

# Comprehensive Annual Financial Report

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For the Years Ended December 31, 2013 and 2012  
A Component 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, 2013 and 2012***

***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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**SAN ANTONIO WATER SYSTEM**

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March 26, 2014

Mr. Berto Guerra, Jr., Chairman  
Mr. Louis E. Rowe, Vice-Chairman  
Ms. Pat Merritt, Secretary  
Ms. Pat Jasso, Assistant Secretary  
Mr. Ernesto Arrellano, Trustee  
Mr. W. Reed Williams, 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, 2013. 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 2013 CAFR. Their report expresses an unmodified or "clean" 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, 2013, 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 1,383,194 in 2013 and 1,817,610 for Bexar County in 2013. 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 five thermal energy facilities providing chilled water and steam services to governmental and private entities. In 2013, SAWS provided potable water service to more than 367,000 customer connections which represents about 79% of the water utility customers in Bexar County, while providing wastewater services to more than 415,000 customer connections representing approximately 93% of the wastewater customers in Bexar County. As of December 31, 2013, SAWS has 1,732 employees and provides maintenance of over 10,300 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 rates by rate class to produce detailed revenue forecasts. Simultaneously, the company produces a plan of capital improvement 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 covers all water, wastewater, chilled water and steam, and recycle operations as well as a Capital Improvement Program. 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 a cumulative rate for those years of 11.2%. The effects of

the national economic downturn experienced during the next three years (2008 to 2010) were felt locally with nonagricultural employment increasing only slightly during those years. Through the end of the subsequent three-year period (2011 to 2013), as a reflection of the steady but slow improvement in local and national economic conditions, nonagricultural employment has risen cumulatively by 5.4%. 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 2013, the San Antonio MSA unemployment rate was 5.3% (preliminary estimate), while the nation's was 6.7%.

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									
	2013 *	2012	2011	2010	2009	2008	2007	2006	2005	2004
Natural Resources, Mining and Construction	45,900	44,500	43,400	44,700	48,100	54,900	55,600	50,500	49,300	46,100
Manufacturing	46,100	47,800	46,400	45,300	43,500	45,600	49,000	49,800	47,400	45,700
Trade, Transportation and Utilities	157,400	155,600	151,500	147,300	146,400	152,600	155,600	152,700	145,500	141,200
Information	21,100	20,300	19,400	18,100	18,300	20,600	21,500	21,900	21,100	21,000
Financial Activities	70,900	72,500	70,600	68,600	66,100	66,500	65,800	64,900	63,700	61,800
Professional and Business Services	110,300	111,400	105,000	101,200	102,700	104,700	107,500	104,100	101,100	89,400
Educational and Health Services	137,800	138,000	134,900	130,200	125,900	122,200	116,900	112,100	110,200	105,600
Leisure and Hospitality	110,700	107,600	105,400	101,000	97,300	99,100	95,700	91,300	87,200	84,200
Other Services	33,700	33,100	31,600	31,800	30,900	30,700	30,200	28,500	26,900	26,900
Government	164,900	161,800	161,600	164,200	161,900	158,200	154,100	150,000	146,900	144,300
<b>Total Non-Farm Employment</b>	<b>898,800</b>	<b>892,600</b>	<b>869,800</b>	<b>852,400</b>	<b>841,100</b>	<b>855,100</b>	<b>851,900</b>	<b>825,800</b>	<b>799,300</b>	<b>766,200</b>

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									
	2013 *	2012	2011	2010	2009	2008	2007	2006	2005	2004
MSA New Residential Housing Units Authorized (Single & Multi-Family)	8,223	8,004	7,127	6,865	5,924	10,574	13,295	19,761	22,305	17,539
MSA Average Value of Each New Residential Housing Unit (Single & Multi-Family)	\$ 162,245	\$ 145,885	\$ 141,095	\$ 154,353	\$ 177,851	\$ 136,740	\$ 154,958	\$ 137,100	\$ 125,942	\$ 120,246

Source: U.S. Census Bureau

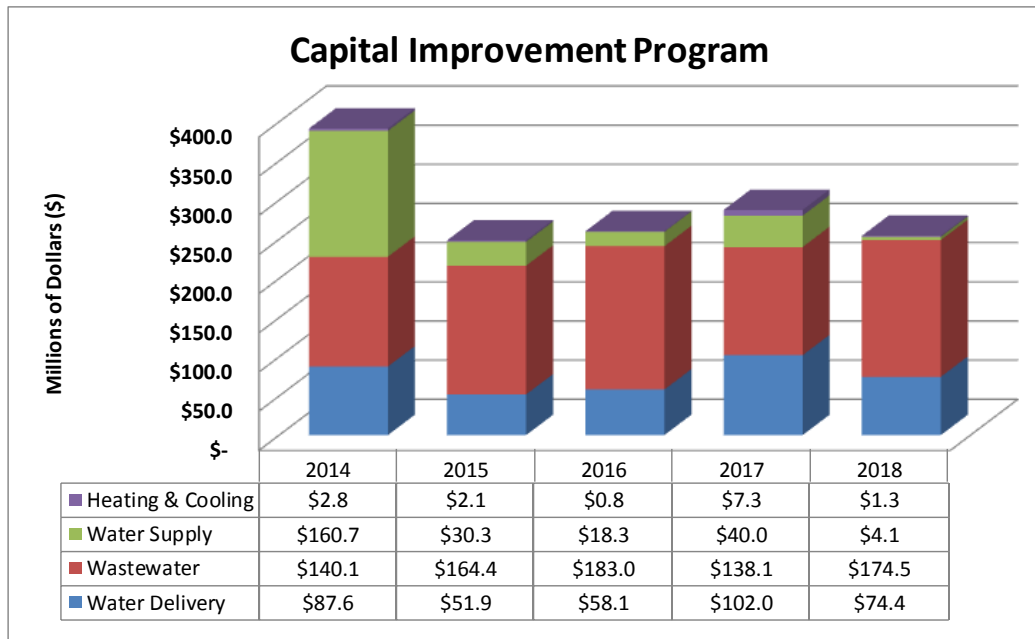
\* Preliminary (December 2013 Year-to-Date)

Additional information regarding demographic and economic conditions for San Antonio can be found in the Statistical Section of this report on pages 104 and 105.



## LONG-TERM FINANCIAL PLANNING

### Capital Improvement Program



Capital expenditures for the next five years are projected to total in excess of \$1.4 billion. Program requirements over this five year horizon include:

#### *Water Supply*

- Integration Pipeline & Pump Station – Phase 1 (\$144 million) – 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 capital cost of this project is projected to be \$237 million including work already in progress and Phase 2.
- Brackish Groundwater Desalination (\$17 million) – Design services for the second phase of the Brackish Groundwater Desalination (BGD) Program. The second phase of this project is projected to begin in 2017 with completion of that phase by 2021 and provide 13,440 acre-feet of water per year. All three phases are expected to provide up to 33,600 acre-feet annually by 2026 for a total projected capital cost of \$415 million.
- Expanded Carrizo Project - Phase 1 (\$12 million) Design services and construction for well pumps, water delivery pipelines, roadways, and electrical systems to produce 7,000 acre feet of water by 2017. Phase 1 construction is expected to begin in 2015. The Expanded Carrizo project is planned to produce 21,000 acre feet of water from the Carrizo Aquifer in Bexar County and deliver it to the Twin Oaks Water Facility for further blending, treatment (if necessary) and delivery to the distribution system. The total capital cost of this project is projected to be \$36 million.

## *Water and Wastewater Infrastructure*

- Water Distribution Mains (\$221 million) – Replacing existing mains with larger pipe to increase the capacity of the system, extending mains to developing areas and the planned and emergency replacement of mains.
- Wastewater Mains and Collection Facilities (\$603 million) – 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.
- Wastewater Treatment Plant Improvements and Rehabilitation (\$180 million) - 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. 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. Improvements at Medio Creek will focus on Plant #1 improvements and control system upgrades.
- Water Production Improvements and Rehabilitation (\$135 million) – 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. As a result, 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 continues to focus on identifying additional operational efficiencies while at the same time re-evaluating its capital plans.

### **Rate Adjustments**

During the 2013 budget process, SAWS had projected that a 13.5% rate increase would be needed to support expenditure levels projected at that time for 2014. After taking reductions and other efficiencies approved for 2014 into account, only a 5.1% rate adjustment was determined to be required for 2014 for the average residential customer using 7,788 gallons of water and discharging 6,178 gallons wastewater per month. This adjustment was effective January 1, 2014. The increase in rates was driven largely by increased debt service costs associated with the 2014 portion of the capital spending discussed above and additional operating expenses associated with SAWS expanded program to reduce the occurrence of sanitary sewer overflows and continued operational implementation of the Water Management Plan.

It must be further noted that at the time the 2014 rates were approved, the San Antonio City Council also authorized SAWS to make further adjustments to the Water Delivery, Water Supply Fee, Wastewater and Recycled Water rates effective January 1, 2015. These adjustments may be made without further City Council approval. Specifically, SAWS is authorized to adjust the approved 2014 rates for each of the following rate categories by percentages not to exceed the maximum amounts as follows:

- Water Delivery: 2.7%
- Water Supply Fee: 6.2%
- Wastewater: 6.4%
- Recycled Water: 2.7%

The authority for rate adjustments in 2015 provides more security that long term SAWS commitments, especially with regard to the acquisition and development of water supplies and the court-mandated

mitigation of sanitary sewer overflows, will be addressed effectively. Additionally, the cap on the 2015 rate adjustment provides a compelling incentive for SAWS to continue implementing further efficiencies in order to keep projected expenditures well within revenue requirements.

Beyond 2014 and 2015, additional rate adjustments are projected for each year through 2018 based on the assumptions developed during the 2014 budget process. Specifically, the projected rate adjustments for the average residential customer (excluding increases attributable to the pass-through fees assessed by the Edwards Aquifer Authority (EAA) and the Texas Commission on Environmental Quality (TCEQ)) are as follows: 2016 – 7.1%, 2017 – 2.4%, and 2018 – 5.9%. While SAWS' rate structure as of January 2014, which is 23.9% 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 projected increases.

## **FINANCIAL POLICIES**

### **Rates and Charges**

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

- a. Pay operating and maintenance expenses;
- b. Produce pledged revenues sufficient to pay:
  - i. 1.25 times the annual debt service requirements and
  - ii. The amounts required to be deposited in any reserve fund created for the payment and security of senior lien obligations;
- c. pay outstanding debt service obligations;
- d. fund transfers to the City of San Antonio; and
- e. 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 \$3.7 million in 2013 as wastewater revenue was higher than expected due to an increase in the residential average winter consumption in 2013 and stronger general class usage.

### **Capital Funding**

The funding of SAWS' capital program consists of cash and proceeds from the issuance of debt. Cash funding is defined as all sources of funding other than debt proceeds and includes unrestricted fund balances, developer contributions, investment earnings and certain grant proceeds. Debt proceeds are provided through the issuance of commercial paper and revenue bonds. In general, SAWS uses commercial paper as just-in-time debt financing which 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 one-third of annual capital expenditures with cash sources. This level will vary based on the availability of funds. During 2013, SAWS' capital expenditures totaled \$284.1 million with 32% or \$90.7 million of those expenditures having been funded with cash sources.

## MAJOR INITIATIVES

### **Integration of Bexar Metropolitan Water District Assets, Operations and Personnel**

In November 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. Effective January 28, 2012, 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.

SAWS has been 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. Through concerted efforts during 2012 and 2013, SAWS has resolved most of the challenges facing the prior utility.

Some of the accomplishments achieved during 2013 in connection with these efforts include:

- All SAWS DSP departments were fully integrated with SAWS departments
- SAWS and DSP budgets were prepared via an integrated budget process using a single model to allocate costs to SAWS and SAWS DSP separately
- A balanced budget for 2014 was adopted that resulted in no rate increase for SAWS DSP customers
- Effective October 1, 2013, all remaining SAWS DSP employees became SAWS employees with the same salary grades and benefits as existing SAWS employees
- Reductions in certain operating costs for each entity due to synergies realized through integrated operations
- Supplemented SAWS DSP's drought reduced water supplies with water supplied by SAWS through interconnections between the two entities distribution systems, ensuring that SAWS DSP's customer demand was met

While full integration of SAWS DSP rates with those of SAWS may not be complete for a few more years, the operational integration is mostly complete. Future efforts will focus primarily on ways to develop one integrated rate structure for all customers as well as redeem all outstanding debt of SAWS DSP. Once that has been accomplished, SAWS DSP will be dissolved. Complete integration with SAWS is required to occur by January 2017 unless SAWS requests an extension from the Texas Commission on Environmental Quality. For additional information about SAWS DSP please refer to Note C to the financial statements.

