$80,000 in non-operating revenue from SAWS DSP for the use of the treatment plant by SAWS DSP for the period August 2012 through December 2012.

NOTE D - DEPOSITS AND INVESTMENTS

San Antonio Water System:

Deposits: As of December 31, 2012, SAWS' funds are deposited in demand and savings accounts or certificates of deposit at Frost Bank, SAWS' general depository bank. Additionally, funds have been deposited in certificates of deposit at BBVA-Compass Bank and JPMorgan Chase Bank. As required by state law, all SAWS' deposits are fully collateralized and/or are covered by federal depository insurance. At December 31, 2012, the collateral pledged is being held by the Federal Reserve Bank of Boston under SAWS' name so SAWS incurs no custodial credit risk. As of December 31, 2012, the bank balance of SAWS' demand and savings accounts was \$49,620,000 and the reported amount was \$47,273,000 which included \$30,000 of cash on hand. As of December 31, 2011, the bank balance of SAWS' demand and savings accounts was \$47,173,000 and the reported amount was \$34,848,000 which included \$30,000 of cash on hand. Certificates of deposit totaled \$75,000,000 at December 31, 2012 and \$80,000,000 at December 31, 2011.

Investments: As of December 31, 2012, investments include securities issued by the United States government and its agencies and instrumentalities along with funds held in escrow. Securities issued by the U.S. government and its agencies and instrumentalities are held in safekeeping by SAWS' depository bank, Frost Bank and registered as securities of SAWS. Funds held in escrow are Money Market Funds managed by Frost Bank, Bank of New York Mellon, U.S. Bank and Wells Fargo Bank and are invested in securities issued by the U.S. government or by U.S. Agencies.

NOTES TO FINANCIAL STATEMENTS

SAWS had the following investments and remaining maturities at December 31, 2012 and 2011:

December 31, 2012						
<i>(amounts in thousands)</i>						
Investment Type	Investment Maturities (in Days)				Fair Value	Reported Amount
	90 days or less	91 to 180	181 to 365	Greater Than 365		
U.S. Treasury Securities	\$ 9,979	\$ 32,400	\$ -	\$ -	\$ 42,379	\$ 42,368
U.S. Agency Discount Notes	-	61,062	-	-	61,062	61,056
U.S. Agency Coupon Notes	137,981	33,114	28,947	38,215	238,257	238,249
Money Market Funds held in Escrow:						
Bank of New York Mellon	10,662	-	-	-	10,662	10,662
Frost Bank	29,583	-	-	-	29,583	29,583
U.S. Bank	2,568	-	-	-	2,568	2,568
Wells Fargo Bank	11,117	-	-	-	11,117	11,117
	<u>\$ 201,890</u>	<u>\$ 126,576</u>	<u>\$ 28,947</u>	<u>\$ 38,215</u>	<u>\$ 395,628</u>	<u>\$ 395,603</u>

December 31, 2011						
<i>(amounts in thousands)</i>						
Investment Type	Investment Maturities (in Days)				Fair Value	Reported Amount
	90 days or less	91 to 180	181 to 365	Greater Than 365		
U.S. Treasury Securities	\$ 8,829	\$ -	\$ -	\$ -	\$ 8,829	\$ 8,829
U.S. Agency Discount Notes	56,005	32,842	-	-	88,847	88,838
U.S. Agency Coupon Notes	92,821	81,670	66,974	17,292	258,757	258,777
Money Market Funds held in Escrow:						
Frost National Bank	35,868	-	-	-	35,868	35,868
U.S. Bank	10,489	-	-	-	10,489	10,489
Wells Fargo Bank	11,112	-	-	-	11,112	11,112
	<u>\$ 215,124</u>	<u>\$ 114,512</u>	<u>\$ 66,974</u>	<u>\$ 17,292</u>	<u>\$ 413,902</u>	<u>\$ 413,913</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses due to rising interest rates, SAWS' investment policy limits its investments maturities to no more than five years. At December 31, 2012 and 2011 SAWS investment maturities as a percent of the portfolio were as follows:

Maturities	December 31,	
	2012	2011
Zero to 90 days	51%	52%
91 to 180 days	32%	28%
181 to 365 days	7%	16%
More than one year	10%	4%

NOTES TO FINANCIAL STATEMENTS

Credit Risk: In accordance with its investment policies, SAWS manages exposure to credit risk by limiting its investments in long-term obligations of other states and cities to those with a credit rating of “A” or better. Additionally, any short-term investments require a rating of at least “A-1” or “P-1”. As of December 31, 2012 and 2011, SAWS held no direct investments with a credit rating below “AA+”.

Credit Rating	Rating	<i>(amount in thousands)</i>		Allocation	Investment Policy
	Agency	Carrying Value	Market Value		Limit
December 31, 2012					
A-1+/AAA	S&P	\$ 114,986	\$ 114,992	29.1%	Max. = 100%
AA+	S&P	280,617	280,636	70.9%	Max. = 100%
Total Portfolio		<u>\$ 395,603</u>	<u>\$ 395,628</u>	<u>100.0%</u>	
December 31, 2011					
A-1+/AAA	S&P	\$ 146,307	\$ 146,316	35.3%	Max. = 100%
AA+	S&P	267,606	267,586	64.7%	Max. = 100%
Total Portfolio		<u>\$ 413,913</u>	<u>\$ 413,902</u>	<u>100.0%</u>	

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, the investment policy does limit the amount that can be invested in any one government-sponsored issuer to no more than 50% of the total investment portfolio, and no more than 20% of the total investment portfolio on any non-government issuer unless it is fully collateralized.

At December 31, 2012 and 2011, the following investments in any one organization that represent more than five percent of total SAWS investments are:

SAWS	December 31,	
	2012	2011
Federal Home Loan Bank	30%	26%
Federal National Mortgage Association	7%	21%
Federal Home Loan Mortgage Corporation	16%	21%

NOTES TO FINANCIAL STATEMENTS

The following is a reconciliation of deposits and investments disclosed in this note to the amounts presented for cash and investments in the Statements of Net Position for 2012 and 2011:

<i>(amounts in thousands)</i>	December 31,	
	2012	2011
Reported amounts in note for:		
Deposits, including certificates of deposit	\$ 122,273	\$ 114,848
Investments	395,603	413,913
Total Deposits & Investments	<u>\$ 517,876</u>	<u>\$ 528,761</u>
Totals from Balance Sheets:		
Cash and Cash Equivalents:		
Unrestricted	\$ 132,273	\$ 118,636
Restricted - current	16,146	11,698
Restricted - noncurrent	27,785	41,983
Total cash and cash equivalents	<u>176,204</u>	<u>172,317</u>
Investments:		
Unrestricted	51,694	69,413
Restricted - current	114,702	115,730
Restricted - noncurrent	175,276	171,301
Total investments	<u>341,672</u>	<u>356,444</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 517,876</u>	<u>\$ 528,761</u>

San Antonio Water System Retirement Plan (SAWSRP):

At December 31, 2011 and 2012 the SAWSRP held no deposits and had the following investments:

<i>(amounts in thousands)</i>	2012	2011
Principal Bond and Mortgage Separate Account	\$ 35,363	\$ 32,754
Large Cap S&P 500 Index Separate Account	74,864	59,256
	<u>\$ 110,227</u>	<u>\$ 92,010</u>

It is the policy of the SAWSRP to invest approximately 60% of its assets in equity securities and the remainder in fixed income securities. The SAWSRP investments are not automatically rebalanced, however, contributions to the plan are invested in a manner to adhere to the investment policy. The Principal Bond and Mortgage Separate Account is unrated. Its effective duration was 5.32 years at December 31, 2012 and 4.94 years at December 31, 2011.

NOTES TO FINANCIAL STATEMENTS

San Antonio Water System Retiree Health Trust (OPEB Trust):

The OPEB Trust was established in March 2012. At December 31, 2012 the OPEB Trust held no deposits and had the following investments:

(amounts in thousands)

Cash and Cash Equivalents:	
Money Market Account	\$ 80
Investments:	
Stock Mutual Funds	8,874
Bond Mutual Funds	3,711
	<u>\$ 12,665</u>

It is the policy of the OPEB Trust to invest 50% - 70% of its assets in equity securities, 25% - 50% in fixed income securities and 0% - 5% in cash. OPEB Trust utilizes an investment manager to make recommendations as to the appropriate target portfolio weightings among major asset classes. Additionally, the investment manager has full discretionary authority to buy, hold, and sell investments subject to the guidelines as defined in the OPEB Trust's investment policy. Investments in mutual funds traded on national or international exchanges are valued at the last reported sales price. Investments in the trust at December 31, 2012 are unrated. The effective duration of the bond mutual funds was 6.65 years at December 31, 2012.

NOTE E – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at December 31, 2012 and 2011:

<i>(amounts in thousands)</i>	2012	2011
Current:		
Receivable from customers	\$ 29,574	\$ 26,588
Unbilled revenue	23,202	20,294
Receivable from SAWS DSP	3,158	-
Receivable from other governmental agencies	1,371	1,779
Less: Allowance for uncollectible accounts	<u>(2,320)</u>	<u>(2,305)</u>
	54,985	46,356
Noncurrent:		
Receivable from other governmental agencies	<u>6,985</u>	<u>7,985</u>
Total accounts receivable	<u>\$ 61,970</u>	<u>\$ 54,341</u>

NOTES TO FINANCIAL STATEMENTS

In November 2011, SAWS Board approved a settlement agreement with the Lower Colorado River Authority (LCRA) in connection with a lawsuit filed by SAWS in 2009. The terms of the settlement required LCRA to pay SAWS \$30 million and terminated the agreement between SAWS and LCRA to develop a water supply project. \$18.8 million of the settlement amount was paid in December 2011 and the remaining \$11.2 million is to be paid in eight annual installments of \$1.4 million each beginning November 1, 2012. Because the settlement payments represent a partial return of study period costs paid by SAWS during the period 2002 through 2009, SAWS recorded the present value of the total payments to be received of \$28.1 million as a credit to operating expense during 2011. The discounted value of the payments to be received from LCRA in the future is reported in accounts receivable, of which \$7 million is classified as noncurrent at December 31, 2012. Additionally, in connection with this settlement, SAWS wrote off \$2.7 million of capital assets impaired as a result of terminating this water supply project. This write off is discussed further in Note F.

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NOTES TO FINANCIAL STATEMENTS

NOTE F – CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2012 is as follows:

<i>(amounts in thousands)</i>	December 31, 2011	Increases	Transfers	Decreases	December 31, 2012
Capital Assets, not being depreciated:					
Land	\$ 93,331	\$ -	\$ 1,640	\$ -	\$ 94,971
Water rights purchased	205,163	-	8,056	-	213,219
Other intangible assets	370	-	-	-	370
Construction in progress	522,438	292,456	(241,136)	2,211	571,547
Total capital assets, not being depreciated/amortized	821,302	292,456	(231,440)	2,211	880,107
Capital assets, being depreciated					
Structures and improvements	504,963	12,653	38,155	886	554,885
Pumping and purification equipment	146,376	158	6,430	496	152,468
Distribution and transmission system	1,667,250	2,439	114,898	3,405	1,781,182
Treatment facilities	1,524,826	-	63,167	-	1,587,993
Equipment and machinery	116,314	13,932	8,683	31	138,898
Furniture and fixtures	5,052	48	-	-	5,100
Computer equipment	13,293	2,085	81	762	14,697
Software	23,780	630	26	-	24,436
Other intangible assets	1,347	-	-	-	1,347
Total capital assets being depreciated/amortized	4,003,201	31,945	231,440	5,580	4,261,006
Less accumulated depreciation					
Structures and improvements	(120,137)	(11,420)	-	(497)	(131,060)
Pumping and purification equipment	(34,175)	(3,718)	-	(450)	(37,443)
Distribution and transmission system	(482,560)	(40,245)	-	(2,849)	(519,956)
Treatment facilities	(550,058)	(33,666)	-	-	(583,724)
Equipment and machinery	(56,965)	(9,955)	-	(31)	(66,889)
Furniture and fixtures	(4,338)	(200)	-	-	(4,538)
Computer equipment	(7,192)	(2,300)	-	(760)	(8,732)
Software	(15,912)	(1,463)	-	-	(17,375)
Other intangible assets	(101)	(67)	-	-	(168)
Total accumulated depreciation	(1,271,438)	(103,034)	-	(4,587)	(1,369,885)
Total capital assets, being depreciated/amortized	2,731,763	(71,089)	231,440	993	2,891,121
Capital assets, net	\$ 3,553,065	\$ 221,367	\$ -	\$ 3,204	\$ 3,771,228

NOTES TO FINANCIAL STATEMENTS

A summary of capital asset activity for the year ended December 31, 2011 is as follows:

<i>(amounts in thousands)</i>	December 31, 2010	Increases	Transfers	Decreases	December 31, 2011
Capital Assets, not being depreciated:					
Land	\$ 82,055	\$ -	\$ 11,528	\$ 252	\$ 93,331
Water rights purchased	205,179	-	-	16	205,163
Other intangible assets	370	-	-	-	370
Construction in progress	415,810	279,660	(169,060)	3,972	522,438
Total capital assets, not being depreciated/amortized	703,414	279,660	(157,532)	4,240	821,302
Capital assets, being depreciated					
Structures and improvements	485,454	25	19,484	-	504,963
Pumping and purification equipment	143,187	68	3,121	-	146,376
Distribution and transmission system	1,620,288	2,532	47,156	2,726	1,667,250
Treatment facilities	1,444,176	-	80,650	-	1,524,826
Equipment and machinery	107,176	8,526	3,229	2,617	116,314
Furniture and fixtures	5,052	-	-	-	5,052
Computer equipment	20,557	1,896	71	9,231	13,293
Software	19,878	239	3,821	158	23,780
Other intangible assets	1,347	-	-	-	1,347
Total capital assets being depreciated/amortized	3,847,115	13,286	157,532	14,732	4,003,201
Less accumulated depreciation					
Structures and improvements	(109,866)	(10,271)	-	-	(120,137)
Pumping and purification equipment	(30,636)	(3,539)	-	-	(34,175)
Distribution and transmission system	(448,036)	(37,250)	-	(2,726)	(482,560)
Treatment facilities	(516,897)	(33,161)	-	-	(550,058)
Equipment and machinery	(50,752)	(8,748)	-	(2,535)	(56,965)
Furniture and fixtures	(4,124)	(214)	-	-	(4,338)
Computer equipment	(13,838)	(2,561)	-	(9,207)	(7,192)
Software	(13,513)	(2,529)	-	(130)	(15,912)
Other intangible assets	-	(101)	-	-	(101)
Total accumulated depreciation	(1,187,662)	(98,374)	-	(14,598)	(1,271,438)
Total capital assets, being depreciated/amortized	2,659,453	(85,088)	157,532	134	2,731,763
Capital assets, net	\$ 3,362,867	\$ 194,572	\$ -	\$ 4,374	\$ 3,553,065

NOTES TO FINANCIAL STATEMENTS

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 \$2.2 million in 2012 and \$4 million in 2011. \$2.7 million of the amount charged off in 2011 related to the design of assets to be constructed in connection with a water project with the LCRA. In conjunction with a settlement of SAWS' lawsuit against LCRA, this water project was cancelled and the design costs were written off.

NOTE G – OTHER LIABILITIES

Accrued Vacation Payable: 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. Changes in the liability amount for 2012 and 2011 were as follows:

<i>(amounts in thousands)</i>						
	Balance at Beginning of Year	Current-Year Accruals	Payments	Balance at End of Year	Estimated Due Within One Year	
Year Ended December 31, 2012	\$ 7,495	\$ 6,099	\$ (5,516)	\$ 8,078	\$ 5,516	
Year Ended December 31, 2011	\$ 6,613	\$ 5,458	\$ (4,576)	\$ 7,495	\$ 4,576	

Risk Management:

Health Care Benefits:

SAWS provides health care benefits to eligible employees and retirees through a self-insured plan that includes medical, prescription drug and dental benefits. The payment of claims associated with these benefits is handled by third party administrators. Plan participants contribute a portion of the cost of providing these benefits through payroll deductions or monthly premiums, annual deductibles and other co-payments. SAWS was self-insured for the first \$200,000 of medical claims per person during 2012 and 2011.

Other Risks:

SAWS is exposed to various risks of financial loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. SAWS is self administered and self-insured for the first \$500,000 of each worker's compensation, general liability, automobile liability and public official's liability claim and for the first \$250,000 for each pollution remediation, legal liability and commercial property claim.

NOTES TO FINANCIAL STATEMENTS

Claims that exceed the self-insured retention limit are covered through SAWS' comprehensive commercial insurance program. For the years ended December 31, 2012 and 2011, there were no reductions in insurance coverage from the previous year. Settled claims during the last three years have not exceeded the insurance coverage in any year.

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:

<i>(amounts in thousands)</i>						
	Balance at	Current-Year		Balance at	Estimated	
	Beginning of	Accruals	Payments	End of	Due Within	
Year Ended	Year			Year	One Year	
December 31, 2012	\$ 10,565	\$ 23,506	\$ (24,115)	\$ 9,956	\$ 9,956	
Year Ended						
December 31, 2011	\$ 8,526	\$ 24,691	\$ (22,650)	\$ 10,565	\$ 10,565	

NOTE H – DERIVATIVE INSTRUMENT

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.

Objective of the Interest Rate Swap: 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 \$110,615,000 of the \$111,615,000 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 million of the Series 2003 Bonds through the issuance of additional commercial paper. The interest rate swap agreement was not terminated upon the redemption of the 2003 Bonds and instead serves as an off-market hedge for that portion of the commercial paper notes outstanding which pertain to the redemption of the 2003 Bonds. SAWS currently intends to maintain a portion of its outstanding commercial paper in amounts matching the notional amounts of the swap. SAWS did not recognize any economic gain or loss as a result of this refunding since the debt service requirements of the commercial paper notes are expected to closely match the debt service requirements of the refunded debt. At December 31, 2012 \$100,970,000 of commercial paper notes are hedged by the interest rate swap agreement.

NOTES TO FINANCIAL STATEMENTS

Terms: The swap agreement contains scheduled reductions to the outstanding notional amounts that are expected to follow the original scheduled reductions of the Series 2003 Bonds. The Series 2003 Bonds were issued on March 27, 2003, with a principal amount of \$122,500,000. 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.

In 2008, JPMorgan Chase & Co. announced its acquisition of The Bear Stearns Companies Inc., the parent of Bear Stearns FPI. JPMorgan Chase guaranteed the trading obligations of Bear Stearns and its subsidiaries. Effective June 16, 2009, the swap agreement was amended between SAWS, JPMorgan Chase & Co, and MBIA to provide for JPMorgan Chase Bank N.A. to become the swap counterparty and allow for the remainder of outstanding Series 2003 Bonds to be redeemed, while maintaining the swap agreement as an obligation to all parties. The amendment provides for the conditional release of MBIA’s swap insurance policy upon the occurrence of certain future events.

The combination of commercial paper notes and a floating-to-fixed swap creates a synthetic fixed-rate of 4.18%. The synthetic fixed-rate protects against the potential of rising interest rates.

Fair Value: The swap had a negative fair value of approximately \$25.1 million at December 31, 2012 and \$24.2 million at December 31, 2011. 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 in the Statement of Net Position. Changes in the swap’s fair value are recorded as a deferred outflow of resources. At the time the 2003 Bonds were redeemed in 2008, the fair value of the swap was \$6.2 million. 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 \$6.2 million. This loss is being amortized over the remaining life of the 2003 Bonds.

Credit Risk: SAWS was not exposed to credit risk on its outstanding swap at December 31, 2011 and 2012 because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, SAWS would be exposed to credit risk in the amount of the swap’s fair value. The swap counterparty, JPMorgan Chase Bank, N.A. was rated Aa3 by Moody’s Investors Services, A+ by Standard and Poor’s, and A+ by Fitch Ratings as of December 31, 2012. The amended swap agreement contains a credit

NOTES TO FINANCIAL STATEMENTS

support annex which will become effective upon the release of MBIA from the swap insurance policy. Collateralization would be required by either party should the fair market value of the swap reach applicable thresholds as stated in the amended swap agreement.

Basis Risk: SAWS is exposed to basis risk to the extent that the interest payments on its hedged commercial paper notes do not match the variable-rate payments received on the associated swap. SAWS attempts to mitigate this risk by (a) matching the outstanding hedged commercial paper notes associated with the redemption of the variable-rate debt to the notional amount and amortization schedule of the swap and (b) selecting an index for the variable-rate leg of the swap that is reasonably expected to closely match the interest rate on the hedged commercial paper notes.

Termination Risk: SAWS may terminate the Swap at any time for any reason. JPMorgan Chase may terminate the swap if SAWS fails to perform under the terms of the agreement. SAWS' ongoing payment obligations under the swap are insured as provided for in the swap amendment and JPMorgan Chase cannot terminate as long as the insurer does not fail to perform. Also, if at the time of the termination the swap has a negative fair value, SAWS would be liable to the counterparty for a payment equal to the swap's fair value.

Market-access Risk: SAWS is subject to market-access risk as \$100,970,000 of variable-rate debt hedged by the swap is outstanding in commercial paper notes with current maturities of approximately 100 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, 2012, debt service requirements of the hedged commercial paper notes and net swap payments, assuming current interest rates remain the same, are as detailed in the following table. As rates vary, variable-rate interest payments and net swap payments will vary. Principal payments assume that commercial paper notes will be repaid in accordance with the amortization schedule of the swap.

NOTES TO FINANCIAL STATEMENTS

Pay-Fixed, Receive-Variable Interest Rate Swap Estimated Debt Service Requirements of Variable-Rate Debt Outstanding and Net Swap Payments <i>(amounts in thousands)</i>					
Year	Principal	Interest Paid on Debt	Interest Rate Swap, Net	Total	
2013	\$ 2,970	\$ 190	\$ 4,009	\$ 7,169	
2014	3,105	184	3,885	7,174	
2015	3,245	178	3,755	7,178	
2016	3,395	172	3,620	7,187	
2017	3,550	165	3,478	7,193	
2018 - 2022	20,320	713	15,032	36,065	
2023 - 2027	25,405	493	10,386	36,284	
2028 - 2032	31,740	217	4,580	36,537	
2033	7,240	5	98	7,343	
Total	<u>\$ 100,970</u>	<u>\$ 2,317</u>	<u>\$ 48,843</u>	<u>\$ 152,130</u>	

NOTE I – LONG TERM DEBT

REVENUE BONDS

On February 29, 2012, SAWS issued \$225,255,000 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2012. The proceeds from the sale of the bonds were used to (i) refund \$265,885,000 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2002 (the “Series 2002 Bond”), and (ii) pay the cost of issuance. The refunding of the Series 2002 Bonds reduced total debt service payments over the next seventeen years by approximately \$71.0 million and resulted in an economic gain of approximately \$56.4 million.

On April 11, 2012, SAWS issued \$31,890,000 City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Series 2012 (No Reserve). The proceeds from the sale of the bonds were used to (i) refund the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2001; the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2001-A; the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2002; and the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2002-A; (together the “Refunded Bonds”) and (ii) pay the cost of issuance. The refunding of the Refunded Bonds reduced total debt service payments over the next eleven years by approximately \$3.4 million and resulted in an economic gain of approximately \$3.0 million.

NOTES TO FINANCIAL STATEMENTS

On August 28, 2012, SAWS issued \$19,630,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2012 through the Texas Water Development Board. The bonds were sold under the State Revolving Fund (SRF) Program. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board program and (ii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On October 2, 2012, SAWS issued \$163,435,000 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2012A. The proceeds from the sale of the bonds were used to (i) refund \$175,000,000 in outstanding commercial paper notes and (ii) pay the cost of issuance. The bonds are secured together with other currently outstanding Senior Lien Obligations solely by a lien on a pledge of net revenues. There was no economic gain or loss on this transaction.

Senior Lien Water System Revenue Bonds, comprised of Series 2004, Series 2005, Series 2007, Series 2009, Series 2009A, Series 2009B, Series 2010B, Series 2011, Series 2011A, Series 2012, and Series 2012A outstanding in the amount of \$1,605,165,000 at December 31, 2012, are collateralized by a senior lien and pledge of the gross revenues of SAWS after deducting and paying the current expenses of operation and maintenance of SAWS and maintaining a two-month operating reserve for such expenses. Interest rates range from 1.457% to 6.220%, exclusive of any federal interest subsidy on the Series 2009B and 2010B Build America Bonds.

Junior Lien Water System Revenue Bonds, comprised of Series 2003, Series 2004, Series 2004-A, Series 2007, Series 2007A, Series 2008, Series 2008A, Series 2009, Series 2009A, Series 2010, Series 2010A, Series 2011, Series 2011A, Series 2012 (No Reserve Fund), and Series 2012 outstanding in the amount of \$382,645,000 at December 31, 2012, are collateralized by a junior lien and pledge of the gross revenues of SAWS after deducting the current expenses of operation and maintenance of SAWS, maintaining a two-month operating reserve for such expenses, and paying debt service on senior lien debt. Interest rates range from 0.000% to 5.000%.

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. A liability is recorded once payment appears to be probable. As of December 31, 2012, SAWS has no arbitrage rebate liability associated with any outstanding bonds.

The following tables summarize transactions of the revenue bonds for the years ended December 31, 2012 and 2011:

NOTES TO FINANCIAL STATEMENTS

<i>(amounts in thousands)</i>	Balance Jan. 1, 2012	Additions/ Transfers	Reductions/ Amortization	Balance Dec. 31, 2012	Due Within One Year
Bonds Payable	\$ 1,894,230	\$ 440,210	\$ 346,630	\$ 1,987,810	\$ 47,315
Less Deferred Amounts:					
Unamortized premium	37,757	71,932	9,367	100,322	
Unamortized discount	(33,148)	28,342	(219)	(4,587)	
Unamortized losses	(7,519)	(33,240)	(3,764)	(36,995)	
Total deferred amounts	(2,910)	67,034	5,384	58,740	-
Total Bonds Payable, Net	<u>\$ 1,891,320</u>	<u>\$ 507,244</u>	<u>\$ 352,014</u>	<u>\$ 2,046,550</u>	<u>\$ 47,315</u>

<i>(amounts in thousands)</i>	Balance Jan. 1, 2011	Additions/ Transfers	Reductions/ Amortization	Balance Dec. 31, 2011	Due Within One Year
Bonds Payable	\$ 1,844,985	\$ 254,290	\$ 205,045	\$ 1,894,230	\$ 44,780
Less Deferred Amounts:					
Unamortized premium	19,783	21,944	3,970	37,757	
Unamortized discount	(27,909)	(7,741)	(2,502)	(33,148)	
Unamortized losses	(10,515)	2,449	(547)	(7,519)	
Total deferred amounts	(18,641)	16,652	921	(2,910)	-
Total Bonds Payable, Net	<u>\$ 1,826,344</u>	<u>\$ 270,942</u>	<u>\$ 205,966</u>	<u>\$ 1,891,320</u>	<u>\$ 44,780</u>

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 after that.

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

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

NOTES TO FINANCIAL STATEMENTS

COMMERCIAL PAPER PROGRAM

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 of the City of San Antonio has authorized the commercial paper program in an amount of \$500 million. 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”) the issuance of “City of San Antonio, Texas Water System Commercial Paper Notes, Series A” (the “Series A Notes”), the issuance of “City of San Antonio, Texas Water System Commercial Paper Notes, Series B” (the “Series B Notes”), and the maintenance at all times of 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.
- A 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 \$250,000,000.
- A Revolving Credit Agreement with Wells Fargo Bank, N.A, supporting the Series B Notes in the amount of \$150,000,000.
- 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 million and the agreements expire on October 5, 2015.

Commercial paper notes of \$170,745,000 are outstanding as of December 31, 2012. Of this balance, \$100,970,000 relates to the refunding of the Series 2003 Bonds; \$18,655,000 relates to the purchase of a water treatment plant from Bexar Metropolitan Water Development Corporation; while the remaining \$51,120,000 proceeds were used solely for financing of capital improvements. Interest rates on the notes outstanding at December 31, 2012 range from 0.16% to 0.20% and maturities range from 57 to 124 days. The outstanding notes had an average rate of 0.19% and averaged 99 days to maturity.

SAWS intends to reissue maturing commercial paper, in accordance with the terms of the revolving credit agreement, and ultimately refund such maturities with proceeds from the issuance of long-term revenue bonds. Consistent with this intent, and since SAWS has the available \$400 million revolving credit agreement described above, SAWS has classified nearly all outstanding commercial paper notes as long-term debt. In accordance with

NOTES TO FINANCIAL STATEMENTS

the amortization schedule of the interest rate swap agreement discussed in Note H, SAWS intends to redeem \$2,970,000 of commercial paper in 2013. Therefore, this portion of outstanding commercial paper is classified as a current liability.

The following table summarizes transactions of the commercial paper program for the years ended December 31, 2012 and 2011:

<i>(amounts in thousands)</i>	Outstanding Notes at Beginning of Year	Notes Issued	Notes Retired	Outstanding Notes at End of Year	Payable Within One Year
Year Ended December 31, 2012	<u>\$ 214,930</u>	<u>\$ 133,655</u>	<u>\$ 177,840</u>	<u>\$ 170,745</u>	<u>\$ 2,970</u>
Year Ended December 31, 2011	<u>\$ 244,650</u>	<u>\$ 35,000</u>	<u>\$ 64,720</u>	<u>\$ 214,930</u>	<u>\$ 2,840</u>

INTEREST EXPENSE

The following table shows the amount of interest incurred on bonds and commercial paper, interest capitalized in connection with SAWS' capital improvement program, amortization of discounts, premiums and losses on bond refundings and net interest expense for the years ended December 31, 2012 and 2011:

	Interest on Bonds and Commercial Paper	Interest Capitalized	Amortization of Discount/Premium/ Losses	Net Interest Expense
Year Ended December 31, 2012	<u>\$ 89,306</u>	<u>\$ (9,140)</u>	<u>\$ (5,384)</u>	<u>\$ 74,782</u>
Year Ended December 31, 2011	<u>\$ 89,696</u>	<u>\$ (11,024)</u>	<u>\$ (921)</u>	<u>\$ 77,751</u>

OTHER DEBT MATTERS

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

Defeasance of Debt: In current and prior years, SAWS legally 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

NOTES TO FINANCIAL STATEMENTS

SAWS' financial statements. At December 31, 2012, there were no bonds outstanding that were considered legally defeased.

NOTE J - CONTINGENCIES AND COMMITMENTS

Water Agreements

As of December 31, 2012, SAWS has entered into various water leases to obtain rights to pump water from the Edwards Aquifer. The term of these agreements vary, with some expiring as early as 2013 and others continuing until 2022. Some of the leases include price escalations and the average annual cost per acre foot ranges from \$115 to \$140. The future commitments under these leases are as follows:

<i>(dollars in thousands)</i>	2013	2014	2015	2016	2017	Thereafter
Edwards Aquifer - lease payments	\$ 3,534	\$ 2,947	\$ 2,953	\$ 2,857	\$ 2,999	\$ 11,609
Edwards Aquifer - acre feet leased	30,676	24,933	24,733	23,157	23,157	82,812

SAWS also has various commitments relating to the purchase of water supplies under a wholesale water contract with the Guadalupe Blanco River Authority (GBRA) and three other agreements for water supplied from the Trinity Aquifer. All water provided under these contracts is subject to availability.

Under a contract with GBRA, SAWS will receive between 4,000 and 10,000 acre feet of water annually during the years 2013-2037 at prices ranging from \$904 to approximately \$1,377 per acre foot. SAWS has an option to extend this contract until 2077 under new payment terms.

Under a contract with the Massah Development Corporation, SAWS has a minimum take or pay commitment to purchase 100 acre-feet per month or 1,200 acre-feet per year of raw water from the Lower Glen Rose/Cow Creek formations of the Trinity Aquifer in northern Bexar County at prices ranging from \$591 to \$847 per acre foot. This agreement expires in 2025 and SAWS has an option to extend the contract for 10 years.

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. SAWS has an option to extend the contract through 2026. As part of this contract, SAWS agreed to make quarterly defined payments for any residential customers that are connected to the system within a defined geographical area that begin taking water service from SAWS. SAWS began making these payments during 2012 as the area has begun to experience some development. While it is impossible to estimate the exact amount of any potential future payments associated with this provision of the agreement, management estimate of this potential contingent

NOTES TO FINANCIAL STATEMENTS

liability is less than \$5 million.

In July 2012, SAWS entered into an agreement with Water Exploration Company, Ltd. (WECO) to purchase groundwater produced by WECO from the Trinity Aquifer. In connection with this agreement, two water purchase agreements between SAWS DSP and WECO were terminated. The new agreement has a term of 15 years, with two optional 5 year extensions. The purchase obligation is limited to 3,750 acre-feet during the first twelve months of the agreement. Beginning in July 2013 SAWS 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 price paid for the raw water is \$685 per acre-foot until January 2014, when the price increases to \$880 per acre-foot. The cost will escalate annually thereafter by the greater of two percent or the percentage increase in the Producer Price Index for Commodities Finished Goods.

A summary of estimated payments under these water purchase commitments is provided in the following table. The summary does not assume the extension of any of these water purchase agreements. As with any estimate, the actual amounts paid could differ materially.

<i>(dollars in thousands)</i>	2013	2014	2015	2016	2017	Thereafter
Purchased water payments - firm	\$ 5,009	\$ 5,106	\$ 5,205	\$ 5,544	\$ 5,644	\$ 114,303
Acre feet purchased - firm	6,700	6,700	6,700	6,700	6,700	93,500
Purchased water payments - variable	\$ 6,349	\$ 9,460	\$ 13,164	\$ 13,638	\$ 13,920	\$ 193,167
Acre feet purchased - variable	8,475	12,850	15,525	15,500	15,500	187,050

In July 2010, SAWS was granted a permit by the Gonzales County Underground Water Conservation District (the District) to produce 11,688 acre feet from the Carrizo Aquifer. Although initially contested by third parties, SAWS permit was finalized in May 2012 upon a ruling of the 13th District Court of Appeals. SAWS has entered into 23 separate agreements to produce up to a maximum of 11,688 acre feet of water from the Carrizo Aquifer. SAWS is currently making minimum water payments under the terms of these agreements until such time as the necessary infrastructure to produce and transport the water has been completed. Minimum water payments range from 20% - 30% of the applicable water rate assuming full production of the contracted water rights. Once water production begins, SAWS must make payments equal to the greater of the applicable water rate for the actual water produced or the minimum water payment due under the agreement. These agreements remain in force indefinitely as long as SAWS continues to make payments in accordance with the terms of the agreements. SAWS expects to begin producing water under these agreements in 2014. The minimum water payments due under these agreements are estimated to be \$847,000 in 2013 assuming no water is produced and payments for producing the

NOTES TO FINANCIAL STATEMENTS

full amount of permitted water in 2014 are estimated to be \$1,155,000. The agreements include annual price escalations based on the average of the increase in the Consumer Price Index and Producers Price Index.

Other Contingencies and Commitments

SAWS is also committed under various contracts for completion of construction or acquisition of utility plant totaling approximately \$309 million as of December 31, 2012. Funding of this amount will come from excess revenues, contributions from developers, restricted assets and available commercial paper capacity.

In connection with a desalination injection well permit obtained by SAWS from the Texas Commission on Environmental Quality (TCEQ), SAWS has an obligation to plug the injection well once the well is no longer in service. At December 31, 2012, SAWS has recorded a liability of \$198,000 related to this post-closure obligation.

In March 2007, SAWS was orally notified by Region 6 of the EPA of alleged failures to comply with the Clean Water Act due to the occurrence of sanitary sewer overflows. The EPA subsequently referred the matter to the United States Department of Justice (the "DOJ") for an enforcement action. In October 2007 EPA/DOJ and SAWS entered into a tolling agreement that precludes the running of any applicable statutes of limitation that might otherwise bar a claim in anticipation that the parties would engage in settlement negotiations. The tolling agreement has been extended on fifteen occasions, with the Fifteenth Tolling Agreement currently set to expire on June 10, 2013. Since 2007, SAWS has engaged in settlement negotiations with the EPA and the DOJ to resolve the allegations. Negotiations with the EPA/DOJ are ongoing and may conclude during the first half of calendar year 2013. During the course of these negotiations, SAWS has increased its level of investment in the wastewater collection system with the intent to decrease the number of sanitary sewer overflows. Over the five year period 2008 – 2012, SAWS operating and capital expenditures associated with the reduction of sewer overflows averaged approximately \$60 million per year. While these negotiations are still ongoing, SAWS expects that any settlement, consent decree, or enforcement action will result in the imposition of a civil penalty as well as operating and capital expenditure requirements in excess of current levels. An accrual of the estimated civil penalty is included in Accrued Claims Payable at both December 31, 2011 and December 31, 2012. SAWS currently estimates the total incremental cost of the additional capital improvements and other actions that may be required to settle this matter to be approximately \$500 million, phased in over an estimated ten to twelve year term, should a settlement agreement or consent decree between SAWS and EPA/DOJ be approved. The total final costs may significantly differ from SAWS' estimate, and will depend on the course of action ultimately agreed upon between SAWS and EPA/DOJ or ordered by a Federal District Court if the parties are unable to settle the matter.

NOTE K - PENSION AND RETIREMENT PLANS

SAWS' pension program includes benefits provided by the Texas Municipal Retirement System, the San Antonio Water System Retirement Plan, the San Antonio Water System Deferred Compensation Plan, and Social Security.

NOTES TO FINANCIAL STATEMENTS

Plan Descriptions

Texas Municipal Retirement System: SAWS provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TMRS. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.tmr.com.

The plan provisions that have been adopted by SAWS are within the options available in the governing state statutes of TMRS. Plan provisions for SAWS for the 2011 and 2012 plan years were as follows:

Employee deposit rate	3.0%
Matching ratio (SAWS to employee)	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% Repeating
Annuity increase (to retirees)	70% of CPI Repeating

San Antonio Water System Retirement Plan: The San Antonio Water System Retirement Plan (SAWSRP) is a single-employer defined benefit pension plan, which serves as a supplement to TMRS and Social Security. SAWS has delegated to Principal Financial Group the authority to manage certain plan assets and administer the payment of benefits. The financial statements for SAWSRP are included in this financial report as a fiduciary fund.

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

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 (i) 20 years of vesting service regardless of age or (ii) five years of vesting service and at least age 60. An employee is automatically 100% vested upon attainment of age 65 or upon becoming totally and permanently disabled.

NOTES TO FINANCIAL STATEMENTS

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. 1.20% of the Average Compensation, times years of credited service not in excess of 25 years, plus
2. 0.75% of the Average Compensation, times years of credited service in excess of 25 years but not in excess of 35 years, plus
3. 0.375% of the Average Compensation, times years of credited service in excess of 35 years.

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.

San Antonio Water System Deferred Compensation Plan: SAWS 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 until future years. The compensation deferred under this plan is not available to employees until termination, retirement, death, or qualifying unforeseeable emergency. Participation in the plan is voluntary, and SAWS does not make any contributions. SAWS has no liability for losses under this plan but does have the usual fiduciary responsibilities of a plan sponsor.

Plan Membership

Membership in TMRS and SAWSRP as of their respective actuarial valuation dates is summarized below:

	TMRS		SAWSRP	
	<u>12/31/2011</u>	<u>12/31/2010</u>	<u>1/1/2012</u>	<u>1/1/2011</u>
Active employees	1,616	1,609	1,617	1,609
Retirees and beneficiaries currently receiving benefits	870	833	561	517
Inactive members	372	404	414	403
Total	<u>2,858</u>	<u>2,846</u>	<u>2,592</u>	<u>2,529</u>

Funding Policies

TMRS: Under the state law governing TMRS, SAWS' contribution rate is determined annually by the actuary using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percentage of payroll from year to year.

NOTES TO FINANCIAL STATEMENTS

The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually. The prior service contribution rate amortizes the unfunded actuarial liability over the applicable period for SAWS. Both the normal costs and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

SAWS contributes to the TMRS Plan at the actuarially determined rate. Both the employees and SAWS make monthly contributions. These rates are provided on an annual basis, following the completion of the actuarial valuation. There is a delay in the valuation and when the rate becomes effective – for example the 2012 contribution rate is based on the December 31, 2010 valuation results. The actuarially determined rate for 2011 employer contributions was 5.87%. Due to a significant increase in the employer contribution rate resulting from a change in funding method adopted by TMRS in 2007, SAWS actual contributions for 2011 were based on a TMRS approved phase-in rate of 4.64% of employee compensation. In 2012, the actuarially determined rate for employer contributions was reduced to 4.18% of employee compensation due to a restructuring of TMRS' internal account structure. This restructuring transferred certain assets and liabilities from TMRS accounts to SAWS accounts within the TMRS system related to retired employees' accumulated contributions. Employee contributions to the plan for both 2011 and 2012 were equal to 3% of compensation.

SAWSRP: The 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 do not make contributions to the plan. Any obligation with respect to SAWSRP shall be paid by SAWS. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

Annual Pension Cost and Net Pension Obligation

The following table summarizes SAWS' annual pension cost and net pension obligation for the years ended December 31, 2012 and 2011.

NOTES TO FINANCIAL STATEMENTS

Annual Pension Cost (amounts in thousands)

	Year Ended December 31,			
	2012		2011	
	TMRS	SAWSRP	TMRS	SAWSRP
Annual required contributions:				
SAWS	\$ 3,641	\$ 10,396	\$ 4,967	\$ 9,171
Plan members	2,613	-	2,538	-
Interest on net pension obligation	237	-	173	-
Adjustment to annual required contribution	(204)	-	(143)	-
Total annual pension cost	6,287	10,396	7,535	9,171
Contributions made	6,254	10,396	6,464	9,171
Increase in net pension obligation	33	-	1,071	-
Net pension obligation beginning of year	3,384	-	2,313	-
Net pension obligation end of year	\$ 3,417	\$ -	\$ 3,384	\$ -

The following table provides three year trend information for each of SAWS' defined benefit plans.