### **Conservation**

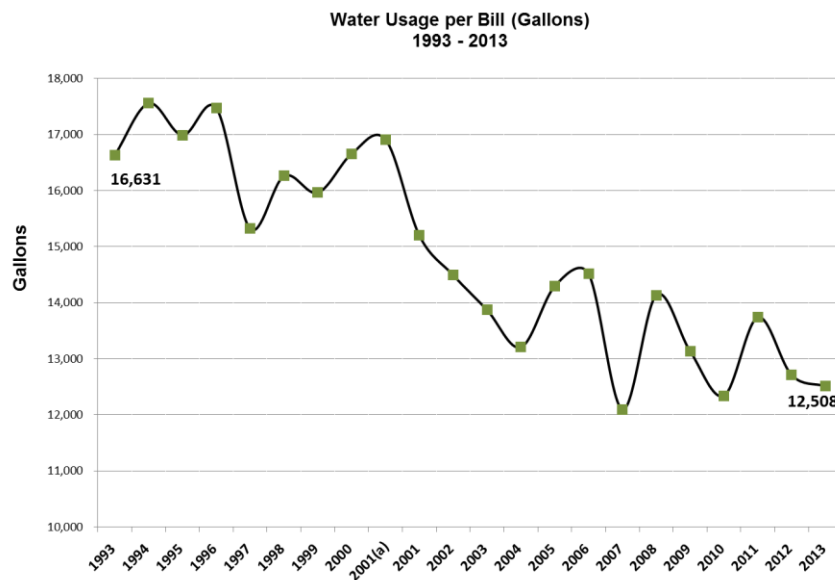
The cost of developing and acquiring additional water supplies to meet the increased water demands of San Antonio's projected future population is extremely high. SAWS recognizes that efforts to promote conservation are a cost-efficient approach to minimizing the increase in demand for water caused by 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 in 2013 included the distribution of high-efficiency toilets, rebates and coupons to offset the cost of drought-tolerant landscape installations, 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 2013 included:

- total annual water savings of approximately 2,992 acre feet achieved through:
  - retrofit of 10,948 residential high efficiency toilets
  - retrofit of 1,871 commercial high-efficiency toilets and urinals
  - custom rebate projects for business customers
  - 183 irrigation and landscape rebate projects
  - 1,849 home makeover visits and retrofits
- 2,322 indoor and outdoor audits for customers
- 70 commercial consultations
- 510 Plumbers to People visits
- publication of a weekly WaterSaver e-newsletter currently reaching 13,145 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. 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.

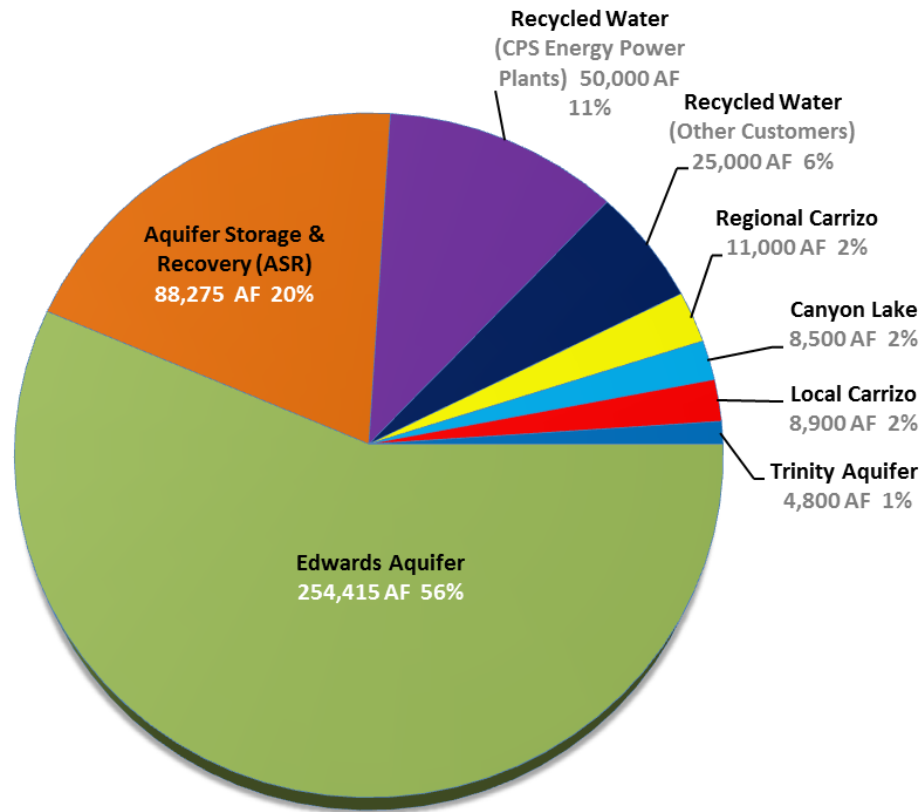
Except where otherwise indicated, this summary of the *2012 Water Management Plan* will focus on the plan's impact on SAWS exclusive of SAWS DSP since it is a separate reporting unit.

### *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:

<b>Source</b>	<b>SAWS</b>	<b>DSP</b>	<b>Total</b>
Edwards Aquifer	254,415	35,548	289,963
Aquifer Storage & Recovery (ASR)	88,275	-	88,275
Recycled Water (CPS Energy Power Plants)	50,000	-	50,000
Recycled Water (Other Customers)	25,000	-	25,000
Regional Carrizo	11,000	-	11,000
Canyon Regional Water Authority	-	5,300	5,300
Medina Surface Water		13,000	13,000
Canyon Lake	8,500		8,500
Local Carrizo	8,900	1,000	9,900
Trinity Aquifer	4,800	5,000	9,800
<b>Total</b>	<b>450,890</b>	<b>59,848</b>	<b>510,738</b>

The following pie chart illustrates the available sources of water supply for SAWS only as of December 2013 under non-drought conditions:



The largest amount of SAWS water holdings 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 has been addressed in part by the implementation of the Edwards Aquifer Habitat Conservation Plan (EAHCP), which was approved March 18, 2013 providing covered activities and applicants with Incidental Take (IT) protections.

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, 2013, SAWS holds 254,415 acre-feet per year of EAA-permitted groundwater withdrawal rights. Access to these permitted groundwater withdrawal rights is subject to varying levels of reductions. During drought conditions, the EAA imposes permit reductions of 20% to 44% when the water levels at key index wells or certain spring flows drop below certain pre-determined limits. EAA permitted groundwater withdrawal rights were reduced 29% for 2013 in what is generally being described as the third year of a prolonged drought period. Despite this reduction in SAWS available water supplies during 2013, SAWS was able to meet customers' water

demand with non-Edwards water supplies and by recovering water previously stored in an underground aquifer known as the Aquifer Storage and Recovery (ASR) Project.

Development of the *2012 Water Management Plan* included consideration of numerous projects to address future water supply needs for a growing city. SAWS' efforts since the development of the *2012 Water Management Plan* are summarized below.

#### *Additional Edwards Aquifer Supplies*

SAWS is in the process of acquiring 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. Edwards permitted groundwater withdrawal rights are a finite limited resource that are procured from the sole source permit holders within the current permitting structure. Of the 10,900 acre-feet of planned additional water rights purchases, SAWS has acquired a combined total of 5,588 acre-feet in 2012 and 2013. Of these 5,588 acre-feet purchased, 3,300 can be considered added inventory since the remaining portion came from parties that were already leasing the purchased water rights to SAWS.

#### *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.

#### *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. The design of phase I of the BGD program is substantially complete at the end of 2013. Construction on the treatment plant, pipelines, pump-stations, and other facilities is expected to begin in 2014, with the plant commissioning expected in late 2015 and full operation in late 2016, providing 13,440 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 33,600 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. An extensive evaluation of the nine separate proposals submitted 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 SAWS 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* determined that up to 50,000 acre-feet per year could be requested in 2018 and additional water, if available, added as required. The responsive bidders were asked to modify their proposals to



incorporate these revised terms. The revised proposals were submitted to SAWS and interviews were conducted with three finalists in 2013.

On March 4, 2014, the SAWS Board of Trustees voted unanimously to reject two of the proposals from the remaining finalists while authorizing further discussions on a third proposal with the Vista Ridge Consortium. This proposed project could potentially deliver up to 50,000 acre-feet of water from the Carrizo Aquifer by 2018.

### **Meter Replacement Program**

In 2013, 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 for replacement, SAWS crews and a third party contractor continued replacing identified meters that were eligible by age. During 2013, 37,837 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**

In 2013, SAWS entered into a Consent Decree (CD) with the United States of America and the State of Texas, thereby agreeing to certain requirements aimed at reducing sanitary sewer overflows (SSOs). The term of the CD is expected to last 10 – 12 years and SAWS estimates the costs to perform the operating and maintenance requirements of the CD will be approximately \$250 million and that additional capital investments of approximately \$850 million will be required during the term of the CD.

During the initial years of the CD, assessments will be used to identify defects and capacity constraints, which have caused or significantly contributed to previous SSOs, and which might be likely to cause, or significantly contribute to, the future occurrence of SSOs. Subsequently identified defects and possible capacity constraints will be managed and prioritized based on a comprehensive program to determine if additional maintenance, additional monitoring, or rehabilitation or replacement of the sewer infrastructure is needed.

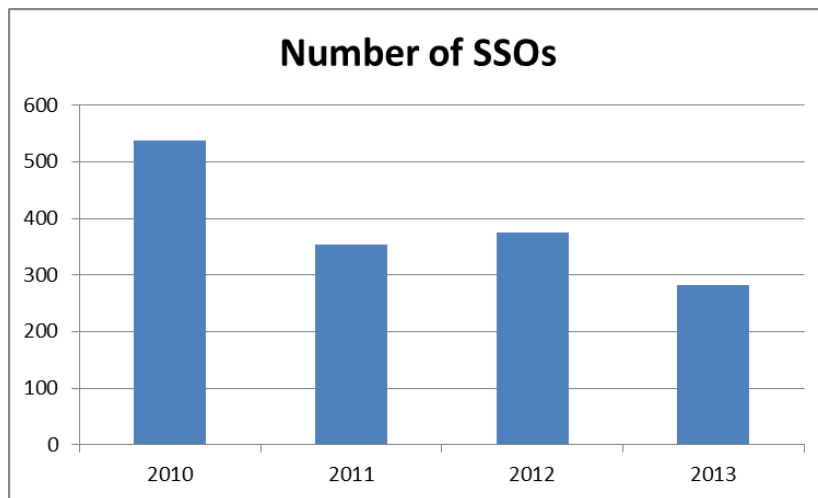
Some key CD compliance requirements are listed below:

- **System-Wide Cleaning Program:** SAWS is required to clean all small diameter gravity sewer mains on a 10-year cycle. Problematic mains may need to be cleaned more often than once every 10 years. Therefore, the CD requires that SAWS clean a minimum of 12% of all small diameter mains annually. Large diameter mains are required to be cleaned on a 10-year cleaning cycle if the debris in any part of the pipe segment exceeds twenty (20%) of the pipe diameter unless the hydraulic modeling confirms it will not constitute a capacity constraint. SAWS will continue the Repeat (Hot Spot) Cleaning Program in areas that are determined to require a more frequent cleaning schedule based on historical information. SAWS cleaned over 2,000 miles of sewer line in 2013 and forecasts that over 1,500 miles of sewer line will be cleaned in 2014.
- **Capacity Assessment:** SAWS is required to conduct a system-wide capacity assessment to identify capacity constraints within the sewer system. SAWS will continue modeling activities to calibrate the existing hydraulic model using data from over 250 flow meters, evaluate wet weather SSOs, and perform field investigations on potential wet weather SSOs.
- **Condition Assessment:** SAWS is required to conduct a system-wide inspection and assessment of the structural condition of its gravity sewer mains and manholes. SAWS completed 670 miles of

closed circuit television (CCTV) and/or sonar inspection, 82 miles of pole camera inspection and 22,000 manhole inspections in 2013 and projects that approximately 600 miles of closed circuit television (CCTV) and/or sonar inspection, 100 miles of pole camera inspection and 10,000 manhole inspections will be completed in 2014.