Three Year Trend Information

Plan	Year Ended December 31,	Annual Pension Cost (APC) (in thousands)	Percentage of APC Contributed	Net Pension Obligation (in thousands)
TMRS	2012	\$ 6,287	99%	\$ 3,417
	2011	7,535	86%	3,384
	2010	7,229	83%	2,313
SAWSRP	2012	\$ 10,396	100%	\$ -
	2011	9,171	100%	-
	2010	7,849	100%	-

Actuarial Methods and Assumptions

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The following table summarizes the actuarial methods and assumptions used in the most recent actuarial valuation for each of SAWS' defined benefit plans.

NOTES TO FINANCIAL STATEMENTS

Actuarial Methods and Assumptions

	TMRS	SAWSRP
Actuarial Valuation Date	12/31/2011	1/1/2012
Actuarial Cost Method	Projected Unit Credit	Entry Age Normal - Frozen Initial Liability
Amortization Method	Level Percent of Payroll	Level Dollar
Remaining Amortization Period	30 Years - Closed	30 Years - Closed
Asset Valuation Method	10 year Smoothed Market	Smoothed Market Value (4 years)
Actuarial Assumptions:		
Investment Rate of Return	7.0%	7.5%
Inflation Rate	3.0%	n/a
Cost of Living Adjustments	2.1%	n/a
Projected Salary Increases	Varies by age and service	Table S-5 from the Actuary's Pension Handbook plus 3.4%

Funded Status and Funding Progress

The funded status of each of the defined benefit plans as of the most recent actuarial valuation dates is as follows:

Plan	Actuarial Valuation Date	Actuarial Value of Assets (in thousands) (a)	Actuarial Liability (AAL) (in thousands) (b)	Unfunded AAL (UAAL) (in thousands) (b-a)	Funded Ratio (a/b)	Covered Payroll (in thousands) (c)	UAAL as a Percent of Covered Payroll ((b-a)/c)
TMRS	December 31, 2011	\$ 125,424	\$ 149,640	\$ 24,216	84%	\$ 84,611	29%
SAWSRP	January 1, 2012	\$ 90,496	\$ 144,552	\$ 54,056	63%	\$ 85,394	63%

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 projected salary increases. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

NOTES TO FINANCIAL STATEMENTS

The financial information for SAWSRP is reported in the fiduciary funds statements. SAWSRP does not issue separately issued financial statements. A summary of the plan's financial statements for the years ended December 31, 2012 and 2011 is presented in the following tables.

San Antonio Water System Retirement Plan Net Position

<i>(amounts in thousands)</i>	December 31,	
	2012	2011
Assets		
Investments	\$ 110,227	\$ 92,010
Liabilities	-	-
Net position held in trust for pension benefits	<u>\$ 110,227</u>	<u>\$ 92,010</u>

San Antonio Water System Retirement Plan Changes in Net Position For the year ended December 31,

<i>(amounts in thousands)</i>	2012	2011
Additions		
Employer Contributions	\$ 10,396	\$ 9,171
Investment Income	<u>11,742</u>	<u>2,713</u>
Total additions	22,138	11,884
Deductions		
Pension payments	<u>3,921</u>	<u>3,412</u>
Increase in net position	18,217	8,472
Net position at beginning of year	92,010	83,538
Net position at end of year	<u>\$ 110,227</u>	<u>\$ 92,010</u>

NOTES TO FINANCIAL STATEMENTS

NOTE L – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

In addition to providing pension benefits described in Note K, SAWS provides certain health care 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.

The following is the participant summary as of January 1, 2011 (the most recent actuarial valuation date):

Active employees	1,620
Retired employees	<u>684</u>
Total	2,304

Funding Policy

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

Plan members' required contributions vary depending on the health plan selected by the retiree as well as the number of years of service at the time of retirement. For the year ended December 31, 2012, plan members receiving benefits contributed \$570,000. In addition to the \$12 million contributed to the OPEB Trust in 2012, SAWS contributed the remainder of the pay-as-you-go cost of \$6,753,000. For the year ended December 31, 2011, plan members receiving benefits contributed \$395,000 while SAWS contributed the remainder of the pay-as-you-go cost of \$6,840,000. In 2011, the SAWS Board of Trustees approved increases in the required contributions by plan members beginning in 2012. These increases will be phased in over eight years. The expected long-term impact of these increases will result in the plan members eventually contributing one-third of the annual premiums for retiree health insurance.

NOTES TO FINANCIAL STATEMENTS

Annual OPEB Cost and Net OPEB Obligation

SAWS' annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement 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 liabilities over a 30 year open period. The following table shows the components of SAWS' annual OPEB cost, the amount actually contributed to the plan and changes in the net OPEB obligation for the years ended December 31, 2012 and 2011:

<i>(amounts in thousands)</i>	Year Ended December 31,	
	2012	2011
Annual Required Contribution (ARC)	\$ 21,619	\$ 20,722
Interest on net OPEB obligation	3,698	3,087
Adjustment to ARC	<u>(4,921)</u>	<u>(4,108)</u>
Annual OPEB costs	20,396	19,701
Contributions made	\$ <u>(18,753)</u>	\$ <u>(6,840)</u>
Increase in net OPEB obligation	1,643	12,861
Net OPEB obligation at beginning of year	<u>77,850</u>	<u>64,989</u>
Net OPEB obligation at end of year	<u>\$ 79,493</u>	<u>\$ 77,850</u>

SAWS' annual OPEB cost and the percentage cost contributed to the plan for the three years ended December 31, 2012, 2011 and 2010 were as follows:

Year Ended December 31,	Annual OPEB Cost <i>(amounts in thousands)</i>	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation <i>(amounts in thousands)</i>
2012	\$ 20,396	91.9%	\$ 79,493
2011	\$ 19,701	34.7%	\$ 77,850
2010	\$ 25,124	24.5%	\$ 64,989

Funded Status

Although SAWS contributed \$12 million to the OPEB Trust in 2012, as of the date of the last actuarial valuation no contributions had been made to a trust. The funded status of SAWS' OPEB plan as of the last actuarial valuation performed as of January 1, 2011 is as follows:

NOTES TO FINANCIAL STATEMENTS

Actuarial Valuation Date	Value of Assets (in thousands) (a)	Liability (AAL) (in thousands) (b)	AAL (UAAL) (in thousands) (b-a)	Funded Ratio (a/b)	Payroll (in thousands) (c)	Percent of Covered Payroll ((b-a)/c)
January 1, 2011	\$ -	\$ 242,388	\$ 242,388	-	\$ 83,505	290%

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 annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. In accordance with GASB 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, SAWS will obtain new actuarial valuations for its OPEB plan at least biennially.

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

The financial information for the OPEB Trust is reported in the fiduciary funds statements. The OPEB Trust does not issue separately issued financial statements. A summary of the plan’s financial statements for the year ended December 31, 2012 is presented in the following tables.

San Antonio Water System OPEB Trust
Net Position
December 31, 2012
(amounts in thousands)

Assets	
Cash and cash equivalents	\$ 80
Investments	12,585
Total Assets	<u>12,665</u>
Liabilities	
Net position held in trust for pension benefits	<u>\$ 12,665</u>

NOTES TO FINANCIAL STATEMENTS

San Antonio Water System OPEB Trust
Changes in Net Position
For the year ended December 31, 2012
(amounts in thousands)

Additions	
Employer Contributions	\$ 12,000
Investment Income	<u>690</u>
Total additions	12,690
Deductions	
Administrative expenses	<u>25</u>
Increase in Net Position	12,665
Net position at beginning of year	-
Net position at end of year	<u><u>\$ 12,665</u></u>

Actuarial Methods and Assumptions: 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 SAWS 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 following table summarizes the actuarial methods and assumptions used in the most recent actuarial valuation for SAWS' OPEB plan.

Actuarial Methods and Assumptions

Actuarial Valuation Date	January 1, 2011
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	30 Years - Open
Actuarial Assumptions:	
Investment Rate of Return	4.75%
Inflation Rate	None

NOTES TO FINANCIAL STATEMENTS

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:

Year Beginning January 1	Annual Rate of Increase		Year Beginning January 1	Annual Rate of Increase	
	Pre-Medicare Medical	Medicare Eligible Medical		Pre-Medicare Medical	Medicare Eligible Medical
2011	10.0%	7.2%	2020	7.1%	5.8%
2012	9.7%	7.0%	2021	6.8%	5.6%
2013	9.4%	6.9%	2022	6.4%	5.4%
2014	9.0%	6.7%	2023	6.1%	5.3%
2015	8.7%	6.6%	2024	5.8%	5.1%
2016	8.4%	6.4%	2025	5.5%	5.0%
2017	8.1%	6.2%	2026	5.1%	4.8%
2018	7.7%	6.1%	2027	4.8%	4.7%
2019	7.4%	5.9%	2028	4.5%	4.5%

NOTE M – SUBSEQUENT EVENTS

On February 21, 2013, the San Antonio City Council approved three ordinances authorizing SAWS to issue additional bonds. The first ordinance authorizes SAWS to issue \$2,975,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2013 to be sold to the Texas Water Development Board through the Clean Water State Revolving Fund Program. The proceeds of the bonds are to be used to finance certain qualified capital improvement projects and pay the cost of issuance. The second ordinance authorizes SAWS to issue \$50,000,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2013A to be sold to the Texas Water Development Board through the Water Infrastructure Fund Program. The proceeds of the bonds are to be used to finance certain qualified capital improvement projects and pay the cost of issuance. The third ordinance authorizes SAWS to issue \$99,265,000 City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Series 2013B (No Reserve Fund). The proceeds of the bonds are to be used to refund the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2003; advance refund the City of San Antonio, Texas Water System Revenue and Refunding Bonds, Series 2004; and pay the cost of issuance. The refunding is projected to reduce SAWS’ total debt service payments over the next 21 years by approximately \$16.7 million.

REQUIRED SUPPLEMENTAL INFORMATION

San Antonio Water System
REQUIRED SUPPLEMENTARY INFORMATION – (Unaudited)
Post Employment Benefit Plans
Schedules of Funding Progress

Historical trend information about the plans is presented herewith as required supplementary information. It is intended to help users assess the plans' funding status on an on-going basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other utility retirement systems.

Actuarial Valuation Date	Actuarial			Funded Ratio (a/b)	Covered Payroll (in thousands) (c)	UAAL as a Percent of Covered Payroll ((b-a)/c)
	Actuarial Value of Assets (in thousands) (a)	Accrued Liability (AAL) (in thousands) (b)	Unfunded AAL (UAAL) (in thousands) (b-a)			

Texas Municipal Retirement System:

December 31, 2011	\$	125,424	\$	149,640	\$	24,216	84%	\$	84,611	29%
December 31, 2010	\$	116,123	\$	140,565	\$	24,442	83%	\$	83,660	29%
December 31, 2009	\$	68,756	\$	107,311	\$	38,555	64%	\$	81,821	47%

San Antonio Water System Retirement Plan:

January 1, 2012	\$	90,496	\$	144,552	\$	54,056	63%	\$	85,394	63%
January 1, 2011	\$	83,320	\$	128,700	\$	45,380	65%	\$	83,505	54%
January 1, 2010	\$	77,365	\$	112,263	\$	34,898	69%	\$	82,923	42%
January 1, 2009	\$	74,611	\$	99,144	\$	24,533	75%	\$	70,252	35%
January 1, 2008	\$	73,777	\$	89,919	\$	16,142	82%	\$	66,996	24%
January 1, 2007	\$	66,129	\$	82,709	\$	16,580	80%	\$	63,462	26%

Other Post Employment Benefit Plan:

January 1, 2011	\$	-	\$	242,388	\$	242,388	-	\$	83,505	290%
January 1, 2009	\$	-	\$	297,259	\$	297,259	-	\$	75,270	395%
January 1, 2007	\$	-	\$	200,083	\$	200,083	-	\$	69,288	289%

San Antonio Water System
REQUIRED SUPPLEMENTARY INFORMATION – (Unaudited)
Post Employment Benefit Plans
Schedules of Funding Progress

Year Ended December 31,	Annual Pension/ OPEB Cost <i>(in thousands)</i>	Percentage Contributed	Net Pension/OPEB Obligation <i>(in thousands)</i>
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San Antonio Water System Retirement Plan:

2012	\$ 10,396	100%	\$ -
2011	9,171	100%	-
2010	7,849	100%	-
2009	6,035	100%	-
2008	4,891	100%	-
2007	4,710	100%	-

Other Post Employment Benefit Plan:

2012	\$ 20,396	92%	\$ 79,493
2011	19,701	35%	77,850
2010	25,124	25%	64,989
2009	25,365	23%	46,027
2008	18,461	28%	26,546
2007	17,696	25%	13,217

OTHER SUPPLEMENTAL INFORMATION

DESCRIPTION OF FUNDS AND COMBINING SCHEDULES

**San Antonio Water System
DESCRIPTION OF FUNDS
For the Year Ended December 31, 2012**

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 and Commercial Paper Notes
- (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

San Antonio Water System
DESCRIPTION OF FUNDS
For the Year Ended December 31, 2012

- (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 required Payment to the City General Fund, and
- (7) for any other lawful purpose.

San Antonio Water System
COMBINING STATEMENT OF NET POSITION
December 31, 2012
(amounts in thousands)

	System Fund	Debt Service Fund
CURRENT ASSETS		
<i>Unrestricted Current Assets</i>		
Cash and cash equivalents	\$ 57,260	\$ -
Investments	-	-
Accounts receivable	54,956	-
Other current assets	8,295	-
Interfund receivables	11,533	-
Total unrestricted current assets	132,044	-
<i>Restricted Current Assets</i>		
Cash and cash equivalents	-	2
Investments	47,654	47,913
Total restricted current assets	47,654	47,915
Total Current Assets	179,698	47,915
NONCURRENT ASSETS		
<i>Unrestricted Noncurrent Assets</i>		
Unamortized debt issuance costs	17,528	-
Accounts receivable, non current	6,985	-
<i>Restricted Noncurrent Assets</i>		
Cash and cash equivalents	-	-
Investments	-	-
Interfund receivables	-	-
<i>Capital Assets:</i>		
Utility plant in service	4,261,006	-
Less allowance for depreciation	1,369,885	-
	2,891,121	-
Land, water rights and other intangible assets	308,560	-
Construction in progress	571,547	-
Total capital assets (net of accumulated depreciation)	3,771,228	-
Total Noncurrent Assets	3,795,741	-
TOTAL ASSETS	3,975,439	47,915
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivatives	19,746	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 3,995,185	\$ 47,915

<u>Reserve Fund</u>	<u>Renewal and Replacement Fund</u>	<u>Project Fund</u>	<u>Combined Total</u>
\$ -	\$ 75,013	\$ -	\$ 132,273
-	51,694	-	51,694
-	29	-	54,985
-	976	-	9,271
-	(11,533)	-	-
-	116,179	-	248,223
-	-	16,144	16,146
-	19,135	-	114,702
-	19,135	16,144	130,848
-	135,314	16,144	379,071
-	-	-	17,528
-	-	-	6,985
578	-	27,207	27,785
80,266	84,116	10,894	175,276
148	(148)	-	-
-	-	-	4,261,006
-	-	-	1,369,885
-	-	-	2,891,121
-	-	-	308,560
-	-	-	571,547
-	-	-	3,771,228
80,992	83,968	38,101	3,998,802
80,992	219,282	54,245	4,377,873
-	-	-	19,746
<u>\$ 80,992</u>	<u>\$ 219,282</u>	<u>\$ 54,245</u>	<u>\$ 4,397,619</u>

San Antonio Water System
COMBINING STATEMENT OF NET POSITION
December 31, 2012
(amounts in thousands)

	System Fund	Debt Service Fund
LIABILITIES		
Current Liabilities To Be Paid From Unrestricted Assets		
Accounts payable	\$ 34,884	\$ -
Accrued vacation payable	5,516	-
Accrued payroll and benefits	2,158	-
Accrued claims payable	9,956	-
Sundry payables and accruals	1,044	-
Total unrestricted current liabilities	53,558	-
Current Liabilities To Be Paid From Restricted Assets		
Accrued interest payable	-	13,661
Payables under construction contracts	-	-
Customers' deposits	9,265	-
Commercial paper notes	2,970	-
Revenue bonds payable within one year	47,315	-
Total restricted current liabilities	59,550	13,661
Total Current Liabilities	113,108	13,661
Noncurrent Liabilities		
Accrued vacation payable	2,562	-
Unfunded postemployment benefits	82,910	-
Derivative instrument	25,149	-
Commercial paper notes	167,775	-
Revenue bonds payable after one year, net of unamortized premiums, discounts and deferred losses on refunding	1,976,924	-
Total Noncurrent Liabilities	2,255,320	-
TOTAL LIABILITIES	2,368,428	13,661
NET POSITION		
Net investment in capital assets	1,570,840	-
Restricted for operations	38,389	-
Restricted for debt service	-	34,254
Restricted for reserve fund	-	-
Unrestricted	17,528	-
TOTAL NET POSITION	\$ 1,626,757	\$ 34,254

<u>Reserve Fund</u>	<u>Renewal and Replacement Fund</u>	<u>Project Fund</u>	<u>Combined Total</u>
\$ -	\$ -	\$ -	\$ 34,884
-	-	-	5,516
-	-	-	2,158
-	-	-	9,956
-	-	-	1,044
<u>-</u>	<u>-</u>	<u>-</u>	<u>53,558</u>
-	-	-	13,661
-	19,135	16,144	35,279
-	-	-	9,265
-	-	-	2,970
<u>-</u>	<u>-</u>	<u>-</u>	<u>47,315</u>
<u>-</u>	<u>19,135</u>	<u>16,144</u>	<u>108,490</u>
<u>-</u>	<u>19,135</u>	<u>16,144</u>	<u>162,048</u>
-	-	-	2,562
-	-	-	82,910
-	-	-	25,149
<u>-</u>	<u>-</u>	<u>-</u>	<u>167,775</u>
<u>22,311</u>	<u>-</u>	<u>-</u>	<u>1,999,235</u>
<u>22,311</u>	<u>-</u>	<u>-</u>	<u>2,277,631</u>
<u>22,311</u>	<u>19,135</u>	<u>16,144</u>	<u>2,439,679</u>
-	83,968	38,101	1,692,909
-	-	-	38,389
-	-	-	34,254
58,681	-	-	58,681
<u>-</u>	<u>116,179</u>	<u>-</u>	<u>133,707</u>
<u>\$ 58,681</u>	<u>\$ 200,147</u>	<u>\$ 38,101</u>	<u>\$ 1,957,940</u>

San Antonio Water System
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the Year Ended December 31, 2012
(amounts in thousands)

	System Fund	Debt Service Fund
OPERATING REVENUES		
Water delivery system	\$ 121,078	\$ -
Water supply system	136,704	-
Wastewater system	168,368	-
Chilled water and steam system	12,378	-
Total operating revenues	438,528	-
OPERATING EXPENSE		
Salaries and fringe benefits	125,295	-
Contractual services	100,165	-
Materials and supplies	23,966	-
Other charges	21,790	-
Less: Costs capitalized to Construction in Progress	(33,640)	-
Total operating expenses before depreciation	237,576	-
Depreciation expense	103,034	-
Total operating expenses	340,610	-
Operating income	97,918	-
NONOPERATING REVENUES:		
Interest earned and miscellaneous	835	4,201
NONOPERATING EXPENSES:		
Amortization of debt issuance costs	1,783	-
Other finance charges	2,934	-
Interest expense	(14,510)	89,292
Gain on sale of capital assets	(430)	-
Payments to the City of San Antonio	11,161	-
Payments to other entities	122	-
Total nonoperating expenses	1,060	89,292
Increase/(Decrease) in net position, before capital contributions	97,693	(85,091)
Capital contributions	44,786	-
CHANGE IN NET POSITION - carried forward	\$ 142,479	\$ (85,091)

Reserve Fund	Renewal and Replacement Fund	Project Fund	Combined Total
\$ -	\$ -	\$ -	\$ 121,078
-	-	-	136,704
-	-	-	168,368
-	-	-	12,378
-	-	-	438,528
-	-	-	125,295
-	-	-	100,165
-	-	-	23,966
-	-	-	21,790
-	-	-	(33,640)
-	-	-	237,576
-	-	-	103,034
-	-	-	340,610
-	-	-	97,918
310	638	165	6,149
-	-	-	1,783
-	-	-	2,934
-	-	-	74,782
-	-	-	(430)
-	-	-	11,161
-	-	-	122
-	-	-	90,352
310	638	165	13,715
-	36,999	-	81,785
<u>\$ 310</u>	<u>\$ 37,637</u>	<u>\$ 165</u>	<u>\$ 95,500</u>

San Antonio Water System
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the Year Ended December 31, 2012
(amounts in thousands)

	System Fund	Debt Service Fund
CHANGE IN NET POSITION - brought forward	\$ 142,479	\$ (85,091)
Equity, December 31, 2011	1,505,583	34,862
Residual equity transfers in (out)	(185,967)	129,063
Commercial paper issued	(133,655)	-
Proceeds from Bond Issue	(498,805)	-
Bond issuance costs	3,851	-
Repayment of commercial paper	177,840	(2,840)
Retirement of bonds	346,630	(41,740)
Expenditures for plant additions	268,801	-
Net position, December 31, 2012	\$ 1,626,757	\$ 34,254

Reserve Fund	Renewal and Replacement Fund	Project Fund	Combined Total
\$ 310	\$ 37,637	\$ 165	\$ 95,500
54,696	218,818	48,481	1,862,440
3,675	53,229	-	-
-	-	133,655	-
-	-	498,805	-
-	-	(3,851)	-
-	-	(175,000)	-
-	-	(304,890)	-
-	(109,537)	(159,264)	-
<u>\$ 58,681</u>	<u>\$ 200,147</u>	<u>\$ 38,101</u>	<u>\$ 1,957,940</u>

San Antonio Water System
COMBINING SCHEDULE OF CASH FLOWS
For the Year Ended December 31, 2012
(amounts in thousands)

	System Fund	Debt Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 426,446	\$ -
Cash paid to vendors for operations	(129,404)	-
Cash paid to employees for services	(102,026)	-
Net cash provided by operating activities	195,016	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to the City of San Antonio	(7,867)	-
Transfers to other entities	(120)	-
Transfers in (out)	7,985	387
Equity transfers	(185,967)	129,063
Net cash provided by/(used for) noncapital financing activities	(185,969)	129,450
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	588	-
Proceeds from developers for plant construction	-	-
Proceeds from grants	-	-
Payments to employees for construction of plant	-	-
Payments to vendors for construction of plant	-	-
Payments for acquisition of equipment and furniture	-	-
Payments for acquisition of property and plant	-	-
Proceeds from commercial paper	-	-
Payment on the retirement of commercial paper	-	(2,840)
Proceeds from revenue bonds	-	-
Payment for retirement of revenue bonds	-	(41,740)
Payment of interest on commercial paper	-	(472)
Payment of interest on revenue bonds	-	(88,416)
Payment for bond related expenses	-	-
Payment for bank charges	(3,105)	-
Net cash provided by/(used for) capital and related financing	(2,517)	(133,468)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(3,726)	(120,057)
Maturity of investments	-	107,899
Interest income	835	4,480
Net cash provided by/(used for) investing activities	(2,891)	(7,678)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,639	(11,696)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	53,621	11,698
CASH AND CASH EQUIVALENTS, AT END OF YEAR	\$ 57,260	\$ 2

Reserve Fund	Renewal and Replacement Fund	Project Fund	Combined Total
\$ -	\$ -	\$ -	\$ 426,446
-	-	-	(129,404)
-	-	-	(102,026)
-	-	-	195,016
-	-	-	(7,867)
-	-	-	(120)
68	(8,440)	-	-
3,675	53,229	-	-
3,743	44,789	-	(7,987)
-	-	-	588
-	36,761	-	36,761
-	267	-	267
-	(20,409)	-	(20,409)
-	(13,232)	-	(13,232)
-	(10,766)	-	(10,766)
-	(55,954)	(164,479)	(220,433)
-	-	133,655	133,655
-	-	-	(2,840)
10,659	-	18,915	29,574
-	-	-	(41,740)
-	-	-	(472)
-	-	-	(88,416)
-	-	(3,851)	(3,851)
-	-	-	(3,105)
10,659	(63,333)	(15,760)	(204,419)
(63,209)	(357,033)	(39,835)	(583,860)
48,550	383,659	56,861	596,969
471	1,916	466	8,168
(14,188)	28,542	17,492	21,277
214	9,998	1,732	3,887
364	65,015	41,619	172,317
\$ 578	\$ 75,013	\$ 43,351	\$ 176,204

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SUPPLEMENTAL SCHEDULES

San Antonio Water System
SCHEDULE OF REVENUES AND OTHER
FINANCIAL SOURCES AND THEIR DISPOSITION
(amounts in thousands)
For the years ended December 31,

	<u>2012</u>	<u>2011</u>	<u>Increase (Decrease)</u>
SOURCES OF FUNDS			
OPERATING REVENUES			
Water delivery system	\$ 121,078	\$ 125,188	\$ (4,110)
Water supply system	136,704	130,755	5,949
Wastewater System	168,368	150,520	17,848
Chilled water and steam system	12,378	11,631	747
Total operating revenues	<u>438,528</u>	<u>417,869</u>	<u>20,434</u>
NONOPERATING REVENUES			
Interest earned and miscellaneous	6,149	5,955	194
Other financing sources (draw on equity)	6,900	-	6,900
Total nonoperating revenues	<u>13,049</u>	<u>6,180</u>	<u>7,094</u>
CAPITAL CONTRIBUTIONS			
Capital Recovery Fees	36,761	23,263	13,498
Grant Revenue	237	345	(108)
Total capital contributions	<u>36,998</u>	<u>23,608</u>	<u>13,390</u>
TOTAL SOURCES OF FUNDS	<u>\$ 488,575</u>	<u>\$ 447,657</u>	<u>\$ 40,918</u>
USES OF FUNDS			
OPERATION AND MAINTENANCE			
Salaries and fringe benefits	\$ 123,619	\$ 120,690	\$ 2,929
Contractual services	100,165	66,900	33,265
Materials and supplies	23,966	24,868	(902)
Other charges	19,581	11,159	8,422
Less: Costs capitalized to Construction in Progress	(33,414)	(30,362)	(3,052)
Total operation and maintenance	<u>233,917</u>	<u>193,255</u>	<u>40,662</u>
OPERATING RESERVE REQUIREMENT	3,162	1,272	1,890
DEBT REQUIREMENTS			
Revenue Bonds:			
Interest costs	85,087	85,335	(248)
Retirement of bonds	46,374	42,854	3,520
Subordinate Lien Debt:			
Interest costs	3,922	4,036	(114)
Retirement of bonds	2,927	2,800	127
Commercial Paper Notes	296	325	(29)
Other Debt Expense	2,934	2,881	53
Total debt requirements	<u>141,540</u>	<u>138,231</u>	<u>3,309</u>
TRANSFER TO THE CITY'S GENERAL FUND	11,161	10,926	235
AMOUNT AVAILABLE FOR TRANSFER TO			
 THE RENEWAL AND REPLACEMENT FUND:			
 CAPITAL CONTRIBUTIONS	36,998	23,608	13,390
 GENERAL	61,797	80,365	(18,568)
Total amount available for Renewal and Replacement Funds	<u>98,795</u>	<u>103,973</u>	<u>(5,178)</u>
TOTAL USES OF FUNDS	<u>\$ 488,575</u>	<u>\$ 447,657</u>	<u>\$ 40,918</u>

The accompanying notes to the supplemental schedules is an integral part of this schedule.

San Antonio Water System
SCHEDULE OF REVENUES AND THEIR DISPOSITION
COMPARED TO ANNUAL BUDGET
(amounts in thousands)
For the year ended December 31, 2012

SOURCES OF FUNDS	<u>Actual</u>	<u>Annual Budget</u>	<u>Variance</u>
OPERATING REVENUES			
Water delivery system	\$ 121,078	\$ 120,643	\$ 435
Water supply system	136,704	134,065	2,639
Wastewater System	168,368	165,644	2,724
Chilled water and steam system	12,378	11,816	562
Total operating revenues	<u>438,528</u>	<u>432,168</u>	<u>6,360</u>
NONOPERATING REVENUES			
Interest earned and miscellaneous	6,149	5,014	1,135
Other financing sources (draw on equity)	6,900	-	6,900
Total nonoperating revenues	<u>13,049</u>	<u>5,014</u>	<u>8,035</u>
CAPITAL CONTRIBUTIONS			
Capital Recovery Fees	36,761	22,000	14,761
Grant Revenue	237	-	237
Total capital contributions	<u>36,998</u>	<u>22,000</u>	<u>14,998</u>
TOTAL SOURCES OF FUNDS	<u>\$ 488,575</u>	<u>\$ 459,182</u>	<u>\$ 29,393</u>
USES OF FUNDS			
OPERATION AND MAINTENANCE			
Salaries and fringe benefits	\$ 123,619	\$ 125,785	\$ 2,166
Contractual services	100,165	104,965	4,800
Materials and supplies	23,966	21,359	(2,607)
Other charges	19,581	12,463	(7,118)
Less: Costs capitalized to Construction in Progress	(33,414)	(34,236)	(822)
Total operation and maintenance	<u>233,917</u>	<u>230,336</u>	<u>(3,581)</u>
OPERATING RESERVE REQUIREMENT	3,162	1,593	(1,569)
DEBT REQUIREMENTS			
Revenue Bonds:			
Interest costs	85,087	95,110	10,023
Retirement of bonds	46,374	49,788	3,414
Subordinate Lien Debt:			
Interest costs	3,922	4,260	338
Retirement of bonds	2,927	2,927	-
Commercial Paper Notes	296	625	329
Other Debt Expense	2,934	3,372	438
Total debt requirements	<u>141,540</u>	<u>156,082</u>	<u>14,542</u>
TRANSFER TO THE CITY'S GENERAL FUND	11,161	10,994	(167)
AMOUNT AVAILABLE FOR TRANSFER TO THE RENEWAL AND REPLACEMENT FUND:			
CAPITAL CONTRIBUTIONS	36,998	22,000	(14,998)
GENERAL	61,797	38,177	(23,620)
Total amount available for Renewal and Replacement Funds	<u>98,795</u>	<u>60,177</u>	<u>(38,618)</u>
TOTAL USES OF FUNDS	<u>\$ 488,575</u>	<u>\$ 459,182</u>	<u>\$ (29,393)</u>

The accompanying notes to the supplemental schedules is an integral part of this schedule.

San Antonio Water System
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSE BY ACCOUNT (SYSTEM FUND)
For the year ended December 31, 2012

		<i>(amounts in thousands)</i>			
Account Code	Classification	Actual	Budget (as amended)	Variance Over/(Under)	%
SALARIES AND FRINGE BENEFITS					
511100	Salaries	\$ 80,769	\$ 81,152	\$ 383	0.5%
511140	Overtime Pay	3,070	2,341	(729)	-31.1%
511150	On-Call Pay	405	323	(82)	-25.4%
511160	Employee Insurance	14,358	15,495	1,137	7.3%
511162	Employee Retirement	20,074	20,182	108	0.5%
511164	Compensation for Unused Sick Leave	33	75	42	56.0%
511166	Personal Leave Buyback	874	850	(24)	-2.8%
511168	Vacation Pay	876	1,119	243	21.7%
511170	Incentive Pay	287	248	(39)	-15.7%
511175	Other postemployment benefits	4,033	4,000	(33)	-0.8%
511740	Direct labor charged to SAWS District Special Project	(1,160)	-	1,160	-
	Total Salaries and Fringe Benefits	123,619	125,785	2,166	1.7%
CONTRACTUAL SERVICES					
511210	Operating Expense	2,092	1,948	(144)	-7.4%
511211	Rental of Facilities	255	300	45	15.0%
511212	Alarm and Security	1,606	1,545	(61)	-3.9%
511213	Collection Expense	160	217	57	26.3%
511214	Shoe Reimbursement	88	93	5	5.4%
511216	Catering Services	89	126	37	29.4%
511219	Program Rebates	404	1,004	600	59.8%
511220	Maintenance Expense	9,395	8,776	(619)	-7.1%
511221	Street Cut Permit	602	886	284	32.1%
511222	Street Pavement Repair Fees	986	2,198	1,212	55.1%
511223	Preventative Maintenance	65	67	2	3.0%
511224	Corrective Maintenance	1,283	1,025	(258)	-25.2%
511225	Damage Repair	133	100	(33)	-33.0%
511230	Outside Equipment Rental	540	358	(182)	-50.8%
511240	Travel	172	176	4	2.3%
511245	Training	613	661	48	7.3%
511247	Conferences	40	87	47	54.0%
511250	Memberships and Subscriptions	395	410	15	3.7%
511260	Utilities	23,319	23,192	(127)	-0.5%
511261	Water Options & Purchases	15,406	15,651	245	1.6%
511265	Groundwater District Payments	19,471	21,732	2,261	10.4%
511270	Postage	1,990	1,838	(152)	-8.3%
511280	Telemetry Charges	45	50	5	10.0%
511309	Educational Assistance - Books	8	15	7	46.7%
511310	Educational Assistance - Tuition	140	200	60	30.0%
511312	Contractual Professional Services	10,886	12,493	1,607	12.9%
511313	Inspection and Assessment Fees	1,497	1,605	108	6.7%
511315	Temporary Employees	799	554	(245)	-44.2%
511320	Legal Services	3,310	3,192	(118)	-3.7%
511370	Communications	963	1,231	268	21.8%
511381	Software and Hardware Maintenance	3,413	3,235	(178)	-5.5%
	Total Contractual Services	100,165	104,965	4,800	4.6%

San Antonio Water System
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSE BY ACCOUNT (SYSTEM FUND)
For the year ended December 31, 2012

		<i>(amounts in thousands)</i>			
Account Code	Classification	Actual	Budget (as amended)	Variance Over/(Under)	%
MATERIALS AND SUPPLIES					
511410	Small Tools	716	519	(197)	-38.0%
511417	Copy and Printing Expense	10	24	14	58.3%
511420	Operating Materials and Supplies	2,734	2,307	(427)	-18.5%
511421	Heating Fuel	44	77	33	42.9%
511422	Chemicals	6,602	6,328	(274)	-4.3%
511425	Education of School Children	50	25	(25)	-100.0%
511426	Public Awareness	-	1	1	100.0%
511427	Enforcement	33	214	181	84.6%
511428	Program Materials	1,333	1,572	239	15.2%
511430	Maintenance Materials and Supplies	7,354	6,070	(1,284)	-21.2%
511440	Safety Materials and Supplies	728	741	13	1.8%
511441	Inventory Variances	5	20	15	75.0%
511450	Tires and Tubes	652	416	(236)	-56.7%
511451	Motor Fuel and Lubricants	3,705	3,045	(660)	-21.7%
	Total Materials and Supplies	<u>23,966</u>	<u>21,359</u>	<u>(2,607)</u>	<u>-12.2%</u>
OTHER CHARGES					
511510	Judgment and Claim Settlements	2,439	474	(1,965)	-414.6%
511511	Auto & General Liability Claims - Contingent Liability	(292)	500	792	158.4%
511520	Bank Charges	881	979	98	10.0%
511530	Employee Relations	271	280	9	3.2%
511540	Dependent & Retiree Med Coverage	14,721	7,902	(6,819)	-86.3%
511570	General Liability & Fire Insurance	1,218	1,250	32	2.6%
511580	Unemployment Compensation	75	42	(33)	-78.6%
511590	Workers' Compensation - Medical Payments	479	600	121	20.2%
511600	Workers' Compensation - Contingent Liability	(309)	120	429	357.5%
511610	Workers' Compensation - Benefits and Payments	62	276	214	77.5%
511620	Workers' Compensation - Misc. Claims Expenditures	36	40	4	10.0%
	Total Other Charges	<u>19,581</u>	<u>12,463</u>	<u>(7,118)</u>	<u>-57.1%</u>
	Subtotal before Transfers	267,331	264,572	(2,759)	-1.0%
511720	Interfund Transfers	(33,414)	(34,236)	(822)	2.4%
	Total Interfund Transfers	<u>(33,414)</u>	<u>(34,236)</u>	<u>(822)</u>	<u>2.4%</u>
	Total Operation and Maintenance	<u>\$ 233,917</u>	<u>\$ 230,336</u>	<u>\$ (3,581)</u>	<u>-1.6%</u>

The accompanying notes to the supplemental schedules is an integral part of this schedule.

San Antonio Water System
Notes to Supplemental Schedules
For the years ended December 31, 2012 and 2011

Note 1 - Basis for Presentation

The Schedule of Revenues and Other Financial Sources and Their Disposition, the Schedule of Revenues and Their Disposition Compared to Annual Budget and the Schedule of Operation and Maintenance Expense by Account (System Funds) have all been prepared in accordance with City Ordinance No. 75686 (“the Ordinance”). The Ordinance requires that gross revenues of SAWS be applied in sequence to: (1) System Fund for 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 the Renewal and Replacement Fund. Further, the Ordinance stipulates that the annual budget shall reflect an estimate of Gross Revenues and an estimate of the disposition of these revenues in accordance with the funds flow requirements of the Ordinance.

Note 2 – Reconciliation to Basic Financial Statements

In 2007, SAWS implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for the measurement, recognition, and disclosure of expenses and related liabilities associated with postemployment benefits other than pensions (OPEB's). SAWS provides certain health care and life insurance benefits for retired employees. Prior to the adoption of this Statement, the cost of providing these benefits was recognized on a pay-as-you-go basis by expensing the annual premiums for this coverage. Since 2007, SAWS annual OPEB expense, calculated in accordance with GASB 45, has exceeded both the pay-as-you-go cost of these benefits and any contributions to an OPEB trust. This additional OPEB expense was unfunded at December 31, 2012 and 2011.

SAWS provides pension benefits for its eligible employees through the Texas Municipal Retirement System (TMRS). Beginning with the December 31, 2007 actuarial valuation, TMRS made a change in the funding method and the amortization period. To assist in this transition to higher rates, TMRS approved an eight-year phase-in period beginning in 2009, which allows governments the opportunity to increase their contributions gradually. SAWS elected to transition the increase in its contribution rate over the eight-year phase-in period. As a result of these changes, SAWS' actuarially required contribution as a percent of salary was 5.87% for 2011 while the phased-in rate was 4.64%. In 2012, SAWS contributed the full actuarially determined rate of 4.18%.

San Antonio Water System
Notes to Supplemental Schedules
For the years ended December 31, 2012 and 2011

Unfunded benefit expense does not meet the definition of operating and maintenance costs of SAWS in accordance with the Ordinance. As a result, this expense was not included in SAWS' Annual Budget for 2011 and 2012 and has been excluded from the Supplemental Schedules.

Periodically SAWS reviews its capital assets for possible impairment. Impaired assets are written down to their estimated fair value. As these write-offs do not require the outlay of cash, they do not meet the definition of operating and maintenance costs of SAWS in accordance with the Ordinance. As a result, this expense has been excluded from the Supplemental Schedules.

The operation and maintenance cost reported in the Supplemental Schedules reconciles to the Basic Financial Statements as follows:

	<i>(amounts in thousands)</i>	
	Year Ended December 31,	
	2012	2011
Operating and maintenance costs	\$ 233,917	\$ 193,255
Unfunded benefit expense	1,675	13,932
Write-off of asset impairments	2,210	3,791
Less portion of unfunded benefits capitalized to Construction in Progress	(226)	(1,920)
Operating expenses before depreciation per Statement of Revenues, Expenses and Changes in Net Position	\$ 237,576	\$ 209,058

STATISTICAL SECTION

**San Antonio Water System
Statistical Section
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This part of the SAWS comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about SAWS' overall financial health.

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Sources: Unless otherwise noted, information presented in these schedules was obtained from SAWS' comprehensive annual financial reports or internal information systems.

San Antonio Water System
Schedule 1 - Fund Net Position
 (accrual basis of accounting)
 (amounts in thousands)

	Fiscal Year								
	2012	2011	2010	2009	2008	2007	2006	2005	2004
System Fund:									
Net investment in capital assets	\$ 1,570,840	\$ 1,452,676	\$ 1,291,968	\$ 1,262,840	\$ 1,297,893	\$ 1,104,726	\$ 971,355	\$ 887,192	\$ 792,641
Restricted	38,389	35,227	33,955	34,649	32,257	29,567	28,380	32,870	27,844
Unrestricted	17,528	17,680	19,017	19,407	17,937	19,475	27,649	30,849	81,920
Total net position - System Fund	1,626,757	1,505,583	1,344,940	1,316,896	1,348,087	1,153,768	1,027,384	950,911	902,405
Internal Service Fund (a):									
Net investment in capital assets	-	-	-	-	-	-	496	822	1,043
Unrestricted	-	-	-	-	-	-	9,371	9,475	10,232
Total net position - Internal Service Fund	-	-	-	-	-	-	9,867	10,297	11,275
Debt Service Fund:									
Restricted	34,254	34,862	31,222	27,511	25,790	21,324	18,350	15,978	11,706
Total net position - Debt Service Fund	34,254	34,862	31,222	27,511	25,790	21,324	18,350	15,978	11,706
Reserve Fund:									
Restricted	58,681	54,696	50,688	41,479	11,222	-	-	-	-
Total net position - Reserve Fund	58,681	54,696	50,688	41,479	11,222	-	-	-	-
Renewal & Replacement Fund:									
Net investment in capital assets	83,968	98,455	98,555	89,888	85,191	116,344	114,701	73,733	77,767
Unrestricted	116,179	120,363	94,402	134,096	171,992	185,220	171,037	105,273	23,484
Total net position - Renewal & Replacement Fund	200,147	218,818	192,957	223,984	257,183	301,564	285,738	179,006	101,251
Project Fund:									
Net investment in capital assets	38,101	48,481	159,254	168,738	83,567	93,273	75,673	78,910	91,430
Total net position - Project Fund	38,101	48,481	159,254	168,738	83,567	93,273	75,673	78,910	91,430
Total - All Funds:									
Net investment in capital assets	1,692,909	1,599,612	1,549,777	1,521,466	1,466,651	1,314,343	1,162,225	1,040,657	962,881
Restricted	131,324	124,785	115,865	103,639	69,269	50,891	46,730	48,848	39,550
Unrestricted	133,707	138,043	113,419	153,503	189,929	204,695	208,057	145,597	115,636
Total Net Position	\$ 1,957,940	\$ 1,862,440	\$ 1,779,061	\$ 1,778,608	\$ 1,725,849	\$ 1,569,929	\$ 1,417,012	\$ 1,235,102	\$ 1,118,067

(a) Internal Service Fund was eliminated in 2007. Fund balances were transferred to the System Fund.

San Antonio Water System
Schedule 2 - Change in Net Position
(accrual basis of accounting)
(amounts in thousands)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating revenues:										
Water delivery	\$ 121,078	\$ 125,188	\$ 106,864	\$ 105,204	\$ 111,379	\$ 89,991	\$ 104,104	\$ 92,954	\$ 72,495	\$ 64,823
Water supply	136,704	130,755	117,402	113,783	123,167	101,550	117,626	107,506	78,123	75,647
Wastewater	168,368	150,520	132,408	133,641	127,400	123,180	123,780	112,769	98,691	87,226
Chilled water & steam	12,378	11,631	12,223	12,714	12,675	12,997	13,146	13,304	11,963	12,130
	<u>438,528</u>	<u>418,094</u>	<u>368,897</u>	<u>365,342</u>	<u>374,621</u>	<u>327,718</u>	<u>358,656</u>	<u>326,533</u>	<u>261,272</u>	<u>239,826</u>
Operating expenses before depreciation:										
Salaries and fringe benefits	125,295	127,816	121,523	115,177	103,556	95,821	90,857	81,752	80,403	75,631
Contractual services	100,165	66,900	82,708	89,112	89,894	83,243	82,121	87,272	69,127	71,085
Materials and supplies	23,966	24,868	20,320	22,768	22,438	17,947	16,330	15,035	14,144	13,753
Other charges	21,790	21,756	36,883	24,398	20,735	17,884	11,201	9,804	8,074	8,771
Less: Costs capitalized to										
Construction in Progress	(33,640)	(32,282)	(34,945)	(35,643)	(31,137)	(29,334)	(23,244)	(22,714)	(19,053)	(19,312)
Internal Service Fund - net (gain)/loss				-	-	-	-	704	(249)	1,555
Operating expense before depreciation	<u>237,576</u>	<u>209,058</u>	<u>226,489</u>	<u>215,812</u>	<u>205,486</u>	<u>185,561</u>	<u>177,265</u>	<u>171,853</u>	<u>152,446</u>	<u>151,483</u>
Depreciation	103,034	98,374	107,761	86,535	83,494	78,307	71,312	67,958	60,646	57,005
Total operating expenses	<u>340,610</u>	<u>307,432</u>	<u>334,250</u>	<u>302,347</u>	<u>288,980</u>	<u>263,868</u>	<u>248,577</u>	<u>239,811</u>	<u>213,092</u>	<u>208,488</u>
Operating Income	97,918	110,662	34,647	62,995	85,641	63,850	110,079	86,722	48,180	31,338
Non-operating revenues:										
Interest and miscellaneous	6,149	5,955	3,625	4,511	14,382	24,442	20,716	10,007	7,060	7,309
Non-operating expenses:										
Amortization of debt issuance costs	1,783	1,809	2,081	1,465	1,521	1,015	645	537	500	430
Other finance charges	2,934	2,881	2,936	2,508	1,418	880	1,081	931	1,144	1,031
Interest expense	74,782	77,751	76,805	67,686	63,556	63,672	60,612	46,788	41,592	40,895
(Gain)/Loss on sale of capital assets	(430)	(773)	(392)	104	(4,014)	4	(2,266)	1,227	(131)	199
Payments to City of San Antonio	11,161	10,926	9,565	9,740	10,448	9,376	10,026	8,983	7,102	6,608
Payments to other entities	122	124	124	119	119	192	211	213	184	-
Total non-operating expense	<u>90,352</u>	<u>92,718</u>	<u>91,119</u>	<u>81,622</u>	<u>73,048</u>	<u>75,139</u>	<u>70,309</u>	<u>58,679</u>	<u>50,391</u>	<u>49,163</u>
Special Items	-	-	-	-	-	-	(4,999)	(3,584)	(9,786)	-
Increases (decreases) in net position, before capital contributions	13,715	23,899	(52,847)	(14,116)	26,975	13,153	55,487	34,466	(4,937)	(10,516)
Capital contributions										
Plant Contributions	44,787	23,263	27,162	42,190	91,827	104,795	81,208	48,238	45,302	52,055
Capital Recovery Fees	36,761	35,872	25,038	23,636	36,842	32,926	45,112	33,171	24,226	14,236
Grant Revenue	237	345	1,100	1,049	276	2,043	103	1,160	-	-
Total contributions	<u>81,785</u>	<u>59,480</u>	<u>53,300</u>	<u>66,875</u>	<u>128,945</u>	<u>139,764</u>	<u>126,423</u>	<u>82,569</u>	<u>69,528</u>	<u>66,291</u>
Change in net position	<u>\$ 95,500</u>	<u>\$ 83,379</u>	<u>\$ 453</u>	<u>\$ 52,759</u>	<u>\$ 155,920</u>	<u>\$ 152,917</u>	<u>\$ 181,910</u>	<u>\$ 117,035</u>	<u>\$ 64,591</u>	<u>\$ 55,775</u>

San Antonio Water System
Schedule 3 - Net Position in System
(accrual basis of accounting)
(amounts in thousands)

	Fiscal Year									
	2012	2011	2010	2009 (a)	2008 (a)	2007	2006	2005	2004	2003
Assets:										
Capital Assets, net of accumulated depreciation	\$ 3,771,228	\$ 3,553,065	\$ 3,362,867	\$ 3,174,264	\$ 2,967,190	\$ 2,697,592	\$ 2,471,129	\$ 2,338,280	\$ 2,180,021	\$ 2,016,140
Cash and Investments	517,876	528,761	575,629	576,652	478,919	480,240	435,543	337,322	307,769	331,657
Other Assets	88,769	81,338	75,578	74,823	71,110	72,796	65,482	64,828	59,691	45,896
Total Assets	4,377,873	4,163,164	4,014,074	3,825,739	3,517,219	3,250,628	2,972,154	2,740,430	2,547,481	2,393,693
Deferred Outflows of Resources										
Accumulated Decrease in Fair Value of Hedging Derivatives	19,746	18,380	5,575							
Liabilities:										
Revenue Bonds Payable (net)	2,046,550	1,891,320	1,832,523	1,743,689	1,408,182	1,492,865	1,257,642	1,348,054	1,134,379	1,018,643
Commercial Paper Notes	170,745	214,930	244,650	173,650	261,115	100,000	237,360	98,000	238,400	269,000
Other Liabilities	222,384	212,854	163,415	129,792	122,073	87,834	60,140	59,274	56,635	52,574
Total Liabilities	2,439,679	2,319,104	2,240,588	2,047,131	1,791,370	1,680,699	1,555,142	1,505,328	1,429,414	1,340,217
Net Position in System	\$ 1,957,940	\$ 1,862,440	\$ 1,779,061	\$ 1,778,608	\$ 1,725,849	\$ 1,569,929	\$ 1,417,012	\$ 1,235,102	\$ 1,118,067	\$ 1,053,476
Percentage Net Position in System	44.5%	44.5%	44.3%	46.5%	49.1%	48.3%	47.7%	45.1%	43.9%	44.0%

(a) Amounts have been restated as a result of the adoption of GASB 53, *Accounting and Financial Reporting for Derivative Instruments*.

San Antonio Water System
Schedule 4 - Water Production, Water Usage and Wastewater Treated
(gallons in millions)
Unaudited

Fiscal Year	Gallons of Water Production (b)	Gallons of Water Usage	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated (c)	Total Direct Rate			
						Water		Sewer	
						Base Rate (d)	Usage Rate (e)	Base Rate (f)	Usage Rate (g)
2012	66,596	55,320	11,276	16.93%	49,055	\$ 7.31	\$ 20.24	\$ 9.92	\$ 12.24
2011	70,699	59,133	11,566	16.36%	49,918	7.10	18.10	8.73	10.78
2010 (a)	61,272	52,578	8,694	14.19%	48,152	7.10	18.10	8.73	10.78
2009	62,649	55,295	7,354	11.74%	51,987	6.77	20.04	7.76	9.63
2008	67,523	58,828	8,695	12.88%	50,347	6.56	19.92	7.37	9.14
2007	55,043	49,511	5,532	10.05%	49,217	6.56	19.59	7.37	9.14
2006	63,388	57,724	5,664	8.94%	53,270	6.56	19.69	7.37	9.14
2005	58,990	55,005	3,985	6.76%	49,287	6.11	18.42	7.33	9.10
2004	51,231	49,367	1,864	3.64%	49,592	5.61	15.47	6.60	8.19
2003	55,039	50,575	4,464	8.11%	49,669	5.61	13.20	5.70	7.14

- (a) Reflects rate increase and rate restructuring for water usage beginning in November 2010. Prior to November, Water Base Rate (including TCEQ fees) was \$6.96, Water Usage Rate was \$20.52, Sewer Base Rate (including TCEQ fees) was \$7.81 and Sewer Usage Rate was \$9.63.
- (b) Pumpage is total potable water production less Aquifer Storage and Recovery recharge
- (c) Represents amounts billed to customers. Residential Class customers are billed based on water usage during a consecutive three month billing period from November through March. All other customer classes are billed for wastewater treatment based on actual water usage during each monthly billing period.
- (d) Rate shown is for 5/8" meters. See Schedule 8 for the rates of other meter sizes.
- (e) Represents standard (non-seasonal) usage charge for monthly residential water usage of 7,788 gallons per month. Includes water supply and EAA fees.
- (f) Minimum service availability charge (includes charge for first 1,496 gallons)
- (g) Represents usage charge for a residential customer based on winter average water consumption of 6,178 gallons per month.

San Antonio Water System
Schedule 5 - Sales by Source
(accrual basis of accounting)
(amounts in thousands)

Unaudited

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Water Sales:										
Residential Class	\$72,620	\$79,332	\$66,410	\$65,333	\$68,516	\$56,096	\$65,927	\$58,351	\$44,829	\$45,147
General Class	35,504	33,571	32,326	32,943	32,330	29,313	31,606	28,613	24,006	23,219
Wholesale Class	1,255	234	136	204	179	120	145	182	114	143
Irrigation Class (a)	11,164	11,722	12,909	12,176	16,124	10,659	12,541	11,723	8,210	8,666
Total Water	120,543	124,859	111,781	110,656	117,149	96,188	110,219	98,869	77,159	77,175
Water Supply Fees (b)										
Residential Class	44,163	51,696	45,312	45,909	49,042	39,081	48,403	42,283	28,623	23,290
General Class	32,537	31,586	29,764	30,403	30,140	28,105	29,531	27,036	19,945	16,410
Wholesale Class	2,294	202	158	178	160	132	166	165	104	116
Irrigation Class	12,058	13,029	7,154	6,288	8,016	5,285	6,154	5,741	3,559	2,824
Total Water Supply Fees	91,052	96,513	82,388	82,778	87,358	72,603	84,254	75,225	52,231	42,640
EAA Pass-through fees (c)										
Residential Class	10,841	4,767	5,423	3,605	5,893	3,561	4,925	4,818	3,304	3,247
General Class	7,352	2,930	3,648	2,387	3,622	2,560	3,005	3,080	2,303	2,288
Wholesale Class	509	18	19	14	19	12	17	19	12	16
Irrigation Class	1,242	540	765	494	963	481	626	654	411	394
Total Pass-through fees	19,944	8,255	9,855	6,500	10,497	6,614	8,573	8,571	6,030	5,945
Conservation Fees:										
Residential Class	2,986	3,682	2,814	2,962	3,663	1,986	4,112	3,291	2,411	2,411
General Class	7,040	6,702	4,461	4,008	3,938	3,957	3,637	3,968	3,558	3,519
Total Conservation	10,026	10,384	7,275	6,970	7,601	5,943	7,749	7,259	5,969	5,930
Wastewater Sales:										
Residential Class	98,674	88,702	79,118	81,202	75,752	72,212	72,901	63,605	55,763	48,649
General Class	54,175	48,271	41,768	41,343	40,034	38,554	38,325	37,342	31,622	28,410
Wholesale Class	6,761	6,105	5,044	5,225	5,281	6,469	6,704	6,435	5,695	4,693
Surcharge	5,134	4,815	4,861	4,648	4,614	4,409	4,271	4,081	4,019	4,075
Total Wastewater	164,744	147,893	130,791	132,418	125,681	121,644	122,201	111,463	97,099	85,827
TCEQ Pass-through fees (d)										
Water customers	1,064	1,178	964	-	-	-	-	-	-	-
Wastewater customers	411	464	280	-	-	-	-	-	-	-
	1,475	1,642	1,244	-	-	-	-	-	-	-
Recycled Water Sales	5,074	5,068	3,955	4,393	4,287	3,244	3,795	3,100	2,669	2,455
Stormwater Fees	4,558	4,158	3,745	3,358	3,037	3,056	3,056	2,938	2,746	2,400
Chilled Water & Steam	12,485	11,715	12,337	12,714	12,758	13,101	13,243	13,371	12,028	12,193
Miscellaneous Fees and Charges	12,427	10,193	8,872	9,266	9,541	7,944	8,204	7,374	6,756	6,519
Provision for Uncollectible Accounts	(3,800)	(2,811)	(3,463)	(3,711)	(3,288)	(2,619)	(2,638)	(1,637)	(1,415)	(1,260)
Total Operating Revenue	\$438,528	\$417,869	\$368,780	\$365,342	\$374,621	\$327,718	\$358,656	\$326,533	\$261,272	\$239,824

(a) Effective December 1, 2000, an irrigation rate class was approved for water service provided through separate irrigation meters.

(b) Effective December 1, 2000, a water supply fee was approved on all potable water service.

(c) EAA pass-through fees are designed to recoup fees charged by Edwards Aquifer Authority (EAA). The fee is charged based on water usage. Any previous over or under recovery of fees is considered in determining the fees to be charged each year.

(d) TCEQ pass-through fees are designed to recoup fees charged by the Texas Commission on Environmental Quality (TCEQ). Fee is a per customer charge.

San Antonio Water System
Schedule 6 - Sales in Gallons
(gallons billed, in millions)
Unaudited

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Water Sales (a):										
Residential Class	30,070	34,153	28,932	30,667	33,025	26,651	33,162	30,917	27,054	27,624
General Class	20,393	20,986	19,465	20,309	20,297	19,166	20,232	19,769	18,851	19,464
Wholesale Class	1,412	128	101	119	108	90	114	121	98	137
Irrigation Class	3,445	3,866	4,080	4,200	5,398	3,604	4,216	4,198	3,364	3,350
Total Water	55,320	59,133	52,578	55,295	58,828	49,511	57,724	55,005	49,367	50,575
Wastewater Sales:										
Residential Class	26,572	27,371	26,746	29,825	28,148	27,383	28,859	25,293	25,421	24,860
General Class	20,066	20,134	20,002	20,338	20,352	19,634	21,967	22,262	21,800	22,249
Wholesale Class	2,417	2,413	1,404	1,824	1,847	2,200	2,444	1,732	2,371	2,560
Total Wastewater	49,055	49,918	48,152	51,987	50,347	49,217	53,270	49,287	49,592	49,669
Conservation - Residential Class (b)	3,026	4,106	2,935	3,469	3,948	2,432	4,276	3,613	2,634	2,636
Recycled Water Sales	18,129	18,990	14,968	16,321	16,559	14,148	14,836	14,048	13,626	13,643

(a) Water Supply and EAA fees are billed based on the gallons billed for water sales.
(b) Gallons billed for conservation are included in the gallons billed for water sales.

Schedule 7 - Number of Customer Connections
(average number billed)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Water Sales (a):										
Residential Class	339,204	335,280	331,853	327,610	323,754	318,270	308,807	298,271	289,458	282,016
General Class	23,582	23,369	23,225	23,242	23,104	22,943	22,662	22,384	22,092	21,894
Wholesale Class	8	7	7	7	7	7	7	6	6	7
Total Water	362,794	358,656	355,085	350,859	346,865	341,220	331,476	320,661	311,556	303,917
Irrigation Class (b)	8,633	8,479	8,350	8,202	7,940	7,602	7,232	6,883	6,522	6,283
Wastewater Sales:										
Residential Class	383,553	378,380	373,755	368,948	361,966	352,038	338,693	326,516	316,498	313,042
General Class	24,824	24,550	24,407	24,285	23,999	23,604	23,408	23,016	22,590	22,386
Wholesale Class	12	12	7	12	13	11	12	12	12	11
Total Wastewater	408,389	402,942	398,169	393,245	385,978	375,653	362,113	349,544	339,100	335,439
Conservation - Residential Class (c)	23,804	33,708	21,791	26,665	29,973	15,548	31,716	27,963	18,754	22,177
Recycled Water Sales	92	80	81	86	76	71	69	56	51	33

(a) Water Supply and EAA fees are billed to a water customers with water usage.
(b) Represents the number of customers included in Residential, General and Wholesale Classes which also have irrigation meters.
(c) The residential class rate applied to monthly residential usage in excess of 17,205 gallons is designated as Conservation Fees. These customers are included in the residential class for water sales.

San Antonio Water System
 Schedule 8 - Residential Class Rates (Inside City Limits)

	Fiscal Year									
	2012	2011	2010 (c)	2009	2008	2007	2006	2005	2004	2003
Water										
Service Availability Charge by meter size:										
5/8"	\$7.14	\$6.91	\$6.91	\$6.77	\$6.56	\$6.56	\$6.56	\$6.11	\$5.61	\$5.61
3/4"	10.01	9.68	9.68	8.59	8.32	8.32	8.32	7.75	7.12	6.85
1"	15.75	15.23	15.23	12.49	12.10	12.10	12.10	11.28	10.36	8.22
1-1/2"	30.09	29.10	29.10	22.25	21.56	21.56	21.56	20.09	18.46	11.45
2"	47.28	45.73	45.73	33.95	32.90	32.90	32.90	30.66	28.18	16.68
3"	87.44	84.56	84.56	61.27	59.37	59.37	59.37	55.33	50.85	47.94
4"	144.78	140.02	140.02	100.30	97.19	97.19	97.19	90.58	83.25	64.75
6"	288.17	278.69	278.69	197.89	191.75	191.75	191.75	178.70	164.24	117.90
8"	460.22	445.09	445.09	314.96	305.19	305.19	305.19	284.43	261.42	167.34
10"	660.95	639.22	639.22	451.57	437.57	437.57	437.57	407.80	374.81	251.76
12"	1,234.47	1,193.88	1,193.88	841.86	815.76	815.76	815.76	760.26	698.76	554.30
Usage (per 100 gallons)										
Standard:										
First 7,481 gallons				0.0906	0.0878	0.0878	0.0878	0.0818	0.0751	0.0722
Next 5,236 gallons				0.1309	0.1268	0.1268	0.1268	0.1182	0.1086	0.1038
Next 4,488 gallons				0.2058	0.1994	0.1994	0.1994	0.1858	0.1707	0.1288
Over 17,205 gallons (a)				0.3288	0.3186	0.3186	0.3186	0.2969	0.2728	0.2703
Seasonal (b):										
First 7,481 gallons				0.0906	0.0878	0.0878	0.0878	0.0818	0.0751	0.0722
Next 5,236 gallons				0.1423	0.1379	0.1379	0.1379	0.1285	0.1181	0.1128
Next 4,488 gallons				0.2217	0.2148	0.2148	0.2148	0.2002	0.1840	0.1388
Over 17,205 gallons (a)				0.4246	0.4114	0.4114	0.4114	0.3834	0.3523	0.3490
Standard:										
First 5,985 gallons	0.0948	0.0917	0.0917							
Next 6,732 gallons	0.1372	0.1327	0.1327							
Next 4,488 gallons	0.1935	0.1871	0.1871							
Over 17,205 gallons (a)	0.3388	0.3277	0.3277							
Seasonal (d):										
First 5,985 gallons	0.0948	0.0917	0.0917							
Next 6,732 gallons	0.1492	0.1443	0.1443							
Next 4,488 gallons	0.2219	0.2146	0.2146							
Over 17,205 gallons (a)	0.4597	0.4446	0.4446							
Sewer (e)										
Service Availability Charge (f)	9.86	8.68	8.68	7.76	7.37	7.37	7.37	7.33	6.60	5.70
Usage (per 100 gallons)	0.2615	0.2302	0.2302	0.2057	0.1953	0.1953	0.1953	0.1943	0.1750	0.1526

- (a) Includes \$.0966 per 100 gallons billed as conservation fees.
- (b) Rate was applied to all billings beginning July 1 and ending on or about October 31 of each year. At all other times the Standard rate was utilized.
- (c) Applies to water billed after November 2010.
- (d) Rate is applied to all billings beginning May 1 and ending on or about September 30 of each year. At all other times the Standard rate is utilized.
- (e) Residential sewer charges are computed on the basis of average winter usage for 90 days during three consecutive billings periods beginning after November 15 and ending on or before March 15 of each year. 2010 rates applied to wastewater services billed in December 2010. 2009 rates applied to wastewater services for January 2010 through November 2010.
- (f) Includes the first 1,496 gallons.

San Antonio Water System
 Schedule 9 - Residential Class Rates (Outside City Limits)

	Fiscal Year									
	2012	2011	2010 (c)	2009	2008	2007	2006	2005	2004	2003
Water										
Service Availability Charge by meter size:										
5/8"	9.29	8.98	8.98	8.78	8.51	8.51	8.51	7.93	7.28	7.28
3/4"	13.02	12.59	12.59	11.16	10.81	10.81	10.81	10.07	9.25	8.92
1"	20.47	19.80	19.80	16.23	15.73	15.73	15.73	14.66	13.47	10.68
1-1/2"	39.12	37.83	37.83	28.92	28.02	28.02	28.02	26.11	23.99	14.89
2"	61.48	59.46	59.46	44.14	42.77	42.77	42.77	39.86	36.63	21.70
3"	113.68	109.94	109.94	79.65	77.18	77.18	77.18	71.93	66.11	62.31
4"	188.23	182.04	182.04	130.39	126.35	126.35	126.35	117.75	108.22	84.16
6"	374.62	362.30	362.30	257.24	249.26	249.26	249.26	232.30	213.51	153.27
8"	598.30	578.63	578.63	409.45	396.75	396.75	396.75	369.76	339.85	217.54
10"	859.24	830.99	830.99	587.03	568.83	568.83	568.83	530.13	487.25	327.29
12"	1,604.82	1,552.05	1,552.05	1,094.42	1,060.48	1,060.48	1,060.48	988.33	908.39	720.59
Usage (per 100 gallons)										
Standard:										
First 7,481 gallons				0.1176	0.1140	0.1140	0.1140	0.1062	0.0976	0.0940
Next 5,236 gallons				0.1702	0.1649	0.1649	0.1649	0.1537	0.1412	0.1350
Next 4,488 gallons				0.2674	0.2591	0.2591	0.2591	0.2415	0.2219	0.1673
Over 17,205 gallons (a)				0.4274	0.4141	0.4141	0.4141	0.3859	0.3546	0.3463
Seasonal (b):										
First 7,481 gallons				0.1176	0.1140	0.1140	0.1140	0.1062	0.0976	0.0940
Next 5,236 gallons				0.1850	0.1793	0.1793	0.1793	0.1671	0.1535	0.1466
Next 4,488 gallons				0.2882	0.2793	0.2793	0.2793	0.2603	0.2392	0.1840
Over 17,205 gallons (a)				0.5519	0.5348	0.5348	0.5348	0.4984	0.4580	0.4487
Standard:										
First 5,985 gallons	0.1234	0.1193	0.1193							
Next 6,732 gallons	0.1784	0.1725	0.1725							
Next 4,488 gallons	0.2516	0.2433	0.2433							
Over 17,205 gallons (a)	0.4405	0.4260	0.4260							
Seasonal (d):										
First 5,985 gallons	0.1234	0.1193	0.1193							
Next 6,732 gallons	0.1940	0.1876	0.1876							
Next 4,488 gallons	0.2885	0.2790	0.2790							
Over 17,205 gallons (a)	0.5975	0.5779	0.5779							
Sewer (e)										
Service Availability Charge (f)	11.85	10.43	10.43	9.32	8.85	8.85	8.85	8.80	7.92	6.84
Usage (per 100 gallons)	0.3138	0.2762	0.2762	0.2468	0.2343	0.2343	0.2343	0.2331	0.2100	0.1831

- (a) Includes \$.0966 per 100 gallons billed as conservation fees.
- (b) Rate was applied to all billings beginning July 1 and ending on or about October 31 of each year. At all other times the Standard rate was utilized.
- (c) Applies to water billed after November 2010.
- (d) Rate is applied to all billings beginning May 1 and ending on or about September 30 of each year. At all other times the Standard rate is utilized.
- (e) Residential sewer charges are computed on the basis of average winter usage for 90 days during three consecutive billings periods beginning after November 15 and ending on or before March 15 of each year. 2010 rates applied to wastewater services billed in December 2010. 2009 rates applied to wastewater services for January 2010 through November 2010.
- (f) Includes the first 1,496 gallons.

San Antonio Water System
Schedule 10 - General Class Rates

	Fiscal Year									
	2012	2011	2010 (c)	2009	2008	2007	2006	2005	2004	2003
Water - Inside City Limits										
Service Availability Charge by meter size (a):										
5/8"	\$9.92	\$9.59	\$9.59	\$9.81	\$9.51	\$9.51	\$9.51	\$8.86	\$8.14	\$8.74
3/4"	14.18	13.71	13.71	13.16	12.75	12.75	12.75	11.88	10.91	11.37
1"	22.68	21.93	21.93	19.21	18.61	18.61	18.61	17.34	15.93	14.81
1-1/2"	43.95	42.50	42.50	35.03	33.94	33.94	33.94	31.63	29.07	23.55
2"	69.48	67.20	67.20	52.83	51.19	51.19	51.19	47.71	46.85	34.44
3"	129.04	124.80	124.80	106.92	103.60	103.60	103.60	96.55	88.74	91.60
4"	214.13	207.09	207.09	176.40	170.93	170.93	170.93	159.30	146.41	136.14
6"	426.86	412.82	412.82	350.03	339.18	339.18	339.18	316.10	290.53	259.71
8"	682.12	659.69	659.69	543.20	526.36	526.36	526.36	490.55	450.87	391.47
10"	979.93	947.71	947.71	755.89	732.45	732.45	732.45	682.62	627.40	536.79
12"	1,830.83	1,770.63	1,770.63	1,191.85	1,154.89	1,154.89	1,154.89	1,076.32	989.26	662.31
Usage (per 100 gallons)										
Below base (b)				0.1086	0.1052	0.1052	0.1052	0.0980	0.0900	0.0900
100-125% of base				0.1257	0.1218	0.1218	0.1218	0.1135	0.1043	0.0975
125-150% of base				0.1633	0.1582	0.1582	0.1582	0.1474	0.1354	0.1050
150-200% of base				0.2138	0.2072	0.2072	0.2072	0.1931	0.1774	0.1150
Over 200% of base				0.3160	0.3062	0.3062	0.3062	0.2854	0.2623	0.2590
Usage (per 100 gallons)										
Base (d)	0.1148	0.1110	0.1110							
100-125% of base	0.1372	0.1327	0.1327							
125-175% of base	0.1924	0.1861	0.1861							
Over 175% of base	0.2818	0.2725	0.2725							
Water - Outside City Limits										
Service Availability Charge by meter size (a):										
5/8"	12.89	12.47	12.47	11.83	11.46	11.46	11.46	10.68	9.81	10.57
3/4"	18.43	17.82	17.82	15.72	15.23	15.23	15.23	14.19	13.04	13.60
1"	29.48	28.51	28.51	22.94	22.23	22.23	22.23	20.72	19.04	17.53
1-1/2"	57.14	55.26	55.26	41.69	40.40	40.40	40.40	37.65	34.60	27.43
2"	90.33	87.36	87.36	63.01	61.06	61.06	61.06	56.71	52.30	39.92
3"	167.76	162.24	162.24	125.31	121.42	121.42	121.42	113.16	104.00	107.34
4"	278.37	269.22	269.22	206.48	200.08	200.08	200.08	186.47	171.38	157.40
6"	554.91	536.66	536.66	409.39	396.70	396.70	396.70	369.71	339.80	298.12
8"	886.76	857.60	857.60	637.69	617.92	617.92	617.92	575.88	529.30	450.40
10"	1,273.92	1,232.03	1,232.03	891.35	863.71	863.71	863.71	804.95	739.84	619.47
12"	2,380.08	2,301.82	2,301.82	1,444.41	1,399.62	1,399.62	1,399.62	1,304.40	1,198.89	770.88
Usage (per 100 gallons)										
Below base (b)				0.1410	0.1366	0.1366	0.1366	0.1273	0.1170	0.1170
100-125% of base				0.1635	0.1584	0.1584	0.1584	0.1476	0.1356	0.1268
125-150% of base				0.2121	0.2055	0.2055	0.2055	0.1915	0.1760	0.1365
150-200% of base				0.2778	0.2692	0.2692	0.2692	0.2509	0.2306	0.1495
Over 200% of base				0.4109	0.3982	0.3982	0.3982	0.3711	0.3410	0.3367
Usage (per 100 gallons)										
Base (d)	0.1492	0.1443	0.1443							
100-125% of base	0.1783	0.1724	0.1724							
125-175% of base	0.2501	0.2419	0.2419							
Over 175% of base	0.3662	0.3542	0.3542							
Sewer - Inside City Limits (e)										
Service Availability Charge (f)	9.86	8.68	8.68	7.76	7.37	7.37	7.37	7.33	6.60	6.40
Usage (per 100 gallons)	0.2615	0.2302	0.2302	0.2057	0.1953	0.1953	0.1953	0.1943	0.1750	0.1489
Sewer - Outside City Limits (e)										
Service Availability Charge (f)	11.85	10.43	10.43	9.32	8.85	8.85	8.85	8.80	7.92	7.68
Usage (per 100 gallons)	0.3138	0.2762	0.2762	0.2468	0.2343	0.2343	0.2343	0.2331	0.2100	0.1787

(a) A portion of the meter charge is billed as conservation fees.

(b) Base is defined as 90% of the previous average annual usage. Effective for water billed through November 2010.

(c) Effective for water billed beginning December 2010.

(d) Base is defined as 100% of the previous average annual usage.

(e) 2010 Rate applied to wastewater services billed in December 2010. 2009 rate applies to water services for January 2010 through November 2010.

(f) Includes the first 1,496 gallons.

**San Antonio Water System
Schedule 11 - Wholesale Class Rates**

	Fiscal Year									
	2012	2011	2010 (c)	2009	2008	2007	2006	2005	2004	2003
Water - Inside City Limits										
Service Availability Charge by meter size:										
6"	\$ 288.17	\$278.69	\$278.69	\$197.89	\$191.75	\$191.75	\$191.75	\$178.70	\$164.24	\$247.60
8"	460.22	445.09	445.09	314.96	305.19	305.19	305.19	284.43	261.42	371.40
10"	660.95	639.22	639.22	451.57	437.57	437.57	437.57	407.80	374.81	495.22
12"	1,234.47	1,193.88	1,193.88	841.86	815.76	815.76	815.76	760.26	698.76	705.65
Usage (<i>per 100 gallons</i>)										
Below base (a)				0.0788	0.0764	0.0764	0.0764	0.0712	0.0654	0.0615
100-125% of base				0.0983	0.0953	0.0953	0.0953	0.0888	0.0816	0.0710
125-150% of base				0.1353	0.1310	0.1310	0.1310	0.1222	0.1123	0.0769
150-200% of base				0.1804	0.1748	0.1748	0.1748	0.1629	0.1497	0.0828
Over 200% of base				0.2365	0.2292	0.2292	0.2292	0.2136	0.1963	0.0888
Usage (<i>per 100 gallons</i>)										
Base (b)	0.0796	0.0770	0.0770							
100-125% of base	0.1196	0.1157	0.1157							
125-175% of base	0.1727	0.1670	0.1670							
Over 175% of base	0.2442	0.2362	0.2362							
Water - Outside City Limits										
Service Availability Charge by meter size:										
6"	374.62	362.30	362.30	257.24	249.26	249.26	249.26	232.30	213.51	321.88
8"	598.30	578.63	578.63	409.45	396.75	396.75	396.75	369.76	339.85	482.82
10"	859.24	830.99	830.99	587.03	568.83	568.83	568.83	530.13	487.25	643.77
12"	1,604.82	1,552.05	1,552.05	1,094.42	1,060.48	1,060.48	1,060.48	988.33	908.39	917.34
Usage (<i>per 100 gallons</i>)										
Below base (a)				0.1025	0.0993	0.0993	0.0993	0.0925	0.0850	0.0800
100-125% of base				0.1279	0.1239	0.1239	0.1239	0.1155	0.1061	0.0923
125-150% of base				0.1760	0.1705	0.1705	0.1705	0.1589	0.1460	0.1000
150-200% of base				0.2346	0.2273	0.2273	0.2273	0.2118	0.1946	0.1077
Over 200% of base				0.3075	0.2980	0.2980	0.2980	0.2777	0.2552	0.1154
Usage (<i>per 100 gallons</i>)										
Base (b)	0.1035	0.1001	0.1001							
100-125% of base	0.1555	0.1504	0.1504							
125-175% of base	0.2245	0.2171	0.2171							
Over 175% of base	0.3174	0.3070	0.3070							
Sewer - Inside City Limits										
Usage (<i>per 100 gallons</i>)	0.2357	0.2075	0.2075	0.1854	0.1760	0.1760	0.1760	0.1751	0.1577	0.1362
Sewer - Outside City Limits										
Service Availability Charge	115.82	101.95	101.95	91.11	86.50	86.50	86.50	86.07	77.54	67.00
Usage (<i>per 100 gallons</i>)	0.2830	0.2491	0.2491	0.2226	0.2113	0.2113	0.2113	0.2102	0.1893	0.1467

- (a) Base was defined as 90% of the previous average annual usage. Effective for water billed through November 2010.
(b) Base is defined as 100% of the previous average annual usage.
(c) Effective for water billed beginning December 2010.

San Antonio Water System
Schedule 12 - Irrigation Class Rates

	Fiscal Year									
	2012	2011	2010 (c)	2009	2008	2007	2006	2005	2004	2003
Inside City Limits										
Service Availability Charge by meter size (a):										
5/8"	\$9.92	\$9.59	\$9.59	\$9.81	\$9.51	\$9.51	\$9.51	\$8.86	\$8.14	\$8.74
3/4"	14.18	13.71	13.71	13.16	12.75	12.75	12.75	11.88	10.91	11.37
1"	22.68	21.93	21.93	19.21	18.61	18.61	18.61	17.34	15.93	14.81
1-1/2"	43.95	42.50	42.50	35.03	33.94	33.94	33.94	31.63	29.07	23.55
2"	69.48	67.20	67.20	52.83	51.19	51.19	51.19	47.71	43.85	34.44
3"	129.04	124.80	124.80	106.92	103.60	103.60	103.60	96.55	88.74	91.60
4"	214.13	207.09	207.09	176.40	170.93	170.93	170.93	159.30	146.41	136.14
6"	426.86	412.82	412.82	350.03	339.18	339.18	339.18	316.10	290.53	259.71
8"	682.12	659.69	659.69	543.20	526.36	526.36	526.36	490.55	450.87	391.47
10"	979.93	947.71	947.71	755.89	732.45	732.45	732.45	682.62	627.40	536.79
12"	1,830.83	1,770.63	1,770.63	1,191.85	1,154.89	1,154.89	1,154.89	1,076.32	989.26	662.31
Usage (per 100 gallons) (b)										
First 12,717 gallons				0.1526	0.1479	0.1479	0.1479	0.1378	0.1266	0.1200
Next 4,488 gallons				0.2290	0.2219	0.2219	0.2219	0.2068	0.1900	0.1900
Over 17,205 gallons				0.3160	0.3062	0.3062	0.3062	0.2854	0.2623	0.2590
Usage (per 100 gallons)										
Standard:										
Zero gallons	-	-	-							
Next 6,732 gallons	0.1613	0.1560	0.1560							
Next 10,473 gallons	0.1935	0.1871	0.1871							
Over 17,205 gallons (e)	0.3388	0.3277	0.3277							
Usage (per 100 gallons)										
Seasonal (d):										
Zero gallons	-	-	-							
Next 6,732 gallons	0.1613	0.1560	0.1560							
Next 10,473 gallons	0.2246	0.2172	0.2172							
Over 17,205 gallons (e)	0.4650	0.4497	0.4497							
Outside City Limits										
Service Availability Charge by meter size (a):										
5/8"	12.89	12.47	12.47	11.83	11.46	11.46	11.46	10.68	9.81	10.57
3/4"	18.43	17.82	17.82	15.72	15.23	15.23	15.23	14.19	13.04	13.60
1"	29.48	28.51	28.51	22.94	22.23	22.23	22.23	20.72	19.04	17.53
1-1/2"	57.14	55.26	55.26	41.69	40.40	40.40	40.40	37.65	34.60	27.43
2"	90.33	87.36	87.36	63.01	61.06	61.06	61.06	56.91	52.30	39.92
3"	167.76	162.24	162.24	125.31	121.42	121.42	121.42	113.16	104.00	107.34
4"	278.37	269.22	269.22	206.48	200.08	200.08	200.08	186.47	171.38	157.40
6"	554.91	536.66	536.66	409.39	396.70	396.70	396.70	369.71	339.80	298.12
8"	886.76	857.60	857.60	637.69	617.92	617.92	617.92	575.88	529.30	450.40
10"	1,273.92	1,232.03	1,232.03	891.35	863.71	863.71	863.71	804.95	739.84	619.47
12"	2,380.08	2,301.82	2,301.82	1,444.41	1,399.62	1,399.62	1,399.62	1,304.40	1,198.89	770.88
Usage (per 100 gallons) (b)										
First 12,717 gallons				0.1982	0.1921	0.1921	0.1921	0.1790	0.1645	0.1560
Next 4,488 gallons				0.2976	0.2884	0.2884	0.2884	0.2688	0.2470	0.2470
Over 17,205 gallons				0.4109	0.3982	0.3982	0.3982	0.3711	0.3410	0.3400
Usage (per 100 gallons)										
Standard:										
Zero gallons	-	-	-							
Next 6,732 gallons	0.2097	0.2028	0.2028							
Next 10,473 gallons	0.2515	0.2432	0.2432							
Over 17,205 gallons (e)	0.4405	0.4260	0.4260							
Usage (per 100 gallons)										
Seasonal (d):										
Zero gallons	-	-	-							
Next 6,732 gallons	0.2097	0.2028	0.2028							
Next 10,473 gallons	0.2920	0.2824	0.2824							
Over 17,205 gallons (e)	0.6045	0.5846	0.5846							

- (a) A portion of the meter charge is billed as conservation fees.
(b) Rate applied to water billed through November 2010.
(c) Rate applied to water billed after November 2010.
(d) Seasonal rate is applied to all billings beginning May 1 and ending on or about September 30 of each year.
At all other time the Standard rate is applied.
(e) Includes \$.0966 per 100 gallons billed as conservation fees.

**San Antonio Water System
Schedule 13 - Other Fees**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Water Supply Fee (a):										
Residential Class				\$0.1529	\$0.1487	\$0.1487	\$0.1487	\$0.1378	\$0.1100	\$0.0844
First 5,985 gallons	\$0.1054	\$0.1023	\$0.1023							
Next 6,732 gallons	\$0.1524	\$0.1480	\$0.1480							
Next 4,488 gallons	\$0.2150	\$0.2087	\$0.2087							
Over 17,205 gallons	\$0.3763	\$0.3653	\$0.3653							
General Class	\$0.1620	\$0.1573	\$0.1573	\$0.1529	\$0.1487	\$0.1487	\$0.1487	\$0.1378	\$0.1100	\$0.0844
Wholesale Class	\$0.1620	\$0.1573	\$0.1573	\$0.1529	\$0.1487	\$0.1487	\$0.1487	\$0.1378	\$0.1100	\$0.0844
Irrigation Class				\$0.1529	\$0.1487	\$0.1487	\$0.1487	\$0.1378	\$0.1100	\$0.0844
First 6,732 gallons	\$0.1620	\$0.1573	\$0.1573							
Next 10,473 gallons	\$0.2150	\$0.2087	\$0.2087							
Over 17,205 gallons	\$0.4081	\$0.3962	\$0.3962							
EAA Fee (b)	\$0.03901	\$0.01407	\$0.01841	\$0.01222	\$0.01769	\$0.01352	\$0.01482	\$0.01549	\$0.01226	\$0.01167
State-Imposed TCEQ Fees (c)										
Water Connection Fee	\$0.17	\$0.19	\$0.19	-	-	-	-	-	-	-
Wastewater Connection Fee	\$0.06	\$0.05	\$0.05	-	-	-	-	-	-	-

- (a) Per 100 gallons. 2010 rate applied to water usage billed in December 2010. 2009 rate applied to water usage billed for January 2010 through November 2010.
- (b) Per 100 gallons. Applies to all billed water. Purpose of fee is to recover fees paid to Edwards Aquifer Authority for permitted water rights. Annual rate takes into account any cumulative deficit or surplus in the recovery, number of EAA water rights, and projected water sales (in gallons) for the year.
- (c) Purpose is to recover fees paid to Texas Commission on Environmental Quality (TCEQ). Each fee is assessed monthly to all Residential, General, and Wholesale accounts as well as each apartment account based on the number of units. Annual rate takes into account any cumulative deficit or surplus in the recovery.