- **Early Action Program:** While SAWS conducts capacity and condition assessment, continued capital investment in the rehabilitation or replacement of sanitary sewer mains is required to address previously identified structural defects or capacity constraints.
- **Fats, Oil and Grease (FOG) Control Program:** In May 2011, the City Council adopted a program intended to reduce adverse effects to the sewer system from the discharge of FOG by food service establishments (FSE). As part of the Capacity, Management, Operation and Maintenance (CMOM) Program, SAWS will continue the FOG Control Program to include the Inspection of FSEs and subsequent enforcement program to ensure compliance. SAWS completed 4,500 FSE inspections in 2013 and will complete over 4,300 in 2014.

As a result of efforts taken over the past few years to reduce SSOs, SAWS is beginning to see a reduction in the number of SSOs. The following table shows the total number of SSOs by year since 2010.



### 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, and Customer Information and Billing. SAWS has successfully implemented all ERSS applications with the last application, the Customer Information and Billing System going live December 1, 2013. The total cost to implement all applications within the ERSS program was approximately \$35 million. 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.

## 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, 2012. 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 twenty 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, 2013. This is the seventh 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, 2013 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

SAN ANTONIO WATER SYSTEM

BOARD OF TRUSTEES

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Berto Guerra Jr.  
Chairman



Pat Jasso  
Assistant Secretary



Louis E. Rowe  
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Ernesto Arrellano, Jr.



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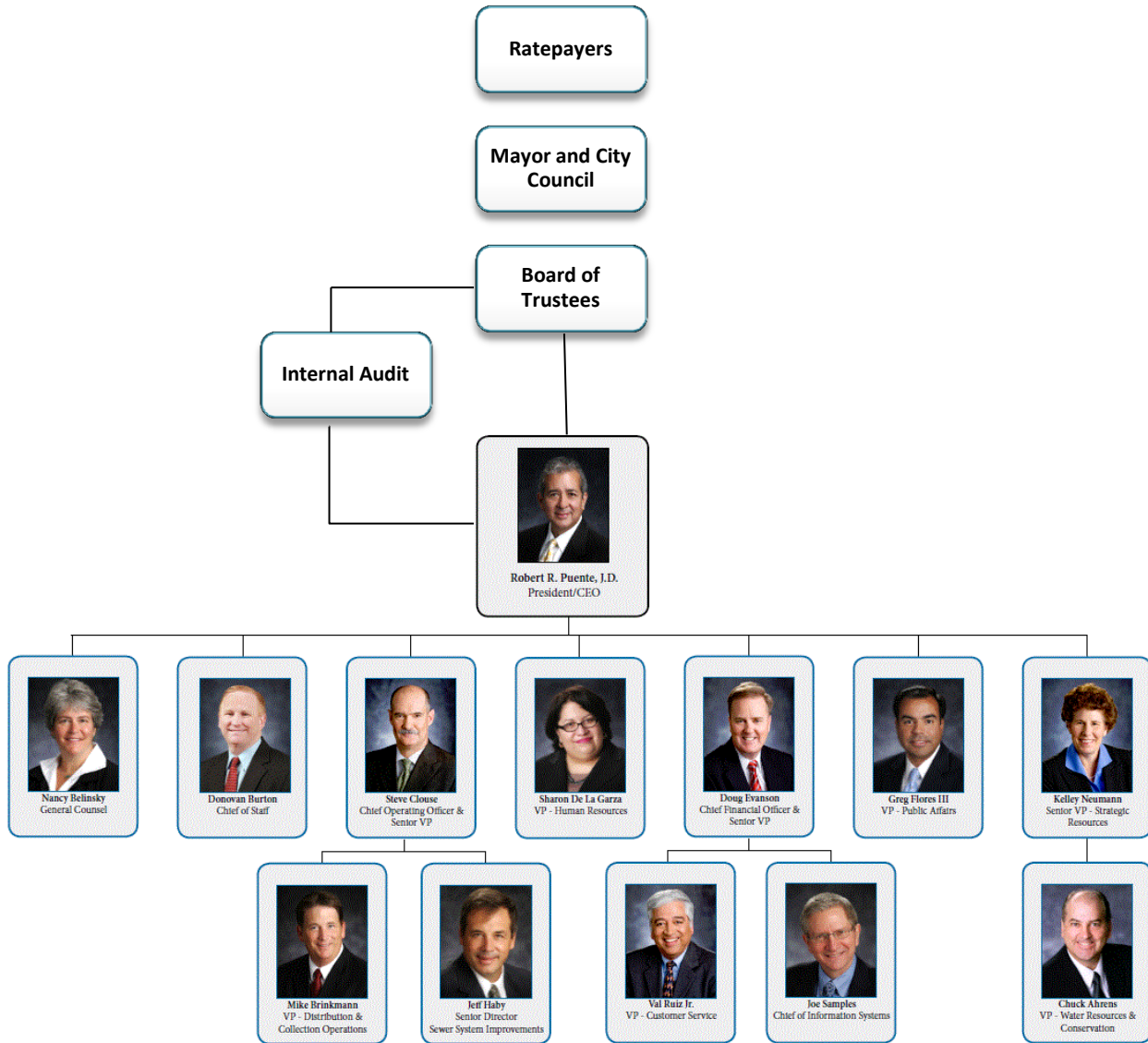
W. Reed Williams



Mayor Julián Castro  
ex Officio

# SAN ANTONIO WATER SYSTEM

## ORGANIZATION CHART





Government Finance Officers Association

Certificate of  
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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, 2012**

Executive Director/CEO

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***FINANCIAL SECTION***

## Independent Auditor's Report

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

### ***Report on 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, 2013 and 2012, 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.



### ***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, 2013 and 2012, 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.

### ***Emphasis of Matter***

As discussed in Note M to the financial statements, SAWS restated beginning net position, as required by the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

### ***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 GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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, Supplemental Schedules, and the Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the other information, such as the Introductory Section, Statistical Section, and Bonded Debt Schedules and Analyses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Description of Funds and Combining Schedules, Supplemental Schedules, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the 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 the Schedule of Expenditures of Federal Awards are 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 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 March 26, 2014 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., L.L.P.*

San Antonio, Texas  
March 26, 2014

## 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, 2013. 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 \$90.1 million during 2013.
- Operating revenues increased from \$438.5 million in 2012 to \$462.3 million in 2013 largely as a result of a rate increase that went into effect in March 2013.
- At the end of 2013, SAWS maintained unrestricted cash and investments of \$187.2 million with an additional \$40.6 million cash and investments restricted as a reserve equal to two months of budgeted operation and maintenance expenses.
- Current year total debt coverage ratio was 1.62x for 2013 compared to 1.60x for 2012 and current senior lien debt coverage ratio was 2.15x for 2013 compared to 2.11x for 2012.

### 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.

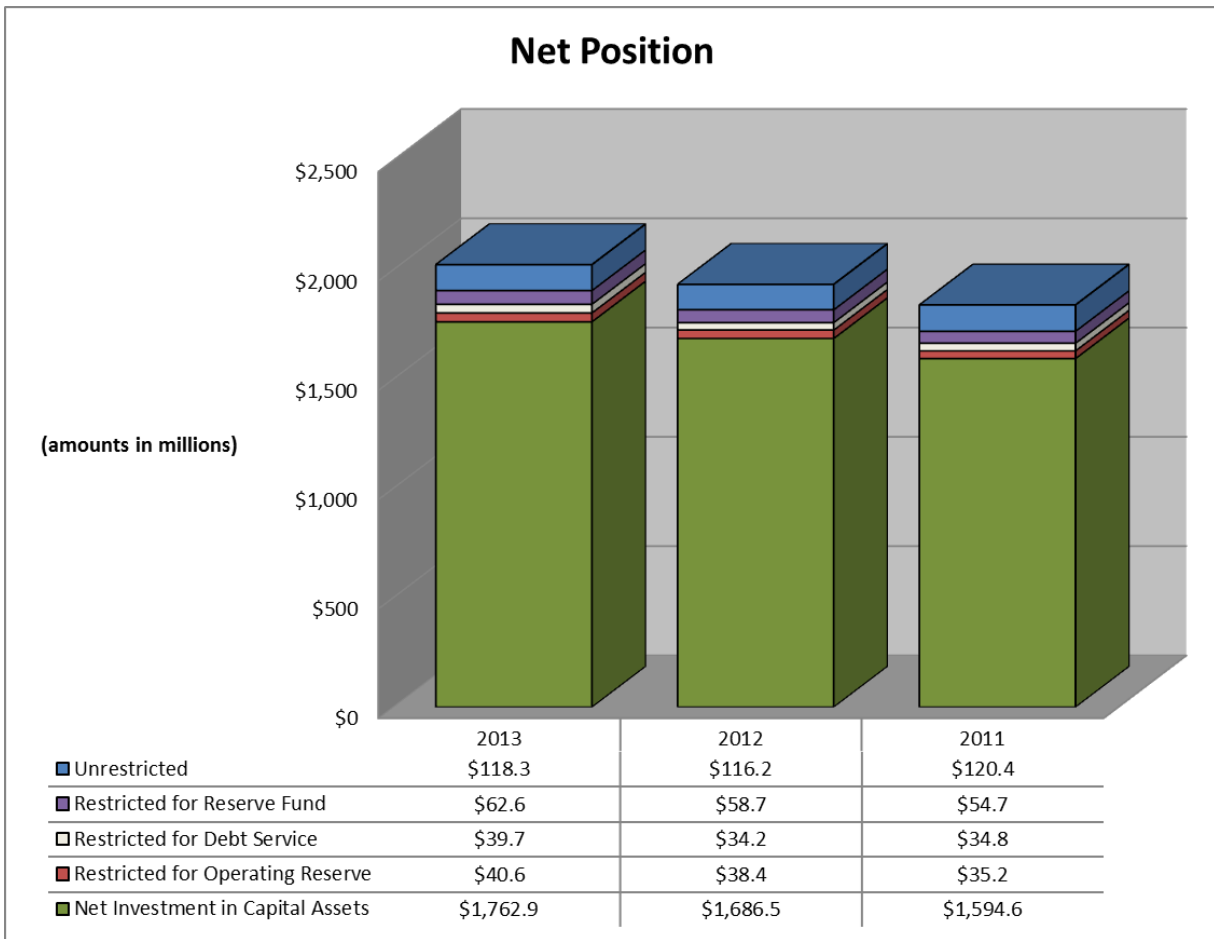
- *Description of Funds and Combining Schedules* – SAWS has established certain self-balancing funds to comply with state law and bond covenants for purposes of internal control and reporting. The fund financial schedules keep track of specific sources of funding and spending for particular purposes 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 INFORMATION				2013-2012		2012-2011	
<i>(amounts in thousands)</i>	As of December 31,			Increase	%	Increase	%
	2013	2012 <sup>1</sup>	2011 <sup>1</sup>	(Decrease)	Change	(Decrease)	Change
Current assets	\$ 388,310	\$ 379,071	\$ 371,150	\$ 9,239	2%	\$ 7,921	2%
Capital assets, net	3,964,000	3,771,228	3,553,065	192,772	5%	218,163	6%
Other non-current assets	377,171	210,046	221,269	167,125	80%	(11,223)	(5%)
Total Assets	4,729,481	4,360,345	4,145,484	369,136		214,861	
Deferred outflows of resources	39,315	50,307	20,874	(10,992)	(22%)	29,433	141%
Total Assets and Deferred Outflows of Resources	4,768,796	4,410,652	4,166,358	358,144	8%	244,294	6%
Current liabilities	164,943	162,048	152,150	2,895	2%	9,898	7%
Non-current liabilities	2,579,786	2,314,626	2,174,473	265,160	11%	140,153	6%
Total Liabilities	2,744,729	2,476,674	2,326,623	268,055	11%	150,051	6%
Net Position:							
Net investment in capital assets	1,762,856	1,686,475	1,594,587	76,381	5%	91,888	6%
Restricted	142,926	131,324	124,785	11,602	9%	6,539	5%
Unrestricted	118,285	116,179	120,363	2,106	2%	(4,184)	(3%)
Total Net Position	\$ 2,024,067	\$ 1,933,978	\$ 1,839,735	\$ 90,089	5%	\$ 94,243	5%

<sup>1</sup> Amounts have been restated. See Note M to the financial statements for more information.

**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 \$90.1 million from 2012 to 2013 and increased \$94.2 million from 2011 to 2012. Other considerations, both financial and non-financial, should also be evaluated such as economic conditions, population growth, availability of water supplies and credit ratings. These considerations are addressed in MD&A or other sections of this CAFR.



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 primary reasons for an increase in the net investment in capital assets are capital assets acquired with non-debt resources, including assets contributed by developers, and repayments of debt. Depreciation expense serves to decrease the net investment in capital assets. SAWS' net investment in capital assets increased by \$76.4 million between 2012 and 2013 and \$91.9 million from 2011 to 2012.

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, 2013, \$40.6 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.

In connection with bond covenants, SAWS is required to transfer funds each month into restricted accounts in amounts sufficient to provide for the next annual principal and semi-annual interest payments due on outstanding bonds. The amount restricted for debt service increased \$5.5 million from 2012 to 2013 due to

an increase in annual debt service requirements associated with bonds issued during 2013. The amount restricted for debt service decreased by \$.6 million from 2011 to 2012 due primarily to the impact of bonds refunded during 2012.

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. Additional City ordinances require SAWS to maintain a reserve fund equal to the average annual debt service on all junior lien debt obligations secured by a reserve fund. Not all SAWS junior lien debt obligations require the security of a reserve fund. 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 2012 and 2013. Bond proceeds were also used to deposit an additional \$10.7 million in 2012 and \$5.5 million in 2013. 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, 2013 additional deposits to the Reserve Fund of \$5.7 million in total will be required over the next two 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 increased \$2.1 million from 2012 to 2013, as funds provided by operations exceeded the transfers to the Reserve Fund and capital expenditures paid with renewal and replacement funds. In 2012, transfers to the Reserve Fund and capital expenditures paid with non-debt sources exceeded the amount of funds provided by operations during the year, resulting in a decrease in unrestricted net position of \$4.2 million from 2011.

## **FINANCIAL ANALYSIS – REVENUES, EXPENSES AND CHANGES IN NET POSITION**

During 2013, SAWS' net position increased by \$90.1 million which consisted of income before capital contributions of \$19.4 million and capital contributions of \$70.7 million. In 2012, SAWS' net position increased by \$94.2 million which consisted of income before capital contributions of \$12.5 million and capital contributions of \$81.8 million.

CONDENSED REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION							
(amounts in thousands)	As of December 31,			2013-2012		2012-2011	
	2013	2012 <sup>1</sup>	2011 <sup>1</sup>	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Operating revenues							
Water delivery system	\$ 119,767	\$ 121,078	\$ 125,188	\$ (1,311)	(1%)	\$ (4,110)	(3%)
Water supply system	134,367	136,704	130,755	(2,337)	(2%)	5,949	5%
Wastewater system	195,584	168,368	150,520	27,216	16%	17,848	12%
Chilled water and steam system	12,621	12,378	11,631	243	2%	747	6%
Total operating revenues	462,339	438,528	418,094	23,811	5%	20,434	5%
Non-operating revenues	5,410	6,149	5,955	(739)	(12%)	194	3%
Total Revenues	467,749	444,677	424,049	23,072	5%	20,628	5%
Operating expenses							
Salaries and fringe benefits	\$ 125,210	\$ 125,295	\$ 127,816	\$ (85)	0%	\$ (2,521)	(2%)
Contractual services	107,194	100,165	66,900	7,029	7%	33,265	50%
Materials and supplies	23,355	23,966	24,868	(611)	(3%)	(902)	(4%)
Other charges	20,423	21,790	21,756	(1,367)	(6%)	34	0%
Less costs capitalized to							
construction in progress	(31,834)	(33,640)	(32,282)	1,806	(5%)	(1,358)	4%
Depreciation expense	111,375	103,034	98,374	8,341	8%	4,660	5%
Total operating expenses	355,723	340,610	307,432	15,113	4%	33,178	11%
Non-operating expenses							
Interest expense	75,606	73,987	77,022	1,619	2%	(3,035)	(4%)
Debt issue costs	4,112	3,835	2,346	277	7%	1,489	63%
Other finance charges	2,361	2,934	2,881	(573)	(20%)	53	2%
Gain on sale of capital assets	(1,075)	(430)	(773)	(645)	150%	343	(44%)
Payments to City of San Antonio	11,528	11,161	10,926	367	3%	235	2%
Payments to other entities	130	122	124	8	7%	(2)	(2%)
Total non-operating expenses	92,662	91,609	92,526	1,053	1%	(917)	(1%)
Total Expenses	448,385	432,219	399,958	16,166	4%	32,261	8%
Increase in net position							
before capital contributions	19,364	12,458	24,091	6,906	55%	(11,633)	(48%)
Capital Contributions	70,725	81,785	59,480	(11,060)	(14%)	22,305	38%
Change in Net Position	90,089	94,243	83,571	(4,154)	(4%)	10,672	13%
Net Position, beginning of year	1,933,978	1,839,735	1,756,164	94,243	5%	83,571	5%
Net Position, end of year	\$ 2,024,067	\$ 1,933,978	\$ 1,839,735	\$ 90,089	5%	\$ 94,243	5%

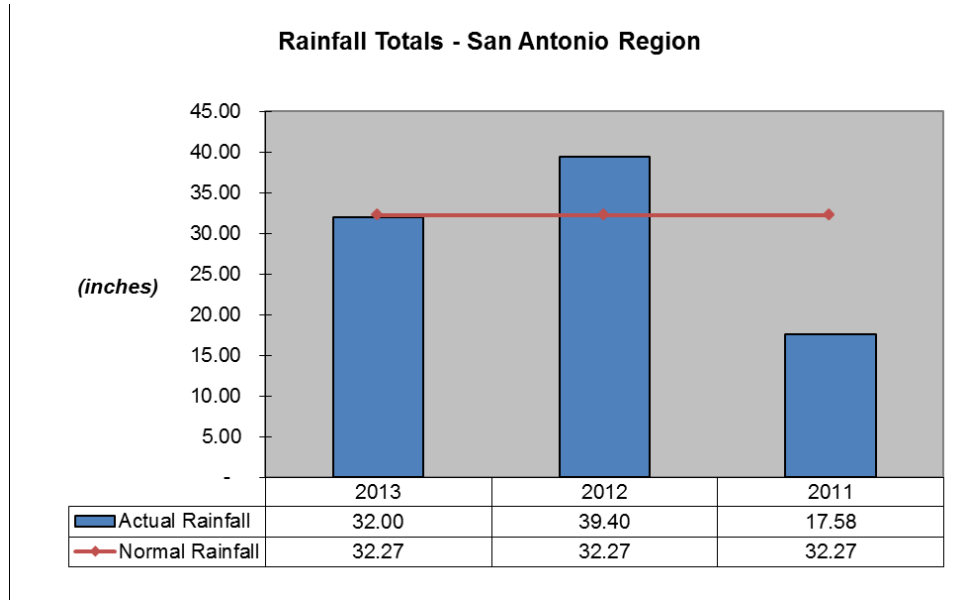
<sup>1</sup> Amounts have been restated. See Note M to the financial statements for more information.

**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 \$438.5 million in 2012 to \$462.3 million in 2013. Due to the impact of restrictions on outdoor water use, metered water usage decreased .4% from 2012 to 2013. The impact of lower usage was more than offset by an average rate increase of 8.4% that went into effect in March 2013 and average customer growth of .9% during the year.

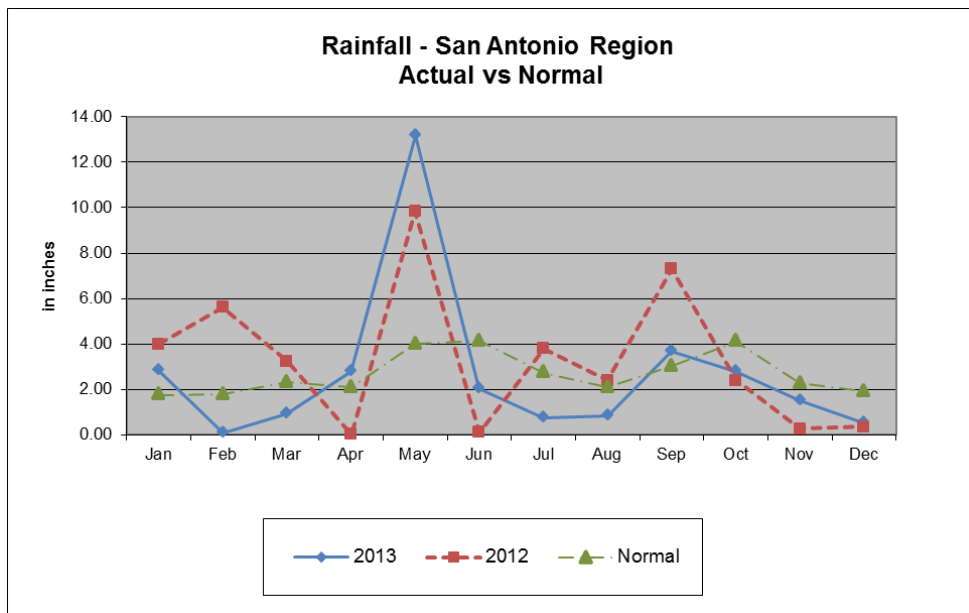
Operating revenues increased from \$418.1 million in 2011 to \$438.5 million in 2012. Due to above average rainfall during 2012, metered water usage decreased 6.5% from 2011 to 2012. The impact of lower usage was more than offset by the 7.9% average rate increase that went into effect in January 2012 and average customer growth of 1.5% during the year.

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 metered water usage. Water Delivery operating revenues decreased by \$1.3 million or 1.1% to \$119.8 million for 2013. The impact from lower water usage more than offset customer growth. Water Delivery operating revenues for 2012 were \$121.1 million which was \$4.1 million or 3.3% lower than 2011. Decreased water usage was partially offset by customer growth and a 3.4% increase in Water Delivery rates.



Although rainfall during 2013 was close to normal levels, 38% of the total rain for the year fell during one major rain event in May. Rainfall was 33% below normal for the remaining eleven months of the year. Drought conditions for the region worsened during 2013 and restrictions on outdoor water use were in place throughout the year. During 2012, rainfall exceeded normal levels by 22% and was more than double the rainfall during 2011. Most of the rain in 2012 came during the peak usage period (May-September). Rainfall during that period was 47% above normal levels.





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. In addition to the volumetrically based Water Supply Fee, other charges included in Water Supply operating revenues are the following:

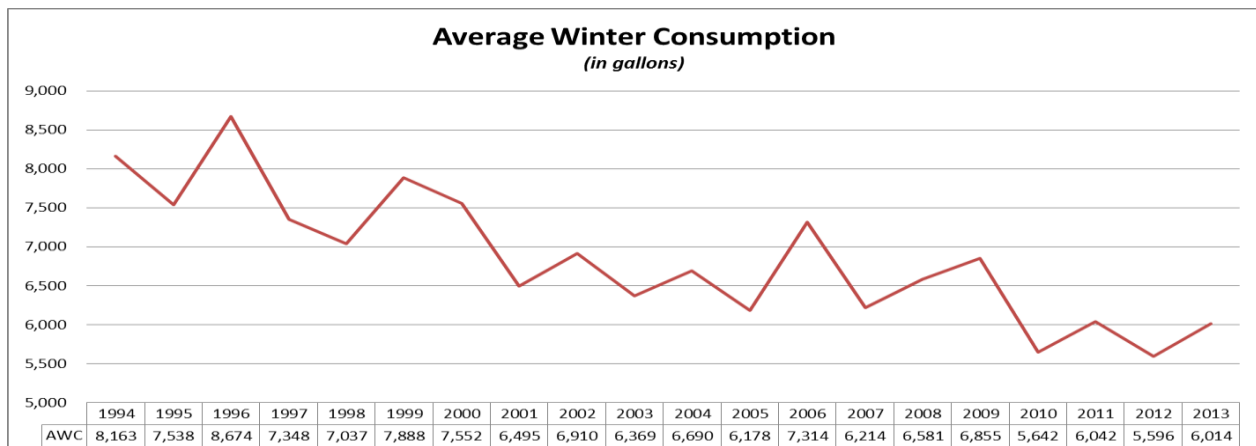
- pass-through fee designed to recoup the annual fees paid to the Edwards Aquifer Authority (EAA) for permitted water rights
- meter fees and volumetric charges to customers utilizing recycled water for industrial or irrigation purposes
- allocated portions of water delivery revenues designed to fund 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

Water Supply operating revenues decreased \$2.3 million or 1.7% from 2012 to \$134.4 million 2013. The impact from the decrease in metered water usage was partially offset by a 2.5% increase in rates and customer growth.