Schedule 14 - Recycled Water Rates

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Edwards Exchange Customers (a)										
Service Availability Charge by meter size:										
5/8"	\$9.04	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74
3/4"	11.76	11.37	11.37	11.37	11.37	11.37	11.37	11.37	11.37	11.37
1"	15.31	14.81	14.81	14.81	14.81	14.81	14.81	14.81	14.81	14.81
1-1/2"	24.35	23.55	23.55	23.55	23.55	23.55	23.55	23.55	23.55	23.55
2"	35.61	34.44	34.44	34.44	34.44	34.44	34.44	34.44	34.44	34.44
3"	94.71	91.60	91.60	91.60	91.60	91.60	91.60	91.60	91.60	91.60
4"	140.77	136.14	136.14	136.14	136.14	136.14	136.14	136.14	136.14	136.14
6"	268.54	259.71	259.71	259.71	259.71	259.71	259.71	259.71	259.71	259.71
8"	404.78	391.47	391.47	391.47	391.47	391.47	391.47	391.47	391.47	391.47
10"	555.04	536.79	536.79	536.79	536.79	536.79	536.79	536.79	536.79	536.79
12"	684.83	662.31	662.31	662.31	662.31	662.31	662.31	662.31	662.31	662.31
Usage (per 100 gallons)										
Standard:										
Transferred amount	0.0238	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230
In excess of transferred amount	0.0892	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863
Seasonal (b):										
Transferred amount	0.0238	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230
In excess of transferred amount	0.0948	0.0917	0.0917	0.0917	0.0917	0.0917	0.0917	0.0917	0.0917	0.0917
Non-exchange Customers										
Service Availability Charge by meter size:										
5/8"	\$9.04	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74
3/4"	11.76	11.37	11.37	11.37	11.37	11.37	11.37	11.37	11.37	11.37
1"	15.31	14.81	14.81	14.81	14.81	14.81	14.81	14.81	14.81	14.81
1-1/2"	24.35	23.55	23.55	23.55	23.55	23.55	23.55	23.55	23.55	23.55
2"	35.61	34.44	34.44	34.44	34.44	34.44	34.44	34.44	34.44	34.44
3"	94.71	91.60	91.60	91.60	91.60	91.60	91.60	91.60	91.60	91.60
4"	140.77	136.14	136.14	136.14	136.14	136.14	136.14	136.14	136.14	136.14
6"	268.54	259.71	259.71	259.71	259.71	259.71	259.71	259.71	259.71	259.71
8"	404.78	391.47	391.47	391.47	391.47	391.47	391.47	391.47	391.47	391.47
10"	555.04	536.79	536.79	536.79	536.79	536.79	536.79	536.79	536.79	536.79
12"	684.83	662.31	662.31	662.31	662.31	662.31	662.31	662.31	662.31	662.31
Usage (per 100 gallons)										
Standard:										
First 748,000 gallons	0.0955	0.0924	0.0924	0.0924	0.0924	0.0924	0.0924	0.0924	0.0924	0.0924
Over 748,000 gallons	0.0975	0.0943	0.0943	0.0943	0.0943	0.0943	0.0943	0.0943	0.0943	0.0943
Seasonal (b):										
First 748,000 gallons	0.1026	0.0992	0.0992	0.0992	0.0992	0.0992	0.0992	0.0992	0.0992	0.0992
Over 748,000 gallons	0.1036	0.1002	0.1002	0.1002	0.1002	0.1002	0.1002	0.1002	0.1002	0.1002

(a) Customers that have exchanged Edwards Aquifer water rights to the System.

(b) Prior to 2012, rate was applied to all billings beginning July 1 and ending on or about October 31 of each year. At all other times the Standard rate was utilized.

Beginning in 2012 rate is applied to all billings beginning May 1 and ending on or about September 30 of each year. At all other times the Standard rate is utilized.

**San Antonio Water System
Schedule 15 - Impact Fees**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Water										
Flow - All Areas	\$1,247.00	\$1,247.00	\$1,098.00	\$1,098.00	\$1,098.00	\$1,098.00	\$1,098.00	\$362.00	\$362.00	\$362.00
System Development:										
Low Elevation Service Area	579.00	579.00	668.00	668.00	668.00	668.00	668.00			
Middle Elevation Service Area	774.00	774.00	591.00	591.00	591.00	591.00	591.00			
High Elevation Service Area	966.00	966.00	1,356.00	1,356.00	1,356.00	1,356.00	1,356.00			
Service Level:										
2								125.00	125.00	125.00
3								107.00	107.00	107.00
4								172.00	172.00	172.00
5								104.00	104.00	104.00
5A								100.00	100.00	100.00
6								149.00	149.00	149.00
7								249.00	249.00	249.00
8								411.00	411.00	411.00
9								490.00	490.00	490.00
10								428.00	428.00	428.00
11								569.00	569.00	569.00
11A								945.00	945.00	945.00
11B								1,094.00	1,094.00	1,094.00
11E								1,163.00	1,163.00	1,163.00
11F								523.00	523.00	523.00
12								743.00	743.00	743.00
14								791.00	791.00	791.00
Wastewater										
Treatment:										
Dos Rios/Leon Creek Service Area	552.00	552.00								
Medio Creek	1,379.00	1,379.00								
Upper and Lower Service Areas			453.00	453.00	453.00	453.00	453.00			
Far West-Medio Service Areas			901.00	901.00	901.00	901.00	901.00			
Inner Service Area								142.00	142.00	142.00
Outer Service Area								750.00	750.00	750.00
Far West - Medio Creek Service Area								1,200.00	750.00	750.00
Far West - Potranca Creek Service Area								1,200.00	750.00	750.00
Far West - Lucas Creek & Big Sous Service Area								1,200.00	750.00	750.00
Collection:										
Medio Creek	582.00	582.00								
Upper Medina	1,053.00	1,053.00								
Lower Medina	594.00	594.00								
Upper Collection	1,795.00	1,795.00								
Middle Collection	1,142.00	1,142.00								
Lower Collection	552.00	552.00								
Lower Service Area			413.00	413.00	413.00	413.00	413.00			
Upper Service Area			691.00	691.00	691.00	691.00	691.00			
Far West-Medio Service Areas			394.00	394.00	394.00	394.00	394.00			
Far West-Potranco, Big Sous, & Lucas Service Area			772.00	772.00	772.00	772.00	772.00			
Inner Service Area								366.00	366.00	366.00
Outer Service Area								366.00	366.00	366.00
Far West - Medio Creek Service Area								538.00	366.00	366.00
Far West - Potranca Creek Service Area								409.00	366.00	366.00
Far West - Lucas Creek & Big Sous Service Area								366.00	366.00	366.00
Lift Station:										
Far West - Potranca Creek Service Area								363.00		
Far West - Lucas Creek & Big Sous Service Area								363.00		
Water Supply - All Areas	1,297.00	1,297.00	1,242.00	1,242.00	1,242.00	1,242.00	1,242.00	852.00	352.00	352.00

Impact fees are assessed per equivalent dwelling unit.

Meter Size	EQUIVALENT DWELLING UNITS									
	1	1	1	1	1	1	1	1	1	1
5/8"	1	1	1	1	1	1	1	1	1	1
3/4"	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
1"	2	2	2	2	2	2	2	2	2	2
1-1/2"	5	5	5	5	5	5	5	5	5	5
2"	14	14	14	14	14	14	14	14	14	14
3"	30	30	30	30	30	30	30	30	30	30
4"	50	50	50	50	50	50	50	50	50	50
6"	105	105	105	105	105	105	105	105	105	105
8"	135	135	135	135	135	135	135	135	135	135
10"	190	190	190	190	190	190	190	190	190	190
12"	360	360	360	360	360	360	360	360	360	360

San Antonio Water System
Schedule 16 - Ten Largest Customers - Water
Current Year and Nine Years Ago
Unaudited

Customer	Principal Business	Usage (million gallons)	%	Revenue (a) (in thousands)	%
Fiscal Year Ended December 31, 2012:					
CITY OF SAN ANTONIO	Municipal Entity	540	0.98	\$ 2,716	1.12
SAN ANTONIO HOUSING AUTHORITY	Public Housing	493	0.89	1,866	0.77
HEB GROCERY	Grocery	468	0.85	1,822	0.75
BEXAR COUNTY	County Government	310	0.56	1,119	0.46
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	256	0.46	1,118	0.46
CPS ENERGY	Public Power Utility	288	0.52	1,019	0.42
SAN ANTONIO INDEPENDENT SCHOOL DISTRICT	School System	161	0.29	792	0.33
MAXIM INTEGRATED PRODUCT INC.	Electronics	238	0.43	765	0.32
UNIVERSITY OF TEXAS AT SAN ANTONIO	University	203	0.37	728	0.30
NORTHEAST INDEPENDENT SCHOOL DISTRICT	School System	162	0.29	721	0.30
Subtotal (10 largest)		3,119	5.64	12,666	5.22
Balance from Other Customers		52,201	94.36	229,963	94.78
Total		55,320	100.00	\$ 242,629	100.00
Fiscal Year Ended December 31, 2003:					
CITY OF SAN ANTONIO	Municipal Entity	887	1.75	\$ 1,369	1.04
SAN ANTONIO HOUSING AUTHORITY	Public Housing	556	1.10	698	0.53
HEB GROCERY	Grocery	331	0.65	437	0.33
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	224	0.44	360	0.27
SAN ANTONIO INDEPENDENT SCHOOL DISTRICT	School System	199	0.39	339	0.26
SONY SEMICONDUCTOR	Electronics	357	0.71	327	0.25
AMERICAN OPPORTUNITY FOR HOUSING	Housing Services	242	0.48	321	0.24
PHILIPS SEMICONDUCTORS	Electronics	248	0.49	235	0.18
CPS ENERGY	Public Power Utility	229	0.45	234	0.18
BROOKS AIR FORCE BASE	Military Base	173	0.34	228	0.17
Subtotal (10 largest)		3,446	6.81	4,548	3.45
Balance from Other Customers		47,129	93.19	127,142	96.55
Total		50,575	100.00	\$ 131,690	100.00

(a) Includes Conservation, Water Supply, EAA fees and TCEQ Water fees.

San Antonio Water System
Schedule 17 - Ten Largest Customers - Wastewater
Current Year and Nine Years Ago
Unaudited

Customer	Principal Business	Usage (million gallons)	%	Total Revenue (in thousands)	%
Fiscal Year Ended December 31, 2012:					
HEB GROCERY	Grocery	419	0.90	\$ 1,904	1.20
SAN ANTONIO HOUSING AUTHORITY	Public Housing	491	1.05	1,281	0.81
L & H PACKING COMPANY	Beef Processor	150	0.32	762	0.48
BEXAR COUNTY	County Government	248	0.53	716	0.45
TOYOTA	Automobile Manufacturer	212	0.45	578	0.36
MAXIM INTEGRATED PRODUCT, INC.	Electronics	214	0.46	555	0.35
CITY OF SAN ANTONIO	Municipal Entity	193	0.41	534	0.34
OAK FARMS DAIRY	Dairy Producer	52	0.11	448	0.28
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	145	0.31	392	0.25
AMERICAN OPPORTUNITY FOR HOUSING	Housing Services	147	0.32	383	0.24
Subtotal (10 largest)		2,271	4.87	7,553	4.77
Balance from Other Customers		44,367	95.13	150,841	95.23
Total		46,638	100.00	\$ 158,394	100.00

Fiscal Year Ended December 31, 2003:

HEB GROCERY	Grocery	254	0.54	\$ 1,195	1.47
SAN ANTONIO HOUSING AUTHORITY	Public Housing	523	1.11	786	0.97
SONY SEMICONDUCTOR	Electronics	325	0.69	485	0.60
PHILLIPS SEMICONDUCTORS	Electronics	248	0.53	370	0.46
AMERICAN OPPORTUNITY FOR HOUSING	Housing Services	215	0.46	322	0.40
CITY OF SAN ANTONIO	Municipal Entity	264	0.56	312	0.38
BROOKS AIR FORCE BASE	Military Base	173	0.37	260	0.32
BEXAR COUNTY	County Government	142	0.30	214	0.26
MARRIOTT CORPORATION	Hospitality	120	0.25	205	0.25
SAN ANTONIO INDEPENDENT SCHOOL DISTRICT	School System	129	0.27	200	0.25
Subtotal (10 largest)		2,393	5.08	4,349	5.36
Balance from Other Customers		44,716	94.92	76,785	94.64
Total		47,109	100.00	\$ 81,134	100.00

Excludes Wholesale Wastewater usage and revenues.

San Antonio Water System
Schedule 18 - Ten Largest Customers - Wholesale Wastewater
Current Year and Nine Years Ago
Unaudited

Customer	Principal Business	Total Revenue (in thousands)	%
Fiscal Year Ended December 31, 2012:			
Lackland Air Force Base	Military	\$ 1,374	20.33
Ft. Sam Houston	Military	1,275	18.86
Leon Valley	Municipal Government	1,070	15.82
Alamo Heights	Municipal Government	1,065	15.75
Bexar County WCID #10	County Government	581	8.60
Balcones Heights	Municipal Government	416	6.15
Kirby	Municipal Government	376	5.56
Olmos Park	Municipal Government	315	4.66
Air Force Village II	Municipal Government	150	2.21
Hollywood Park	Municipal Government	93	1.37
Subtotal (10 largest)		6,715	99.31
Balance from Other Customers		46	0.69
Total		<u>\$ 6,761</u>	<u>100.00</u>

Fiscal Year Ended December 31, 2003:

Lackland Air Force Base	Military	\$ 693	14.77
Ft. Sam Houston	Military	693	14.77
Leon Valley	Municipal Government	561	11.95
Alamo Heights	Municipal Government	581	12.38
Bexar County WCID #10	County Government	339	7.22
Terrell Hills	Municipal Government	338	7.20
Castle Hills	Municipal Government	316	6.73
Kirby	Municipal Government	253	5.39
Balcones Heights	Municipal Government	367	7.82
Brooks Air Force Base	Military	228	4.86
Subtotal (10 largest)		4,369	93.10
Balance from Other Customers		324	6.90
Total		<u>\$ 4,693</u>	<u>100.00</u>

San Antonio Water System
Schedule 19 - Ratios of Total Outstanding Debt by Type
(\$ in thousands, except debt per customer)
Unaudited

Year	Total Principal Balance Outstanding Debt by Type							Gross Revenues (b)	Ratio of Total Debt to Gross Revenue	Customer Connection (c)	Debt Per Customer Connection
	Revenue Bonds (a)			Commercial Paper Notes (a)	Notes Payable	Capital Leases Payable	Total				
	Senior Lien Bonds	Junior Lien Bonds	Subordinate Lien Bonds								
2012	\$ 1,605,165	\$ 382,645	\$ -	\$ 170,745	\$ -	\$ -	2,158,555	\$ 444,677	4.85	777,374	2,777
2011	1,507,950	386,280	-	214,930	-	-	2,109,160	424,049	4.97	765,400	2,756
2010	1,483,980	361,005	-	244,650	-	-	2,089,635	372,522	5.61	756,642	2,762
2009	1,395,665	364,035	-	173,650	-	-	1,933,350	369,853	5.23	747,220	2,587
2008	1,138,430	288,095	1,000	261,115	119	-	1,688,759	389,003	4.34	738,728	2,286
2007	1,153,935	244,585	113,990	100,000	571	-	1,613,081	352,160	4.58	724,130	2,228
2006	958,255	208,990	116,265	237,360	991	36	1,521,897	379,372	4.01	704,835	2,159
2005	1,041,400	214,090	118,435	98,000	1,381	71	1,473,377	337,701	4.36	680,822	2,164
2004	822,860	219,035	120,515	238,400	1,697	319	1,402,826	268,333	5.23	657,813	2,133
2003	739,115	186,830	122,500	269,000	2,078	581	1,320,104	247,135	5.34	636,435	2,074

- (a) Details regarding outstanding revenue bonds and commercial paper notes can be found in the notes to the financial statements. For presentation purposes, capital leases have been treated as debt.
- (b) Gross revenues are defined as operating revenues plus nonoperating revenues. 2009 and prior years have been restated to reclass provision for uncollectible accounts from operating expenses to operating revenues.
- (c) Customer connections represent the combined number of billed accounts for water and wastewater services at fiscal year-end.

San Antonio Water System
Schedule 20 - Pledged Revenue Coverage
(\$ in thousands)
Unaudited

Year	Gross Revenues (b)	Operating Expenses (c)	Net Available Revenue	Revenue Bond Debt Service (a)			Coverage	Maximum Annual Debt Service Requirements			
				Principal	Interest (d)	Total		Total Debt (e)		Senior Lien Debt (e)	
								Coverage	Coverage	Coverage	Coverage (f)
2012	\$ 437,253	\$ 237,576	199,677	\$ 44,780	\$ 80,320	125,100	1.60	138,420	1.44	\$ 122,816	1.63
2011	417,077	209,058	208,019	39,730	79,534	119,264	1.74	132,226	1.57	112,715	1.85
2010	367,847	226,489	141,358	38,590	77,098	115,688	1.22	127,264	1.11	108,947	1.30
2009	366,753	215,812	150,941	34,900	71,824	106,724	1.41	121,367	1.24	101,917	1.48
2008	384,228	205,486	178,742	27,630	67,810	95,440	1.87	98,840	1.81	86,140	2.08
2007	344,772	185,561	159,211	24,880	69,693	94,573	1.68	102,880	1.55	86,138	1.85
2006	372,193	177,265	194,928	22,415	63,432	85,847	2.27	91,175	2.14	78,373	2.49
2005	331,032	171,853	159,179	16,505	55,542	72,047	2.21	94,992	1.68	78,373	2.03
2004	263,367	152,445	110,922	7,735	52,732	60,467	1.83	84,941	1.31	67,203	1.65
2003	241,228	151,483	89,745	5,515	48,512	54,027	1.66	76,075	1.18	61,511	1.46

- (a) Represents current year debt service payments. Details regarding outstanding debt can be found in the notes to the financial statements. All bonded debt is secured by revenue and is included in these totals.
- (b) Gross Revenues are defined as operating revenues plus nonoperating revenues less revenues from the City Public Service contract, interest on Project Funds and federal subsidy on Build America Bonds. 2009 and prior years have been restated to reclass the provision for uncollectible accounts from operating expenses to operating revenues.
- (c) Operating Expenses reflect operating expenses before depreciation as shown on the Statement of Revenues, Expenses and Changes in Equity.
- (d) Interest reported net of the U.S. federal interest subsidy on the Series 2009B & 2010B revenue bonds.
- (e) Debt service requirements consist of principal and interest payments net of the U.S. federal interest subsidy on the Series 2009B & 2010B revenue bonds.
- (f) SAWS bond ordinance requires the maintenance of a debt coverage ratio of at least 1.25x the maximum annual debt service on outstanding senior lien debt in order to issue additional bonds.

San Antonio Water System
 Schedule 21 - Demographic and Economic Statistics
 Last Ten Calendar Years

<u>Year</u>	<u>Population (a)</u>	<u>Median Age (a)</u>	<u>Personal Income (a) (thousands of dollars)</u>	<u>Per Capita Personal Income (a)</u>	<u>School Enrollment (b)</u>	<u>Single Family Housing Permits (c)</u>	<u>Employment (d)</u>	<u>Unemployment Rate (d)</u>
2012	1,359,730	32.7	\$ 29,038,394	\$ 21,356	396,718	4,778	959,876	6.5%
2011	1,326,539	32.8	28,421,098	21,425	392,897	4,117	937,125	7.4%
2010	1,319,492	32.1	28,260,879	21,418	387,343	4,896	927,976	7.4%
2009	1,340,549	32.6	28,750,754	21,447	296,328	5,291	906,603	6.6%
2008	1,328,984	32.8	27,653,499	20,808	295,673	5,761	899,062	4.7%
2007	1,312,286	32.6	26,093,495	19,884	291,873	8,707	883,141	4.1%
2006	1,322,900	33.2	26,603,519	20,110	283,393	13,142	872,518	4.6%
2005	1,299,200	32.2	25,386,368	19,540	279,756	14,047	852,165	5.0%
2004	1,278,300	32.2	24,248,073	18,969	273,560	11,920	834,039	5.6%
2003	1,262,800	32.0	25,205,488	19,960	275,796	10,407	820,022	6.1%

(a) Source: Planning Department, City of San Antonio, Texas

(b) Source: Planning Department, City of San Antonio, Texas. 2001-2009 data includes students age 5 and over. Data since 2010 includes students age 3 and over.

(c) Source: US Bureau of Census and Real Estate Center at Texas A&M University, San Antonio Metropolitan Statistical Area.

(d) Source: Texas Workforce Commission, Labor Market Career Information, LAUS MSA 2000-Present, San Antonio/New Braunfels Metropolitan Statistical Area 2000-present.

Note: Population and median age information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Employment and unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

**San Antonio Water System
Schedule 22 - Principal Employers
Current Year and Nine Years Ago**

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment ¹	Employees	Rank	Percentage of Total City Employment ²
Joint Base San Antonio (Lackland, Fort Sam Houston & Randolph)	92,301	1	10.87%	7,407	7	1.00%
United Services Automobile Association	15,000	2	1.77%	13,748	1	1.86%
H.E.B. Food Stores	14,588	3	1.72%			
City of San Antonio	13,573	4	1.60%	9,852	3	1.33%
Northside Independent School District	12,751	5	1.50%	9,868	2	1.34%
North East Independent School District	10,522	6	1.24%	7,810	5	1.06%
Methodist Health Care System	7,747	7	0.91%	7,751	6	1.05%
San Antonio Independent School District	7,000	8	0.82%	7,988	4	1.08%
Baptist Health Systems	6,310	9	0.74%	4,225	10	0.57%
University of Texas Health Science	6,153	10	0.72%	5,102	9	0.69%
SBC Communications (A T & T)				6,000	8	0.81%
Total	185,945		21.89%	79,751		10.79%

Source: Economic Development Division, City of San Antonio, Texas, Book of Lists 2012, and Department of Defense personnel statistics.

¹ Percent based on an Employment Estimate of 849,200 of Non-Farm jobs in the San Antonio-New Braunfels Metropolitan Statistical Area as of January 2012. Figure provided by the Texas Workforce Commission.

² Percent based on an Employment Estimate of 739,000 of Non-Farm jobs in the San Antonio Metropolitan Statistical Area as of January 2003. Figure provided by the Texas Workforce Commission.

Table provided courtesy of City of San Antonio Finance Department

San Antonio Water System
Schedule 23 - Number of Employees by Functional Group

Functional Group	Fiscal Year							
	2012	2011	2010	2009	2008	2007	2006	2005
President/CEO	16	11	12	13	12	10	11	14
Production & Treatment Operations [c]	363	353	358	368	341	337	337	347
Distribution & Collection Operations [a] [c]	482	416	430	435	403	422	414	419
Operation Services [a] [c]	166	189	178	180	177			
Administrative Services [a]						117	115	119
Public Affairs	32	32	32	32	19	21	19	20
Customer Service	222	215	206	210	212	208	201	205
Strategic Resources [a]	225	201	189	201	193	116	108	102
Facilities Engineering & Construction [a]						188	197	199
Water Resources [a]	62	62	54	63	55			
Financial Services [b] [c]	52	67	69	58	56	55	54	57
Information Services [a]	57	57	54	58	56			
Corporate Initiatives [a]						64	64	61
Human Resources [c]	27	50	49	48	46	44	28	29
Legal [b] [c]	44	16	16	30	25	26	27	29
	1,748	1,669	1,647	1,696	1,595	1,608	1,575	1,601

In January 2012, SAWS assumed operational control of the former Bexar Metropolitan Water District, now operated as San Antonio Water System District Special Project (SAWS DSP). Throughout 2012, SAWS began filling open positions with SAWS DSP employees. As a result, SAWS vacancy rate has decreased and the number of employees increased from 2011 to 2012. In accordance with a Board approved policy to allocate shared expenses to SAWS DSP, SAWS allocated the equivalent of 70 full-time employees. The employees presented in this table represent SAWS employees before any allocation to SAWS DSP.

In 2005, SAWS was reorganized into the functional groups listed above. Employee information prior to the reorganization is not available to report in a comparable structure. Total employees in the previous seven periods are shown below.

	Total Employees
2004	1,650
2003	1,610

[a] In 2008, certain functional groups were restructured.

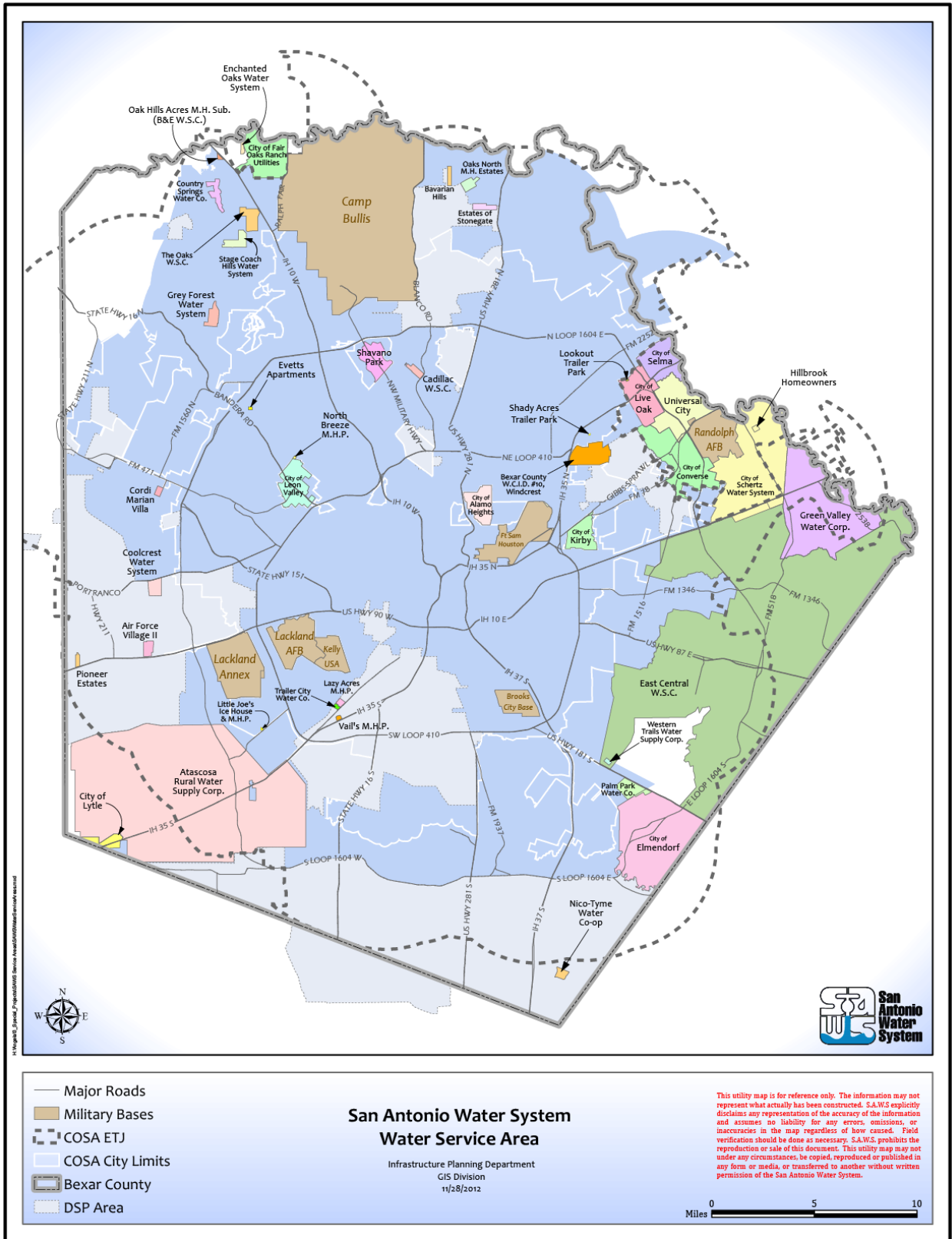
[b] In 2010, Contracting Department was moved from Legal to Financial Services.

[c] In 2012, certain functional groups were restructured.

San Antonio Water System
Schedule 24 - Capital Assets
(amounts in thousands)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Water Delivery	\$ 1,806,882	\$ 1,680,136	\$ 1,621,171	\$ 1,548,754	\$ 1,472,040	\$ 1,349,664	\$ 1,212,843	\$ 1,077,840	\$ 1,042,342	\$ 1,000,991
Water Supply:										
Water Resources	585,055	556,979	546,491	429,129	353,988	249,278	211,586	166,168	46,048	34,332
Recycle	155,556	152,993	151,640	151,184	149,308	164,414	137,009	126,905	120,114	100,175
Conservation	436	444	441	335	221	262	264	262	259	262
Stormwater	211	179	187	183	161	147	147	147	-	-
Wastewater	1,968,415	1,858,386	1,761,832	1,704,933	1,639,280	1,524,730	1,409,514	1,293,194	1,219,086	1,142,941
Chilled Water and Steam	53,011	52,948	52,957	52,007	50,303	50,169	50,109	47,865	47,137	46,046
Working Capital	-	-	-	-	-	-	3,310	3,861	3,907	6,858
Construction in Progress	571,547	522,438	415,810	427,971	372,607	361,192	372,598	483,201	499,585	428,226
Total assets before accumulated depreciation	5,141,113	4,824,503	4,550,529	4,314,496	4,037,908	3,699,856	3,397,380	3,199,443	2,978,478	2,759,831
Accumulated Depreciation	1,369,885	1,271,438	1,187,662	1,140,232	1,070,718	1,002,264	926,251	861,163	798,457	743,691
Net Capital Assets	\$ 3,771,228	\$ 3,553,065	\$ 3,362,867	\$ 3,174,264	\$ 2,967,190	\$ 2,697,592	\$ 2,471,129	\$ 2,338,280	\$ 2,180,021	\$ 2,016,140

San Antonio Water System Map 1 – Map of Water Service Area



San Antonio Water System
Schedule 25 - Operating and Capital Indicators - Water

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Rainfall (Inches)	39.40	17.58	37.39	30.69	13.76	47.25	21.34	16.45	45.34	28.45
Customers/Connections (a)	365,099	360,281	356,546	352,059	348,834	344,168	336,434	325,944	315,000	306,363
Water Pumpage (Million Gallons)										
Annual Water Pumped (d)	70,338	74,627	69,591	68,191	71,785	63,395	68,411	63,632	53,483	55,033
ASR Recharge (b) (d)	3,742	3,928	8,319	5,542	3,535	6,582	2,951	4,396	1,800	n/a
ASR Production (b) (d)	1,446	4,307	550	472	406	141	2,080	305	261	n/a
Annual Pumped for Usage (d)	66,596	70,699	61,272	62,649	68,250	56,813	65,460	59,236	51,683	55,033
Average Daily (d)	192.2	204.5	190.7	186.8	194.9	169.2	181.8	172.6	145.3	150.8
Maximum Daily (d)	264.0	265.6	314.0	273.8	299.0	225.6	280.4	279.3	343.1	304.8
Metered Usage (Million Gallons)	55,320	59,133	52,578	55,295	58,828	49,511	57,724	55,005	49,367	50,575
Available Water Supply (Million Gallons)										
Permitted Edwards Aquifer rights (e)	84,822	84,640	85,035	81,923	71,738	69,505	69,505	65,007	67,799	n/a
Non-Edwards supply (f)	7,431	6,098	6,132	6,256	6,256	4,171	4,171	1,140	1,140	n/a
Stored in ASR (d) (g)	30,827	28,531	28,910	21,141	16,071	12,942	6,501	5,630	1,539	n/a
Total water available for production	123,080	119,393	120,077	109,320	94,766	86,768	80,210	71,814	70,541	n/a
Number of Wells in Service	143	139	144	140	136	126	113	102	94	95
Overhead Storage Capacity (Million Gallons)	81.2	81.2	73.9	66.5	65.2	64.2	69.0	60.0	64.8	53.5
Total Storage Capacity (Million Gallons)	183.7	184.1	180.8	166.2	165.0	164.0	166.0	142.0	161.5	145.0
Miles of Water Main Installed	57	78	106	97	161	167	143	103	90	109
Miles of Water Main Replaced and Abandoned	22	26	36	33	32	19	22	23	17	20
Miles of Water Main in Place	5,022	4,988	4,936	4,866	4,802	4,673	4,525	4,404	4,324	4,251
Water Main Breaks (c)	2,128	3,397	1,475	3,212	2,594	1,392	3,073	2,577	1,305	1,480
New Services Installed	7,520	4,725	4,208	3,590	7,565	17,274	13,903	12,730	10,759	10,626
Fire Hydrants Installed (Net of Hydrants removed)	348	451	516	644	951	1,040	752	521	574	654
Fire Hydrants in Place	27,914	27,566	27,115	26,599	25,955	25,004	23,964	23,212	22,691	22,117

(a) Number of customers at end of fiscal year.

(b) SAWS opened its Aquifer Storage & Recovery (ASR) facility in 2004. Prior to this time, all water pumped was pumped for usage.

(c) Amount reported is for the calendar year.

(d) Amounts have been revised from previously published data.

(e) Based on permitted rights authorized by the Edwards Aquifer Authority (EAA) as of December 31st. Authorized amounts prior to 2004 are not presented as they reflect a high level of variability related to EAA's permitting process. Under current EAA rules, authorized amounts are subject to reductions of 20% to 44% during drought conditions.

(f) Includes water from the Trinity Aquifer and Canyon Lake available under water purchase agreements and water from the Carrizo Aquifer based on groundwater rights associated with land owned by SAWS.

(g) Represents net amount stored in ASR (Recharge - Net production)

San Antonio Water System
Schedule 26 - Monthly Residential Service Charges for Ten Major Texas Cities - Water

CITY	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Arlington										
6000 Gallons	\$19.49	\$19.49	\$19.47	\$18.99	\$18.91	\$17.44	\$16.43	\$15.76	\$15.03	\$15.03
9000 Gallons	\$25.55	\$25.55	\$25.53	\$24.84	\$24.70	\$22.48	\$21.11	\$21.13	\$20.52	\$20.52
Austin										
6000 Gallons	\$26.16	\$26.16	\$20.34	\$19.18	\$17.93	\$16.93	\$16.21	\$14.88	\$13.50	\$13.50
9000 Gallons	\$35.40	\$35.40	\$28.68	\$27.04	\$25.22	\$24.22	\$23.11	\$21.75	\$19.80	\$19.80
Corpus Christi ¹										
6000 Gallons	\$30.55	\$28.97	\$27.76	\$25.54	\$25.34	\$23.44	\$22.46	\$20.67	\$19.95	\$19.95
9000 Gallons	\$48.76	\$45.67	\$43.30	\$39.10	\$38.62	\$33.98	\$32.58	\$30.01	\$28.98	\$28.98
Dallas										
6000 Gallons	\$18.58	\$17.62	\$16.72	\$16.16	\$15.50	\$14.68	\$13.87	\$12.15	\$11.60	\$11.60
9000 Gallons	\$29.23	\$27.67	\$26.17	\$25.16	\$23.90	\$22.39	\$20.80	\$18.00	\$17.21	\$17.21
El Paso ^{2,3}										
6000 Gallons	\$17.01	\$16.53	\$16.53	\$16.53	\$16.53	\$15.27	\$14.67	\$14.69	\$13.90	\$13.90
9000 Gallons	\$22.99	\$22.34	\$22.34	\$22.34	\$22.34	\$20.15	\$19.35	\$19.39	\$16.01	\$16.01
Ft. Worth										
6000 Gallons	\$23.32	\$22.33	\$22.25	\$21.75	\$20.45	\$19.71	\$19.71	\$19.70	\$18.32	\$18.32
9000 Gallons	\$34.55	\$33.08	\$32.92	\$32.42	\$30.52	\$29.51	\$29.51	\$27.69	\$25.62	\$25.62
Houston										
6000 Gallons	\$27.78	\$25.51	\$23.65	\$21.91	\$20.85	\$20.49	\$19.94	\$18.60	\$18.11	\$18.11
9000 Gallons	\$40.62	\$37.30	\$34.60	\$30.67	\$29.19	\$28.71	\$27.95	\$26.10	\$25.19	\$25.19
Lubbock										
6000 Gallons	\$45.00	\$40.02	\$40.02	\$34.02	\$23.41	\$20.20	\$20.99	\$20.39	\$19.81	\$19.81
9000 Gallons	\$57.00	\$48.03	\$48.03	\$43.99	\$30.67	\$26.47	\$26.48	\$25.73	\$25.00	\$25.00
Plano										
6000 Gallons	\$22.55	\$20.50	\$20.50	\$19.35	\$16.71	\$16.41	\$15.29	\$14.57	\$13.58	\$13.58
9000 Gallons	\$29.18	\$26.53	\$26.53	\$25.05	\$21.63	\$21.15	\$19.79	\$18.86	\$17.51	\$17.51
San Antonio (Standard) ²										
6000 Gallons	\$21.67	\$19.59	\$19.85	\$22.11	\$21.81	\$21.56	\$21.64	\$20.22	\$17.46	\$15.70
9000 Gallons	\$31.53	\$28.44	\$28.83	\$30.40	\$30.03	\$29.66	\$29.77	\$27.82	\$23.88	\$21.24

Source: Based on rates posted on each respective city's website.

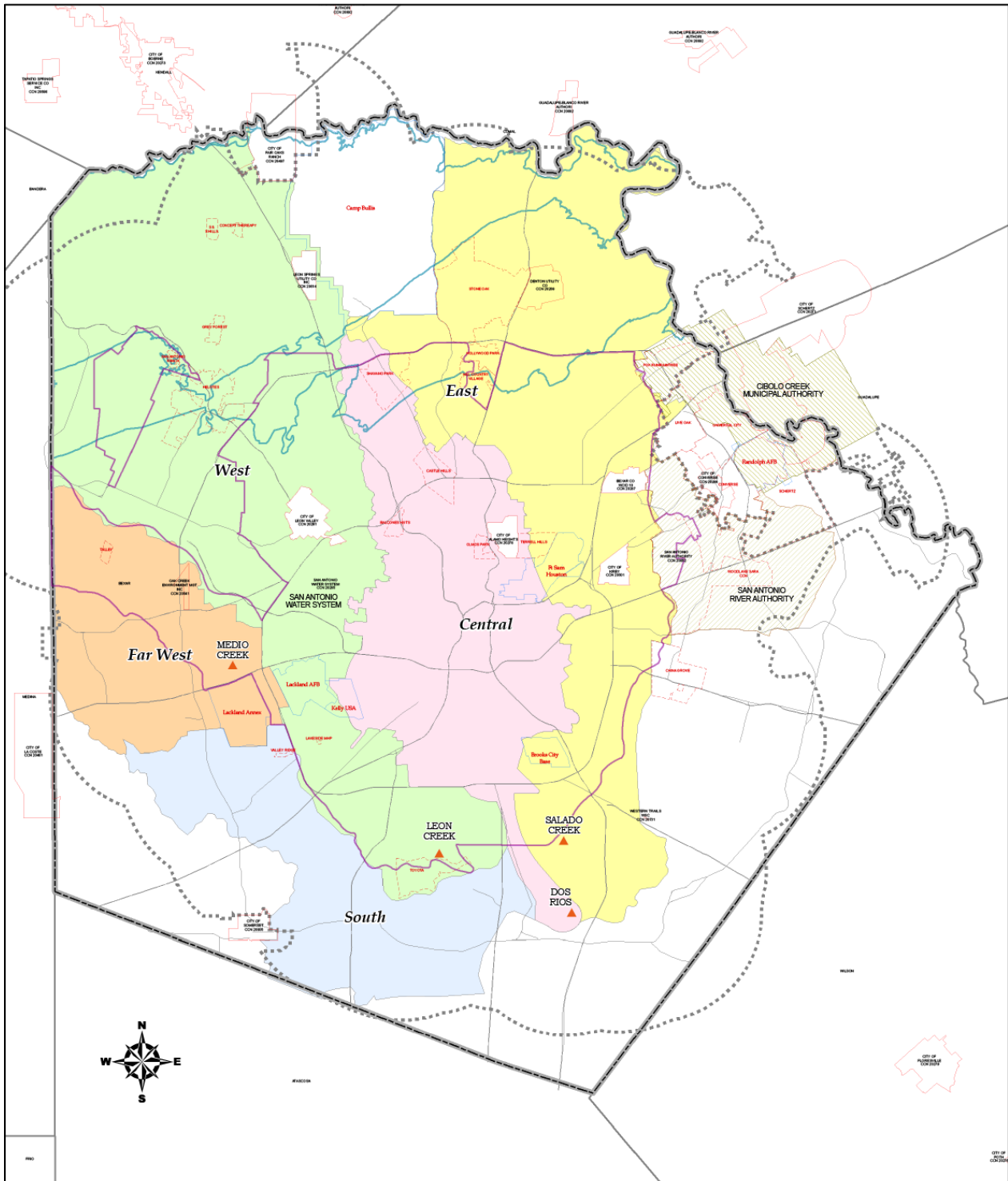
Note - Most charges are for a 5/8" meter; Arlington and Lubbock charges are for a 3/4" meter.

¹ Includes Raw Water Pass Through Charge of \$0.856 per 1,000 gallons.

² Assumes Standard rates and includes Water Supply Fee.