In 2012, Water Supply operating revenues increased \$5.9 million or 4.5% to \$136.7 million. The 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 the 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 metered water usage.

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 metered water usage of each residential wastewater customer during a three consecutive month billing period from November 15<sup>th</sup> through March 15<sup>th</sup>. 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 19 years.

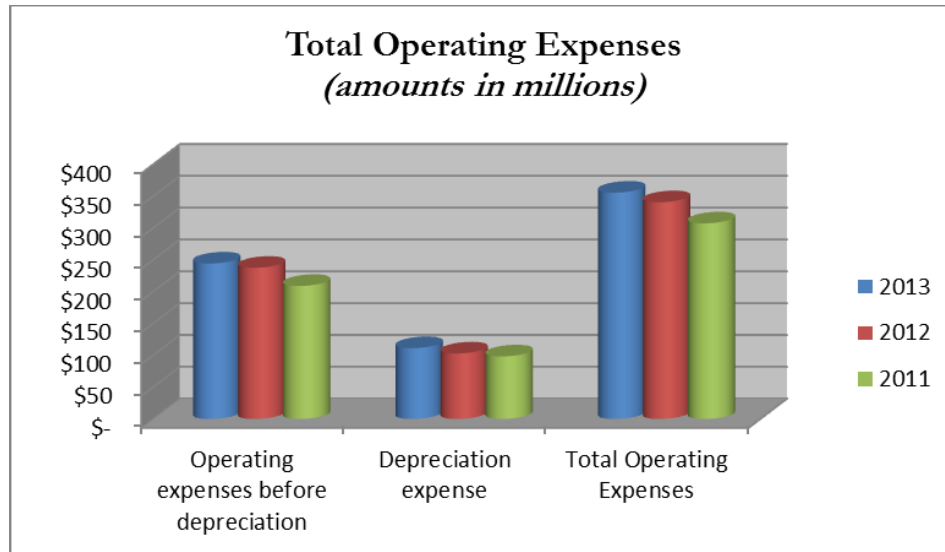


Wastewater operating revenues increased \$27.2 million or 16.2% to \$195.6 million in 2013. The increase in revenues is attributable to a 16.5% increase in rates effective March 1, 2013, a higher AWC and customer growth. The AWC that went into effect in April 2013 was 7.5% higher than the previous AWC due to the limited rainfall during the winter averaging period. In 2012, Wastewater operating revenues were \$168.4 million, an increase of \$17.8 million or 11.9% from 2011. The 13.6% increase in Wastewater rates effective January 1, 2012 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 2012 AWC to its lowest level in SAWS history.

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 consist of a fixed base load demand charge for each customer and a pass-through charge to recover utility costs. Operating revenues increased \$.2 million in 2013 and \$.7 million in 2012 due primarily to changes in the pass-through charges.

**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), decreased \$.7 million due to a decrease in the average yield on investments and a \$.3 million reduction in the BABs subsidy. The average investment balance increased from \$477.7 million in 2012 to \$530.9 million in 2013 while the average yield on SAWS’s portfolio decreased from .33% in 2012 to .25% in 2013. Non-operating revenues increased \$.2 million in 2012 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.

**Operating Expenses:** Total 2013 operating expenses of 355.7 million increased \$15.1 million or 4.4% from 2012 levels primarily due to an increase in spending related to SAWS’ program to reduce sanitary sewer overflows (SSO Program) and an increase in depreciation expense.



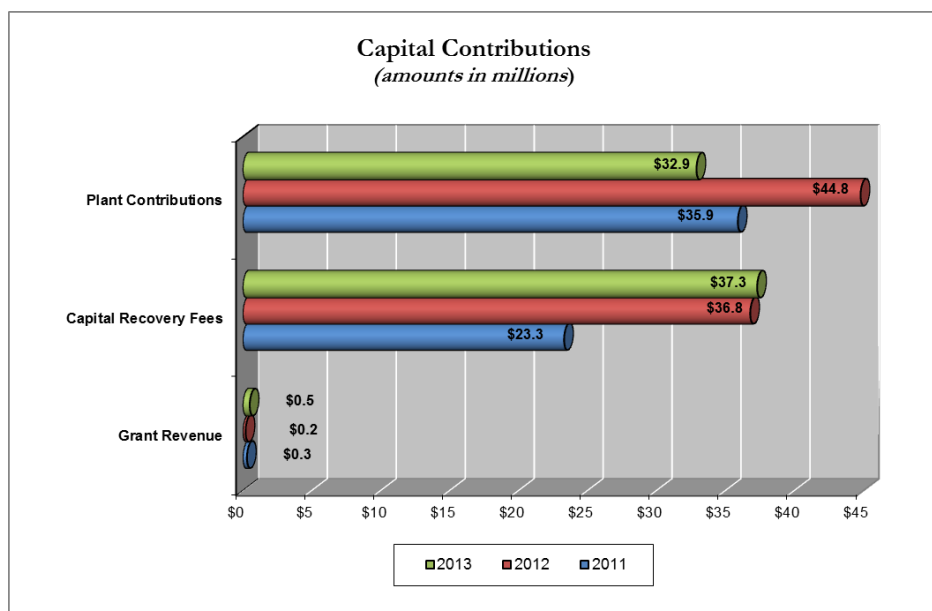
During 2013, SAWS’ salary and benefit related costs decreased \$.1 million from the previous year. A decrease in wages and lower employee insurance costs were almost entirely offset by the \$2 million paid under a retirement incentive program that resulted in 94 employees retiring during the last four months of the year. While SAWS will likely replace a number of the retiring employees, SAWS expects the on-going savings associated with these retirements to be approximately \$2.5 million per year.

Contractual services increased \$7 million or 7% in 2013 entirely as a result of an additional \$10.1 million spent on the SSO Program. In 2013, SAWS entered into a consent decree with the Environmental Protection Agency to reduce sanitary sewer overflows over a 10-12 year period. More information about the expected cost to comply with the terms of the consent decree can be found in Note J to the financial statements. The increase in SSO Program spending was partially offset by lower legal expenses and an increase in the rebate received from the Edwards Aquifer Authority. Depreciation expense increased \$8.3 million or 8.1% from 2012 as a result of the \$349 million in capital assets placed into service during 2013.

Total operating expenses were \$340.6 million in 2012, an increase of \$33.2 million from 2011. 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. Additionally, fees paid to EAA during 2012 for permitted water rights increased \$12.2 million from 2011 while maintenance and production costs were lower due to the temporary improvement in drought conditions during 2012.

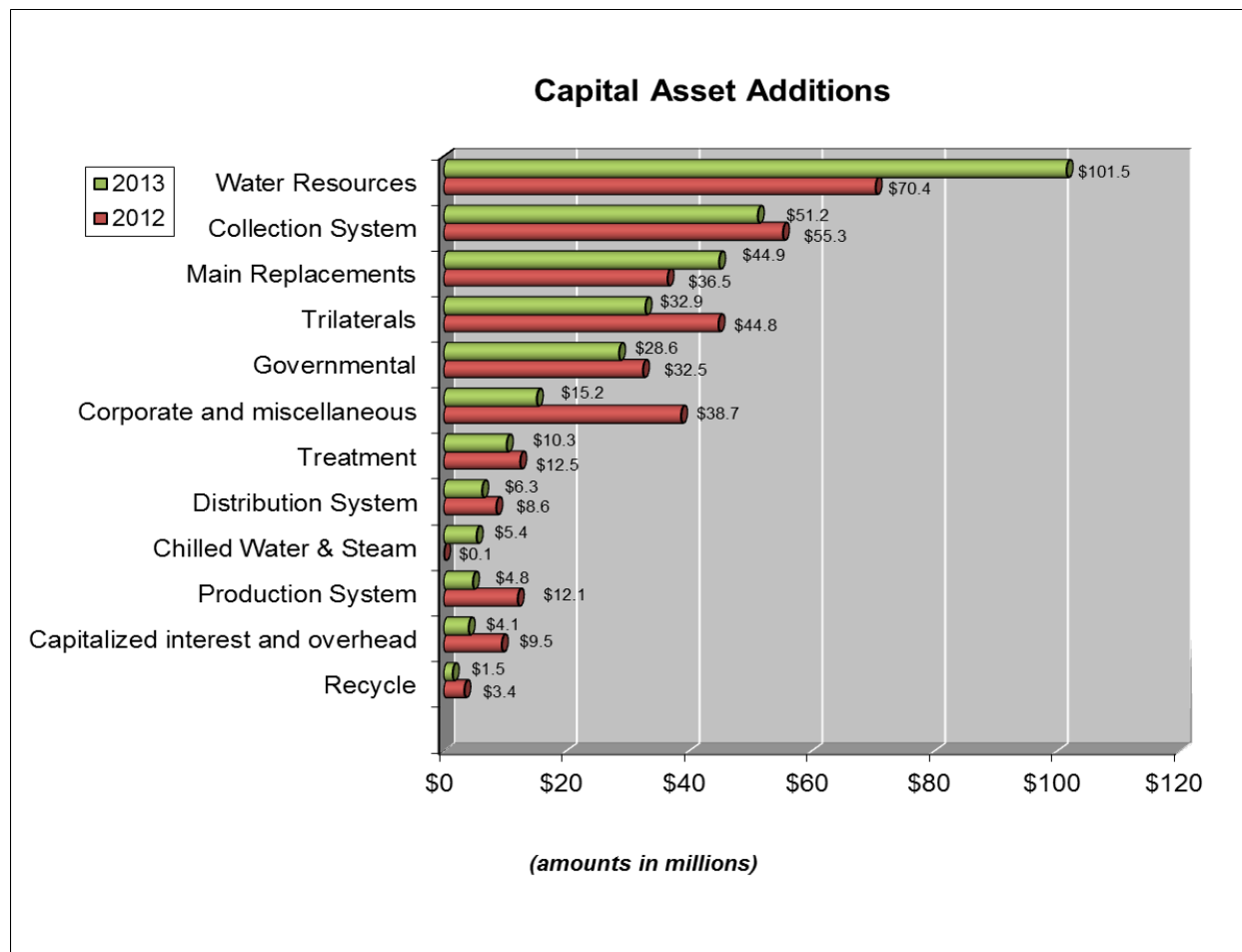
**Non-operating Expenses:** 2012 non-operating expenses increased \$1.1 million or 1.2% from 2012 primarily due to an increase interest expense. While the average debt outstanding increased 7.5%, the average cost of debt before capitalized interest decreased from 3.82% in 2012 to 3.59% in 2013 as a result of debt savings achieved through the refunding of \$93 million in bonds in 2013 and \$305 million 2012. During 2012, non-operating expenses decreased \$.9 million or 1% from 2011 as the debt savings achieved through the bonds refunded in 2012 and 2011 was partially offset by higher debt issue costs.

**Capital Contributions:** Capital contributions for 2013 totaled \$70.7 million which represents a decrease of \$11.1 million from 2012. In 2012, capital contributions totaled \$81.8 million, an increase of \$22.3 million from 2011. Development activity slowed slightly in 2013 from 2012 activity levels. While infrastructure donated by developers decreased by 27% in 2013, it was up 25% in 2012. Despite the slowing in development activity, capital recovery fees were slightly higher in 2013. These fees increased 1.4% in 2013. In 2012, capital recovery fees were 58% higher than 2011 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 ASSET ACTIVITY

During 2013 SAWS' total capital assets (net of accumulated depreciation) grew from \$3.8 billion to \$4 billion, while during 2012, net capital assets increased from \$3.6 billion to \$3.8 billion. Capital asset additions were \$306.7 million in 2013 and \$324.4 million in 2012. 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 \$271 million as of December 31, 2013. For further detail information on capital assets, refer to Note F.

## LONG-TERM DEBT ACTIVITY

During 2013, SAWS issued a total \$398.7 million in bonds through six transactions. All bonds issued during 2013 were at the junior lien level. The proceeds of the bonds, including premium and discounts, were used to refund \$93.4 million of bonds and \$132.1 million of outstanding commercial paper; pay the cost of issuance; make deposits to the Reserve Fund; and provide \$184 million in funds for capital improvement projects. During the course of the year, SAWS also issued \$151 million in new commercial paper notes 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 2012, SAWS issued a total of \$388.7 million in senior lien bonds and \$51.5 million in junior lien bonds. The proceeds of the bonds, including premium and discounts, were used to refund \$305 million of bonds and \$175 million of outstanding commercial paper; pay the cost of issuance; make deposits to the Reserve Fund; and provide \$18.7 million in funds for capital improvement projects. During the course of the year, SAWS also issued \$133.7 million in new commercial paper notes to finance capital improvements.

In March 2013, Standard & Poor's Rating Service upgraded SAWS' credit ratings to "AA+" from "AA" on its senior lien obligations and to "AA" from "AA-" on its junior lien obligations, with Fitch Ratings and Moody's Investors Services, Inc. reaffirming SAWS' credit ratings. In September 2013, the three rating agencies reaffirmed SAWS' credit rating 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.

<b>BOND AND COMMERCIAL PAPER RATINGS</b>				
	Senior Lien Debt	Junior Lien Debt	Tax-Exempt Commercial Paper	
			Series A	Series B
			Fitch Ratings	AA+
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, 2013 and 2012, SAWS was in compliance with the terms and provisions of the ordinances and documents related to its outstanding bonds and commercial paper.

<b>FINANCIAL RATIOS</b>			
	<b>2013</b>	<b>2012</b>	<b>2011</b>
Current Year Debt Coverage‡:			
Senior Lien Debt	2.15x	2.11x	2.28x
All Debt	1.62x	1.60x	1.74x
Maximum Annual Debt Coverage‡:			
Senior Lien Debt	1.85x	1.63x	1.85x
All Debt	1.54x	1.44x	1.57x
Net Position Ratio			
<i>(net position / total liabilities + net position)</i>	42.4%	43.8%	44.2%
‡ Debt service is net of federal interest subsidy.			

## **ECONOMIC OUTLOOK FOR THE FUTURE**

In November 2013, the San Antonio City Council approved an average rate increase of 5.1% for most services provided by SAWS effective January 1, 2014. 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. At the same time, the City Council pre-approved a rate increase beginning in January 2015 of an amount not to exceed 5.3% for the average residential customer. Customer growth has been somewhat steady during the last three years despite a somewhat weak economy and high unemployment levels. During 2013 customer connections grew .9% compared to 1.5% during 2012 and 1.2% during 2011. The San Antonio region is positioned to see continued 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](http://www.saws.org).

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***BASIC FINANCIAL STATEMENTS***

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

	December 31,	
	2013	2012
<b>CURRENT ASSETS</b>		
Unrestricted Current Assets		
Cash and cash equivalents	\$ 131,763	\$ 132,273
Investments	55,454	51,694
Accounts receivable, net of allowances for uncollectible accounts	60,307	54,985
Other current assets	9,502	9,271
Total unrestricted current assets	257,026	248,223
Restricted Current Assets:		
Cash and cash equivalents	1	16,146
Investments	131,283	114,702
Total restricted current assets	131,284	130,848
<b>Total Current Assets</b>	388,310	379,071
<b>NONCURRENT ASSETS</b>		
Unrestricted Noncurrent Assets		
Accounts receivable, non current	6,189	6,985
Restricted Noncurrent Assets:		
Cash and cash equivalents	138,149	27,785
Investments	232,833	175,276
Capital Assets:		
Utility plant in service	4,600,681	4,261,006
Less allowance for depreciation	1,472,429	1,369,885
	3,128,252	2,891,121
Land, water rights and other intangible assets	328,919	308,560
Construction in progress	506,829	571,547
Total capital assets (net of accumulated depreciation)	3,964,000	3,771,228
<b>Total Noncurrent Assets</b>	4,341,171	3,981,274
<b>TOTAL ASSETS</b>	4,729,481	4,360,345
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on bond refunding	30,943	30,561
Accumulated decrease in fair value of hedging derivatives	8,372	19,746
	39,315	50,307
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 4,768,796	\$ 4,410,652

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,	
	2013	2012
<b>LIABILITIES</b>		
<b>Current Liabilities To Be Paid From Unrestricted Assets</b>		
Accounts payable	\$ 34,527	\$ 34,884
Accrued vacation payable	7,412	5,516
Accrued payroll and benefits	2,482	2,158
Accrued claims payable	7,310	9,956
Sundry payables and accruals	1,339	1,044
Total unrestricted current liabilities	53,070	53,558
<b>Current Liabilities To Be Paid From Restricted Assets</b>		
Accrued interest payable	13,857	13,661
Payables under construction contracts	27,614	35,279
Customers' deposits	9,447	9,265
Commercial paper notes	3,105	2,970
Revenue bonds payable within one year	57,850	47,315
Total restricted current liabilities	111,873	108,490
<b>Total Current Liabilities</b>	164,943	162,048
<b>Noncurrent Liabilities</b>		
Accrued vacation payable	766	2,562
Unfunded postemployment benefits	91,094	82,910
Derivative instrument	13,392	25,149
Commercial paper notes	183,550	167,775
Revenue bonds payable after one year, net of unamortized premiums and discounts	2,290,984	2,036,230
<b>Total Noncurrent Liabilities</b>	2,579,786	2,314,626
<b>TOTAL LIABILITIES</b>	2,744,729	2,476,674
<b>NET POSITION</b>		
Net investment in capital assets	1,762,856	1,686,475
Restricted for operating reserve	40,656	38,389
Restricted for debt service fund	39,710	34,254
Restricted for reserve fund	62,560	58,681
Unrestricted	118,285	116,179
<b>TOTAL NET POSITION</b>	\$ 2,024,067	\$ 1,933,978

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)*

<b>OPERATING REVENUES</b>	<b>2013</b>	<b>2012</b>
Water delivery system	\$ 119,767	\$ 121,078
Water supply system	134,367	136,704
Wastewater system	195,584	168,368
Chilled water and steam system	12,621	12,378
Total operating revenues	462,339	438,528
<b>OPERATING EXPENSES</b>		
Salaries and fringe benefits	125,210	125,295
Contractual services	107,194	100,165
Material and supplies	23,355	23,966
Other charges	20,423	21,790
Less costs capitalized to construction in progress	(31,834)	(33,640)
Total operating expenses before depreciation	244,348	237,576
Depreciation expense	111,375	103,034
Total operating expenses	355,723	340,610
Operating income	106,616	97,918
<b>NONOPERATING REVENUES</b>		
Interest earned and miscellaneous	5,410	6,149
<b>NONOPERATING EXPENSES</b>		
Interest expense	75,606	73,987
Debt issue costs	4,112	3,835
Other finance charges	2,361	2,934
Gain on sale of capital assets	(1,075)	(430)
Payments to the City of San Antonio	11,528	11,161
Payments to other entities	130	122
Total nonoperating expenses	92,662	91,609
Increase in net position, before capital contributions	19,364	12,458
Capital contributions	70,725	81,785
<b>CHANGE IN NET POSITION</b>	90,089	94,243
<b>NET POSITION, BEGINNING OF YEAR (restated)</b>	1,933,978	1,839,735
<b>NET POSITION, END OF YEAR</b>	\$ 2,024,067	\$ 1,933,978

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)*

	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 456,674	\$ 426,446
Cash paid to vendors for operations	(124,569)	(129,404)
Cash paid to employees for services	(102,898)	(102,026)
Net cash provided by operating activities	229,207	195,016
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Payments to the City of San Antonio	(7,981)	(7,867)
Payments to other entities	(101)	(120)
Net cash used for noncapital financing activities	(8,082)	(7,987)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of capital assets	2,416	588
Proceeds from developers for plant construction	37,289	36,761
Proceeds from grants	-	267
Payment to employees for construction of plant	(18,164)	(20,409)
Payment to vendors for construction of plant	(13,671)	(13,232)
Payments for acquisition of equipment and furniture	(12,555)	(10,766)
Payments for acquisition of property and plant	(239,696)	(220,433)
Proceeds from commercial paper	151,000	133,655
Payment for retirement of commercial paper	(2,970)	(2,840)
Proceeds from revenue bonds	193,983	29,574
Payment for retirement of revenue bonds	(52,160)	(41,740)
Payment of interest on commercial paper	(4,494)	(4,333)
Payment of interest on revenue bonds	(89,592)	(84,555)
Payment for bond related expenses	(4,112)	(3,851)
Payment for bank charges	(2,520)	(3,105)
Net cash used for capital and related financing activities	(55,246)	(204,419)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(706,356)	(583,860)
Maturity of investments	628,372	596,969
Interest income and other	5,814	8,168
Net cash provided by (used for) investing activities	(72,170)	21,277
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	93,709	3,887
<b>CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR</b>	176,204	172,317
<b>CASH AND CASH EQUIVALENTS, AT END OF YEAR</b>	\$ 269,913	\$ 176,204

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)*

	<b>2013</b>	<b>2012</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENTS OF CASH FLOWS TO STATEMENT OF NET POSITION</b>		
Cash and Cash Equivalents		
Unrestricted	\$ 131,763	\$ 132,273
Restricted		
Current	1	16,146
Noncurrent	138,149	27,785
	\$ 269,913	\$ 176,204

**RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 106,616	\$ 97,918
Adjustments to reconcile operating income to net cash provided by operating activities:		
Non-cash revenues from City of San Antonio	(3,576)	(3,296)
Provision for uncollectible accounts	4,646	3,800
Charge-off of prior year construction expenditures to operating expense	1,349	2,211
Depreciation expense	111,375	103,034
Change in assets and liabilities:		
Increase in accounts receivable	(9,422)	(11,459)
Increase in other current assets	(551)	(309)
Increase in accounts payable	12,331	595
Increase in accrued vacation payable	100	583
Increase in accrued payroll and benefits	324	602
Decrease in claims payables	(2,646)	(609)
Increase/(Decrease) in sundry payables and accruals	295	(294)
Increase in unfunded postemployment benefits	8,184	1,676
Increase in customers' deposits	182	564
Total adjustments	122,591	97,098
Net cash provided by operating activities	\$ 229,207	\$ 195,016

**NONCASH CAPITAL AND FINANCING ACTIVITIES**

Plant contributions received from developers	\$ 32,891	\$ 44,787
Bond proceeds deposited into an escrow account for purposes of refunding:		
Revenue Bonds	\$ 93,440	\$ 304,890
Commercial Paper	\$ 132,120	\$ 175,000

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

	<b>December 31,</b>	
	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 269	\$ 80
Investments	159,511	122,812
<b>TOTAL ASSETS</b>	159,780	122,892
<b>LIABILITIES</b>	-	-
<b>NET POSITION HELD IN TRUST FOR PENSION AND OTHER POST EMPLOYMENT BENEFITS</b>	<b>\$ 159,780</b>	<b>\$ 122,892</b>

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

	<b>2013</b>	<b>2012</b>
<b>ADDITIONS</b>		
Employer contributions	\$ 15,289	\$ 22,396
Investment income	26,232	12,432
Total additions	41,521	34,828
<b>DEDUCTIONS</b>		
Pension payments	4,574	3,921
Administrative expenses	59	25
Total deductions	4,633	3,946
<b>NET INCREASE IN NET POSITION</b>	36,888	30,882
<b>NET POSITION AT BEGINNING OF YEAR</b>	122,892	92,010
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 159,780</b>	<b>\$ 122,892</b>

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

## **NOTES TO FINANCIAL STATEMENTS**

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## ***NOTES TO FINANCIAL STATEMENTS***

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### **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, Texas (the City) 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.

**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, deferred outflow of resources, liabilities and deferred inflow of resources 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***

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In 2013, SAWS implemented the following new GASB pronouncements:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities. The guidance provided by this statement impacts the way SAWS accounts for debt issue costs and reports losses associated with debt refunding. Previously, SAWS capitalized debt issue costs and amortized them over the life of the debt. Debt issue costs are now treated as an expense in the period incurred. Loss on debt refunding is now reported as a deferred outflow of resources instead of a reduction to outstanding debt in the Statement of Net Position. The financial statements for the year ended December 31, 2012 have been restated to reflect these changes. Please see Note M for the impact of the restatement.
- GASB Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The guidance provided by this statement had no impact to SAWS.

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 goods or 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 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.

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## ***NOTES TO FINANCIAL STATEMENTS***

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**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; municipal bonds; 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 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 \$3.5 million in 2013 and \$3.8 million in 2012. A provision to increase the allowance for uncollectible accounts is recorded as an offset to operating revenue. The provision for uncollectible accounts was \$4.6 million in 2013 and \$3.8 million in 2012.

**NOTES TO FINANCIAL STATEMENTS**

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

**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:

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. SAWS capitalized \$9.3 million of interest in 2013 and \$9.1 million in 2012.