³ El Paso charges are based on the nearest lowest hundred cubic feet (CCF) of consumption

San Antonio Water System Map 2 – Map of Wastewater Service Area



<p>BOUNDARIES</p> <ul style="list-style-type: none"> Bexar County Line Incorporated Towns and Cities City San Antonio's ETJ Line Edwards Recharge Zone 	<p>SEWERSHEDS SERVICE AREAS</p> <ul style="list-style-type: none"> Central East Far West South West 	<p>RECYCLE WATER TREATMENT PLANTS</p> <ul style="list-style-type: none"> Recycle Water Treatment Plants By Others By SAWS SAN ANTONIO RIVER AUTHORITY(SARA) CIBOLO CREEK MUNICIPAL AUTHORITY 	<p>SAN ANTONIO WATER SYSTEM'S WASTEWATER CCN</p> <p>INFRASTRUCTURE PLANNING DEPARTMENT GIS MAPPING DIVISION</p> <p>06/16/2010</p>	<p>0 8,300 16,600 24,900 Feet</p>
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San Antonio Water System
Schedule 27 - Operating and Capital Indicators - Wastewater

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Customers/Connections (a)	412,275	405,119	400,096	395,161	389,894	379,962	368,401	354,878	342,813	330,072
Effluent Volumes For Major Facilities (million gallons per day)										
Dos Rios										
Permit Flow	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00
Average Annual Flow	79.04	74.97	86.47	74.37	76.53	93.34	64.00	59.58	61.16	56.53
Maximum Monthly Average Flow	87.01	76.63	103.66	89.36	81.43	131.98	74.37	73.98	78.74	65.65
Leon Creek										
Permit Flow	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00	46.00
Average Annual Flow (two outfalls)	38.62	35.07	38.83	34.99	34.71	40.26	32.63	34.48	35.34	33.81
Maximum Monthly Average Flow (two outfalls)	43.77	36.46	45.30	64.74	38.62	55.49	34.28	41.79	42.40	36.18
Medio Creek										
Permit Flow	16.00	16.00	16.00	16.00	16.00	8.50	8.50	8.50	8.50	8.50
Average Annual Flow	7.29	6.83	7.53	6.32	5.87	6.94	5.13	5.21	5.60	5.53
Maximum Monthly Average Flow	8.14	6.97	8.71	7.45	6.57	10.51	5.63	6.58	6.63	7.09
Salado (b)										
Permit Flow	n/a	n/a	n/a	n/a	n/a	n/a	46.00	46.00	46.00	46.00
Average Annual Flow	n/a	n/a	n/a	n/a	n/a	n/a	11.38	33.80	35.86	33.24
Maximum Monthly Average Flow	n/a	n/a	n/a	n/a	n/a	n/a	21.11	40.40	44.00	36.39
Total										
Permit Flow	187.00	187.00	187.00	187.00	187.00	179.50	225.50	225.50	225.50	225.50
Average Annual Flow	124.95	116.87	132.83	115.68	117.11	140.54	113.14	133.07	137.96	129.11
Maximum Monthly Average Flow	138.92	120.06	157.67	161.55	126.62	197.98	135.39	162.75	171.77	145.31
Amount Treated Annually (millions of gallons)	49,055	49,918	48,152	51,987	50,347	49,217	53,270	49,287	49,592	49,669
Amount Treated Peak Day (millions of gallons)	199	160	258	194	174	294	169	212	297	201
Miles of Sewer Main Installed	37	45	33	84	124	138	132	74	76	122
Miles of Sewer Main In Place (c)	5,200	5,163	5,118	5,085	5,001	4,877	4,739	4,607	4,533	5,088
Number of Manholes Installed	856	1,080	659	1,514	2,922	2,775	2,661	1,538	1,504	1,686
Number of Manholes in Place	98,136	97,280	96,200	95,541	94,027	91,105	88,330	85,669	84,131	82,445
Number of Lift Stations	159	159	158	164	162	167	164	150	150	150

(a) Number of customers at end of fiscal year.

(b) The Salado treatment plant was closed in August 2006 and all wastewater flows diverted to the Dos Rios treatment facility.

(c) Prior to 2004, the miles of sewer main in place were estimated. Utilizing GPS tracking, more accurate data was obtained and maintained starting in 2004.

San Antonio Water System
Schedule 28 - Monthly Residential Service Charges for Ten Major Texas Cities - Wastewater

CITY	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Arlington										
6000 Gallons	\$28.03	\$27.37	\$26.89	\$25.97	\$25.29	\$23.10	\$22.41	\$19.52	\$18.88	\$18.88
9000 Gallons	\$38.02	\$37.03	\$36.31	\$35.03	\$34.05	\$31.05	\$30.15	\$26.78	\$26.32	\$26.32
Austin										
6000 Gallons	\$54.30	\$50.35	\$48.77	\$46.28	\$44.34	\$42.18	\$37.19	\$31.72	\$27.62	\$27.62
9000 Gallons	\$81.06	\$75.49	\$73.22	\$69.47	\$66.66	\$63.72	\$56.18	\$48.79	\$42.41	\$42.41
Corpus Christi										
6000 Gallons	\$43.21	\$43.21	\$40.80	\$35.95	\$34.15	\$28.91	\$27.35	\$26.77	\$25.99	\$25.99
9000 Gallons	\$57.69	\$57.69	\$54.47	\$48.01	\$45.60	\$38.61	\$36.52	\$35.75	\$34.70	\$34.70
Dallas										
6000 Gallons	\$33.00	\$31.70	\$29.99	\$29.33	\$28.63	\$27.07	\$25.55	\$22.19	\$21.01	\$21.01
9000 Gallons	\$47.40	\$45.50	\$43.01	\$42.11	\$41.20	\$38.86	\$36.71	\$31.67	\$30.19	\$30.19
El Paso										
6000 Gallons	\$15.68	\$15.22	\$15.22	\$15.22	\$15.22	\$14.21	\$13.65	\$12.76	\$11.83	\$11.83
9000 Gallons	\$20.93	\$20.31	\$20.31	\$20.31	\$20.31	\$18.97	\$18.21	\$16.87	\$15.66	\$15.66
Ft. Worth										
6000 Gallons	\$26.84	\$26.27	\$26.27	\$25.67	\$25.67	\$24.63	\$24.63	\$24.63	\$22.39	\$22.39
9000 Gallons	\$37.70	\$36.86	\$36.86	\$36.26	\$36.26	\$34.70	\$34.70	\$34.70	\$31.33	\$31.33
Houston										
6000 Gallons	\$34.15	\$31.38	\$29.09	\$24.84	\$22.67	\$22.29	\$21.70	\$21.22	\$18.42	\$18.42
9000 Gallons	\$54.40	\$49.98	\$46.34	\$36.69	\$33.95	\$33.39	\$32.50	\$31.33	\$27.63	\$27.63
Lubbock										
6000 Gallons	\$27.50	\$24.30	\$24.30	\$22.10	\$15.97	\$14.76	\$13.96	\$13.96	\$12.53	\$12.53
9000 Gallons	\$34.25	\$30.45	\$30.45	\$28.25	\$21.46	\$19.83	\$18.97	\$18.97	\$17.03	\$17.03
Plano										
6000 Gallons	\$33.54	\$33.54	\$33.54	\$33.54	\$27.95	\$27.10	\$25.30	\$24.11	\$23.57	\$23.57
9000 Gallons	\$46.32	\$46.32	\$46.32	\$46.32	\$38.60	\$37.24	\$34.96	\$33.32	\$32.57	\$32.57
San Antonio										
6000 Gallons	\$21.70	\$19.12	\$19.10	\$17.02	\$16.17	\$16.17	\$16.17	\$16.08	\$14.48	\$12.57
9000 Gallons	\$29.54	\$26.02	\$26.00	\$23.20	\$22.03	\$22.03	\$22.03	\$21.91	\$19.73	\$17.15

Source: Based on rates posted on each respective city's website.

BONDED DEBT SCHEDULES AND ANALYSES

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding January 1, 2012	Transactions		Balances Outstanding December 31, 2012
								Issued	Retired	
REFUNDING BONDS										
Water System Revenue	\$ -				- %	15-May 2002	\$ -	\$ -	\$ -	\$ -
Refunding Bonds, Series 2002	-				-	2003	-	-	-	-
Paying Agent: Bank of New York	-				-	2004	-	-	-	-
Bonds Dated: 02-01-02	-				-	2005	-	-	-	-
	-				-	2006	-	-	-	-
	-				-	2007	-	-	-	-
	-				-	2008	-	-	-	-
	-				-	2009	-	-	-	-
	-				-	2010	-	-	-	-
	-				-	2011	-	-	-	-
	-				-	2012	-	-	-	-
	4,445	(1)	1	889	5.500	2013	3,935	-	3,935	-
	4,670	(1)	890	1823	5.500	2014	4,130	-	4,130	-
	4,905	(1)	1824	2804	5.500	2015	4,340	-	4,340	-
	5,145	(1)	2805	3833	5.500	2016	4,550	-	4,550	-
	10,145	(1)	3834	5862	5.500	2017	8,975	-	8,975	-
	10,665	(1)	5863	7995	5.500	2018	9,435	-	9,435	-
	7,490	(1)	7996	9493	5.500	2019	6,625	-	6,625	-
	17,390	(1)	9494	12971	5.500	2020	15,385	-	15,385	-
	18,260	(1)	12972	16623	5.000	2021	16,155	-	16,155	-
	21,280	(1)	16624	20879	5.000	2022	18,830	-	18,830	-
	22,350	(1)	20880	25349	5.125	2023	19,775	-	19,775	-
	23,475	(1)(30)	25350	30044	5.000	2024	20,770	-	20,770	-
	24,635	(1)(30)	30045	34971	5.000	2025	21,795	-	21,795	-
	25,850	(1)(30)	34972	40141	5.000	2026	22,875	-	22,875	-
	48,655	(1)(30)	40142	49872	5.000	2027	43,050	-	43,050	-
	51,150	(1)(30)	49873	60102	5.000	2028	45,260	-	45,260	-
	<u>\$ 300,510</u>						<u>\$ 265,885</u>	<u>\$ -</u>	<u>\$ 265,885</u>	<u>\$ -</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances	Transactions		Balances
							Outstanding January 1, 2012	Issued	Retired	Outstanding December 31, 2012
Water System Revenue Bonds, Series 2002-A Paying Agent: Bank of New York Bonds Dated: 02-15-02	\$ -	-			- %	15-May 2002	\$ -	\$ -	\$ -	\$ -
	-	-			-	2003	-	-	-	-
	-	-			-	2004	-	-	-	-
	-	-			-	2005	-	-	-	-
	2,000	NONE	1 400	Serial	4.000	2006	-	-	-	-
	3,150	NONE	401 1030	Serial	5.000	2006	-	-	-	-
	2,095	NONE	1031 1449	Serial	4.000	2007	-	-	-	-
	2,000	NONE	1450 1849	Serial	4.000	2008	-	-	-	-
	3,270	NONE	1850 2503	Serial	5.250	2008	-	-	-	-
	2,000	NONE	2504 2903	Serial	4.000	2009	-	-	-	-
	3,375	NONE	2904 3578	Serial	5.250	2009	-	-	-	-
	1,300	NONE	3579 3838	Serial	4.000	2010	-	-	-	-
	3,755	NONE	3839 4589	Serial	5.250	2010	-	-	-	-
	4,365	NONE	4590 5462	Serial	4.125	2011	-	-	-	-
	2,000	NONE	5463 5862	Serial	4.250	2012	2,000	-	2,000	-
	2,280	NONE	5863 6318	Serial	5.500	2012	2,280	-	2,280	-
	4,000	(2)	6319 7118	Serial	5.500	2013	-	-	-	-
	4,000	(2)	7119 7918	Serial	5.500	2014	-	-	-	-
	6,575	(2)	7919 9233	Serial	5.500	2015	-	-	-	-
	5,640	(2)	9234 10361	Serial	5.500	2016	-	-	-	-
	5,140	(2)	10362 11389	Serial	5.500	2017	-	-	-	-
	4,420	(2)	11390 12273	Serial	5.500	2018	-	-	-	-
	2,185	(2)	12274 12710	Serial	5.000	2019	-	-	-	-
	2,460	(2)	12711 13202	Serial	5.000	2020	-	-	-	-
	3,515	(2)	13203 13905	Serial	5.000	2021	-	-	-	-
	3,285	(2)	13906 14562	Serial	5.000	2022	-	-	-	-
	4,275	(2)(31)	14563 15417	Term	5.000	2023	-	-	-	-
	4,695	(2)(31)	15418 16356	Term	5.000	2024	-	-	-	-
	4,940	(2)(31)	16357 17344	Term	5.000	2025	-	-	-	-
	5,190	(2)(31)	17345 18382	Term	5.000	2026	-	-	-	-
	5,730	(2)(31)	18383 19528	Term	5.000	2027	-	-	-	-
	7,255	(2)(31)	19529 20979	Term	5.000	2028	-	-	-	-
	7,625	(2)(31)	20980 22504	Term	5.000	2029	-	-	-	-
	8,015	(2)(31)	22505 24107	Term	5.000	2030	-	-	-	-
	8,425	(2)(31)	24108 25792	Term	5.000	2031	-	-	-	-
	8,860	(2)(31)	25793 27564	Term	5.000	2032	-	-	-	-
	<u>\$ 137,820</u>						<u>\$ 4,280</u>	<u>\$ -</u>	<u>\$ 4,280</u>	<u>\$ -</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances	Transactions		Balances
							Outstanding January 1, 2012	Issued	Retired	Outstanding December 31, 2012
Water System Revenue and Refunding Bonds, Series 2004	\$ -				- %	15-May 2004	\$ -	\$ -	\$ -	\$ -
Paying Agent: USBank	-				-	2005	-	-	-	-
Bonds Dated: 05-15-04	-				-	2006	-	-	-	-
	1,445	NONE	1	289	3.000	2007	-	-	-	-
	1,495	NONE	290	588	3.500	2008	-	-	-	-
	1,550	NONE	589	898	4.000	2009	-	-	-	-
	1,620	NONE	899	1222	5.000	2010	-	-	-	-
	1,705	NONE	1223	1563	5.000	2011	-	-	-	-
	1,790	NONE	1564	1921	5.000	2012	1,790	-	1,790	-
	1,885	NONE	1922	2298	5.000	2013	1,885	-	-	1,885
	1,980	NONE	2299	2694	5.000	2014	1,980	-	-	1,980
	2,085	(3)	2695	3111	5.250	2015	2,085	-	-	2,085
	2,195	(3)	3112	3550	5.250	2016	2,195	-	-	2,195
	2,315	(3)	3551	4013	5.250	2017	2,315	-	-	2,315
	2,440	(3)	4014	4501	5.250	2018	2,440	-	-	2,440
	2,570	(3)	4502	5015	5.250	2019	2,570	-	-	2,570
	2,710	(3)	5016	5557	5.250	2020	2,710	-	-	2,710
	2,855	(3)	5558	6128	5.250	2021	2,855	-	-	2,855
	3,010	(3)	6129	6730	5.250	2022	3,010	-	-	3,010
	3,170	(3)	6731	7364	5.000	2023	3,170	-	-	3,170
	3,330	(3)	7365	8030	5.000	2024	3,330	-	-	3,330
	3,500	(3)	8031	8730	5.000	2025	3,500	-	-	3,500
	3,685	(3)	8731	9467	5.125	2026	3,685	-	-	3,685
	3,875	(3)(32)	9468	10242	5.125	2027	3,875	-	-	3,875
	4,080	(3)(32)	10243	11058	5.125	2028	4,080	-	-	4,080
	4,295	(3)(32)	11059	11917	5.125	2029	4,295	-	-	4,295
	4,520	(3)(32)	11918	12821	5.125	2030	4,520	-	-	4,520
	4,760	(3)(32)	12822	13773	5.125	2031	4,760	-	-	4,760
	5,010	(3)(32)	13774	14775	5.125	2032	5,010	-	-	5,010
	5,275	(3)(32)	14776	15830	5.125	2033	5,275	-	-	5,275
	5,550	(3)(32)	15831	16940	5.125	2034	5,550	-	-	5,550
	<u>\$ 84,700</u>						<u>\$ 76,885</u>	<u>\$ -</u>	<u>\$ 1,790</u>	<u>\$ 75,095</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances	Transactions		Balances
							Outstanding January 1, 2012	Issued	Retired	Outstanding December 31, 2012
Water System Revenue	\$ -				- %	15-May 2005	\$ -	\$ -	\$ -	-
Refunding Bonds, Series 2005	-				-	2006	-	-	-	-
Paying Agent: Bank of New York	-				-	2007	-	-	-	-
Bonds Dated: 11-15-05	-				-	2008	-	-	-	-
	-				-	2009	-	-	-	-
	-				-	2010	-	-	-	-
	-				-	2011	-	-	-	-
	-				-	2012	-	-	-	-
	2,635	NONE	1 527	Serial	5.000	2013	2,635	-	-	2,635
	2,925	NONE	528 1112	Serial	5.000	2014	2,925	-	-	2,925
	735	NONE	1113 1259	Serial	4.250	2015	735	-	-	735
	2,055	(4)	1260 1670	Serial	5.000	2016	2,055	-	-	2,055
	2,650	(4)	1671 2200	Serial	5.000	2017	2,650	-	-	2,650
	3,020	(4)	2201 2804	Serial	5.000	2018	3,020	-	-	3,020
	6,170	(4)	2805 4038	Serial	5.000	2019	6,170	-	-	6,170
	6,295	(4)	4039 5297	Serial	5.000	2020	6,295	-	-	6,295
	6,625	(4)	5298 6622	Serial	5.000	2021	6,625	-	-	6,625
	6,965	(4)	6623 8015	Serial	5.000	2022	6,965	-	-	6,965
	7,330	(4)	8016 9481	Serial	5.000	2023	7,330	-	-	7,330
	7,705	(4)	9482 11022	Serial	5.000	2024	7,705	-	-	7,705
	8,105	(4)	11023 12643	Serial	5.000	2025	8,105	-	-	8,105
	8,530	(4)	12644 14349	Serial	5.000	2026	8,530	-	-	8,530
	-				-	2027	-	-	-	-
	-				-	2028	-	-	-	-
	-				-	2029	-	-	-	-
	-				-	2030	-	-	-	-
	-				-	2031	-	-	-	-
	-				-	2032	-	-	-	-
	-				-	2033	-	-	-	-
	-				-	2034	-	-	-	-
	33,265	(4)(33)	14350 21002	Term	5.000	2035	33,265	-	-	33,265
	34,970	(4)(33)	21003 27996	Term	5.000	2036	34,970	-	-	34,970
	36,715	(4)	27997 35339	Serial	4.750	2037	36,715	-	-	36,715
	25,000	(4)	35340 40339	Serial	4.750	2038	25,000	-	-	25,000
	13,520	(4)(33)	40340 43043	Term	5.000	2038	13,520	-	-	13,520
	40,465	(4)(33)	43044 51136	Term	5.000	2039	40,465	-	-	40,465
	42,540	(4)(33)	51137 59644	Term	5.000	2040	42,540	-	-	42,540
	<u>\$ 298,220</u>						<u>\$ 298,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 298,220</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances	Transactions		Balances
							Outstanding January 1, 2012	Issued	Retired	Outstanding December 31, 2012
Water System Revenue	\$ -				- %	15-May 2007	\$ -	\$ -	\$ -	-
Refunding Bonds, Series 2007	2,500	NONE	1 500	Serial	4.000	2008	-	-	-	-
Paying Agent: USBank	4,980	NONE	501 1496	Serial	4.500	2008	-	-	-	-
Bonds Dated: 01-15-07	4,050	NONE	1497 2306	Serial	4.000	2009	-	-	-	-
	5,290	NONE	2307 3364	Serial	5.000	2009	-	-	-	-
	2,500	NONE	3365 3864	Serial	4.000	2010	-	-	-	-
	5,855	NONE	3865 5035	Serial	5.000	2010	-	-	-	-
	1,800	NONE	5036 5395	Serial	4.000	2011	-	-	-	-
	7,870	NONE	5396 6969	Serial	5.000	2011	-	-	-	-
	1,890	NONE	6970 7347	Serial	4.000	2012	1,890	-	1,890	-
	8,490	NONE	7348 9045	Serial	5.000	2012	8,490	-	8,490	-
	4,020	NONE	9046 9849	Serial	5.000	2013	4,020	-	-	4,020
	8,280	NONE	9850 11505	Serial	5.500	2014	8,280	-	-	8,280
	11,065	NONE	11506 13718	Serial	5.500	2015	11,065	-	-	11,065
	10,375	NONE	13719 15793	Serial	5.500	2016	10,375	-	-	10,375
	2,500	NONE	15794 16293	Serial	4.000	2017	2,500	-	-	2,500
	5,870	NONE	16294 17467	Serial	5.000	2017	5,870	-	-	5,870
	8,540	(5)	17468 19175	Serial	5.000	2018	8,540	-	-	8,540
	4,430	(5)	19176 20061	Serial	5.000	2019	4,430	-	-	4,430
	4,655	(5)	20062 20992	Serial	5.000	2020	4,655	-	-	4,655
	4,880	(5)	20993 21968	Serial	4.300	2021	4,880	-	-	4,880
	5,110	(5)	21969 22990	Serial	5.000	2022	5,110	-	-	5,110
	5,375	(5)	22991 24065	Serial	5.000	2023	5,375	-	-	5,375
	5,650	(5)	24066 25195	Serial	5.000	2024	5,650	-	-	5,650
	5,940	(5)	25196 26383	Serial	5.000	2025	5,940	-	-	5,940
	6,230	(5)	26384 27629	Serial	4.500	2026	6,230	-	-	6,230
	-				-	2027	-	-	-	-
	-				-	2028	-	-	-	-
	16,245	(5)	27630 30878	Serial	4.375	2029	16,245	-	-	16,245
	16,965	(5)(34)	30879 34271	Term	4.500	2030	16,965	-	-	16,965
	17,730	(5)(34)	34272 37817	Term	4.500	2031	17,730	-	-	17,730
	18,525	(5)(34)	37818 41522	Term	4.500	2032	18,525	-	-	18,525
	28,645	(5)(34)	41523 47251	Term	4.500	2033	28,645	-	-	28,645
	37,530	(5)(34)	47252 54757	Term	4.500	2034	37,530	-	-	37,530
	11,900	(5)(34)	54758 57137	Term	4.500	2035	11,900	-	-	11,900
	12,450	(5)(34)	57138 59627	Term	4.500	2036	12,450	-	-	12,450
	13,025	(5)(34)	59628 62232	Term	4.500	2037	13,025	-	-	13,025
	<u>\$ 311,160</u>						<u>\$ 276,315</u>	<u>\$ -</u>	<u>\$ 10,380</u>	<u>\$ 265,935</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE REFUNDING BONDS	Original Issue	Call Options	Bond		Bond Type	Interest Rates	Maturity Dates	Balances Outstanding January 1, 2012	Transactions		Balances Outstanding December 31, 2012
			Numbers						Issued	Retired	
Water System Revenue and Refunding Bonds, Series 2009	\$ 3,865	NONE	1	773	Serial	3.000 %	15-May 2009	\$ -	\$ -	\$ -	\$ -
Paying Agent: Wells Fargo	2,635	NONE	774	1300	Serial	3.000	2010	-	-	-	-
Bonds Dated: 01-15-09	2,715	NONE	1301	1843	Serial	3.000	2011	-	-	-	-
	2,800	NONE	1844	2403	Serial	3.000	2012	2,800	-	2,800	-
	2,885	NONE	2404	2980	Serial	3.000	2013	2,885	-	-	2,885
	2,970	NONE	2981	3574	Serial	3.000	2014	2,970	-	-	2,970
	3,060	NONE	3575	4186	Serial	3.000	2015	3,060	-	-	3,060
	3,170	NONE	4187	4820	Serial	4.000	2016	3,170	-	-	3,170
	3,315	NONE	4821	5483	Serial	5.000	2017	3,315	-	-	3,315
	1,930	NONE	5484	5869	Serial	5.000	2018	1,930	-	-	1,930
	1,550	NONE	5870	6179	Serial	4.000	2018	1,550	-	-	1,550
	3,095	(6)	6180	6798	Serial	5.000	2019	3,095	-	-	3,095
	550	(6)	6799	6908	Serial	4.000	2019	550	-	-	550
	3,430	(6)	6909	7594	Serial	5.000	2020	3,430	-	-	3,430
	400	(6)	7595	7674	Serial	4.000	2020	400	-	-	400
	4,025	(6)	7675	8479	Serial	5.000	2021	4,025	-	-	4,025
	3,525	(6)	8480	9184	Serial	5.000	2022	3,525	-	-	3,525
	700	(6)	9185	9324	Serial	4.000	2022	700	-	-	700
	3,080	(6)	9325	9940	Serial	5.000	2023	3,080	-	-	3,080
	1,355	(6)	9941	10211	Serial	4.200	2023	1,355	-	-	1,355
	2,935	(6)	10212	10798	Serial	5.000	2024	2,935	-	-	2,935
	1,715	(6)	10799	11141	Serial	4.300	2024	1,715	-	-	1,715
	400	(6)	11142	11221	Serial	4.500	2025	400	-	-	400
	4,485	(6)(35)	11222	12118	Term	5.125	2025	4,485	-	-	4,485
	5,140	(6)(35)	12119	13146	Term	5.125	2026	5,140	-	-	5,140
	5,410	(6)(35)	13147	14228	Term	5.125	2027	5,410	-	-	5,410
	2,995	(6)	14229	14827	Serial	5.000	2028	2,995	-	-	2,995
	2,695	(6)(35)	14828	15366	Term	5.125	2028	2,695	-	-	2,695
	1,665	(6)	15367	15699	Serial	5.000	2029	1,665	-	-	1,665
	4,325	(6)(35)	15700	16564	Term	5.125	2029	4,325	-	-	4,325
	6,305	(6)(35)	16565	17825	Term	5.250	2030	6,305	-	-	6,305
	6,645	(6)(35)	17826	19154	Term	5.250	2031	6,645	-	-	6,645
	7,005	(6)(35)	19155	20555	Term	5.250	2032	7,005	-	-	7,005
	7,385	(6)(35)	20556	22032	Term	5.250	2033	7,385	-	-	7,385
	7,780	(6)(35)	22033	23588	Term	5.250	2034	7,780	-	-	7,780
	8,205	(6)(35)	23589	25229	Term	5.375	2035	8,205	-	-	8,205
	8,660	(6)(35)	25230	26961	Term	5.375	2036	8,660	-	-	8,660
	9,135	(6)(35)	26962	28788	Term	5.375	2037	9,135	-	-	9,135
	9,640	(6)(35)	28789	30716	Term	5.375	2038	9,640	-	-	9,640
	10,175	(6)(35)	30717	32751	Term	5.375	2039	10,175	-	-	10,175
	<u>\$ 163,755</u>							<u>\$ 154,540</u>	<u>\$ -</u>	<u>\$ 2,800</u>	<u>\$ 151,740</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM
REVENUE BONDS

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances	Transactions		Balances
							Outstanding January 1, 2012	Issued	Retired	Outstanding December 31, 2012
Water System Revenue Bonds, Series 2009A Paying Agent: Wells Fargo Bonds Dated: 11-01-09	\$ -				- %	15-May 2009	\$ -	\$ -	\$ -	\$ -
	2,515	NONE	1 503	Serial	3.000	2010	-	-	-	-
	2,305	NONE	504 964	Serial	2.500	2011	-	-	-	-
	2,370	NONE	965 1438	Serial	3.000	2012	2,370	-	2,370	-
	2,465	NONE	1439 1931	Serial	5.000	2013	2,465	-	-	2,465
	2,595	NONE	1932 2450	Serial	5.000	2014	2,595	-	-	2,595
	<u>\$ 12,250</u>						<u>\$ 7,430</u>	<u>\$ -</u>	<u>\$ 2,370</u>	<u>\$ 5,060</u>

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances
							Outstanding January 1, 2012	Issued	Retired	Outstanding December 31, 2012	
Water System Revenue Bonds	\$ -				- %	15-May 2009	\$ -	\$ -	\$ -	\$ -	-
Taxable, Series 2009B	-				-	2010	-	-	-	-	-
(Direct Subsidy - Build America Bonds)	-				-	2011	-	-	-	-	-
Paying Agent: Wells Fargo	-				-	2012	-	-	-	-	-
Bonds Dated: 11-01-09	-				-	2013	-	-	-	-	-
	-				-	2014	-	-	-	-	-
	2,690	(7)	1	538	3.319	2015	2,690	-	-	-	2,690
	2,755	(7)	539	1089	3.825	2016	2,755	-	-	-	2,755
	2,825	(7)	1090	1654	4.293	2017	2,825	-	-	-	2,825
	2,910	(7)	1655	2236	4.443	2018	2,910	-	-	-	2,910
	2,995	(7)	2237	2835	4.543	2019	2,995	-	-	-	2,995
	3,085	(7)	2836	3452	4.743	2020	3,085	-	-	-	3,085
	3,185	(7)	3453	4089	4.953	2021	3,185	-	-	-	3,185
	3,290	(7)	4090	4747	5.143	2022	3,290	-	-	-	3,290
	3,405	(7)	4748	5428	5.233	2023	3,405	-	-	-	3,405
	3,525	(7)	5429	6133	5.373	2024	3,525	-	-	-	3,525
	3,650	(7)(36)	6134	6863	5.502	2025	3,650	-	-	-	3,650
	4,995	(7)(36)	6864	7862	5.502	2026	4,995	-	-	-	4,995
	3,965	(7)(36)	7863	8655	5.502	2027	3,965	-	-	-	3,965
	3,300	(7)(36)	8656	9315	5.502	2028	3,300	-	-	-	3,300
	4,230	(7)(36)	9316	10161	5.502	2029	4,230	-	-	-	4,230
	4,385	(7)(36)	10162	11038	5.602	2030	4,385	-	-	-	4,385
	4,550	(7)(36)	11039	11948	5.602	2031	4,550	-	-	-	4,550
	4,715	(7)(36)	11949	12891	5.602	2032	4,715	-	-	-	4,715
	4,890	(7)(36)	12892	13869	5.602	2033	4,890	-	-	-	4,890
	5,075	(7)(36)	13870	14884	5.602	2034	5,075	-	-	-	5,075
	5,260	(7)(36)	14885	15936	5.602	2035	5,260	-	-	-	5,260
	5,455	(7)(36)	15937	17027	5.602	2036	5,455	-	-	-	5,455
	5,660	(7)(36)	17028	18159	5.602	2037	5,660	-	-	-	5,660
	5,870	(7)(36)	18160	19333	5.602	2038	5,870	-	-	-	5,870
	6,085	(7)(36)	19334	20550	5.602	2039	6,085	-	-	-	6,085
	<u>\$ 102,750</u>						<u>\$ 102,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,750</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances
							Outstanding January 1, 2012	Issued	Retired	Outstanding December 31, 2012	
Water System Revenue Bonds	\$ -				- %	15-May 2010	\$ -	\$ -	\$ -	\$ -	-
Taxable, Series 2010B	-				-	2011	-	-	-	-	-
(Direct Subsidy - Build America Bonds)	1,635	(8)	1	327	1.109	2012	1,635	-	1,635	-	-
Paying Agent: USBank	1,645	(8)	328	656	1.457	2013	1,645	-	-	-	1,645
Bonds Dated: 11-15-10	1,665	(8)	657	989	1.933	2014	1,665	-	-	-	1,665
	1,685	(8)	990	1326	2.233	2015	1,685	-	-	-	1,685
	1,715	(8)	1327	1669	2.756	2016	1,715	-	-	-	1,715
	1,750	(8)	1670	2019	3.106	2017	1,750	-	-	-	1,750
	1,785	(8)	2020	2376	3.670	2018	1,785	-	-	-	1,785
	1,830	(8)	2377	2742	3.820	2019	1,830	-	-	-	1,830
	1,880	(8)	2743	3118	3.970	2020	1,880	-	-	-	1,880
	1,930	(8)	3119	3504	4.170	2021	1,930	-	-	-	1,930
	1,985	(8)	3505	3901	4.370	2022	1,985	-	-	-	1,985
	2,040	(8)	3902	4309	4.620	2023	2,040	-	-	-	2,040
	2,105	(8)	4310	4730	4.920	2024	2,105	-	-	-	2,105
	2,175	(8)	4731	5165	5.120	2025	2,175	-	-	-	2,175
	2,255	(8)(37)	5166	5616	6.170	2026	2,255	-	-	-	2,255
	2,350	(8)(37)	5617	6086	6.170	2027	2,350	-	-	-	2,350
	2,445	(8)(37)	6087	6575	6.170	2028	2,445	-	-	-	2,445
	2,545	(8)(37)	6576	7084	6.170	2029	2,545	-	-	-	2,545
	2,650	(8)(37)	7085	7614	6.170	2030	2,650	-	-	-	2,650
	2,760	(8)(37)	7615	8166	6.170	2031	2,760	-	-	-	2,760
	2,870	(8)(37)	8167	8740	6.170	2032	2,870	-	-	-	2,870
	2,990	(8)(37)	8741	9338	6.220	2033	2,990	-	-	-	2,990
	33,560	(8)(37)	9339	16050	6.220	2034	33,560	-	-	-	33,560
	4,495	(8)(37)	16051	16949	5.920	2035	4,495	-	-	-	4,495
	4,670	(8)(37)	16950	17883	5.920	2036	4,670	-	-	-	4,670
	4,855	(8)(37)	17884	18854	5.920	2037	4,855	-	-	-	4,855
	5,045	(8)(37)	18855	19863	5.920	2038	5,045	-	-	-	5,045
	5,240	(8)(37)	19864	20911	5.920	2039	5,240	-	-	-	5,240
	5,445	(8)(37)	20912	22000	5.920	2040	5,445	-	-	-	5,445
	<u>\$ 110,000</u>						<u>\$ 110,000</u>	<u>\$ -</u>	<u>\$ 1,635</u>	<u>\$ -</u>	<u>\$ 108,365</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding January 1, 2012	Transactions		Balances Outstanding December 31, 2012
								Issued	Retired	
Water System Revenue	\$ -				- %	15-May 2011	\$ -	\$ -	\$ -	-
Refunding Bonds, Series 2011	1,670	NONE	1	334	3.000	2012	-	1,670	1,670	-
Paying Agent: USBank	1,960	NONE	335	726	3.000	2013	-	1,960	-	1,960
Bonds Dated: 04-27-11	2,060	NONE	727	1138	4.000	2014	-	2,060	-	2,060
	2,205	NONE	1139	1579	5.000	2015	-	2,205	-	2,205
	2,340	NONE	1580	2047	4.000	2016	-	2,340	-	2,340
	2,675	NONE	2048	2582	5.000	2017	-	2,675	-	2,675
	2,855	NONE	2583	3153	5.000	2018	-	2,855	-	2,855
	1,350	NONE	3154	3423	3.000	2019	-	1,350	-	1,350
	1,585	NONE	3424	3740	5.000	2019	-	1,585	-	1,585
	3,295	NONE	3741	4399	5.000	2020	-	3,295	-	3,295
	3,505	NONE	4400	5100	5.000	2021	-	3,505	-	3,505
	3,720	(9)	5101	5844	5.000	2022	-	3,720	-	3,720
	3,950	(9)	5845	6634	5.000	2023	-	3,950	-	3,950
	4,195	(9)	6635	7473	5.000	2024	-	4,195	-	4,195
	4,455	(9)	7474	8364	5.000	2025	-	4,455	-	4,455
	4,735	(9)	8365	9311	5.000	2026	-	4,735	-	4,735
	<u>\$ 46,555</u>						<u>\$ -</u>	<u>\$ 46,555</u>	<u>\$ 1,670</u>	<u>\$ 44,885</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances
							Outstanding January 1, 2012	Issued	Retired	Outstanding December 31, 2012	
Water System Revenue	\$ -				- %	15-May 2011	\$ -	\$ -	\$ -	\$ -	-
Refunding Bonds, Series 2011A	665	NONE	1	133	2.000	2012	-	665	665	-	-
Paying Agent: USBank	5,400	NONE	134	1213	3.000	2013	-	5,400	-	-	5,400
Bonds Dated: 10-06-11	1,385	NONE	1214	1490	2.000	2014	-	1,385	-	-	1,385
	1,420	NONE	1491	1774	3.000	2015	-	1,420	-	-	1,420
	1,460	NONE	1775	2066	3.000	2016	-	1,460	-	-	1,460
	2,060	NONE	2067	2478	5.000	2017	-	2,060	-	-	2,060
	1,600	NONE	2479	2798	5.000	2018	-	1,600	-	-	1,600
	550	NONE	2799	2908	3.000	2018	-	550	-	-	550
	3,985	NONE	2909	3705	4.000	2019	-	3,985	-	-	3,985
	1,695	NONE	3706	4044	5.000	2020	-	1,695	-	-	1,695
	3,705	NONE	4045	4785	4.000	2020	-	3,705	-	-	3,705
	5,575	(10)	4786	5900	5.000	2021	-	5,575	-	-	5,575
	1,000	(10)	5901	6100	3.250	2021	-	1,000	-	-	1,000
	6,730	(10)	6101	7446	5.000	2022	-	6,730	-	-	6,730
	7,890	(10)	7447	9024	5.000	2023	-	7,890	-	-	7,890
	8,490	(10)	9025	10722	5.000	2024	-	8,490	-	-	8,490
	8,930	(10)	10723	12508	5.000	2025	-	8,930	-	-	8,930
	9,370	(10)	12509	14382	5.000	2026	-	9,370	-	-	9,370
	5,585	(10)	14383	15499	5.000	2027	-	5,585	-	-	5,585
	7,000	(10)	15500	16899	4.500	2027	-	7,000	-	-	7,000
	14,445	(10)	16900	19788	5.000	2028	-	14,445	-	-	14,445
	8,990	(10)	19789	21586	5.000	2029	-	8,990	-	-	8,990
	9,450	(10)	21587	23476	5.000	2030	-	9,450	-	-	9,450
	9,935	(10)	23477	25463	5.000	2031	-	9,935	-	-	9,935
	10,445	(10)	25464	27552	5.000	2032	-	10,445	-	-	10,445
	2,465	(10)(38)	27553	28045	5.000	2033	-	2,465	-	-	2,465
	2,590	(10)(38)	28046	28563	5.000	2034	-	2,590	-	-	2,590
	2,725	(10)(38)	28564	29108	5.000	2035	-	2,725	-	-	2,725
	2,865	(10)(38)	29109	29681	5.000	2036	-	2,865	-	-	2,865
	3,010	(10)(38)	29682	30283	5.000	2037	-	3,010	-	-	3,010
	3,165	(10)(38)	30284	30916	5.000	2038	-	3,165	-	-	3,165
	3,330	(10)(38)	30917	31582	5.000	2039	-	3,330	-	-	3,330
	3,500	(10)(38)	31583	32282	5.000	2040	-	3,500	-	-	3,500
	3,680	(10)(38)	32283	33018	5.000	2041	-	3,680	-	-	3,680
	<u>\$ 165,090</u>						<u>\$ -</u>	<u>\$ 165,090</u>	<u>\$ 665</u>	<u>\$ -</u>	<u>\$ 164,425</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances	Transactions		Balances
							Outstanding January 1, 2012	Issued	Retired	Outstanding December 31, 2012
Water System Revenue	\$ -				- %	15-May 2012	\$ -	\$ -	\$ -	\$ -
Refunding Bonds, Series 2012	2,610	NONE	1 522	Serial	2.000	2013	-	2,610	-	2,610
Paying Agent: USBank	2,650	NONE	523 1052	Serial	3.000	2014	-	2,650	-	2,650
Bonds Dated: 02-29-12	2,720	NONE	1053 1596	Serial	4.000	2015	-	2,720	-	2,720
	2,795	NONE	1597 2155	Serial	4.000	2016	-	2,795	-	2,795
	7,085	NONE	2156 3572	Serial	5.000	2017	-	7,085	-	7,085
	7,360	NONE	3573 5044	Serial	4.000	2018	-	7,360	-	7,360
	4,345	NONE	5045 5913	Serial	4.000	2019	-	4,345	-	4,345
	12,910	NONE	5914 8495	Serial	5.000	2020	-	12,910	-	12,910
	13,510	NONE	8496 11197	Serial	5.000	2021	-	13,510	-	13,510
	16,050	NONE	11198 14407	Serial	5.000	2022	-	16,050	-	16,050
	16,840	(11)	14408 17775	Serial	5.000	2023	-	16,840	-	16,840
	17,675	(11)	17776 21310	Serial	5.000	2024	-	17,675	-	17,675
	18,540	(11)	21311 25018	Serial	5.000	2025	-	18,540	-	18,540
	19,450	(11)	25019 28908	Serial	5.000	2026	-	19,450	-	19,450
	39,450	(11)	28909 36798	Serial	5.000	2027	-	39,450	-	39,450
	41,265	(11)	36799 45051	Serial	4.000	2028	-	41,265	-	41,265
	<u>\$ 225,255</u>						\$ -	\$ 225,255	\$ -	\$ 225,255

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances
							Outstanding January 1, 2012	Issued	Retired	Outstanding December 31, 2012	
Water System Revenue	\$ -				- %	15-May 2012	\$ -	\$ -	\$ -	\$ -	-
Refunding Bonds, Series 2012A	1,705	NONE	1 341	Serial	2.000	2013	-	1,705	-	-	1,705
Paying Agent: USBank	2,655	NONE	342 872	Serial	3.000	2014	-	2,655	-	-	2,655
Bonds Dated: 10-02-12	2,750	NONE	873 1422	Serial	2.000	2015	-	2,750	-	-	2,750
	2,880	NONE	1423 1998	Serial	3.000	2016	-	2,880	-	-	2,880
	3,025	NONE	1999 2603	Serial	3.000	2017	-	3,025	-	-	3,025
	3,180	NONE	2604 3239	Serial	5.000	2018	-	3,180	-	-	3,180
	3,345	NONE	3240 3908	Serial	5.000	2019	-	3,345	-	-	3,345
	3,500	NONE	3909 4608	Serial	3.000	2020	-	3,500	-	-	3,500
	3,660	NONE	4609 5340	Serial	4.000	2021	-	3,660	-	-	3,660
	3,850	NONE	5341 6110	Serial	5.000	2022	-	3,850	-	-	3,850
	4,045	(12)	6111 6919	Serial	4.000	2023	-	4,045	-	-	4,045
	4,255	(12)	6920 7770	Serial	5.000	2024	-	4,255	-	-	4,255
	4,470	(12)	7771 8664	Serial	3.250	2025	-	4,470	-	-	4,470
	4,700	(12)	8665 9604	Serial	5.000	2026	-	4,700	-	-	4,700
	4,940	(12)	9605 10592	Serial	5.000	2027	-	4,940	-	-	4,940
	5,195	(12)	10593 11631	Serial	5.000	2028	-	5,195	-	-	5,195
	5,460	(12)	11632 12723	Serial	5.000	2029	-	5,460	-	-	5,460
	5,740	(12)	12724 13871	Serial	5.000	2030	-	5,740	-	-	5,740
	6,035	(12)	13872 15078	Serial	5.000	2031	-	6,035	-	-	6,035
	6,310	(12)(39)	15079 16340	Term	5.000	2032	-	6,310	-	-	6,310
	6,570	(12)(39)	16341 17654	Term	5.000	2033	-	6,570	-	-	6,570
	6,840	(12)(39)	17655 19022	Term	5.000	2034	-	6,840	-	-	6,840
	7,155	(12)	19023 20453	Serial	5.000	2035	-	7,155	-	-	7,155
	7,520	(12)	20454 21957	Serial	5.000	2036	-	7,520	-	-	7,520
	4,140	(12)	21958 22785	Serial	5.000	2037	-	4,140	-	-	4,140
	3,765	(12)(39)	22786 23538	Term	5.000	2037	-	3,765	-	-	3,765
	8,310	(12)(39)	23539 25200	Term	5.000	2038	-	8,310	-	-	8,310
	8,740	(12)(39)	25201 26948	Term	5.000	2039	-	8,740	-	-	8,740
	9,185	(12)(39)	26949 28785	Term	5.000	2040	-	9,185	-	-	9,185
	9,585	(12)(39)	28786 30702	Term	5.000	2041	-	9,585	-	-	9,585
	9,925	(12)(39)	30703 32687	Term	5.000	2042	-	9,925	-	-	9,925
	<u>\$ 163,435</u>						<u>\$ -</u>	<u>\$ 163,435</u>	<u>\$ -</u>	<u>\$ 163,435</u>	