## ***NOTES TO FINANCIAL STATEMENTS***

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**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, 2013, SAWS had granted \$23.1 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.

**Deferred Outflows of Resources:** In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and therefore, will not be recognized as an outflow of resources (expense) until then.

*Loss on refunding* results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized to interest expense over the shorter of the life of the refunded or refunding debt.

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. *Accumulated decrease in the fair value of hedging derivative* represents the change in the fair value of the interest rate swap that has not been recognized in the statement of revenues, expenses and changes in net position due to the use of hedge accounting.

**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 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.

## ***NOTES TO FINANCIAL STATEMENTS***

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**Derivative Instruments:** As noted above, SAWS is a party to an interest rate swap agreement that qualifies as a derivative instrument. Additionally, 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 reserve equal to two months of budgeted 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 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 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.

## ***NOTES TO FINANCIAL STATEMENTS***

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**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.

In order to improve service to SAWS DSP customers and improve the operational efficiency of both the SAWS and SAWS DSP systems, a series of interconnects have been established between the two systems allowing water to flow more freely between the systems and provide redundancy. Due to the extended drought, available SAWS DSP water supplies have been inadequate to meet the demand of the SAWS DSP customers during 2013 and 2012. In order to meet SAWS DSP customer demand, SAWS provided 1.8 billion gallons of water through the interconnects in 2013 and 1.3 billion gallons in 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



**NOTES TO FINANCIAL STATEMENTS**

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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. SAWS charges fees to SAWS DSP for the use of the treatment plant.

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. Joint costs benefiting both SAWS and SAWS DSP systems are allocated in a rational manner that approximates the benefits received by each system. During 2012, SAWS began the process of integrating the operations of the two systems. Throughout 2013, the operation of the two systems was substantially integrated. As a result, the operating expenses allocated to the SAWS DSP in 2013 were significantly higher than the costs allocated in 2012.

The following table summarizes the transactions between SAWS and SAWS DSP.

<i>(amounts in thousands)</i>	Year Ended December 31,	
	2013	2012
Operating Revenue		
Water sold to SAWS DSP	\$ 5,062	\$ 3,588
Non-operating Revenue		
Treatment plant use	\$ 118	\$ 80
Operating Expenses		
Expenses allocated to SAWS DSP	\$ 20,584	\$ 6,339

**NOTE D - DEPOSITS AND INVESTMENTS**

**San Antonio Water System:**

**Deposits:** As of December 31, 2013, 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 Bank of America. As required by state law, all SAWS’ deposits are fully collateralized and/or are covered by federal depository insurance. At December 31, 2013, the collateral pledged is being held by the Federal Reserve Bank of Boston under SAWS’ name so SAWS incurs no custodial credit risk. At December 31, 2013, the bank balance of SAWS’ demand and savings accounts was \$39,419,000 and the reported amount was \$37,809,000 which included \$30,000 of cash on hand. At 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. Certificates of deposit totaled \$85,000,000 at December 31, 2013 and \$75,000,000 at December 31, 2012.



## NOTES TO FINANCIAL STATEMENTS

**Investments:** As of December 31, 2013, investments include securities issued by the United States government and its agencies and instrumentalities along with municipal bonds and funds held in escrow. Securities issued by the U.S. government and its agencies and instrumentalities along with municipal bonds are held in safekeeping by SAWS' depository bank, Frost Bank and registered as securities of SAWS. Funds held in escrow are Money Market Funds managed by Frost Bank, 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.

SAWS had the following investments and remaining maturities at December 31, 2013 and 2012:

December 31, 2013						
<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	\$ 20,022	\$ 26,904	\$ -	\$ -	\$ 46,926	\$ 46,922
U.S. Agency Discount Notes	71,295	51,832	-	-	123,127	123,121
U.S. Agency Coupon Notes	72,845	97,098	39,708	33,546	243,197	243,199
Municipal Bonds	2,263	-	-	4,066	6,329	6,331
Money Market Funds held in Escrow:						
Bank of New York Mellon	121,324	-	-	-	121,324	121,324
Frost Bank	12,088	-	-	-	12,088	12,088
U.S. Bank	2,568	-	-	-	2,568	2,568
Wells Fargo Bank	11,121	-	-	-	11,121	11,121
	<u>\$ 313,526</u>	<u>\$ 175,834</u>	<u>\$ 39,708</u>	<u>\$ 37,612</u>	<u>\$ 566,680</u>	<u>\$ 566,674</u>

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>

## NOTES TO FINANCIAL STATEMENTS

**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, 2013 and 2012 SAWS investment maturities as a percent of the portfolio were as follows:

Maturities	December 31,	
	2013	2012
Zero to 90 days	55%	51%
91 to 180 days	31%	32%
181 to 365 days	7%	7%
More than one year and less than 5 years	7%	10%

**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, 2013 and 2012, SAWS held no direct investments with a credit rating below "AA".

Credit Rating	Rating	<i>(amount in thousands)</i>		Allocation	Investment Policy Limit
	Agency	Carrying Value	Market Value		
December 31, 2013					
A-1+/AAA	S&P	\$ 270,222	\$ 270,228	47.7%	Max. = 100%
AA+	S&P	290,121	290,123	51.2%	Max. = 100%
AA	S&P	6,331	6,329	1.1%	Max. = 100%
Total Portfolio		<u>\$ 566,674</u>	<u>\$ 566,680</u>	<u>100.0%</u>	
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>	

**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, 2013 and 2012, the following investments in any one organization that represent more than five percent of total SAWS investments are:

	December 31,	
	2013	2012
Federal Home Loan Bank	40%	30%
Federal National Mortgage Association	7%	7%
Federal Home Loan Mortgage Corporation	5%	16%

## 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 2013 and 2012:

<i>(amounts in thousands)</i>	December 31,	
	2013	2012
Reported amounts in note for:		
Deposits, including certificates of deposit	\$ 122,809	\$ 122,273
Investments	566,674	395,603
Total Deposits & Investments	<u>\$ 689,483</u>	<u>\$ 517,876</u>
Totals from Statement of Net Position:		
Cash and Cash Equivalents:		
Unrestricted	\$ 131,763	\$ 132,273
Restricted - current	1	16,146
Restricted - noncurrent	138,149	27,785
Total cash and cash equivalents	<u>269,913</u>	<u>176,204</u>
Investments:		
Unrestricted	55,454	51,694
Restricted - current	131,283	114,702
Restricted - noncurrent	232,833	175,276
Total investments	<u>419,570</u>	<u>341,672</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 689,483</u>	<u>\$ 517,876</u>

The requirements of City 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. Additional City ordinances require SAWS to maintain a reserve fund equal to the average annual debt service on all junior lien debt obligations secured by a reserve fund. Not all SAWS junior lien debt obligations require the security of a reserve fund. 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. 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. The following table summarizes the Reserve

## NOTES TO FINANCIAL STATEMENTS

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Fund accounts that are included in restricted cash and investments at December 31, 2013 and 2012.

<i>(amounts in thousands)</i>	December 31,	
	2013	2012
Cash & Cash Equivalents	\$ 15	\$ 578
Investments:		
Junior Lien Bonds	15,741	10,132
Senior Lien Bonds	74,174	70,134
Total Investments	<u>89,915</u>	<u>80,266</u>
Total Cash & Investments - Reserve Fund	<u>\$ 89,930</u>	<u>\$ 80,844</u>

### San Antonio Water System Retirement Plan (SAWSRP):

At December 31, 2013 and 2012 the SAWSRP held no deposits and had the following investments:

<i>(amounts in thousands)</i>	2013	2012
Principal Bond and Mortgage Separate Account	\$ 34,974	\$ 35,363
Large Cap S&P 500 Index Separate Account	105,547	74,864
	<u>\$140,521</u>	<u>\$110,227</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 5.10 years at December 31, 2013 and 5.32 years at December 31, 2012.

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

In March 2012, SAWS established an OPEB Trust for the exclusive purpose of providing benefits to eligible retirees and their dependents. At December 31, 2013 and 2012 the OPEB Trust held no deposits and had the following investments:

<i>(amounts in thousands)</i>	Decmeber 31,	
	2013	2012
Cash and Cash Equivalents:		
Money Market Account	\$ 269	\$ 80
Investments:		
Stock Mutual Funds	11,988	8,874
Bond Mutual Funds	7,002	3,711
	<u>\$ 19,259</u>	<u>\$ 12,665</u>

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## **NOTES TO FINANCIAL STATEMENTS**

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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 4.91 years at December 31, 2013 and 6.65 years at December 31, 2012.

### **NOTE E – ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at December 31, 2013 and 2012:

<i>(amounts in thousands)</i>	2013	2012
Current:		
Receivable from customers	\$ 33,640	\$ 29,574
Unbilled revenue	23,664	23,202
Receivable from SAWS DSP	4,542	3,158
Receivable from other governmental agencies	1,952	1,371
Less: Allowance for doubtful accounts	<u>(3,491)</u>	<u>(2,320)</u>
	60,307	54,985
Noncurrent:		
Receivable from other governmental agencies	<u>6,189</u>	<u>6,985</u>
Total accounts receivable	<u>\$ 66,496</u>	<u>\$ 61,970</u>

In connection with a settlement agreement, Lower Colorado River Authority (LCRA) is required to make eight annual payments of \$1.4 million to SAWS beginning November 1, 2012 through November 1, 2019. The discounted value of the payments to be received from LCRA in the future is reported in accounts receivable, of which \$6.2 million and \$7 million was classified as noncurrent at December 31, 2013 and 2012, respectively.

## NOTES TO FINANCIAL STATEMENTS

### NOTE F – CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2013 is as follows:

<i>(amounts in thousands)</i>	December 31, 2012	Increases	Transfers	Decreases	December 31, 2013
Capital Assets, not being depreciated:					
Land	\$ 94,971	\$ -	\$ (8,675)	\$ 483	\$ 85,813
Water rights purchased	213,219	-	29,517	-	242,736
Other intangible assets	370	-	-	-	370
Construction in progress	571,547	297,656	(361,025)	1,349	506,829
Total capital assets, not being depreciated/amortized	880,107	297,656	(340,183)	1,832	835,748
Capital assets, being depreciated					
Structures and improvements	554,885	7	51,660	213	606,339
Pumping and purification equipment	152,468	332	3,452	170	156,082
Distribution and transmission system	1,766,303	2,313	67,309	3,259	1,832,666
Treatment facilities	1,606,951	-	206,329	30	1,813,250
Equipment and machinery	134,819	3,993	10,872	5,574	144,110
Furniture and fixtures	5,100	8	-	-	5,108
Computer equipment	14,697	1,213	-	274	15,636
Software	24,436	1,173	561	27	26,143
Other intangible assets	1,347	-	-	-	1,347
Total capital assets being depreciated/amortized	4,261,006	9,039	340,183	9,547	4,600,681
Less accumulated depreciation					
Structures and improvements	(131,060)	(13,155)	-	(124)	(144,091)
Pumping and purification equipment	(37,443)	(3,828)	-	(33)	(41,238)
Distribution and transmission system	(519,657)	(39,802)	-	(3,259)	(556,200)
Treatment facilities	(584,256)	(37,226)	-	(22)	(621,460)
Equipment and machinery	(66,656)	(12,921)	-	(5,095)	(74,482)
Furniture and fixtures	(4,538)	(188)	-	-	(4,726)
Computer equipment	(8,732)	(2,275)	-	(271)	(10,736)
Software	(17,375)	(1,912)	-	(27)	(19,260)
Other intangible assets	(168)	(68)	-	-	(236)
Total accumulated depreciation	(1,369,885)	(111,375)	-	(8,831)	(1,472,429)
Total capital assets, being depreciated/amortized	2,891,121	(102,336)	340,183	716	3,128,252
Capital assets, net	\$ 3,771,228	\$ 195,320	\$ -	\$ 2,548	\$ 3,964,000

## NOTES TO FINANCIAL STATEMENTS

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	100,019	3,405	1,766,303
Treatment facilities	1,524,826	-	82,125	-	1,606,951
Equipment and machinery	116,314	13,932	4,604	31	134,819
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)	(39,946)	-	(2,849)	(519,657)
Treatment facilities	(550,058)	(34,198)	-	-	(584,256)
Equipment and machinery	(56,965)	(9,722)	-	(31)	(66,656)
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

**Asset Impairment:** SAWS periodically reviews its capital assets for possible impairment. As part of SAWS' capital improvement program, SAWS incurs costs to design capital improvement projects. These costs are included in capital assets as Construction in Progress. Periodically the actual construction of these projects may not occur due to changes in plans. Once it has been determined that construction will not proceed, any capitalized costs are charged off to operating expenses. Design and other project costs were charged off totaling \$1.3 million in 2013 and \$2.2 million in 2012.