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances
							Outstanding January 1, 2012	Issued	Retired	Outstanding December 31, 2012	
Water System Junior Lien	\$ 5	NONE	1	Serial	1.850 %	15-May 2002	\$ -	\$ -	\$ -	\$ -	
Revenue Bonds, Series 2001	5	NONE	2	Serial	2.050	2003	-	-	-	-	
Paying Agent: USBank	5	NONE	3	Serial	2.150	2004	-	-	-	-	
Bonds Dated: 03-01-01	5	NONE	4	Serial	2.250	2005	-	-	-	-	
	5	NONE	5	Serial	2.400	2006	-	-	-	-	
	470	NONE	6 99	Serial	2.550	2007	-	-	-	-	
	470	NONE	100 193	Serial	2.650	2008	-	-	-	-	
	495	NONE	194 292	Serial	2.750	2009	-	-	-	-	
	515	NONE	293 395	Serial	2.800	2010	-	-	-	-	
	535	NONE	396 502	Serial	2.900	2011	-	-	-	-	
	555	(13)	503 613	Serial	3.000	2012	555	-	555	-	
	650	(13)	614 743	Serial	3.150	2013	650	-	650	-	
	670	(13)	744 877	Serial	3.250	2014	670	-	670	-	
	700	(13)	878 1017	Serial	3.350	2015	700	-	700	-	
	730	(13)	1018 1163	Serial	3.450	2016	730	-	730	-	
	555	(13)	1164 1274	Serial	3.500	2017	555	-	555	-	
	585	(13)	1275 1391	Serial	3.550	2018	585	-	585	-	
	1,400	(13)	1392 1671	Serial	3.600	2019	1,400	-	1,400	-	
	670	(13)	1672 1805	Serial	3.650	2020	670	-	670	-	
	690	(13)	1806 1943	Serial	3.700	2021	690	-	690	-	
	<u>\$ 9,715</u>						<u>\$ 7,205</u>	<u>\$ -</u>	<u>\$ 7,205</u>	<u>\$ -</u>	

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding January 1, 2012	Transactions		Balances Outstanding December 31, 2012
								Issued	Retired	
Water System Junior Lien	\$ 5	NONE	1	Serial	2.350 %	15-May 2002	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2001-A	5	NONE	2	Serial	2.550	2003	-	-	-	-
Paying Agent: USBank	5	NONE	3	Serial	2.650	2004	-	-	-	-
Bonds Dated: 03-01-01	5	NONE	4	Serial	2.750	2005	-	-	-	-
	5	NONE	5	Serial	2.900	2006	-	-	-	-
	750	NONE	6 155	Serial	3.050	2007	-	-	-	-
	785	NONE	156 312	Serial	3.150	2008	-	-	-	-
	815	NONE	313 475	Serial	3.250	2009	-	-	-	-
	845	NONE	476 644	Serial	3.300	2010	-	-	-	-
	880	NONE	645 820	Serial	3.400	2011	-	-	-	-
	920	(14)	821 1004	Serial	3.500	2012	920	-	920	-
	965	(14)	1005 1197	Serial	3.650	2013	965	-	965	-
	1,015	(14)	1198 1400	Serial	3.750	2014	1,015	-	1,015	-
	1,050	(14)	1401 1610	Serial	3.850	2015	1,050	-	1,050	-
	1,115	(14)	1611 1833	Serial	3.950	2016	1,115	-	1,115	-
	1,155	(14)	1834 2064	Serial	4.000	2017	1,155	-	1,155	-
	1,215	(14)	2065 2307	Serial	4.050	2018	1,215	-	1,215	-
	1,315	(14)	2308 2570	Serial	4.100	2019	1,315	-	1,315	-
	1,250	(14)	2571 2820	Serial	4.150	2020	1,250	-	1,250	-
	1,335	(14)	2821 3087	Serial	4.200	2021	1,335	-	1,335	-
	<u>\$ 15,435</u>						<u>\$ 11,335</u>	<u>\$ -</u>	<u>\$ 11,335</u>	<u>\$ -</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances	Transactions		Balances
								Outstanding January 1, 2012	Issued	Retired	Outstanding December 31, 2012
Water System Junior Lien	\$ -				- %	15-May	2002	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2002	5	NONE	1	Serial	0.000		2003	-	-	-	-
Paying Agent: Bank of New York	5	NONE	2	Serial	0.550		2004	-	-	-	-
Bonds Dated: 03-01-02	5	NONE	3	Serial	1.000		2005	-	-	-	-
	5	NONE	4	Serial	1.350		2006	-	-	-	-
	805	NONE	5	165	Serial	1.700	2007	-	-	-	-
	820	NONE	165	329	Serial	1.900	2008	-	-	-	-
	835	NONE	330	496	Serial	2.100	2009	-	-	-	-
	855	NONE	497	667	Serial	2.250	2010	-	-	-	-
	875	NONE	668	842	Serial	2.350	2011	-	-	-	-
	895	NONE	843	1021	Serial	2.450	2012	895	-	895	-
	920	(15)	1022	1205	Serial	2.600	2013	920	-	920	-
	945	(15)	1206	1394	Serial	2.750	2014	945	-	945	-
	970	(15)	1395	1588	Serial	2.850	2015	970	-	970	-
	1,000	(15)	1589	1788	Serial	2.950	2016	1,000	-	1,000	-
	1,030	(15)	1789	1994	Serial	3.050	2017	1,030	-	1,030	-
	1,065	(15)	1995	2207	Serial	3.150	2018	1,065	-	1,065	-
	1,100	(15)	2208	2427	Serial	3.200	2019	1,100	-	1,100	-
	1,135	(15)	2428	2654	Serial	3.250	2020	1,135	-	1,135	-
	1,170	(15)	2655	2888	Serial	3.300	2021	1,170	-	1,170	-
	1,210	(15)	2889	3130	Serial	3.300	2022	1,210	-	1,210	-
	<u>\$ 15,650</u>							<u>\$ 11,440</u>	<u>\$ -</u>	<u>\$ 11,440</u>	<u>\$ -</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2012	Transactions		Balances Outstanding December 31, 2012
									Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2002	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2002-A	5	NONE	1	Serial	0.850		2003	-	-	-	-
Paying Agent: Bank of New York	5	NONE	2	Serial	1.550		2004	-	-	-	-
Bonds Dated: 03-01-02	5	NONE	3	Serial	2.000		2005	-	-	-	-
	5	NONE	4	Serial	2.235		2006	-	-	-	-
	575	NONE	5	119	Serial	2.700	2007	-	-	-	-
	590	NONE	119	237	Serial	2.900	2008	-	-	-	-
	605	NONE	238	358	Serial	3.100	2009	-	-	-	-
	625	NONE	359	483	Serial	3.250	2010	-	-	-	-
	650	NONE	484	613	Serial	3.350	2011	-	-	-	-
	670	NONE	614	747	Serial	3.450	2012	670	-	670	-
	695	(16)	748	886	Serial	3.600	2013	695	-	695	-
	720	(16)	887	1030	Serial	3.750	2014	720	-	720	-
	750	(16)	1031	1180	Serial	3.850	2015	750	-	750	-
	780	(16)	1181	1336	Serial	3.950	2016	780	-	780	-
	810	(16)	1337	1498	Serial	4.050	2017	810	-	810	-
	845	(16)	1499	1667	Serial	4.150	2018	845	-	845	-
	880	(16)	1668	1843	Serial	4.200	2019	880	-	880	-
	915	(16)	1844	2026	Serial	4.250	2020	915	-	915	-
	960	(16)	2027	2218	Serial	4.300	2021	960	-	960	-
	1,000	(16)	2219	2418	Serial	4.300	2022	1,000	-	1,000	-
	<u>\$ 12,090</u>							<u>\$ 9,025</u>	<u>\$ -</u>	<u>\$ 9,025</u>	<u>\$ -</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2012	Transactions		Balances Outstanding December 31, 2012
										Issued	Retired	
Water System Junior Lien Revenue Bonds, Series 2003	\$ -					- %	15-May	2003	\$ -	\$ -	\$ -	-
Paying Agent: USBank	5	NONE	1		Serial	0.000		2004	-	-	-	-
Bonds Dated: 03-01-03	5	NONE	2		Serial	0.000		2005	-	-	-	-
	5	NONE	3		Serial	0.100		2006	-	-	-	-
	5	NONE	4		Serial	0.600		2007	-	-	-	-
	5	NONE	5		Serial	0.900		2008	-	-	-	-
	1,930	NONE	6	391	Serial	1.300		2009	-	-	-	-
	1,960	NONE	392	783	Serial	1.650		2010	-	-	-	-
	1,995	NONE	784	1182	Serial	1.900		2011	-	-	-	-
	2,035	NONE	1183	1589	Serial	2.050		2012	2,035	-	2,035	-
	2,075	NONE	1590	2004	Serial	2.200		2013	2,075	-	-	2,075
	2,125	(17)	2005	2429	Serial	2.300		2014	2,125	-	-	2,125
	2,175	(17)	2430	2864	Serial	2.400		2015	2,175	-	-	2,175
	2,230	(17)	2865	3310	Serial	2.500		2016	2,230	-	-	2,230
	2,285	(17)	3311	3767	Serial	2.650		2017	2,285	-	-	2,285
	2,350	(17)	3768	4237	Serial	2.750		2018	2,350	-	-	2,350
	2,415	(17)	4238	4720	Serial	2.800		2019	2,415	-	-	2,415
	2,485	(17)	4721	5217	Serial	2.900		2020	2,485	-	-	2,485
	2,560	(17)	5218	5729	Serial	2.950		2021	2,560	-	-	2,560
	2,635	(17)	5730	6256	Serial	3.050		2022	2,635	-	-	2,635
	2,720	(17)	6257	6800	Serial	3.100		2023	2,720	-	-	2,720
	<u>\$ 34,000</u>								<u>\$ 28,090</u>	<u>\$ -</u>	<u>\$ 2,035</u>	<u>\$ 26,055</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2012	Transactions		Balances Outstanding December 31, 2012
									Issued	Retired	
Water System Junior Lien Revenue and Refunding Bonds, Series 2004	\$ -				- %	15-May	2004	\$ -	\$ -	\$ -	\$ -
Paying Agent: USBank Bonds Dated: 07-01-04	5	NONE	1	Serial	0.000		2005	-	-	-	-
	5	NONE	2	Serial	0.300		2006	-	-	-	-
	5	NONE	3	Serial	0.750		2007	-	-	-	-
	5	NONE	4	Serial	1.100		2008	-	-	-	-
	5	NONE	5	Serial	1.450		2009	-	-	-	-
	595	NONE	6	Serial	1.650	124	2010	-	-	-	-
	605	NONE	125	Serial	1.900	245	2011	-	-	-	-
	620	NONE	246	Serial	2.100	369	2012	620	-	620	-
	630	NONE	370	Serial	2.250	495	2013	630	-	-	630
	645	NONE	496	Serial	2.350	624	2014	645	-	-	645
	660	(18)	625	Serial	2.450	756	2015	660	-	-	660
	680	(18)	757	Serial	2.550	892	2016	680	-	-	680
	695	(18)	893	Serial	2.650	1031	2017	695	-	-	695
	715	(18)	1032	Serial	2.750	1174	2018	715	-	-	715
	735	(18)	1175	Serial	2.800	1321	2019	735	-	-	735
	760	(18)	1322	Serial	2.900	1473	2020	760	-	-	760
	780	(18)	1474	Serial	2.950	1629	2021	780	-	-	780
	805	(18)	1630	Serial	3.050	1790	2022	805	-	-	805
	830	(18)	1791	Serial	3.100	1956	2023	830	-	-	830
	855	(18)	1957	Serial	3.200	2127	2024	855	-	-	855
	<u>\$ 10,635</u>							<u>\$ 9,410</u>	<u>\$ -</u>	<u>\$ 620</u>	<u>\$ 8,790</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2012	Transactions		Balances Outstanding December 31, 2012
									Issued	Retired	
Water System Junior Lien Revenue and Refunding Bonds, Series 2004-A Paying Agent: USBank Bonds Dated: 07-01-04	\$ -				- %	15-May	2004	\$ -	\$ -	\$ -	\$ -
	5	NONE	1	Serial	0.750		2005	-	-	-	-
	5	NONE	2	Serial	1.300		2006	-	-	-	-
	5	NONE	3	Serial	1.750		2007	-	-	-	-
	5	NONE	4	Serial	2.100		2008	-	-	-	-
	5	NONE	5	Serial	2.450		2009	-	-	-	-
	1,370	NONE	6	Serial	2.650	279	2010	-	-	-	-
	1,410	NONE	280	Serial	2.900	561	2011	-	-	-	-
	1,450	NONE	562	Serial	3.100	851	2012	1,450	-	1,450	-
	1,495	NONE	852	Serial	3.250	1150	2013	1,495	-	-	1,495
	1,550	NONE	1151	Serial	3.350	1460	2014	1,550	-	-	1,550
	1,600	(19)	1461	Serial	3.450	1780	2015	1,600	-	-	1,600
	1,660	(19)	1781	Serial	3.550	2112	2016	1,660	-	-	1,660
	1,720	(19)	2113	Serial	3.650	2456	2017	1,720	-	-	1,720
	1,785	(19)	2457	Serial	3.750	2813	2018	1,785	-	-	1,785
	1,855	(19)	2814	Serial	3.800	3184	2019	1,855	-	-	1,855
	1,925	(19)	3185	Serial	3.900	3569	2020	1,925	-	-	1,925
	2,000	(19)	3570	Serial	3.950	3969	2021	2,000	-	-	2,000
	2,085	(19)	3970	Serial	4.050	4386	2022	2,085	-	-	2,085
	2,170	(19)	4387	Serial	4.100	4820	2023	2,170	-	-	2,170
	2,265	(19)	4821	Serial	4.200	5273	2024	2,265	-	-	2,265
	<u>\$ 26,365</u>							<u>\$ 23,560</u>	<u>\$ -</u>	<u>\$ 1,450</u>	<u>\$ 22,110</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2012	Transactions		Balances Outstanding December 31, 2012
									Issued	Retired	
Water System Junior Lien Revenue and Refunding Bonds, Series 2007 Paying Agent: USBank Bonds Dated: 01-23-07	\$ -	NONE			- %	15-May	2007	\$ -	\$ -	\$ -	\$ -
	335	NONE	1	67	Serial		2008	-	-	-	-
	340	NONE	68	135	Serial		2009	-	-	-	-
	350	NONE	136	205	Serial		2010	-	-	-	-
	355	NONE	206	276	Serial		2011	-	-	-	-
	360	NONE	277	348	Serial		2012	360	-	360	-
	365	NONE	349	421	Serial		2013	365	-	-	365
	370	NONE	422	495	Serial		2014	370	-	-	370
	380	NONE	496	571	Serial		2015	380	-	-	380
	385	NONE	572	648	Serial		2016	385	-	-	385
	395	NONE	649	727	Serial		2017	395	-	-	395
	400	(20)	728	807	Serial		2018	400	-	-	400
	410	(20)	808	889	Serial		2019	410	-	-	410
	420	(20)	890	973	Serial		2020	420	-	-	420
	430	(20)	974	1059	Serial		2021	430	-	-	430
	435	(20)	1060	1146	Serial		2022	435	-	-	435
	445	(20)	1147	1235	Serial		2023	445	-	-	445
	455	(20)	1236	1326	Serial		2024	455	-	-	455
	470	(20)	1327	1420	Serial		2025	470	-	-	470
	480	(20)	1421	1516	Serial		2026	480	-	-	480
	490	(20)	1517	1614	Serial		2027	490	-	-	490
	<u>\$ 8,070</u>							<u>\$ 6,690</u>	<u>\$ -</u>	<u>\$ 360</u>	<u>\$ 6,330</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2012	Transactions		Balances Outstanding December 31, 2012
									Issued	Retired	
Water System Junior Lien Revenue and Refunding Bonds, Series 2007A Paying Agent: USBank Bonds Dated: 01-23-07	\$ -				- %	15-May	2007	\$ -	\$ -	\$ -	\$ -
	1,330	NONE	1	266	2.700		2008	-	-	-	-
	1,365	NONE	267	539	2.700		2009	-	-	-	-
	1,400	NONE	540	819	2.700		2010	-	-	-	-
	1,440	NONE	820	1107	2.700		2011	-	-	-	-
	1,480	NONE	1108	1403	2.700		2012	1,480	-	1,480	-
	1,520	NONE	1404	1707	2.750		2013	1,520	-	-	1,520
	1,565	NONE	1708	2020	2.800		2014	1,565	-	-	1,565
	1,610	NONE	2021	2342	2.850		2015	1,610	-	-	1,610
	1,655	NONE	2343	2673	2.900		2016	1,655	-	-	1,655
	1,705	NONE	2674	3014	2.950		2017	1,705	-	-	1,705
	1,755	(21)	3015	3365	3.000		2018	1,755	-	-	1,755
	1,810	(21)	3366	3727	3.050		2019	1,810	-	-	1,810
	1,865	(21)	3728	4100	3.100		2020	1,865	-	-	1,865
	1,925	(21)	4101	4485	3.150		2021	1,925	-	-	1,925
	1,985	(21)	4486	4882	3.200		2022	1,985	-	-	1,985
	2,050	(21)	4883	5292	3.250		2023	2,050	-	-	2,050
	2,120	(21)	5293	5716	3.250		2024	2,120	-	-	2,120
	2,190	(21)	5717	6154	3.300		2025	2,190	-	-	2,190
	2,265	(21)	6155	6607	3.300		2026	2,265	-	-	2,265
	2,340	(21)	6608	7075	3.400		2027	2,340	-	-	2,340
	<u>\$ 35,375</u>							<u>\$ 29,840</u>	<u>\$ -</u>	<u>\$ 1,480</u>	<u>\$ 28,360</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2012	Transactions		Balances Outstanding December 31, 2012
						15-May	2008		Issued	Retired	
Water System Junior Lien Revenue Bonds, Series 2008	\$ -				- %	15-May	2008	\$ -	\$ -	\$ -	\$ -
Paying Agent: Wells Fargo	800	NONE	1	160	0.100		2009	-	-	-	-
Bonds Dated: 12-04-08	690	NONE	161	298	0.550		2010	-	-	-	-
	695	NONE	299	437	0.850		2011	-	-	-	-
	700	NONE	438	577	1.150		2012	700	-	700	-
	710	NONE	578	719	1.350		2013	710	-	-	710
	720	NONE	720	863	1.650		2014	720	-	-	720
	730	NONE	864	1009	1.850		2015	730	-	-	730
	745	NONE	1010	1158	2.050		2016	745	-	-	745
	760	NONE	1159	1310	2.250		2017	760	-	-	760
	780	NONE	1311	1466	2.450		2018	780	-	-	780
	800	(22)	1467	1626	2.700		2019	800	-	-	800
	825	(22)	1627	1791	2.900		2020	825	-	-	825
	850	(22)	1792	1961	3.050		2021	850	-	-	850
	875	(22)	1962	2136	3.200		2022	875	-	-	875
	905	(22)	2137	2317	3.250		2023	905	-	-	905
	935	(22)	2318	2504	3.450		2024	935	-	-	935
	970	(22)	2505	2698	3.550		2025	970	-	-	970
	1,005	(22)	2699	2899	3.600		2026	1,005	-	-	1,005
	1,040	(22)	2900	3107	3.650		2027	1,040	-	-	1,040
	1,080	(22)	3108	3323	3.650		2028	1,080	-	-	1,080
	1,120	(22)	3324	3547	3.750		2029	1,120	-	-	1,120
	1,165	(22)	3548	3780	3.800		2030	1,165	-	-	1,165
	1,210	(22)	3781	4022	3.800		2031	1,210	-	-	1,210
	1,255	(22)	4023	4273	3.850		2032	1,255	-	-	1,255
	1,305	(22)	4274	4534	3.850		2033	1,305	-	-	1,305
	1,355	(22)	4535	4805	3.850		2034	1,355	-	-	1,355
	1,410	(22)	4806	5087	3.850		2035	1,410	-	-	1,410
	1,465	(22)	5088	5380	3.850		2036	1,465	-	-	1,465
	1,520	(22)	5381	5684	3.850		2037	1,520	-	-	1,520
	1,580	(22)	5685	6000	3.950		2038	1,580	-	-	1,580
	<u>\$ 30,000</u>							<u>\$ 27,815</u>	<u>\$ -</u>	<u>\$ 700</u>	<u>\$ 27,115</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2012	Transactions		Balances Outstanding December 31, 2012
						15-May	2008		Issued	Retired	
Water System Junior Lien Revenue and Refunding Bonds, Series 2008A Paying Agent: Wells Fargo Bonds Dated: 12-04-08	\$ -				- %	15-May	2008	\$ -	\$ -	\$ -	\$ -
	570	NONE	1	114	1.100		2009	-	-	-	-
	455	NONE	115	205	1.550		2010	-	-	-	-
	460	NONE	206	297	1.850		2011	-	-	-	-
	470	NONE	298	391	2.150		2012	470	-	470	-
	480	NONE	392	487	2.350		2013	480	-	-	480
	495	NONE	488	586	2.650		2014	495	-	-	495
	505	NONE	587	687	2.850		2015	505	-	-	505
	520	NONE	688	791	3.050		2016	520	-	-	520
	540	NONE	792	899	3.250		2017	540	-	-	540
	555	NONE	900	1010	3.450		2018	555	-	-	555
	580	(23)	1011	1126	3.700		2019	580	-	-	580
	600	(23)	1127	1246	3.900		2020	600	-	-	600
	625	(23)	1247	1371	4.050		2021	625	-	-	625
	650	(23)	1372	1501	4.200		2022	650	-	-	650
	680	(23)	1502	1637	4.250		2023	680	-	-	680
	710	(23)	1638	1779	4.450		2024	710	-	-	710
	740	(23)	1780	1927	4.550		2025	740	-	-	740
	775	(23)	1928	2082	4.600		2026	775	-	-	775
	815	(23)	2083	2245	4.650		2027	815	-	-	815
	850	(23)	2246	2415	4.650		2028	850	-	-	850
	890	(23)	2416	2593	4.750		2029	890	-	-	890
	935	(23)	2594	2780	4.800		2030	935	-	-	935
	980	(23)	2781	2976	4.800		2031	980	-	-	980
	1,030	(23)	2977	3182	4.850		2032	1,030	-	-	1,030
	1,080	(23)	3183	3398	4.850		2033	1,080	-	-	1,080
	1,135	(23)	3399	3625	4.850		2034	1,135	-	-	1,135
	1,190	(23)	3626	3863	4.850		2035	1,190	-	-	1,190
	1,250	(23)	3864	4113	4.850		2036	1,250	-	-	1,250
	1,315	(23)	4114	4376	4.850		2037	1,315	-	-	1,315
	1,380	(23)	4377	4652	4.950		2038	1,380	-	-	1,380
	<u>\$ 23,260</u>							<u>\$ 21,775</u>	<u>\$ -</u>	<u>\$ 470</u>	<u>\$ 21,305</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2012	Transactions		Balances Outstanding December 31, 2012
									Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2009	\$ -	\$ -	\$ -	-
Revenue Bonds, Series 2009	1,455	NONE	1	291	-		2010	-	-	-	-
Paying Agent: Wells Fargo	1,235	NONE	292	538	0.300		2011	-	-	-	-
Bonds Dated: 11-01-09	1,240	NONE	539	786	0.600		2012	1,240	-	1,240	-
	1,250	NONE	787	1036	0.950		2013	1,250	-	-	1,250
	1,265	NONE	1037	1289	1.150		2014	1,265	-	-	1,265
	1,280	NONE	1290	1545	1.500		2015	1,280	-	-	1,280
	1,300	NONE	1546	1805	1.750		2016	1,300	-	-	1,300
	1,325	NONE	1806	2070	2.000		2017	1,325	-	-	1,325
	1,355	NONE	2071	2341	2.150		2018	1,355	-	-	1,355
	1,385	NONE	2342	2618	2.400		2019	1,385	-	-	1,385
	1,420	(24)	2619	2902	2.750		2020	1,420	-	-	1,420
	1,460	(24)	2903	3194	2.950		2021	1,460	-	-	1,460
	1,505	(24)	3195	3495	3.100		2022	1,505	-	-	1,505
	1,555	(24)	3496	3806	3.250		2023	1,555	-	-	1,555
	1,605	(24)	3807	4127	3.350		2024	1,605	-	-	1,605
	1,665	(24)	4128	4460	3.700		2025	1,665	-	-	1,665
	1,730	(24)	4461	4806	3.800		2026	1,730	-	-	1,730
	1,795	(24)	4807	5165	3.900		2027	1,795	-	-	1,795
	1,870	(24)	5166	5539	4.000		2028	1,870	-	-	1,870
	1,945	(24)	5540	5928	4.000		2029	1,945	-	-	1,945
	2,025	(24)	5929	6333	4.050		2030	2,025	-	-	2,025
	2,105	(24)	6334	6754	4.100		2031	2,105	-	-	2,105
	2,200	(24)	6755	7194	4.150		2032	2,200	-	-	2,200
	2,300	(24)	7195	7654	4.200		2033	2,300	-	-	2,300
	2,395	(24)	7655	8133	4.250		2034	2,395	-	-	2,395
	2,500	(24)	8134	8633	4.250		2035	2,500	-	-	2,500
	2,610	(24)	8634	9155	4.250		2036	2,610	-	-	2,610
	2,720	(24)	9156	9699	4.250		2037	2,720	-	-	2,720
	2,840	(24)	9700	10267	4.250		2038	2,840	-	-	2,840
	2,965	(24)	10268	10860	4.350		2039	2,965	-	-	2,965
	<u>\$ 54,300</u>							<u>\$ 51,610</u>	<u>\$ -</u>	<u>\$ 1,240</u>	<u>\$ 50,370</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2012	Transactions		Balances Outstanding December 31, 2012
									Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2009	\$ -	\$ -	\$ -	-
Revenue and Refunding	-				-		2010	-	-	-	-
Bonds, Series 2009A	-				-		2011	-	-	-	-
Paying Agent: Wells Fargo	-				-		2012	-	-	-	-
Bonds Dated: 11-01-09	-				-		2013	-	-	-	-
	-				-		2014	-	-	-	-
	-				-		2015	-	-	-	-
	2,240	NONE	1	448	0.644		2016	2,240	-	-	2,240
	2,255	NONE	449	899	0.854		2017	2,255	-	-	2,255
	2,275	NONE	900	1354	1.064		2018	2,275	-	-	2,275
	2,305	NONE	1355	1815	1.372		2019	2,305	-	-	2,305
	2,340	(25)	1816	2283	1.642		2020	2,340	-	-	2,340
	2,385	(25)	2284	2760	1.947		2021	2,385	-	-	2,385
	2,430	(25)	2761	3246	2.131		2022	2,430	-	-	2,430
	2,485	(25)	3247	3743	2.280		2023	2,485	-	-	2,485
	2,545	(25)	3744	4252	2.351		2024	2,545	-	-	2,545
	2,605	(25)	4253	4773	2.532		2025	2,605	-	-	2,605
	2,675	(25)	4774	5308	2.463		2026	2,675	-	-	2,675
	2,745	(25)	5309	5857	2.706		2027	2,745	-	-	2,745
	2,820	(25)	5858	6421	2.661		2028	2,820	-	-	2,820
	2,895	(25)	6422	7000	2.815		2029	2,895	-	-	2,895
	<u>\$ 35,000</u>							<u>\$ 35,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,000</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances	Transactions		Balances
							Outstanding January 1, 2012	Issued	Retired	Outstanding December 31, 2012
Water System Junior Lien	\$ -				- %	15-May 2010	\$ -	\$ -	\$ -	-
Revenue Refunding Bonds, Series 2010	5,725	NONE	1 1145	Serial	2.000	2011	-	-	-	-
Paying Agent: Wells Fargo	5,865	NONE	1146 2318	Serial	3.000	2012	5,865	-	5,865	-
Bonds Dated: 02-01-10	6,035	NONE	2319 3525	Serial	3.000	2013	6,035	-	-	6,035
	6,240	NONE	3526 4773	Serial	4.000	2014	6,240	-	-	6,240
	6,490	NONE	4774 6071	Serial	4.000	2015	6,490	-	-	6,490
	6,745	NONE	6072 7420	Serial	4.000	2016	6,745	-	-	6,745
	7,025	NONE	7421 8825	Serial	4.250	2017	7,025	-	-	7,025
	7,345	NONE	8826 10294	Serial	5.000	2018	7,345	-	-	7,345
	4,275	NONE	10295 11149	Serial	4.000	2019	4,275	-	-	4,275
	3,400	NONE	11150 11829	Serial	4.250	2019	3,400	-	-	3,400
	<u>\$ 59,145</u>						<u>\$ 53,420</u>	<u>\$ -</u>	<u>\$ 5,865</u>	<u>\$ 47,555</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2012	Transactions		Balances Outstanding December 31, 2012
									Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2010	\$ -	\$ -	\$ -	-
Revenue and Refunding	510	NONE	1	102	-		2011	-	-	-	-
Bonds, Series 2010A	475	NONE	103	197	-		2012	475	-	475	-
Paying Agent: US Bank N.A.	475	NONE	198	292	-		2013	475	-	-	475
Bonds Dated: 12-14-10	475	NONE	293	387	-		2014	475	-	-	475
	475	NONE	388	482	-		2015	475	-	-	475
	480	NONE	483	578	0.590		2016	480	-	-	480
	480	NONE	579	674	0.900		2017	480	-	-	480
	485	NONE	675	771	1.150		2018	485	-	-	485
	495	NONE	772	870	1.370		2019	495	-	-	495
	500	NONE	871	970	1.660		2020	500	-	-	500
	510	(26)	971	1072	1.890		2021	510	-	-	510
	520	(26)	1073	1176	2.020		2022	520	-	-	520
	530	(26)	1177	1282	2.110		2023	530	-	-	530
	540	(26)	1283	1390	2.210		2024	540	-	-	540
	555	(26)	1391	1501	2.300		2025	555	-	-	555
	565	(26)	1502	1614	2.430		2026	565	-	-	565
	580	(26)	1615	1730	2.540		2027	580	-	-	580
	595	(26)	1731	1849	2.630		2028	595	-	-	595
	615	(26)	1850	1972	2.670		2029	615	-	-	615
	630	(26)	1973	2098	2.750		2030	630	-	-	630
	650	(26)	2099	2228	2.860		2031	650	-	-	650
	665	(26)	2229	2361	2.900		2032	665	-	-	665
	685	(26)	2362	2498	2.970		2033	685	-	-	685
	705	(26)	2499	2639	3.060		2034	705	-	-	705
	730	(26)	2640	2785	3.110		2035	730	-	-	730
	750	(26)	2786	2935	3.110		2036	750	-	-	750
	775	(26)	2936	3090	3.110		2037	775	-	-	775
	800	(26)	3091	3250	3.110		2038	800	-	-	800
	825	(26)	3251	3415	3.110		2039	825	-	-	825
	855	(26)	3416	3586	3.310		2040	855	-	-	855
	<u>\$ 17,930</u>							<u>\$ 17,420</u>	<u>\$ -</u>	<u>\$ 475</u>	<u>\$ 16,945</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2012	Transactions		Balances Outstanding December 31, 2012
									Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2011	\$ -	\$ -	\$ -	-
Revenue Bonds,	1,120	NONE	1	224	-		2012	1,120	-	1,120	-
Series 2011	1,175	NONE	225	459	-		2013	1,175	-	-	1,175
Paying Agent: US Bank N.A.	1,175	NONE	460	694	-		2014	1,175	-	-	1,175
Bonds Dated: 08-18-11	1,175	NONE	695	929	-		2015	1,175	-	-	1,175
	1,175	NONE	930	1164	-		2016	1,175	-	-	1,175
	1,175	NONE	1165	1399	-		2017	1,175	-	-	1,175
	1,175	NONE	1400	1634	0.060		2018	1,175	-	-	1,175
	1,175	NONE	1635	1869	0.360		2019	1,175	-	-	1,175
	1,180	NONE	1870	2105	0.590		2020	1,180	-	-	1,180
	1,190	NONE	2106	2343	0.790		2021	1,190	-	-	1,190
	1,200	(27)	2344	2583	0.980		2022	1,200	-	-	1,200
	1,215	(27)	2584	2826	1.150		2023	1,215	-	-	1,215
	1,230	(27)	2827	3072	1.320		2024	1,230	-	-	1,230
	1,245	(27)	3073	3321	1.490		2025	1,245	-	-	1,245
	1,265	(27)	3322	3574	1.620		2026	1,265	-	-	1,265
	1,285	(27)	3575	3831	1.720		2027	1,285	-	-	1,285
	1,310	(27)	3832	4093	1.820		2028	1,310	-	-	1,310
	1,335	(27)	4094	4360	1.920		2029	1,335	-	-	1,335
	1,360	(27)	4361	4632	2.070		2030	1,360	-	-	1,360
	1,390	(27)	4633	4910	2.070		2031	1,390	-	-	1,390
	<u>\$ 24,550</u>							<u>\$ 24,550</u>	<u>\$ -</u>	<u>\$ 1,120</u>	<u>\$ 23,430</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2012	Transactions		Balances Outstanding December 31, 2012
									Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2011	\$ -	\$ -	\$ -	\$ -
Revenue and Refunding	335	NONE	1	67	-		2012	335	-	335	-
Bonds, Series 2011A	455	NONE	68	158	-		2013	455	-	-	455
Paying Agent: US Bank N.A.	455	NONE	159	249	-		2014	455	-	-	455
Bonds Dated: 08-18-11	455	NONE	250	340	0.350		2015	455	-	-	455
	455	NONE	341	431	0.650		2016	455	-	-	455
	460	NONE	432	523	0.950		2017	460	-	-	460
	465	NONE	524	616	1.250		2018	465	-	-	465
	475	NONE	617	711	1.550		2019	475	-	-	475
	480	NONE	712	807	1.800		2020	480	-	-	480
	490	NONE	808	905	2.000		2021	490	-	-	490
	500	(26)	906	1005	2.200		2022	500	-	-	500
	510	(26)	1006	1107	2.400		2023	510	-	-	510
	525	(26)	1108	1212	2.550		2024	525	-	-	525
	540	(26)	1213	1320	2.700		2025	540	-	-	540
	555	(26)	1321	1431	2.850		2026	555	-	-	555
	570	(26)	1432	1545	2.950		2027	570	-	-	570
	590	(26)	1546	1663	3.050		2028	590	-	-	590
	605	(26)	1664	1784	3.150		2029	605	-	-	605
	625	(26)	1785	1909	3.250		2030	625	-	-	625
	645	(26)	1910	2038	3.300		2031	645	-	-	645
	670	(26)	2039	2172	3.400		2032	670	-	-	670
	690	(26)	2173	2310	3.500		2033	690	-	-	690
	715	(26)	2311	2453	3.550		2034	715	-	-	715
	745	(26)	2454	2602	3.650		2035	745	-	-	745
	770	(26)	2603	2756	3.700		2036	770	-	-	770
	800	(26)	2757	2916	3.700		2037	800	-	-	800
	830	(26)	2917	3082	3.700		2038	830	-	-	830
	860	(26)	3083	3254	3.700		2039	860	-	-	860
	895	(26)	3255	3433	3.700		2040	895	-	-	895
	930	(26)	3434	3619	3.900		2041	930	-	-	930
	<u>\$ 18,095</u>							<u>\$ 18,095</u>	<u>\$ -</u>	<u>\$ 335</u>	<u>\$ 17,760</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances
							Outstanding January 1, 2012	Issued	Retired	Outstanding December 31, 2012	
Water System Junior Lien	\$ -				- %	15-May 2012	\$ -	\$ -	\$ -	\$ -	-
Revenue Refunding Bonds, Series 2012 (No Reserve)	2,895	NONE	1	579	2.000	2013	-	2,895	-	-	2,895
Paying Agent: Bank of New York	2,965	NONE	580	1172	2.000	2014	-	2,965	-	-	2,965
Bonds Dated: 04-11-12	3,055	NONE	1173	1783	4.000	2015	-	3,055	-	-	3,055
	3,210	NONE	1784	2425	4.000	2016	-	3,210	-	-	3,210
	3,135	NONE	2426	3052	4.000	2017	-	3,135	-	-	3,135
	3,290	NONE	3053	3710	4.000	2018	-	3,290	-	-	3,290
	4,265	NONE	3132	4563	4.000	2019	-	4,265	-	-	4,265
	3,545	NONE	4564	5272	4.500	2020	-	3,545	-	-	3,545
	3,735	NONE	5273	6019	4.500	2021	-	3,735	-	-	3,735
	1,795	NONE	6020	6378	5.000	2022	-	1,795	-	-	1,795
	<u>\$ 31,890</u>						\$ -	\$ 31,890	\$ -	\$ -	\$ 31,890

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2012
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2012	Transactions		Balances Outstanding December 31, 2012
									Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2012	\$ -	\$ -	\$ -	-
Revenue Bonds, Series 2012	545	NONE	1	109	-		2013	-	545	-	545
Paying Agent: US Bank N.A.	590	NONE	110	227	-		2014	-	590	-	590
Bonds Dated: 08-28-12	590	NONE	228	345	-		2015	-	590	-	590
	590	NONE	346	463	-		2016	-	590	-	590
	590	NONE	464	581	-		2017	-	590	-	590
	590	NONE	582	699	-		2018	-	590	-	590
	590	NONE	700	817	0.140		2019	-	590	-	590
	595	NONE	818	936	0.389		2020	-	595	-	595
	595	NONE	937	1055	0.580		2021	-	595	-	595
	600	NONE	1056	1175	0.710		2022	-	600	-	600
	605	(29)	1176	1296	0.830		2023	-	605	-	605
	610	(29)	1297	1418	0.920		2024	-	610	-	610
	615	(29)	1419	1541	1.010		2025	-	615	-	615
	625	(29)	1542	1666	1.090		2026	-	625	-	625
	630	(29)	1667	1792	1.160		2027	-	630	-	630
	635	(29)	1793	1919	1.230		2028	-	635	-	635
	645	(29)	1920	2048	1.300		2029	-	645	-	645
	655	(29)	2049	2179	1.370		2030	-	655	-	655
	665	(29)	2180	2312	1.430		2031	-	665	-	665
	675	(29)	2313	2447	1.490		2032	-	675	-	675
	685	(29)	2448	2584	1.550		2033	-	685	-	685
	695	(29)	2585	2723	1.620		2034	-	695	-	695
	705	(29)	2724	2864	1.690		2035	-	705	-	705
	720	(29)	2865	3008	1.750		2036	-	720	-	720
	730	(29)	3009	3154	1.790		2037	-	730	-	730
	745	(29)	3155	3303	1.810		2038	-	745	-	745
	760	(29)	3304	3455	1.820		2039	-	760	-	760
	770	(29)	3456	3609	1.830		2040	-	770	-	770
	785	(29)	3610	3766	1.840		2041	-	785	-	785
	800	(29)	3767	3926	1.850		2042	-	800	-	800
	<u>\$ 19,630</u>							<u>\$ -</u>	<u>\$ 19,630</u>	<u>\$ -</u>	<u>\$ 19,630</u>

Note: See Analysis of Changes in Bonded Debt for further explanation of call options.

**San Antonio Water System
Analysis of Changes in Bonded Debt**

CALL OPTIONS:

Optional redemption:

- (1) Series 2002 Senior Lien, Serial Bonds stated to mature on and after May 15, 2013 and the Term Bonds stated to mature on May 15, 2025 and May 15, 2028, are subject to early redemption, at the option of the City, on May 15, 2012, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the par value thereof plus accrued interest to the redemption date. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (2) Series 2002-A Senior Lien, Serial Bonds stated to mature on and after May 15, 2013 and the Term Bonds stated to mature on May 15, 2025 and May 15, 2032, are subject to early redemption, at the option of the City, on May 15, 2012, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the par value thereof plus accrued interest to the redemption date. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (3) Series 2004 Senior Lien, Serial Bonds stated to mature on and after May 15, 2015 and the Term Bonds stated to mature on May 15, 2029 and May 15, 2034, are subject to early redemption, at the option of the City, on May 15, 2014, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the par value thereof plus accrued interest to the redemption date. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (4) Series 2005 Senior Lien, Serial Bonds stated to mature on and after May 15, 2016 and the Term Bonds stated to mature on May 15, 2036 and May 15, 2040, are subject to early redemption, at the option of the City, on May 15, 2015, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the par value thereof plus accrued interest to the redemption date. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (5) Series 2007 Senior Lien, Serial Bonds stated to mature on and after May 15, 2018 and the Term Bonds stated to mature on May 15, 2032 and May 15, 2037, are subject to early redemption, at the option of the City, on May 15, 2017, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the par value thereof plus accrued interest to the redemption date. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (6) Series 2009 Senior Lien, Serial Bonds stated to mature on and after May 15, 2019 and the Term Bonds stated to mature on May 15, 2029, May 15, 2034, and May 15, 2039 are subject to early redemption, at the option of the City, on May 15, 2018, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the par value thereof plus accrued interest to the redemption date. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (7) Series 2009B Senior Lien Bonds having stated maturities on May 15 in each of the years of 2015 through 2024 are subject to redemption prior to stated maturity, at the option of the City, on December 10, 2009 through May 14, 2019, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar), at the Serial Bonds Make-Whole Redemption Price.

Series 2009B Senior Lien Bonds having stated maturities on May 15, 2029 and May 15, 2039 are subject to redemption prior to stated maturity, at the option of the City, on any date, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a stated maturity,

**San Antonio Water System
Analysis of Changes in Bonded Debt**

selected at random and by lot by the Paying Agent/Registrar), at the Term Bonds Make-Whole Redemption Price.

Series 2009B Senior Lien Bonds having stated maturities on May 15 in each of the years of 2020 through 2024 are subject to redemption prior to stated maturity, at the option of the City, on May 15, 2019 or day date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a stated maturity, selected maturity, selected at random and by lot by the Paying Agent/Registrar), at the redemption price of par, plus accrued interest to the date of redemption.

Series 2009B Senior Lien Bonds are subject to redemption, at the option of the City, on any date prior to their stated maturity, upon the occurrence of an extraordinary event, in whole or in part, by lot, at the Extraordinary Redemption Price.

See the “*Optional Redemption of Series 2009B Bonds*” within the Official Statement for the City of San Antonio, Texas Water System Revenue Bonds, Series 2009A and Water System Revenue Bonds, Taxable Series 2009B (Direct Subsidy – Build America Bonds) for additional information.

- (8) Series 2010B Senior Lien Bonds having a stated maturity of May 14, 2040 are subject to redemption prior to stated maturity, at the option of the City, on any date from November 23, 2010 through their stated maturity at the Make-Whole Redemption Price or, upon the occurrence of an Extraordinary Event, at the Extraordinary Redemption Price.

Series 2010B Senior Lien Bonds having stated maturities of May 15, 2012 through May 15, 2025, May 15, 2032, and May 15, 2034 are subject to redemption prior to stated maturity, at the option of the City, on any date from November 23, 2010 through May 14, 2010 at the Make-Whole Redemption Price or, upon the occurrence of an Extraordinary Event, at the Extraordinary Redemption Price.

Series 2010B Senior Lien Bonds having stated maturities of May 15, 2021 through May 15, 2025, May 15, 2032, and May 15, 2034 are subject to redemption prior to stated maturity, at the option of the city, on May 15, 2020 or any date thereafter, at the price of par plus accrued interest to the date of redemption.

Bonds redeemed to the City’s option may be redeemed in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a stated maturity, selected at random and by lot by the Paying Agent/Registrar).

See “*Optional Redemption*” within the Official Statement for the City of San Antonio, Texas Water System Revenue Bonds, Taxable Series 2010B (Direct Subsidy – Build America Bonds) for additional information.

- (9) Series 2011 Senior Lien, Serial Bonds stated to mature on and after May 15, 2022 are subject to early redemption, at the option of the City, on May 15, 2021, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the par value thereof plus accrued interest to the redemption date. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (10) Series 2011A Senior Lien, Serial Bonds stated to mature on and after May 15, 2021 and the Term Bonds stated to mature on May 15, 2036 and May 15, 2041 are subject to early redemption, at the option of the City, on May 15, 2020, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the par value thereof plus accrued interest to the redemption date. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (11) Series 2012 Senior Lien, Serial Bonds stated to mature on and after May 15, 2023 are subject to early redemption, at the option of the City, on May 15, 2022, or on any date thereafter, in whole or

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Analysis of Changes in Bonded Debt**

in part, in principal amounts of \$5,000 or any integral multiple thereof at the par value thereof plus accrued interest to the redemption date. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.

- (12) Series 2012A Senior Lien, Serial Bonds stated to mature on and after May 15, 2023 and the Term Bonds stated to mature on May 15, 2034, May 15, 2040, and May 15, 2042 are subject to early redemption, at the option of the City, on May 15, 2022, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the par value thereof plus accrued interest to the redemption date. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (13) Series 2001 Junior Lien, Serial Bonds stated to mature on and after May 15, 2012, may be redeemed prior to their Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on May 15, 2011, or on any Interest Payment Date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par, together with accrued interest to the date of redemption. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (14) Series 2001-A Junior Lien, Serial Bonds stated to mature on and after May 15, 2012, may be redeemed prior to their Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on May 15, 2011, or on any Interest Payment Date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par, together with accrued interest to the date of redemption. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (15) Series 2002 Junior Lien, Serial Bonds stated to mature on and after May 15, 2013, may be redeemed prior to their Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on May 15, 2012, or on any Interest Payment Date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par, together with accrued interest to the date of redemption. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (16) Series 2002-A Junior Lien, Serial Bonds stated to mature on and after May 15, 2013, may be redeemed prior to their Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on May 15, 2012, or on any Interest Payment Date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par, together with accrued interest to the date of redemption. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (17) Series 2003 Junior Lien, Serial Bonds stated to mature on and after May 15, 2014 may be redeemed prior to their Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on May 15, 2013, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par, together with accrued interest to the date of redemption. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (18) Series 2004 Junior Lien, Serial Bonds stated to mature on and after May 15, 2015, may be redeemed prior to their Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on November 15, 2014, or on any Interest Payment Date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par, together with accrued interest to the date of redemption. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (19) Series 2004-A Junior Lien, Serial Bonds stated to mature on and after May 15, 2015 may be redeemed prior to their Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on November 15, 2014, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par, together with accrued interest

**San Antonio Water System
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to the date of redemption. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.

- (20) Series 2007 Junior Lien, Serial Bonds stated to mature on and after May 15, 2018, may be redeemed prior to their Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on May 15, 2017, or on any Interest Payment Date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par, together with accrued interest to the date of redemption. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (21) Series 2007A Junior Lien, Serial Bonds stated to mature on and after May 15, 2018 may be redeemed prior to their Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on May 15, 2017, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par, together with accrued interest to the date of redemption. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (22) Series 2008 Junior Lien, Serial Bonds stated to mature on and after May 15, 2019 shall be subject to redemption prior to Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on May 15, 2018, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par, together with accrued interest to the date of redemption. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (23) Series 2008A Junior Lien, Serial Bonds stated to mature on and after May 15, 2019 shall be subject to redemption prior to Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on May 15, 2018, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par, together with accrued interest to the date of redemption. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (24) Series 2009 Junior Lien, Serial Bonds stated to mature on and after May 15, 2020 shall be subject to redemption prior to Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on November 15, 2019, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par, together with accrued interest to the date of redemption. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (25) Series 2009A Junior Lien, Serial Bonds stated to mature on and after May 15, 2020 shall be subject to redemption prior to Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on November 15, 2019, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par, together with accrued interest to the date of redemption. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (26) Series 2010A Junior Lien, Serial Bonds stated to mature on and after May 15, 2021 shall be subject to redemption prior to Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on May 15, 2020, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par, together with accrued interest to the date of redemption. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (27) Series 2011 Junior Lien, Serial Bonds stated to mature on and after May 15, 2022 shall be subject to redemption prior to Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on May 15, 2021, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par, together with accrued interest to the

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date of redemption. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.

- (28) Series 2011A Junior Lien, Serial Bonds stated to mature on and after May 15, 2022 shall be subject to redemption prior to Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on May 15, 2021, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par, together with accrued interest to the date of redemption. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (29) Series 2012 Junior Lien, Serial Bonds stated to mature on and after May 15, 2023 shall be subject to redemption prior to Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on May 15, 2022, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the redemption price of par, together with accrued interest to the date of redemption. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.

Mandatory redemption:

- (30) The Series 2002, Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Debt Service Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on May 15 in each of the years as follows:

Term Bonds Stated to Mature <u>On May 15, 2025</u> <i>(amounts in thousands)</i>		Term Bonds Stated to Mature <u>On May 15, 2028</u> <i>(amounts in thousands)</i>	
<u>Year</u>	Principal <u>Amount</u>	<u>Year</u>	Principal <u>Amount</u>
2024	\$ 20,770	2026	\$ 22,875
2025	21,795 (1)	2027	43,050
		2028	45,260 (1)

- (31) The Series 2002-A, Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Debt Service Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on May 15 in each of the years as follows:

Term Bonds Stated to Mature <u>On May 15, 2025</u> <i>(amounts in thousands)</i>		Term Bonds Stated to Mature <u>On May 15, 2032</u> <i>(amounts in thousands)</i>	
<u>Year</u>	Principal <u>Amount</u>	<u>Year</u>	Principal <u>Amount</u>
2023	\$ 4,275	2026	\$ 5,190
2024	4,695	2027	5,730
2025	4,940 (1)	2028	7,255
		2029	7,625
		2030	8,015
		2031	8,425
		2032	8,860 (1)

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- (32) The Series 2004, Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Debt Service Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on May 15 in each of the years as follows:

Term Bonds Stated to Mature <u>On May 15, 2029</u> <i>(amounts in thousands)</i>		Term Bonds Stated to Mature <u>On May 15, 2034</u> <i>(amounts in thousands)</i>	
<u>Year</u>	Principal Amount	<u>Year</u>	Principal Amount
2027	\$ 3,875	2030	\$ 4,520
2028	4,080	2031	4,760
2029	4,295 (1)	2032	5,010
		2033	5,275
		2034	5,550 (1)

- (33) The Series 2005, Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Debt Service Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on May 15 in each of the years as follows:

Term Bonds Stated to Mature <u>On May 15, 2036</u> <i>(amounts in thousands)</i>		Term Bonds Stated to Mature <u>On May 15, 2040</u> <i>(amounts in thousands)</i>	
<u>Year</u>	Principal Amount	<u>Year</u>	Principal Amount
2035	\$ 33,265	2038	\$13,520
2036	34,970 (1)	2039	40,465
		2040	42,540 (1)

- (34) The Series 2007, Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Debt Service Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on May 15 in each of the years as follows:

Term Bonds Stated to Mature <u>On May 15, 2032</u> <i>(amounts in thousands)</i>		Term Bonds Stated to Mature <u>On May 15, 2037</u> <i>(amounts in thousands)</i>	
<u>Year</u>	Principal Amount	<u>Year</u>	Principal Amount
2030	\$ 16,965	2033	\$28,645
2031	17,730	2034	37,530
2032	18,525 (1)	2035	11,900
		2036	12,450
		2037	13,025 (1)

**San Antonio Water System
Analysis of Changes in Bonded Debt**

- (35) The Series 2009, Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Debt Service Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on May 15 in each of the years as follows:

Term Bonds Stated to Mature <u>On May 15, 2029</u> <i>(amounts in thousands)</i>		Term Bonds Stated to Mature <u>On May 15, 2034</u> <i>(amounts in thousands)</i>		Term Bonds Stated to Mature <u>On May 15, 2039</u> <i>(amounts in thousands)</i>	
<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2025	\$ 4,485	2030	\$ 6,305	2035	\$ 8,205
2026	5,140	2031	6,645	2036	8,660
2027	5,410	2032	7,005	2037	9,135
2028	2,695	2033	7,385	2038	9,640
2029	4,325 (1)	2034	7,780 (1)	2039	10,175 (1)

- (36) The Series 2009B, Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Debt Service Fund for such purpose and shall be redeemed in part, on a pro rata basis in accordance with the arrangements between the City and the securities depository, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on May 15 in each of the years as follows:

Term Bonds Stated to Mature <u>On May 15, 2029</u> <i>(amounts in thousands)</i>		Term Bonds Stated to Mature <u>On May 15, 2039</u> <i>(amounts in thousands)</i>	
<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2025	\$ 3,650	2030	\$ 4,385
2026	4,995	2031	4,550
2027	3,965	2032	4,715
2028	3,330	2033	4,890
2029	4,230 (1)	2034	5,075
		2035	5,260
		2036	5,455
		2037	5,660
		2038	5,870
		2039	6,085 (1)

- (37) The Series 2010B, Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Debt Service Fund for such purpose and shall be redeemed in part, on a pro rata basis in accordance with the arrangements between the City and the securities depository (or, if such selection methodology is administratively impracticable or otherwise unavailable, at random and by lot), at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on May 15 in each of the years as follows:

Term Bonds Stated to Mature <u>On May 15, 2032</u> <i>(amounts in thousands)</i>		Term Bonds Stated to Mature <u>On May 15, 2034</u> <i>(amounts in thousands)</i>		Term Bonds Stated to Mature <u>On May 15, 2040</u> <i>(amounts in thousands)</i>	
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**San Antonio Water System
Analysis of Changes in Bonded Debt**

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2026	\$ 2,255	2033	\$ 2,990	2035	\$ 4,495
2027	2,350	2034	33,560 (1)	2036	4,670
2028	2,445			2037	4,855
2029	2,545			2038	5,045
2030	2,650			2039	5,240
2031	2,760			2040	5,445 (1)
2032	2,870 (1)				

- (38) The Series 2011A, Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Debt Service Fund for such purpose and shall be redeemed in part, on a pro rata basis in accordance with the arrangements between the City and the securities depository (or, if such selection methodology is administratively impracticable or otherwise unavailable, at random and by lot), at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on May 15 in each of the years as follows:

Term Bonds Stated to Mature <u>On May 15, 2036</u> <i>(amounts in thousands)</i>		Term Bonds Stated to Mature <u>On May 15, 2041</u> <i>(amounts in thousands)</i>	
<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2033	\$ 2,465	2037	\$ 3,010
2034	2,590	2038	3,165
2035	2,725	2039	3,330
2036	2,865 (1)	2040	3,500
		2041	3,680 (1)

- (39) The Series 2012A, Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Debt Service Fund for such purpose and shall be redeemed in part, on a pro rata basis in accordance with the arrangements between the City and the securities depository (or, if such selection methodology is administratively impracticable or otherwise unavailable, at random and by lot), at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on May 15 in each of the years as follows:

Term Bonds Stated to Mature <u>On May 15, 2034</u> <i>(amounts in thousands)</i>		Term Bonds Stated to Mature <u>On May 15, 2040</u> <i>(amounts in thousands)</i>		Term Bonds Stated to Mature <u>On May 15, 2042</u> <i>(amounts in thousands)</i>	
<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
2032	\$ 6,310	2037	\$ 3,765	2041	\$ 9,585
2033	6,570	2038	8,310	2042	9,925 (1)
2034	6,840 (1)	2039	8,740		
		2040	9,185 (1)		

(1) Payable at stated maturity

San Antonio Water System
WATER SYSTEM REVENUE BONDS
TOTAL DEBT SERVICE TO MATURITY

(amounts in thousands)

Page 1 of 2

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy</u>	<u>Net Interest</u>	<u>Total Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
15-May-2013	\$ 47,315	\$ 45,637	\$ 2,005	\$ 43,632	\$ 90,947	\$	
15-Nov-2013		43,991	2,001	41,990	41,990	132,937	1,940,495
15-May-2014	49,800	43,991	2,001	41,990	91,790		
15-Nov-2014		43,125	1,996	41,129	41,129	132,919	1,890,695
15-May-2015	51,595	43,125	1,996	41,129	92,724		
15-Nov-2015		42,505	1,973	40,532	40,532	133,256	1,839,100
15-May-2016	55,810	42,505	1,973	40,532	96,342		
15-Nov-2016		41,446	1,947	39,499	39,499	135,841	1,783,290
15-May-2017	60,615	41,446	1,947	39,499	100,114		
15-Nov-2017		40,222	1,916	38,306	38,306	138,420	1,722,675
15-May-2018	63,040	40,222	1,916	38,306	101,346		
15-Nov-2018		38,940	1,882	37,058	37,058	138,404	1,659,635
15-May-2019	63,220	38,940	1,882	37,058	100,278		
15-Nov-2019		37,687	1,845	35,842	35,842	136,120	1,596,415
15-May-2020	66,500	37,687	1,845	35,842	102,342		
15-Nov-2020		36,273	1,807	34,466	34,466	136,808	1,529,915
15-May-2021	70,285	36,273	1,807	34,466	104,751		
15-Nov-2021		34,742	1,765	32,977	32,977	137,728	1,459,630
15-May-2022	72,955	34,742	1,765	32,977	105,932		
15-Nov-2022		33,101	1,720	31,381	31,381	137,313	1,386,675
15-May-2023	75,180	33,101	1,720	31,381	106,561		
15-Nov-2023		31,403	1,673	29,730	29,730	136,291	1,311,495
15-May-2024	75,975	31,403	1,673	29,730	105,705		
15-Nov-2024		29,650	1,622	28,028	28,028	133,733	1,235,520
15-May-2025	76,245	29,650	1,622	28,028	104,273		
15-Nov-2025		27,854	1,567	26,287	26,287	130,560	1,159,275
15-May-2026	81,030	27,854	1,567	26,287	107,317		
15-Nov-2026		25,939	1,495	24,444	24,444	131,761	1,078,245
15-May-2027	84,865	25,939	1,495	24,444	109,309		
15-Nov-2027		23,928	1,431	22,497	22,497	131,806	993,380
15-May-2028	86,170	23,928	1,431	22,497	108,667		
15-Nov-2028		22,050	1,373	20,677	20,677	129,344	907,210
15-May-2029	57,805	22,050	1,373	20,677	78,482		
15-Nov-2029		20,719	1,304	19,415	19,415	97,897	849,405
15-May-2030	57,410	20,719	1,304	19,415	76,825		
15-Nov-2030		19,348	1,233	18,115	18,115	94,940	791,995
15-May-2031	60,060	19,348	1,233	18,115	78,175		
15-Nov-2031		17,913	1,159	16,754	16,754	94,929	731,935
15-May-2032	61,375	17,913	1,159	16,754	78,129		
15-Nov-2032		16,453	1,081	15,372	15,372	93,501	670,560
15-May-2033	64,965	16,453	1,081	15,372	80,337		
15-Nov-2033		14,932	1,001	13,931	13,931	94,268	605,595
15-May-2034	105,925	14,932	1,001	13,931	119,856		
15-Nov-2034		12,220	586	11,634	11,634	131,490	499,670

San Antonio Water System
WATER SYSTEM REVENUE BONDS
TOTAL DEBT SERVICE TO MATURITY
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy</u>	<u>Net Interest</u>	<u>Total Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
15-May-2035	80,285	12,220	586	11,634	91,919		
15-Nov-2035		10,232	488	9,744	9,744	101,663	419,385
15-May-2036	84,155	10,232	488	9,744	93,899		
15-Nov-2036		8,147	386	7,761	7,761	101,660	335,230
15-May-2037	88,165	8,147	386	7,761	95,926		
15-Nov-2037		6,010	280	5,730	5,730	101,656	247,065
15-May-2038	78,725	6,010	280	5,730	84,455		
15-Nov-2038		4,058	171	3,887	3,887	88,342	168,340
15-May-2039	79,445	4,058	171	3,887	83,332		
15-Nov-2039		2,047	56	1,991	1,991	85,323	88,895
15-May-2040	63,190	2,047	56	1,991	65,181		
15-Nov-2040		466	-	466	466	65,647	25,705
15-May-2041	14,980	466	-	466	15,446		
15-Nov-2041		181	-	181	181	15,627	10,725
15-May-2042	10,725	181	-	181	10,906		
						10,906	-
	<u>\$ 1,987,810</u>	<u>\$ 1,416,801</u>	<u>\$ 73,521</u>	<u>\$ 1,343,280</u>	<u>\$ 3,331,090</u>	<u>\$ 3,331,090</u>	

San Antonio Water System
WATER SYSTEM SENIOR LIEN REVENUE BONDS
TOTAL DEBT SERVICE TO MATURITY

(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy</u>	<u>Net Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
15-May-2013	27,210	40,132	2,005	38,127	65,337		1,577,955
15-Nov-2013		38,750	2,001	36,749	36,749	102,086	
15-May-2014	29,165	38,750	2,001	36,749	65,914		1,548,790
15-Nov-2014		38,140	1,996	36,144	36,144	102,058	
15-May-2015	30,415	38,140	1,996	36,144	66,559		1,518,375
15-Nov-2015		37,469	1,973	35,496	35,496	102,055	
15-May-2016	31,740	37,469	1,973	35,496	67,236		1,486,635
15-Nov-2016		36,740	1,947	34,793	34,793	102,029	
15-May-2017	36,070	36,740	1,947	34,793	70,863		1,450,565
15-Nov-2017		35,873	1,916	33,957	33,957	104,820	
15-May-2018	37,720	35,873	1,916	33,957	71,677		1,412,845
15-Nov-2018		34,996	1,882	33,114	33,114	104,791	
15-May-2019	36,250	34,996	1,882	33,114	69,364		1,376,595
15-Nov-2019		34,162	1,845	32,317	32,317	101,681	
15-May-2020	47,560	34,162	1,845	32,317	79,877		1,329,035
15-Nov-2020		33,022	1,807	31,215	31,215	111,092	
15-May-2021	50,750	33,022	1,807	31,215	81,965		1,278,285
15-Nov-2021		31,784	1,765	30,019	30,019	111,984	
15-May-2022	54,935	31,784	1,765	30,019	84,954		1,223,350
15-Nov-2022		30,414	1,720	28,694	28,694	113,648	
15-May-2023	58,480	30,414	1,720	28,694	87,174		1,164,870
15-Nov-2023		28,959	1,673	27,286	27,286	114,460	
15-May-2024	61,580	28,959	1,673	27,286	88,866		1,103,290
15-Nov-2024		27,419	1,622	25,797	25,797	114,663	
15-May-2025	64,650	27,419	1,622	25,797	90,447		1,038,640
15-Nov-2025		25,791	1,567	24,224	24,224	114,671	
15-May-2026	69,090	25,791	1,567	24,224	93,314		969,550
15-Nov-2026		24,047	1,495	22,552	22,552	115,866	
15-May-2027	72,575	24,047	1,495	22,552	95,127		896,975
15-Nov-2027		22,222	1,431	20,791	20,791	115,918	
15-May-2028	76,420	22,222	1,431	20,791	97,211		820,555
15-Nov-2028		20,491	1,373	19,118	19,118	116,329	
15-May-2029	47,755	20,491	1,373	19,118	66,873		772,800
15-Nov-2029		19,317	1,304	18,013	18,013	84,886	
15-May-2030	50,015	19,317	1,304	18,013	68,028		722,785
15-Nov-2030		18,070	1,233	16,837	16,837	84,865	
15-May-2031	52,415	18,070	1,233	16,837	69,252		670,370
15-Nov-2031		16,762	1,159	15,603	15,603	84,855	
15-May-2032	54,880	16,762	1,159	15,603	70,483		615,490
15-Nov-2032		15,424	1,081	14,343	14,343	84,826	
15-May-2033	58,220	15,424	1,081	14,343	72,563		557,270
15-Nov-2033		14,029	1,001	13,028	13,028	85,591	
15-May-2034	98,925	14,029	1,001	13,028	111,953		458,345
15-Nov-2034		11,451	586	10,865	10,865	122,818	
15-May-2035	73,005	11,451	586	10,865	83,870		385,340
15-Nov-2035		9,603	488	9,115	9,115	92,985	
15-May-2036	76,590	9,603	488	9,115	85,705		308,750
15-Nov-2036		7,664	386	7,278	7,278	92,983	
15-May-2037	80,305	7,664	386	7,278	87,583		228,445
15-Nov-2037		5,680	280	5,400	5,400	92,983	
15-May-2038	70,550	5,680	280	5,400	75,950		157,895
15-Nov-2038		3,887	171	3,716	3,716	79,666	
15-May-2039	74,035	3,887	171	3,716	77,751		83,860
15-Nov-2039		1,976	56	1,920	1,920	79,671	
15-May-2040	60,670	1,976	56	1,920	62,590		23,190
15-Nov-2040		433	-	433	433	63,023	
15-May-2041	13,265	433	-	433	13,698		9,925
15-Nov-2041		174	-	174	174	13,872	
15-May-2042	9,925	174	-	174	10,099		-
					10,099		
\$	1,605,165	\$ 1,289,630	\$ 73,521	\$ 1,216,109	\$ 2,821,274	\$ 2,821,274	

San Antonio Water System
WATER SYSTEM REVENUE AND REFUNDING BONDS
SERIES 2004
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2013	\$ 1,885	\$	1,928	\$	3,813	\$	
15-Nov-2013			1,881		1,881		5,694
15-May-2014	1,980		1,881		3,861		
15-Nov-2014			1,832		1,832		5,693
15-May-2015	2,085		1,832		3,917		
15-Nov-2015			1,777		1,777		5,694
15-May-2016	2,195		1,777		3,972		
15-Nov-2016			1,719		1,719		5,691
15-May-2017	2,315		1,719		4,034		
15-Nov-2017			1,659		1,659		5,693
15-May-2018	2,440		1,659		4,099		
15-Nov-2018			1,594		1,594		5,693
15-May-2019	2,570		1,594		4,164		
15-Nov-2019			1,527		1,527		5,691
15-May-2020	2,710		1,527		4,237		
15-Nov-2020			1,456		1,456		5,693
15-May-2021	2,855		1,456		4,311		
15-Nov-2021			1,381		1,381		5,692
15-May-2022	3,010		1,381		4,391		
15-Nov-2022			1,302		1,302		5,693
15-May-2023	3,170		1,302		4,472		
15-Nov-2023			1,223		1,223		5,695
15-May-2024	3,330		1,223		4,553		
15-Nov-2024			1,139		1,139		5,692
15-May-2025	3,500		1,139		4,639		
15-Nov-2025			1,052		1,052		5,691
15-May-2026	3,685		1,052		4,737		
15-Nov-2026			957		957		5,694
15-May-2027	3,875		957		4,832		
15-Nov-2027			858		858		5,690
15-May-2028	4,080		858		4,938		
15-Nov-2028			754		754		5,692
15-May-2029	4,295		754		5,049		
15-Nov-2029			644		644		5,693
15-May-2030	4,520		644		5,164		
15-Nov-2030			528		528		5,692
15-May-2031	4,760		528		5,288		
15-Nov-2031			406		406		5,694
15-May-2032	5,010		406		5,416		
15-Nov-2032			277		277		5,693
15-May-2033	5,275		277		5,552		
15-Nov-2033			142		142		5,694
15-May-2034	5,550		142		5,692		
							5,692
	\$ 75,095	\$	50,144	\$	125,239	\$	125,239

San Antonio Water System
WATER SYSTEM REVENUE REFUNDING BONDS
SERIES 2005
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2013	\$ 2,635	\$ 7,376	\$ 10,011	\$
15-Nov-2013		7,310	7,310	17,321
15-May-2014	2,925	7,310	10,235	
15-Nov-2014		7,237	7,237	17,472
15-May-2015	735	7,237	7,972	
15-Nov-2015		7,221	7,221	15,193
15-May-2016	2,055	7,221	9,276	
15-Nov-2016		7,170	7,170	16,446
15-May-2017	2,650	7,170	9,820	
15-Nov-2017		7,103	7,103	16,923
15-May-2018	3,020	7,103	10,123	
15-Nov-2018		7,028	7,028	17,151
15-May-2019	6,170	7,028	13,198	
15-Nov-2019		6,874	6,874	20,072
15-May-2020	6,295	6,874	13,169	
15-Nov-2020		6,716	6,716	19,885
15-May-2021	6,625	6,716	13,341	
15-Nov-2021		6,551	6,551	19,892
15-May-2022	6,965	6,551	13,516	
15-Nov-2022		6,376	6,376	19,892
15-May-2023	7,330	6,376	13,706	
15-Nov-2023		6,193	6,193	19,899
15-May-2024	7,705	6,193	13,898	
15-Nov-2024		6,001	6,001	19,899
15-May-2025	8,105	6,001	14,106	
15-Nov-2025		5,798	5,798	19,904
15-May-2026	8,530	5,798	14,328	
15-Nov-2026		5,585	5,585	19,913
15-May-2027	-	5,585	5,585	
15-Nov-2027		5,585	5,585	11,170
15-May-2028	-	5,585	5,585	
15-Nov-2028		5,585	5,585	11,170
15-May-2029	-	5,585	5,585	
15-Nov-2029		5,585	5,585	11,170
15-May-2030	-	5,585	5,585	
15-Nov-2030		5,585	5,585	11,170
15-May-2031	-	5,585	5,585	
15-Nov-2031		5,585	5,585	11,170
15-May-2032	-	5,585	5,585	
15-Nov-2032		5,585	5,585	11,170
15-May-2033	-	5,585	5,585	
15-Nov-2033		5,585	5,585	11,170
15-May-2034	-	5,585	5,585	
15-Nov-2034		5,585	5,585	11,170
15-May-2035	33,265	5,585	38,850	
15-Nov-2035		4,753	4,753	43,603
15-May-2036	34,970	4,753	39,723	
15-Nov-2036		3,879	3,879	43,602
15-May-2037	36,715	3,879	40,594	
15-Nov-2037		3,007	3,007	43,601
15-May-2038	38,520	3,007	41,527	
15-Nov-2038		2,075	2,075	43,602
15-May-2039	40,465	2,075	42,540	
15-Nov-2039		1,064	1,064	43,604
15-May-2040	42,540	1,064	43,604	
				43,604
	\$ 298,220	\$ 312,618	\$ 610,838	\$ 610,838

San Antonio Water System
WATER SYSTEM REVENUE REFUNDING BONDS
SERIES 2007

(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2013	\$ 4,020	\$	6,235	\$	10,255	\$	
15-Nov-2013			6,134		6,134		16,389
15-May-2014	8,280		6,134		14,414		
15-Nov-2014			5,907		5,907		20,321
15-May-2015	11,065		5,907		16,972		
15-Nov-2015			5,602		5,602		22,574
15-May-2016	10,375		5,602		15,977		
15-Nov-2016			5,317		5,317		21,294
15-May-2017	8,370		5,317		13,687		
15-Nov-2017			5,120		5,120		18,807
15-May-2018	8,540		5,120		13,660		
15-Nov-2018			4,907		4,907		18,567
15-May-2019	4,430		4,907		9,337		
15-Nov-2019			4,796		4,796		14,133
15-May-2020	4,655		4,796		9,451		
15-Nov-2020			4,680		4,680		14,131
15-May-2021	4,880		4,680		9,560		
15-Nov-2021			4,575		4,575		14,135
15-May-2022	5,110		4,575		9,685		
15-Nov-2022			4,447		4,447		14,132
15-May-2023	5,375		4,447		9,822		
15-Nov-2023			4,313		4,313		14,135
15-May-2024	5,650		4,313		9,963		
15-Nov-2024			4,171		4,171		14,134
15-May-2025	5,940		4,171		10,111		
15-Nov-2025			4,023		4,023		14,134
15-May-2026	6,230		4,023		10,253		
15-Nov-2026			3,883		3,883		14,136
15-May-2027	-		3,883		3,883		
15-Nov-2027			3,883		3,883		7,766
15-May-2028	-		3,883		3,883		
15-Nov-2028			3,883		3,883		7,766
15-May-2029	16,245		3,883		20,128		
15-Nov-2029			3,527		3,527		23,655
15-May-2030	16,965		3,527		20,492		
15-Nov-2030			3,146		3,146		23,638
15-May-2031	17,730		3,146		20,876		
15-Nov-2031			2,747		2,747		23,623
15-May-2032	18,525		2,747		21,272		
15-Nov-2032			2,330		2,330		23,602
15-May-2033	28,645		2,330		30,975		
15-Nov-2033			1,685		1,685		32,660
15-May-2034	37,530		1,685		39,215		
15-Nov-2034			841		841		40,056
15-May-2035	11,900		841		12,741		
15-Nov-2035			573		573		13,314
15-May-2036	12,450		573		13,023		
15-Nov-2036			293		293		13,316
15-May-2037	13,025		293		13,318		
							13,318
	\$ 265,935	\$	187,801	\$	453,736	\$	453,736

San Antonio Water System
WATER SYSTEM REVENUE AND REFUNDING BONDS
SERIES 2009
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2013	\$ 2,885	\$	3,804	\$	6,689	\$	
15-Nov-2013			3,760		3,760		10,449
15-May-2014	2,970		3,760		6,730		
15-Nov-2014			3,716		3,716		10,446
15-May-2015	3,060		3,716		6,776		
15-Nov-2015			3,670		3,670		10,446
15-May-2016	3,170		3,670		6,840		
15-Nov-2016			3,607		3,607		10,447
15-May-2017	3,315		3,607		6,922		
15-Nov-2017			3,524		3,524		10,446
15-May-2018	3,480		3,524		7,004		
15-Nov-2018			3,444		3,444		10,448
15-May-2019	3,645		3,444		7,089		
15-Nov-2019			3,356		3,356		10,445
15-May-2020	3,830		3,356		7,186		
15-Nov-2020			3,262		3,262		10,448
15-May-2021	4,025		3,262		7,287		
15-Nov-2021			3,162		3,162		10,449
15-May-2022	4,225		3,162		7,387		
15-Nov-2022			3,060		3,060		10,447
15-May-2023	4,435		3,060		7,495		
15-Nov-2023			2,954		2,954		10,449
15-May-2024	4,650		2,954		7,604		
15-Nov-2024			2,844		2,844		10,448
15-May-2025	4,885		2,844		7,729		
15-Nov-2025			2,720		2,720		10,449
15-May-2026	5,140		2,720		7,860		
15-Nov-2026			2,588		2,588		10,448
15-May-2027	5,410		2,588		7,998		
15-Nov-2027			2,450		2,450		10,448
15-May-2028	5,690		2,450		8,140		
15-Nov-2028			2,306		2,306		10,446
15-May-2029	5,990		2,306		8,296		
15-Nov-2029			2,153		2,153		10,449
15-May-2030	6,305		2,153		8,458		
15-Nov-2030			1,988		1,988		10,446
15-May-2031	6,645		1,988		8,633		
15-Nov-2031			1,813		1,813		10,446
15-May-2032	7,005		1,813		8,818		
15-Nov-2032			1,629		1,629		10,447
15-May-2033	7,385		1,629		9,014		
15-Nov-2033			1,436		1,436		10,450
15-May-2034	7,780		1,436		9,216		
15-Nov-2034			1,231		1,231		10,447
15-May-2035	8,205		1,231		9,436		
15-Nov-2035			1,011		1,011		10,447
15-May-2036	8,660		1,011		9,671		
15-Nov-2036			778		778		10,449
15-May-2037	9,135		778		9,913		
15-Nov-2037			533		533		10,446
15-May-2038	9,640		533		10,173		
15-Nov-2038			273		273		10,446
15-May-2039	10,175		273		10,448		
							10,448
	\$ 151,740	\$	130,340	\$	282,080	\$	282,080

**San Antonio Water System
WATER SYSTEM REVENUE BONDS**

SERIES 2009A

(amounts in thousands)

		<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2013	\$	2,465	\$	127	\$	2,592	\$	
15-Nov-2013				65		65		2,657
15-May-2014		2,595		65		2,660		2,660
	\$	5,060	\$	257	\$	5,317	\$	5,317

San Antonio Water System
WATER SYSTEM REVENUE TAXABLE BONDS
SERIES 2009B
(DIRECT SUBSIDY - BUILD AMERICA BONDS)

(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy</u>	<u>Total Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2013	\$ -	\$ 2,720	\$ 952	\$ 1,768	\$ 1,768	\$ -
15-Nov-2013		2,720	952	1,768	1,768	3,536
15-May-2014	-	2,720	952	1,768	1,768	
15-Nov-2014		2,720	952	1,768	1,768	3,536
15-May-2015	2,690	2,720	952	1,768	4,458	
15-Nov-2015		2,675	936	1,739	1,739	6,197
15-May-2016	2,755	2,675	936	1,739	4,494	
15-Nov-2016		2,623	918	1,705	1,705	6,199
15-May-2017	2,825	2,623	918	1,705	4,530	
15-Nov-2017		2,562	897	1,665	1,665	6,195
15-May-2018	2,910	2,562	897	1,665	4,575	
15-Nov-2018		2,497	874	1,623	1,623	6,198
15-May-2019	2,995	2,497	874	1,623	4,618	
15-Nov-2019		2,429	850	1,579	1,579	6,197
15-May-2020	3,085	2,429	850	1,579	4,664	
15-Nov-2020		2,356	825	1,531	1,531	6,195
15-May-2021	3,185	2,356	825	1,531	4,716	
15-Nov-2021		2,277	797	1,480	1,480	6,196
15-May-2022	3,290	2,277	797	1,480	4,770	
15-Nov-2022		2,193	767	1,426	1,426	6,196
15-May-2023	3,405	2,193	767	1,426	4,831	
15-Nov-2023		2,104	736	1,368	1,368	6,199
15-May-2024	3,525	2,104	736	1,368	4,893	
15-Nov-2024		2,009	703	1,306	1,306	6,199
15-May-2025	3,650	2,009	703	1,306	4,956	
15-Nov-2025		1,909	668	1,241	1,241	6,197
15-May-2026	4,995	1,909	668	1,241	6,236	
15-Nov-2026		1,771	620	1,151	1,151	7,387
15-May-2027	3,965	1,771	620	1,151	5,116	
15-Nov-2027		1,662	582	1,080	1,080	6,196
15-May-2028	3,300	1,662	582	1,080	4,380	
15-Nov-2028		1,571	550	1,021	1,021	5,401
15-May-2029	4,230	1,571	550	1,021	5,251	
15-Nov-2029		1,455	509	946	946	6,197
15-May-2030	4,385	1,455	509	946	5,331	
15-Nov-2030		1,332	466	866	866	6,197
15-May-2031	4,550	1,332	466	866	5,416	
15-Nov-2031		1,205	422	783	783	6,199
15-May-2032	4,715	1,205	422	783	5,498	
15-Nov-2032		1,073	375	698	698	6,196
15-May-2033	4,890	1,073	375	698	5,588	
15-Nov-2033		936	327	609	609	6,197
15-May-2034	5,075	936	327	609	5,684	
15-Nov-2034		794	278	516	516	6,200
15-May-2035	5,260	794	278	516	5,776	
15-Nov-2035		646	226	420	420	6,196
15-May-2036	5,455	646	226	420	5,875	
15-Nov-2036		493	173	320	320	6,195
15-May-2037	5,660	493	173	320	5,980	
15-Nov-2037		335	117	218	218	6,198
15-May-2038	5,870	335	117	218	6,088	
15-Nov-2038		170	60	110	110	6,198
15-May-2039	6,085	170	60	110	6,195	
						6,195
	\$ 102,750	\$ 91,754	\$ 32,112	\$ 59,642	\$ 162,392	\$ 162,392

San Antonio Water System
WATER SYSTEM REVENUE TAXABLE BONDS
SERIES 2010B
(DIRECT SUBSIDY - BUILD AMERICA BONDS)

(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy</u>	<u>Total Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2013	\$ 1,645	\$ 3,010	\$ 1,053	\$ 1,957	\$ 3,602	\$
15-Nov-2013		2,998	1,049	1,949	1,949	5,551
15-May-2014	1,665	2,998	1,049	1,949	3,614	
15-Nov-2014		2,982	1,044	1,938	1,938	5,552
15-May-2015	1,685	2,982	1,044	1,938	3,623	
15-Nov-2015		2,963	1,037	1,926	1,926	5,549
15-May-2016	1,715	2,963	1,037	1,926	3,641	
15-Nov-2016		2,939	1,029	1,910	1,910	5,551
15-May-2017	1,750	2,939	1,029	1,910	3,660	
15-Nov-2017		2,912	1,019	1,893	1,893	5,553
15-May-2018	1,785	2,912	1,019	1,893	3,678	
15-Nov-2018		2,879	1,008	1,871	1,871	5,549
15-May-2019	1,830	2,879	1,008	1,871	3,701	
15-Nov-2019		2,844	995	1,849	1,849	5,550
15-May-2020	1,880	2,844	995	1,849	3,729	
15-Nov-2020		2,807	982	1,825	1,825	5,554
15-May-2021	1,930	2,807	982	1,825	3,755	
15-Nov-2021		2,767	968	1,799	1,799	5,554
15-May-2022	1,985	2,767	968	1,799	3,784	
15-Nov-2022		2,723	953	1,770	1,770	5,554
15-May-2023	2,040	2,723	953	1,770	3,810	
15-Nov-2023		2,676	937	1,739	1,739	5,549
15-May-2024	2,105	2,676	937	1,739	3,844	
15-Nov-2024		2,624	919	1,705	1,705	5,549
15-May-2025	2,175	2,624	919	1,705	3,880	
15-Nov-2025		2,569	899	1,670	1,670	5,550
15-May-2026	2,255	2,569	899	1,670	3,925	
15-Nov-2026		2,499	875	1,624	1,624	5,549
15-May-2027	2,350	2,499	875	1,624	3,974	
15-Nov-2027		2,427	849	1,578	1,578	5,552
15-May-2028	2,445	2,427	849	1,578	4,023	
15-Nov-2028		2,351	823	1,528	1,528	5,551
15-May-2029	2,545	2,351	823	1,528	4,073	
15-Nov-2029		2,273	795	1,478	1,478	5,551
15-May-2030	2,650	2,273	795	1,478	4,128	
15-Nov-2030		2,191	767	1,424	1,424	5,552
15-May-2031	2,760	2,191	767	1,424	4,184	
15-Nov-2031		2,106	737	1,369	1,369	5,553
15-May-2032	2,870	2,106	737	1,369	4,239	
15-Nov-2032		2,017	706	1,311	1,311	5,550
15-May-2033	2,990	2,017	706	1,311	4,301	
15-Nov-2033		1,924	674	1,250	1,250	5,551
15-May-2034	33,560	1,924	674	1,250	34,810	
15-Nov-2034		881	308	573	573	35,383
15-May-2035	4,495	881	308	573	5,068	
15-Nov-2035		748	262	486	486	5,554
15-May-2036	4,670	748	262	486	5,156	
15-Nov-2036		609	213	396	396	5,552
15-May-2037	4,855	609	213	396	5,251	
15-Nov-2037		466	163	303	303	5,554
15-May-2038	5,045	466	163	303	5,348	
15-Nov-2038		316	111	205	205	5,553
15-May-2039	5,240	316	111	205	5,445	
15-Nov-2039		161	56	105	105	5,550
15-May-2040	5,445	161	56	105	5,550	
						5,550
	\$ 108,365	\$ 118,314	\$ 41,409	\$ 76,905	\$ 185,270	\$ 185,270

San Antonio Water System
WATER SYSTEM REVENUE REFUNDING BONDS
SERIES 2011

(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2013	\$ 1,960	\$	1,067	\$	3,027	\$	
15-Nov-2013			1,038		1,038		4,065
15-May-2014	2,060		1,038		3,098		
15-Nov-2014			996		996		4,094
15-May-2015	2,205		996		3,201		
15-Nov-2015			941		941		4,142
15-May-2016	2,340		941		3,281		
15-Nov-2016			895		895		4,176
15-May-2017	2,675		895		3,570		
15-Nov-2017			828		828		4,398
15-May-2018	2,855		828		3,683		
15-Nov-2018			756		756		4,439
15-May-2019	2,935		756		3,691		
15-Nov-2019			696		696		4,387
15-May-2020	3,295		696		3,991		
15-Nov-2020			614		614		4,605
15-May-2021	3,505		614		4,119		
15-Nov-2021			526		526		4,645
15-May-2022	3,720		526		4,246		
15-Nov-2022			433		433		4,679
15-May-2023	3,950		433		4,383		
15-Nov-2023			335		335		4,718
15-May-2024	4,195		335		4,530		
15-Nov-2024			230		230		4,760
15-May-2025	4,455		230		4,685		
15-Nov-2025			118		118		4,803
15-May-2026	4,735		118		4,853		4,853
	\$ 44,885	\$	17,879	\$	62,764	\$	62,764

San Antonio Water System
WATER SYSTEM REVENUE REFUNDING BONDS
SERIES 2011A
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2013	\$ 5,400	\$ 3,937	\$ 9,337	\$
15-Nov-2013		3,856	3,856	13,193
15-May-2014	1,385	3,856	5,241	
15-Nov-2014		3,842	3,842	9,083
15-May-2015	1,420	3,842	5,262	
15-Nov-2015		3,821	3,821	9,083
15-May-2016	1,460	3,821	5,281	
15-Nov-2016		3,799	3,799	9,080
15-May-2017	2,060	3,799	5,859	
15-Nov-2017		3,747	3,747	9,606
15-May-2018	2,150	3,747	5,897	
15-Nov-2018		3,699	3,699	9,596
15-May-2019	3,985	3,699	7,684	
15-Nov-2019		3,619	3,619	11,303
15-May-2020	5,400	3,619	9,019	
15-Nov-2020		3,503	3,503	12,522
15-May-2021	6,575	3,503	10,078	
15-Nov-2021		3,347	3,347	13,425
15-May-2022	6,730	3,347	10,077	
15-Nov-2022		3,179	3,179	13,256
15-May-2023	7,890	3,179	11,069	
15-Nov-2023		2,982	2,982	14,051
15-May-2024	8,490	2,982	11,472	
15-Nov-2024		2,770	2,770	14,242
15-May-2025	8,930	2,770	11,700	
15-Nov-2025		2,546	2,546	14,246
15-May-2026	9,370	2,546	11,916	
15-Nov-2026		2,312	2,312	14,228
15-May-2027	12,585	2,312	14,897	
15-Nov-2027		2,015	2,015	16,912
15-May-2028	14,445	2,015	16,460	
15-Nov-2028		1,654	1,654	18,114
15-May-2029	8,990	1,654	10,644	
15-Nov-2029		1,429	1,429	12,073
15-May-2030	9,450	1,429	10,879	
15-Nov-2030		1,193	1,193	12,072
15-May-2031	9,935	1,193	11,128	
15-Nov-2031		944	944	12,072
15-May-2032	10,445	944	11,389	
15-Nov-2032		683	683	12,072
15-May-2033	2,465	683	3,148	
15-Nov-2033		622	622	3,770
15-May-2034	2,590	622	3,212	
15-Nov-2034		557	557	3,769
15-May-2035	2,725	557	3,282	
15-Nov-2035		489	489	3,771
15-May-2036	2,865	489	3,354	
15-Nov-2036		417	417	3,771
15-May-2037	3,010	417	3,427	
15-Nov-2037		342	342	3,769
15-May-2038	3,165	342	3,507	
15-Nov-2038		263	263	3,770
15-May-2039	3,330	263	3,593	
15-Nov-2039		180	180	3,773
15-May-2040	3,500	180	3,680	
15-Nov-2040		92	92	3,772
15-May-2041	3,680	92	3,772	
				3,772
	\$ 164,425	\$ 119,741	\$ 284,166	\$ 284,166

San Antonio Water System
WATER SYSTEM REVENUE REFUNDING BONDS
SERIES 2012

(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2013	\$ 2,610	\$ 5,273	\$ 7,883	\$
15-Nov-2013		5,247	5,247	13,130
15-May-2014	2,650	5,247	7,897	
15-Nov-2014		5,207	5,207	13,104
15-May-2015	2,720	5,207	7,927	
15-Nov-2015		5,153	5,153	13,080
15-May-2016	2,795	5,153	7,948	
15-Nov-2016		5,097	5,097	13,045
15-May-2017	7,085	5,097	12,182	
15-Nov-2017		4,920	4,920	17,102
15-May-2018	7,360	4,920	12,280	
15-Nov-2018		4,773	4,773	17,053
15-May-2019	4,345	4,773	9,118	
15-Nov-2019		4,686	4,686	13,804
15-May-2020	12,910	4,686	17,596	
15-Nov-2020		4,363	4,363	21,959
15-May-2021	13,510	4,363	17,873	
15-Nov-2021		4,025	4,025	21,898
15-May-2022	16,050	4,025	20,075	
15-Nov-2022		3,624	3,624	23,699
15-May-2023	16,840	3,624	20,464	
15-Nov-2023		3,203	3,203	23,667
15-May-2024	17,675	3,203	20,878	
15-Nov-2024		2,761	2,761	23,639
15-May-2025	18,540	2,761	21,301	
15-Nov-2025		2,298	2,298	23,599
15-May-2026	19,450	2,298	21,748	
15-Nov-2026		1,812	1,812	23,560
15-May-2027	39,450	1,812	41,262	
15-Nov-2027		825	825	42,087
15-May-2028	41,265	825	42,090	
				42,090
	\$ 225,255	\$ 121,261	\$ 346,516	\$ 346,516

San Antonio Water System
WATER SYSTEM REVENUE AND REFUNDING BONDS
SERIES 2012A
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2013	\$ 1,705	\$ 4,655	\$ 6,360	\$ 10,101
15-Nov-2013		3,741	3,741	10,101
15-May-2014	2,655	3,741	6,396	
15-Nov-2014		3,701	3,701	10,097
15-May-2015	2,750	3,701	6,451	
15-Nov-2015		3,646	3,646	10,097
15-May-2016	2,880	3,646	6,526	
15-Nov-2016		3,574	3,574	10,100
15-May-2017	3,025	3,574	6,599	
15-Nov-2017		3,498	3,498	10,097
15-May-2018	3,180	3,498	6,678	
15-Nov-2018		3,419	3,419	10,097
15-May-2019	3,345	3,419	6,764	
15-Nov-2019		3,335	3,335	10,099
15-May-2020	3,500	3,335	6,835	
15-Nov-2020		3,265	3,265	10,100
15-May-2021	3,660	3,265	6,925	
15-Nov-2021		3,173	3,173	10,098
15-May-2022	3,850	3,173	7,023	
15-Nov-2022		3,077	3,077	10,100
15-May-2023	4,045	3,077	7,122	
15-Nov-2023		2,976	2,976	10,098
15-May-2024	4,255	2,976	7,231	
15-Nov-2024		2,870	2,870	10,101
15-May-2025	4,470	2,870	7,340	
15-Nov-2025		2,758	2,758	10,098
15-May-2026	4,700	2,758	7,458	
15-Nov-2026		2,640	2,640	10,098
15-May-2027	4,940	2,640	7,580	
15-Nov-2027		2,517	2,517	10,097
15-May-2028	5,195	2,517	7,712	
15-Nov-2028		2,387	2,387	10,099
15-May-2029	5,460	2,387	7,847	
15-Nov-2029		2,251	2,251	10,098
15-May-2030	5,740	2,251	7,991	
15-Nov-2030		2,107	2,107	10,098
15-May-2031	6,035	2,107	8,142	
15-Nov-2031		1,956	1,956	10,098
15-May-2032	6,310	1,956	8,266	
15-Nov-2032		1,830	1,830	10,096
15-May-2033	6,570	1,830	8,400	
15-Nov-2033		1,699	1,699	10,099
15-May-2034	6,840	1,699	8,539	
15-Nov-2034		1,562	1,562	10,101
15-May-2035	7,155	1,562	8,717	
15-Nov-2035		1,383	1,383	10,100
15-May-2036	7,520	1,383	8,903	
15-Nov-2036		1,195	1,195	10,098
15-May-2037	7,905	1,195	9,100	
15-Nov-2037		997	997	10,097
15-May-2038	8,310	997	9,307	
15-Nov-2038		790	790	10,097
15-May-2039	8,740	790	9,530	
15-Nov-2039		571	571	10,101
15-May-2040	9,185	571	9,756	
15-Nov-2040		341	341	10,097
15-May-2041	9,585	341	9,926	
15-Nov-2041		174	174	10,100
15-May-2042	9,925	174	10,099	
				10,099
	\$ 163,435	\$ 139,521	\$ 302,956	\$ 302,956

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
TOTAL DEBT SERVICE TO MATURITY
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
15-May-2013	\$ 20,105	\$ 5,505	\$ 25,610	\$	\$ 362,540
15-Nov-2013		5,241	5,241	30,851	
15-May-2014	20,635	5,241	25,876		341,905
15-Nov-2014		4,985	4,985	30,861	
15-May-2015	21,180	4,985	26,165		320,725
15-Nov-2015		5,036	5,036	31,201	
15-May-2016	24,070	5,036	29,106		296,655
15-Nov-2016		4,706	4,706	33,812	
15-May-2017	24,545	4,706	29,251		272,110
15-Nov-2017		4,349	4,349	33,600	
15-May-2018	25,320	4,349	29,669		246,790
15-Nov-2018		3,944	3,944	33,613	
15-May-2019	26,970	3,944	30,914		219,820
15-Nov-2019		3,525	3,525	34,439	
15-May-2020	18,940	3,525	22,465		200,880
15-Nov-2020		3,251	3,251	25,716	
15-May-2021	19,535	3,251	22,786		181,345
15-Nov-2021		2,958	2,958	25,744	
15-May-2022	18,020	2,958	20,978		163,325
15-Nov-2022		2,687	2,687	23,665	
15-May-2023	16,700	2,687	19,387		146,625
15-Nov-2023		2,444	2,444	21,831	
15-May-2024	14,395	2,444	16,839		132,230
15-Nov-2024		2,231	2,231	19,070	
15-May-2025	11,595	2,231	13,826		120,635
15-Nov-2025		2,063	2,063	15,889	
15-May-2026	11,940	2,063	14,003		108,695
15-Nov-2026		1,892	1,892	15,895	
15-May-2027	12,290	1,892	14,182		96,405
15-Nov-2027		1,706	1,706	15,888	
15-May-2028	9,750	1,706	11,456		86,655
15-Nov-2028		1,559	1,559	13,015	
15-May-2029	10,050	1,559	11,609		76,605
15-Nov-2029		1,402	1,402	13,011	
15-May-2030	7,395	1,402	8,797		69,210
15-Nov-2030		1,278	1,278	10,075	
15-May-2031	7,645	1,278	8,923		61,565
15-Nov-2031		1,151	1,151	10,074	
15-May-2032	6,495	1,151	7,646		55,070
15-Nov-2032		1,029	1,029	8,675	
15-May-2033	6,745	1,029	7,774		48,325
15-Nov-2033		903	903	8,677	
15-May-2034	7,000	903	7,903		41,325
15-Nov-2034		769	769	8,672	
15-May-2035	7,280	769	8,049		34,045
15-Nov-2035		629	629	8,678	
15-May-2036	7,565	629	8,194		26,480
15-Nov-2036		483	483	8,677	
15-May-2037	7,860	483	8,343		18,620
15-Nov-2037		330	330	8,673	
15-May-2038	8,175	330	8,505		10,445
15-Nov-2038		171	171	8,676	
15-May-2039	5,410	171	5,581		5,035
15-Nov-2039		71	71	5,652	
15-May-2040	2,520	71	2,591		2,515
15-Nov-2040		33	33	2,624	
15-May-2041	1,715	33	1,748		800
15-Nov-2041		7	7	1,755	
15-May-2042	800	7	807		-
15-Nov-2042				807	
	\$ 382,645	\$ 127,171	\$ 509,816	\$ 509,816	

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2003

(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2013	\$ 2,075	\$	354	\$	2,429	\$	
15-Nov-2013			331		331		2,760
15-May-2014	2,125		331		2,456		
15-Nov-2014			307		307		2,763
15-May-2015	2,175		307		2,482		
15-Nov-2015			280		280		2,762
15-May-2016	2,230		280		2,510		
15-Nov-2016			253		253		2,763
15-May-2017	2,285		253		2,538		
15-Nov-2017			222		222		2,760
15-May-2018	2,350		222		2,572		
15-Nov-2018			190		190		2,762
15-May-2019	2,415		190		2,605		
15-Nov-2019			156		156		2,761
15-May-2020	2,485		156		2,641		
15-Nov-2020			120		120		2,761
15-May-2021	2,560		120		2,680		
15-Nov-2021			82		82		2,762
15-May-2022	2,635		82		2,717		
15-Nov-2022			42		42		2,759
15-May-2023	2,720		42		2,762		
							2,762
	<u>\$ 26,055</u>	<u>\$</u>	<u>4,320</u>	<u>\$</u>	<u>30,375</u>	<u>\$</u>	<u>30,375</u>

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS
SERIES 2004
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2013	\$ 630	\$	122	\$	752	\$	
15-Nov-2013			115		115		867
15-May-2014	645		115		760		
15-Nov-2014			107		107		867
15-May-2015	660		107		767		
15-Nov-2015			99		99		866
15-May-2016	680		99		779		
15-Nov-2016			91		91		870
15-May-2017	695		91		786		
15-Nov-2017			81		81		867
15-May-2018	715		81		796		
15-Nov-2018			72		72		868
15-May-2019	735		72		807		
15-Nov-2019			61		61		868
15-May-2020	760		61		821		
15-Nov-2020			50		50		871
15-May-2021	780		50		830		
15-Nov-2021			39		39		869
15-May-2022	805		39		844		
15-Nov-2022			27		27		871
15-May-2023	830		27		857		
15-Nov-2023			14		14		871
15-May-2024	855		14		869		
							869
	\$ 8,790	\$	1,634	\$	10,424	\$	10,424

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS
SERIES 2004-A

(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2013	\$ 1,495	\$ 419	\$ 1,914	
15-Nov-2013		394	394	2,308
15-May-2014	1,550	394	1,944	
15-Nov-2014		368	368	2,312
15-May-2015	1,600	368	1,968	
15-Nov-2015		341	341	2,309
15-May-2016	1,660	341	2,001	
15-Nov-2016		311	311	2,312
15-May-2017	1,720	311	2,031	
15-Nov-2017		280	280	2,311
15-May-2018	1,785	280	2,065	
15-Nov-2018		247	247	2,312
15-May-2019	1,855	247	2,102	
15-Nov-2019		211	211	2,313
15-May-2020	1,925	211	2,136	
15-Nov-2020		174	174	2,310
15-May-2021	2,000	174	2,174	
15-Nov-2021		134	134	2,308
15-May-2022	2,085	134	2,219	
15-Nov-2022		92	92	2,311
15-May-2023	2,170	92	2,262	
15-Nov-2023		48	48	2,310
15-May-2024	2,265	48	2,313	
				2,313
	\$ 22,110	\$ 5,619	\$ 27,729	\$ 27,729

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS
SERIES 2007
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2013	\$ 365	\$	66	\$	431	\$	
15-Nov-2013			63		63		494
15-May-2014	370		63		433		
15-Nov-2014			60		60		493
15-May-2015	380		60		440		
15-Nov-2015			56		56		496
15-May-2016	385		56		441		
15-Nov-2016			53		53		494
15-May-2017	395		53		448		
15-Nov-2017			49		49		497
15-May-2018	400		49		449		
15-Nov-2018			45		45		494
15-May-2019	410		45		455		
15-Nov-2019			41		41		496
15-May-2020	420		41		461		
15-Nov-2020			36		36		497
15-May-2021	430		36		466		
15-Nov-2021			32		32		498
15-May-2022	435		32		467		
15-Nov-2022			27		27		494
15-May-2023	445		27		472		
15-Nov-2023			22		22		494
15-May-2024	455		22		477		
15-Nov-2024			17		17		494
15-May-2025	470		17		487		
15-Nov-2025			11		11		498
15-May-2026	480		11		491		
15-Nov-2026			6		6		497
15-May-2027	490		6		496		
							496
	\$ 6,330	\$	1,102	\$	7,432	\$	7,432

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS
SERIES 2007-A
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2013	\$ 1,520	\$	441	\$	1,961	\$	
15-Nov-2013			420		420		2,381
15-May-2014	1,565		420		1,985		
15-Nov-2014			398		398		2,383
15-May-2015	1,610		398		2,008		
15-Nov-2015			375		375		2,383
15-May-2016	1,655		375		2,030		
15-Nov-2016			351		351		2,381
15-May-2017	1,705		351		2,056		
15-Nov-2017			326		326		2,382
15-May-2018	1,755		326		2,081		
15-Nov-2018			300		300		2,381
15-May-2019	1,810		300		2,110		
15-Nov-2019			272		272		2,382
15-May-2020	1,865		272		2,137		
15-Nov-2020			243		243		2,380
15-May-2021	1,925		243		2,168		
15-Nov-2021			213		213		2,381
15-May-2022	1,985		213		2,198		
15-Nov-2022			181		181		2,379
15-May-2023	2,050		181		2,231		
15-Nov-2023			148		148		2,379
15-May-2024	2,120		148		2,268		
15-Nov-2024			113		113		2,381
15-May-2025	2,190		113		2,303		
15-Nov-2025			77		77		2,380
15-May-2026	2,265		77		2,342		
15-Nov-2026			40		40		2,382
15-May-2027	2,340		40		2,380		
							2,380
	\$ 28,360	\$	7,355	\$	35,715	\$	35,715

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2008
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2013	\$ 710	\$ 455	\$ 1,165	\$
15-Nov-2013		450	450	1,615
15-May-2014	720	450	1,170	
15-Nov-2014		444	444	1,614
15-May-2015	730	444	1,174	
15-Nov-2015		438	438	1,612
15-May-2016	745	438	1,183	
15-Nov-2016		430	430	1,613
15-May-2017	760	430	1,190	
15-Nov-2017		421	421	1,611
15-May-2018	780	421	1,201	
15-Nov-2018		412	412	1,613
15-May-2019	800	412	1,212	
15-Nov-2019		401	401	1,613
15-May-2020	825	401	1,226	
15-Nov-2020		389	389	1,615
15-May-2021	850	389	1,239	
15-Nov-2021		376	376	1,615
15-May-2022	875	376	1,251	
15-Nov-2022		362	362	1,613
15-May-2023	905	362	1,267	
15-Nov-2023		347	347	1,614
15-May-2024	935	347	1,282	
15-Nov-2024		331	331	1,613
15-May-2025	970	331	1,301	
15-Nov-2025		314	314	1,615
15-May-2026	1,005	314	1,319	
15-Nov-2026		296	296	1,615
15-May-2027	1,040	296	1,336	
15-Nov-2027		277	277	1,613
15-May-2028	1,080	277	1,357	
15-Nov-2028		257	257	1,614
15-May-2029	1,120	257	1,377	
15-Nov-2029		236	236	1,613
15-May-2030	1,165	236	1,401	
15-Nov-2030		214	214	1,615
15-May-2031	1,210	214	1,424	
15-Nov-2031		191	191	1,615
15-May-2032	1,255	191	1,446	
15-Nov-2032		167	167	1,613
15-May-2033	1,305	167	1,472	
15-Nov-2033		142	142	1,614
15-May-2034	1,355	142	1,497	
15-Nov-2034		116	116	1,613
15-May-2035	1,410	116	1,526	
15-Nov-2035		89	89	1,615
15-May-2036	1,465	89	1,554	
15-Nov-2036		60	60	1,614
15-May-2037	1,520	60	1,580	
15-Nov-2037		31	31	1,611
15-May-2038	1,580	31	1,611	
				1,611
	\$ 27,115	\$ 14,837	\$ 41,952	\$ 41,952

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS
SERIES 2008-A
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2013	\$ 480	\$ 469	\$ 949	
15-Nov-2013		463	463	1,412
15-May-2014	495	463	958	
15-Nov-2014		457	457	1,415
15-May-2015	505	457	962	
15-Nov-2015		450	450	1,412
15-May-2016	520	450	970	
15-Nov-2016		442	442	1,412
15-May-2017	540	442	982	
15-Nov-2017		433	433	1,415
15-May-2018	555	433	988	
15-Nov-2018		423	423	1,411
15-May-2019	580	423	1,003	
15-Nov-2019		413	413	1,416
15-May-2020	600	413	1,013	
15-Nov-2020		401	401	1,414
15-May-2021	625	401	1,026	
15-Nov-2021		388	388	1,414
15-May-2022	650	388	1,038	
15-Nov-2022		375	375	1,413
15-May-2023	680	375	1,055	
15-Nov-2023		360	360	1,415
15-May-2024	710	360	1,070	
15-Nov-2024		344	344	1,414
15-May-2025	740	344	1,084	
15-Nov-2025		328	328	1,412
15-May-2026	775	328	1,103	
15-Nov-2026		310	310	1,413
15-May-2027	815	310	1,125	
15-Nov-2027		291	291	1,416
15-May-2028	850	291	1,141	
15-Nov-2028		271	271	1,412
15-May-2029	890	271	1,161	
15-Nov-2029		250	250	1,411
15-May-2030	935	250	1,185	
15-Nov-2030		227	227	1,412
15-May-2031	980	227	1,207	
15-Nov-2031		204	204	1,411
15-May-2032	1,030	204	1,234	
15-Nov-2032		179	179	1,413
15-May-2033	1,080	179	1,259	
15-Nov-2033		153	153	1,412
15-May-2034	1,135	153	1,288	
15-Nov-2034		125	125	1,413
15-May-2035	1,190	125	1,315	
15-Nov-2035		96	96	1,411
15-May-2036	1,250	96	1,346	
15-Nov-2036		66	66	1,412
15-May-2037	1,315	66	1,381	
15-Nov-2037		34	34	1,415
15-May-2038	1,380	34	1,414	
				1,414
	\$ 21,305	\$ 15,435	\$ 36,740	\$ 36,740

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2009
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2013	\$ 1,250	\$	890	\$	2,140	\$	
15-Nov-2013			884		884		3,024
15-May-2014	1,265		884		2,149		
15-Nov-2014			877		877		3,026
15-May-2015	1,280		877		2,157		
15-Nov-2015			868		868		3,025
15-May-2016	1,300		868		2,168		
15-Nov-2016			856		856		3,024
15-May-2017	1,325		856		2,181		
15-Nov-2017			843		843		3,024
15-May-2018	1,355		843		2,198		
15-Nov-2018			828		828		3,026
15-May-2019	1,385		828		2,213		
15-Nov-2019			812		812		3,025
15-May-2020	1,420		812		2,232		
15-Nov-2020			792		792		3,024
15-May-2021	1,460		792		2,252		
15-Nov-2021			771		771		3,023
15-May-2022	1,505		771		2,276		
15-Nov-2022			747		747		3,023
15-May-2023	1,555		747		2,302		
15-Nov-2023			722		722		3,024
15-May-2024	1,605		722		2,327		
15-Nov-2024			695		695		3,022
15-May-2025	1,665		695		2,360		
15-Nov-2025			664		664		3,024
15-May-2026	1,730		664		2,394		
15-Nov-2026			632		632		3,026
15-May-2027	1,795		632		2,427		
15-Nov-2027			597		597		3,024
15-May-2028	1,870		597		2,467		
15-Nov-2028			559		559		3,026
15-May-2029	1,945		559		2,504		
15-Nov-2029			520		520		3,024
15-May-2030	2,025		520		2,545		
15-Nov-2030			479		479		3,024
15-May-2031	2,105		479		2,584		
15-Nov-2031			436		436		3,020
15-May-2032	2,200		436		2,636		
15-Nov-2032			390		390		3,026
15-May-2033	2,300		390		2,690		
15-Nov-2033			342		342		3,032
15-May-2034	2,395		342		2,737		
15-Nov-2034			291		291		3,028
15-May-2035	2,500		291		2,791		
15-Nov-2035			238		238		3,029
15-May-2036	2,610		238		2,848		
15-Nov-2036			183		183		3,031
15-May-2037	2,720		183		2,903		
15-Nov-2037			125		125		3,028
15-May-2038	2,840		125		2,965		
15-Nov-2038			64		64		3,029
15-May-2039	2,965		64		3,029		
							3,029
	\$ 50,370	\$	31,320	\$	81,690	\$	81,690

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS
SERIES 2009A
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2013	\$ -	\$ -	\$ -	\$ -
15-Nov-2013		-	-	-
15-May-2014	-	-	-	
15-Nov-2014		-	-	-
15-May-2015	-	-	-	
15-Nov-2015		353	353	353
15-May-2016	2,240	353	2,593	
15-Nov-2016		345	345	2,938
15-May-2017	2,255	345	2,600	
15-Nov-2017		336	336	2,936
15-May-2018	2,275	336	2,611	
15-Nov-2018		324	324	2,935
15-May-2019	2,305	324	2,629	
15-Nov-2019		308	308	2,937
15-May-2020	2,340	308	2,648	
15-Nov-2020		289	289	2,937
15-May-2021	2,385	289	2,674	
15-Nov-2021		265	265	2,939
15-May-2022	2,430	265	2,695	
15-Nov-2022		240	240	2,935
15-May-2023	2,485	240	2,725	
15-Nov-2023		211	211	2,936
15-May-2024	2,545	211	2,756	
15-Nov-2024		181	181	2,937
15-May-2025	2,605	181	2,786	
15-Nov-2025		148	148	2,934
15-May-2026	2,675	148	2,823	
15-Nov-2026		115	115	2,938
15-May-2027	2,745	115	2,860	
15-Nov-2027		78	78	2,938
15-May-2028	2,820	78	2,898	
15-Nov-2028		41	41	2,939
15-May-2029	2,895	41	2,936	
				2,936
	\$ 35,000	\$ 6,468	\$ 41,468	\$ 41,468

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE REFUNDING BONDS

SERIES 2010

(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2013	\$ 6,035	\$	971	\$	7,006	\$	
15-Nov-2013			880		880		7,886
15-May-2014	6,240		880		7,120		
15-Nov-2014			755		755		7,875
15-May-2015	6,490		755		7,245		
15-Nov-2015			626		626		7,871
15-May-2016	6,745		626		7,371		
15-Nov-2016			491		491		7,862
15-May-2017	7,025		491		7,516		
15-Nov-2017			341		341		7,857
15-May-2018	7,345		341		7,686		
15-Nov-2018			158		158		7,844
15-May-2019	7,675		158		7,833		
							7,833
	\$ 47,555	\$	7,473	\$	55,028	\$	55,028

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS
SERIES 2010A
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2013	\$ 475	\$	195	\$	670	\$	
15-Nov-2013			195		195		865
15-May-2014	475		195		670		
15-Nov-2014			195		195		865
15-May-2015	475		195		670		
15-Nov-2015			195		195		865
15-May-2016	480		195		675		
15-Nov-2016			194		194		869
15-May-2017	480		194		674		
15-Nov-2017			192		192		866
15-May-2018	485		192		677		
15-Nov-2018			189		189		866
15-May-2019	495		189		684		
15-Nov-2019			185		185		869
15-May-2020	500		185		685		
15-Nov-2020			181		181		866
15-May-2021	510		181		691		
15-Nov-2021			177		177		868
15-May-2022	520		177		697		
15-Nov-2022			171		171		868
15-May-2023	530		171		701		
15-Nov-2023			166		166		867
15-May-2024	540		166		706		
15-Nov-2024			160		160		866
15-May-2025	555		160		715		
15-Nov-2025			153		153		868
15-May-2026	565		153		718		
15-Nov-2026			146		146		864
15-May-2027	580		146		726		
15-Nov-2027			139		139		865
15-May-2028	595		139		734		
15-Nov-2028			131		131		865
15-May-2029	615		131		746		
15-Nov-2029			123		123		869
15-May-2030	630		123		753		
15-Nov-2030			114		114		867
15-May-2031	650		114		764		
15-Nov-2031			105		105		869
15-May-2032	665		105		770		
15-Nov-2032			95		95		865
15-May-2033	685		95		780		
15-Nov-2033			85		85		865
15-May-2034	705		85		790		
15-Nov-2034			74		74		864
15-May-2035	730		74		804		
15-Nov-2035			63		63		867
15-May-2036	750		63		813		
15-Nov-2036			51		51		864
15-May-2037	775		51		826		
15-Nov-2037			39		39		865
15-May-2038	800		39		839		
15-Nov-2038			27		27		866
15-May-2039	825		27		852		
15-Nov-2039			14		14		866
15-May-2040	855		14		869		
							869
	\$ 16,945	\$	7,313	\$	24,258	\$	24,258

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2011

(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2013	\$ 1,175	\$	115	\$	1,290	\$	
15-Nov-2013			115		115		1,405
15-May-2014	1,175		115		1,290		
15-Nov-2014			115		115		1,405
15-May-2015	1,175		115		1,290		
15-Nov-2015			115		115		1,405
15-May-2016	1,175		115		1,290		
15-Nov-2016			115		115		1,405
15-May-2017	1,175		115		1,290		
15-Nov-2017			115		115		1,405
15-May-2018	1,175		115		1,290		
15-Nov-2018			115		115		1,405
15-May-2019	1,175		115		1,290		
15-Nov-2019			113		113		1,403
15-May-2020	1,180		113		1,293		
15-Nov-2020			109		109		1,402
15-May-2021	1,190		109		1,299		
15-Nov-2021			105		105		1,404
15-May-2022	1,200		105		1,305		
15-Nov-2022			99		99		1,404
15-May-2023	1,215		99		1,314		
15-Nov-2023			92		92		1,406
15-May-2024	1,230		92		1,322		
15-Nov-2024			84		84		1,406
15-May-2025	1,245		84		1,329		
15-Nov-2025			74		74		1,403
15-May-2026	1,265		74		1,339		
15-Nov-2026			64		64		1,403
15-May-2027	1,285		64		1,349		
15-Nov-2027			53		53		1,402
15-May-2028	1,310		53		1,363		
15-Nov-2028			41		41		1,404
15-May-2029	1,335		41		1,376		
15-Nov-2029			28		28		1,404
15-May-2030	1,360		28		1,388		
15-Nov-2030			14		14		1,402
15-May-2031	1,390		14		1,404		
							1,404
	\$ 23,430	\$	3,247	\$	26,677	\$	26,677

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS
SERIES 2011A

(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2013	\$ 455	\$ 246	\$ 701	
15-Nov-2013		246	246	947
15-May-2014	455	246	701	
15-Nov-2014		246	246	947
15-May-2015	455	246	701	
15-Nov-2015		245	245	946
15-May-2016	455	245	700	
15-Nov-2016		244	244	944
15-May-2017	460	244	704	
15-Nov-2017		242	242	946
15-May-2018	465	242	707	
15-Nov-2018		239	239	946
15-May-2019	475	239	714	
15-Nov-2019		235	235	949
15-May-2020	480	235	715	
15-Nov-2020		231	231	946
15-May-2021	490	231	721	
15-Nov-2021		226	226	947
15-May-2022	500	226	726	
15-Nov-2022		221	221	947
15-May-2023	510	221	731	
15-Nov-2023		214	214	945
15-May-2024	525	214	739	
15-Nov-2024		208	208	947
15-May-2025	540	208	748	
15-Nov-2025		200	200	948
15-May-2026	555	200	755	
15-Nov-2026		192	192	947
15-May-2027	570	192	762	
15-Nov-2027		184	184	946
15-May-2028	590	184	774	
15-Nov-2028		175	175	949
15-May-2029	605	175	780	
15-Nov-2029		166	166	946
15-May-2030	625	166	791	
15-Nov-2030		155	155	946
15-May-2031	645	155	800	
15-Nov-2031		145	145	945
15-May-2032	670	145	815	
15-Nov-2032		133	133	948
15-May-2033	690	133	823	
15-Nov-2033		121	121	944
15-May-2034	715	121	836	
15-Nov-2034		109	109	945
15-May-2035	745	109	854	
15-Nov-2035		95	95	949
15-May-2036	770	95	865	
15-Nov-2036		81	81	946
15-May-2037	800	81	881	
15-Nov-2037		66	66	947
15-May-2038	830	66	896	
15-Nov-2038		51	51	947
15-May-2039	860	51	911	
15-Nov-2039		35	35	946
15-May-2040	895	35	930	
15-Nov-2040		18	18	948
15-May-2041	930	18	948	
				948
	\$ 17,760	\$ 9,692	\$ 27,452	\$ 27,452

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE REFUNDING BONDS
SERIES 2012 (No Reserve Fund)
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2013	\$ 2,895	\$	607	\$	3,502	\$	
15-Nov-2013			577		577		4,079
15-May-2014	2,965		577		3,542		
15-Nov-2014			548		548		4,090
15-May-2015	3,055		548		3,603		
15-Nov-2015			487		487		4,090
15-May-2016	3,210		487		3,697		
15-Nov-2016			422		422		4,119
15-May-2017	3,135		422		3,557		
15-Nov-2017			360		360		3,917
15-May-2018	3,290		360		3,650		
15-Nov-2018			294		294		3,944
15-May-2019	4,265		294		4,559		
15-Nov-2019			209		209		4,768
15-May-2020	3,545		209		3,754		
15-Nov-2020			129		129		3,883
15-May-2021	3,735		129		3,864		
15-Nov-2021			45		45		3,909
15-May-2022	1,795		45		1,840		
					-		1,840
	\$ 31,890	\$	6,749	\$	38,639	\$	38,639

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2012
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2013	\$ 545	\$ 155	\$ 700	\$ 808
15-Nov-2013		108	108	808
15-May-2014	590	108	698	
15-Nov-2014		108	108	806
15-May-2015	590	108	698	
15-Nov-2015		108	108	806
15-May-2016	590	108	698	
15-Nov-2016		108	108	806
15-May-2017	590	108	698	
15-Nov-2017		108	108	806
15-May-2018	590	108	698	
15-Nov-2018		108	108	806
15-May-2019	590	108	698	
15-Nov-2019		108	108	806
15-May-2020	595	108	703	
15-Nov-2020		107	107	810
15-May-2021	595	107	702	
15-Nov-2021		105	105	807
15-May-2022	600	105	705	
15-Nov-2022		103	103	808
15-May-2023	605	103	708	
15-Nov-2023		100	100	808
15-May-2024	610	100	710	
15-Nov-2024		98	98	808
15-May-2025	615	98	713	
15-Nov-2025		94	94	807
15-May-2026	625	94	719	
15-Nov-2026		91	91	810
15-May-2027	630	91	721	
15-Nov-2027		87	87	808
15-May-2028	635	87	722	
15-Nov-2028		84	84	806
15-May-2029	645	84	729	
15-Nov-2029		79	79	808
15-May-2030	655	79	734	
15-Nov-2030		75	75	809
15-May-2031	665	75	740	
15-Nov-2031		70	70	810
15-May-2032	675	70	745	
15-Nov-2032		65	65	810
15-May-2033	685	65	750	
15-Nov-2033		60	60	810
15-May-2034	695	60	755	
15-Nov-2034		54	54	809
15-May-2035	705	54	759	
15-Nov-2035		48	48	807
15-May-2036	720	48	768	
15-Nov-2036		42	42	810
15-May-2037	730	42	772	
15-Nov-2037		35	35	807
15-May-2038	745	35	780	
15-Nov-2038		29	29	809
15-May-2039	760	29	789	
15-Nov-2039		22	22	811
15-May-2040	770	22	792	
15-Nov-2040		15	15	807
15-May-2041	785	15	800	
15-Nov-2041		7	7	807
15-May-2042	800	7	807	
				807
	\$ 19,630	\$ 4,607	\$ 24,237	\$ 24,237

San Antonio Water System
REVENUE BOND DEBT COVERAGE RATIO
For the Year Ended December 31, 2012
(\$ in thousands)

Operating Revenues	\$	438,528
Less Revenues from City Public Service Contract		3,245
		435,283
 Nonoperating Revenues		 6,149
Less: Federal Subsidy - Build America Bonds		4,014
Interest on Project Funds		165
		1,970
 Gross Revenues		 437,253
Maintenance & Operation Expense before Depreciation		237,576
		199,677
		\$ 199,677
 Current Annual Bond Debt service requirement for all Outstanding Bonds ¹	\$	125,100
Current Annual Combined Debt Coverage Ratio		1.60
 Maximum Annual Bond Debt service requirement for all Outstanding Bonds ¹	\$	138,420
Maximum Annual Combined Debt Coverage Ratio		1.44

¹Annual debt service requirements consist of principal and interest payments net of the U.S. federal interest subsidy on the Series 2009B & 2010B revenue bonds.

FEDERAL AWARD SECTION

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 Board of Trustees
San Antonio Water System
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 business-type activities and the aggregate remaining fund information of San Antonio Water System ("SAWS"), a component unit of the City of San Antonio, Texas, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise SAWS' basic financial statements, and have issued our report thereon dated April 22, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SAWS 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 SAWS's internal control. Accordingly, we do not express an opinion on the effectiveness of SAWS' 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 entity'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 SAWS' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and the Public Funds Investment Act, 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* or the Public Funds Investment Act.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Padgett, Stratemann + Co., LLP

Certified Public Accountants
April 22, 2013

Report on Compliance For Each Major Federal Program
and Report on Internal Control Over Compliance

To the Board of Trustees
San Antonio Water System
San Antonio, Texas

Report on Compliance for Each Major Federal Program

We have audited San Antonio Water System's ("SAWS") compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on SAWS' major federal program for the year ended December 31, 2012. SAWS' major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of SAWS management. Our responsibility is to express an opinion on SAWS compliance based on our audit.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of SAWS 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 SAWS' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of SAWS' compliance.

SAN ANTONIO

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

AUSTIN

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

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

Opinion on Each Major Federal Program

In our opinion, SAWS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of SAWS 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 SAWS internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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 SAWS 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., LLP

Certified Public Accountants
April 22, 2013

San Antonio Water System
Schedule of Findings and Questioned Costs
Year Ended December 31, 2012

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued:	<u>Unqualified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None	
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No	

2. Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None	
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____ Yes	_____ <u>X</u> No	

3. Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.458	Environmental Protection Agency passed through Texas Water Development Capitalization Grants for State Revolving Funds
Dollar threshold used to distinguish between type A and type B programs:	\$ <u>300,000</u>
Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes _____ No

B. Financial Statement Findings

None

C. Federal Award Findings and Questioned Costs

None

**SAN ANTONIO WATER SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal CFDA CFDA Number</u>	<u>Program/ Grant Number</u>	<u>Total Program/ Grant Award</u>	<u>Expenditures</u>
Environmental Protection Agency				
Pass Through:				
Texas Water Development Board				
Capitalization Grants for State Revolving Funds (Clean Water State Revolving Fund)				
Series 2003 Junior Lien Revenue Bonds	66.458	-	34,000,000	-
Series 2004 Junior Lien Revenue and Refunding Bonds	66.458	-	10,635,000	-
Series 2007 Junior Lien Revenue and Refunding Bonds	66.458	-	8,070,000	-
Series 2008 Junior Lien Revenue Bonds	66.458	-	30,000,000	-
Series 2010A Junior Lien Revenue and Refunding Bonds	66.458	-	17,930,000	560,764
Series 2012 Junior Lien Revenue Bonds	66.458	-	19,630,000	630,443
Total Passed Through Texas Water Development Board				\$ 1,191,206
 Environmental Protection Agency				
Design & Construction of Water improvements Brooks City Base	66.606	XP-97678901-2	\$ 1,253,600	\$ -
Water Infrastructure Improvements at Kelly USA	66.202	XP-96628201-3	481,100	-
Kelly USA Project for Water Infrastructure Improvements (formally Construction of Sewage Collection System for Espada area)	66.202	XP-96626001-3	144,300	-
Rehabilitation of Central Watershed Sewer Relief Line C-02 Phase II	66.202	XP-00F02701-1	1,250,000	36,171
Total Environmental Protection Agency				\$ 36,171
 Total Federal Financial Assistance				\$ 1,227,377

**SAN ANTONIO WATER SYSTEM
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

DECEMBER 31, 2012

1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of the System and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB A-133, Audits of States, Local Governments, and Non Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. The System is indebted to the Texas Water Development Board (TWDB) as a result of issuance of the City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2004, 2007, and 2010A; and Junior Lien Revenue Bonds, 2003, 2008 and 2012. The bonds were sold under the federal cross cutter program for financing qualified System improvements related to wastewater and recycled water systems. The amounts reflected in the Schedule of Expenditures of Federal Awards represents expenditures incurred during the year ended December 31, 2012. The following table contains information about these bonds.

Bond	Federal CFDA CFDA Number	Interest Rate	Term - Annual Maturities Through	Outstanding Balance at December 31, 2012 (amounts in thousands)
Series 2003 Junior Lien Bonds	66.458	2.05% - 3.10%	May 15, 2023	\$26,055
Series 2004 Junior Lien Bonds	66.458	2.10% - 3.20%	May 15, 2024	\$8,790
Series 2007 Junior Lien Bonds	66.458	1.70% - 2.40%	May 15, 2027	\$6,330
Series 2008 Junior Lien Bonds	66.458	1.15% - 3.95%	May 15, 2038	\$27,115
Series 2010A Junior Lien Bonds	66.458	0.00% - 3.31%	May 15, 2040	\$16,945
Series 2012 Junior Lien Bonds	66.458	0.00% - 1.85%	May 15, 2042	\$19,630



2800 U.S. Hwy 281 North • P.O. Box 2449 • San Antonio, Texas 78298-2449 | 210-704-7297

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