### 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 2013 and 2012 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, 2013	\$ 8,078	\$ 7,512	\$ (7,412)	\$ 8,178	\$ 7,412	
Year Ended						
December 31, 2012	\$ 7,495	\$ 6,099	\$ (5,516)	\$ 8,078	\$ 5,516	

### 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 2013 and 2012.

#### *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 \$1,000,000 of each worker's compensation and general liability claim, is fully self-insured for automobile liability and public official's liability claims and retains the first \$250,000 for each pollution remediation, legal liability and commercial property claim. Claims that exceed the self-insured retention limit are covered through SAWS' comprehensive commercial insurance program. For the years ended December 31, 2013 and 2012, there



## NOTES TO FINANCIAL STATEMENTS

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 Beginning of Year	Current-Year Accruals	Payments	Balance at End of Year	Estimated Due Within One Year	
Year Ended						
December 31, 2013	\$ 9,956	\$ 22,801	\$ (25,447)	\$ 7,310	\$ 7,310	
Year Ended						
December 31, 2012	\$ 10,565	\$ 23,506	\$ (24,115)	\$ 9,956	\$ 9,956	

### 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, 2013, \$98,000,000 of commercial paper notes are hedged by the interest rate swap agreement.

## ***NOTES TO FINANCIAL STATEMENTS***

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**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 fair value of approximately negative \$13.4 million at December 31, 2013 and negative \$25.1 million at December 31, 2012. This value was calculated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

The swap agreement meets the criteria of an effective hedge under GASB Statement 53 and therefore qualifies for hedge accounting treatment. Since the fair value is negative, the fair value is recorded as a non-current liability. Changes in the swap’s fair value are recorded as a deferred outflow of resources and included on the Statement of Net Position. At the time the 2003 Bonds were redeemed in 2008, the fair value of the swap was negative \$6.2 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, 2012 and 2013 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

## ***NOTES TO FINANCIAL STATEMENTS***

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Poor's, and A+ by Fitch Ratings as of December 31, 2013. The amended swap agreement contains a credit support annex which will become effective upon the release of MBIA from the swap insurance policy. Collateralization would be required by either party should the fair market value of the swap reach applicable thresholds as stated in the amended swap agreement.

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

**Termination Risk:** SAWS may terminate the Swap at any time for any reason. 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 \$98,000,000 of variable-rate debt hedged by the swap is outstanding in commercial paper notes with current maturities of approximately 35 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, 2013, debt service requirements of the hedged commercial paper notes and net swap payments, assuming current interest rates remain the same, are as detailed below. 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**

<b>Pay-Fixed, Receive-Variable Interest Rate Swap</b>					
<b>Estimated Debt Service Requirements of Variable-Rate</b>					
<b>Debt Outstanding and Net Swap Payments</b>					
<i>(amounts in thousands)</i>					
Year	Principal	Interest Paid on Debt	Interest Rate Swap, Net	Total	
2014	\$ 3,105	\$ 86	\$ 3,952	\$ 7,143	
2015	3,245	83	3,820	7,148	
2016	3,395	80	3,682	7,157	
2017	3,550	77	3,538	7,165	
2018	3,710	74	3,388	7,172	
2019 - 2023	21,250	315	14,429	35,994	
2024 - 2028	26,560	207	9,487	36,254	
2029 - 2033	33,185	72	3,312	36,569	
Total	<u>\$ 98,000</u>	<u>\$ 994</u>	<u>\$ 45,608</u>	<u>\$ 144,602</u>	

**NOTE I – LONG TERM DEBT**

**REVENUE BONDS**

On May 7, 2013, SAWS issued \$50,000,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2013A through the Texas Water Development Board. The bonds were sold under the Water Infrastructure Fund Loan Program. The proceeds from the sale of the bonds were used to (i) finance portions of the Brackish Groundwater Desalination Project, and (ii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On June 6, 2013, SAWS issued \$82,885,000 City of San Antonio, Texas Water System Junior Lien Revenue Refunding Bonds, Series 2013B (No Reserve Fund). 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 2003 and the City of San Antonio, Texas Water System Revenue and Refunding Bonds, Series 2004; (together the “Refunded Bonds”) and (ii) pay the cost of issuance. The refunding of the Refunded Bonds reduced total future debt service payments by approximately \$15.7 million and resulted in an economic gain of \$12.4 million. 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 31, 2013, SAWS issued \$60,100,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2013D through the Texas Water Development Board. The bonds were sold under the Clean Water

## ***NOTES TO FINANCIAL STATEMENTS***

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State Revolving Fund Program. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board program, and (ii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On November 6, 2013, SAWS issued \$79,350,000 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2013E (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) refund \$52,120,000 in outstanding commercial paper notes, (ii) finance capital improvement projects, and (iii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations. There was no economic gain or loss on this transaction.

On November 6, 2013, SAWS issued \$100,000,000 City of San Antonio, Texas Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2013F (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) refund \$80,000,000 in outstanding commercial paper notes, (ii) finance capital improvement projects, and (iii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations. There was no economic gain or loss on this transaction.

On December 5, 2013, SAWS issued \$26,370,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2013C through the Texas Water Development Board. The bonds were sold under the Drinking Water State Revolving Fund program. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board Program, and (ii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

Senior lien water system revenue bonds, comprised of Series 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 \$1,506,725,000 at December 31, 2013, 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 1.933% to 6.220%, exclusive of any federal interest subsidy on the Series 2009B and 2010B Build America Bonds.

## ***NOTES TO FINANCIAL STATEMENTS***

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The junior lien water system revenue bonds are composed of two categories of debt: fixed-interest-rate debt and variable-interest-rate debt. The junior lien fixed-interest-rate debt is similar to the senior lien bonds, as they have fixed and set interest rates for the life of the bonds. The junior lien variable rate bonds have variable-interest-rates that are reset periodically. All the junior lien water system revenue bonds 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.

The junior lien fixed-interest-rate bonds, comprised of Series 2004, Series 2004-A, Series 2007, Series 2007A, Series 2008, Series 2008A, Series 2009, Series 2009A, Series 2010, Series 2010A, Series 2011, Series 2011A, Series 2012 (No Reserve Fund), Series 2012, Series 2013A, Series 2013B (No Reserve Fund), Series 2013 C, Series 2013D, and Series 2013E (No Reserve Fund), is outstanding in the amount of \$634,190,000 at December 31, 2013. Interest rates range from 0.000% to 5.000%

The junior lien variable-interest-rate bonds, comprised of the Series 2013F (No Reserve Fund) (the “Bonds”), is outstanding in the amount of \$100,000,000. The Bonds are tax-exempt variable-interest-rate notes initially issued in a SIFMA Index Mode, with the interest rate reset weekly, through the initial interest period expiring October 31, 2016, at a spread of 0.68% over the Securities Industry and Financial Markets Association (SIFMA) Swap Index,. The average interest rate at December 31, 2013 was 0.74%. The ending interest rate at December 31, 2013 was 0.74%. Upon conclusion of the initial interest period, October 31, 2016, SAWS is permitted to change the mode for all or any portion of the Bonds to a different mode or to a SIFMA Index Mode of different duration. The Bonds are subject to a mandatory tender without right of retention at the conclusion of the initial interest period. During the initial interest period, the Bonds are not subject to the benefit of a liquidity facility provided by a third party. Accordingly, a failure to remarket the Bonds at the end of the initial interest period will result in the rescission of the notice of mandatory tender with respect to the Bonds and SAWS has no obligation to purchase the Bonds at such time. The occurrence of a failed remarketing will not result in an event of default under the ordinance. Until SAWS redeems or remarkets the Bonds that had a failed remarketing, the Bonds shall bear interest at the stepped rate of 8.0%.

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, 2013, SAWS has no arbitrage rebate liability associated with any outstanding bonds.

## NOTES TO FINANCIAL STATEMENTS

The following tables summarize revenue bond transactions for the years ended December 31, 2013 and 2012.

<i>(amounts in thousands)</i>	Balance Jan. 1, 2013	Additions/ Transfers	Reductions/ Amortization	Balance Dec. 31, 2013	Due Within One Year
Bonds Payable	\$ 1,987,810	\$ 398,705	\$ 145,600	\$ 2,240,915	\$ 57,850
Less Deferred Amounts:					
Unamortized premium	100,322	23,993	12,395	111,920	
Unamortized discount	(4,587)	385	(201)	(4,001)	
Total deferred amounts	95,735	24,378	12,194	107,919	-
Total Bonds Payable, Net	<u>\$ 2,083,545</u>	<u>\$ 423,083</u>	<u>\$ 157,794</u>	<u>\$ 2,348,834</u>	<u>\$ 57,850</u>

<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)	
Total deferred amounts	4,609	100,274	9,148	95,735	-
Total Bonds Payable, Net	<u>\$ 1,898,839</u>	<u>\$ 540,484</u>	<u>\$ 355,778</u>	<u>\$ 2,083,545</u>	<u>\$ 47,315</u>

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**NOTES TO FINANCIAL STATEMENTS**

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>December 31,</u>	<u>Fixed Rate</u>				<u>Variable Rate</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Interest</u> <u>Rate Subsidy‡</u>	<u>Net Interest</u>	<u>Principal</u>	<u>Interest*</u>
2014	\$ 57,850	\$ 92,683	\$ 3,853	\$ 88,830	\$ -	\$ 740
2015	59,575	90,978	3,969	87,009	-	740
2016	63,915	89,176	3,920	85,256	-	740
2017	68,870	86,749	3,863	82,886	-	740
2018	71,450	84,073	3,798	80,275	-	740
2019 - 2023	392,015	374,930	17,829	357,101	-	3,700
2024 - 2028	455,615	281,844	15,276	266,568	-	3,700
2029 - 2033	341,275	191,735	11,928	179,807	23,190	3,386
2034 - 2038	448,200	95,463	4,652	90,811	37,205	2,113
2039 - 2043	182,150	10,642	283	10,359	39,605	691
	<u>\$2,140,915</u>	<u>\$ 1,398,272</u>	<u>\$ 69,371</u>	<u>\$1,328,901</u>	<u>\$100,000</u>	<u>\$ 17,290</u>

‡ Federal interest rate subsidy on Build America Bonds (BAB) is utilized to pay interest on those bonds but is reported as nonoperating revenue. The federal budgeted approved by the U. S. Congress for the fiscal year ending September 30, 2014, reduced the BAB subsidy paid during the fiscal year by 7.2%. The BAB subsidy to be received by SAWS in May 2014 reflects this reduction. BAB subsidy payments in future periods are reflected at the full amount with no reductions.

\*The variable rate bonds were initially issued in a SIFMA Index Mode with interest rates reset weekly based on the sum of the SIFMA Swap Index and a spread of 0.68%. Interest listed above is based on the interest rate as of December 31 of 0.74%. Actual interest paid will fluctuate based on the SIFMA Swap Index. The interest amount shown above is on an annual basis.

**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



## ***NOTES TO FINANCIAL STATEMENTS***

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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 \$186,655,000 are outstanding as of December 31, 2013. Of this balance, \$98,000,000 relates to the refunding of the Series 2003 Bonds; \$18,655,000 relates to the redemption of the Bexar Metropolitan Development Corporation Water Facility Contract Revenue Bonds, Series 1998; while the remaining \$70,000,000 in proceeds were used solely for financing of capital improvements. Interest rates on the notes outstanding at December 31, 2013 range from 0.09% to 0.14% and maturities range from 28 to 127 days. The outstanding notes had an average rate of 0.10% and averaged 65 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 the amortization schedule of the interest rate swap agreement discussed in Note H, SAWS intends to redeem \$3,105,000 of commercial paper in 2014. Therefore, this portion of the commercial paper is classified as a current liability.

## NOTES TO FINANCIAL STATEMENTS

The following table summarizes transactions of the commercial paper program for the years ended December 31, 2013 and 2012.

<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, 2013	\$ 170,745	\$ 151,000	\$ 135,090	\$ 186,655	\$ 3,105
Year Ended					
December 31, 2012	\$ 214,930	\$ 133,655	\$ 177,840	\$ 170,745	\$ 2,970

### OTHER DEBT MATTERS

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

### NOTE J - CONTINGENCIES AND COMMITMENTS

#### *Water Agreements*

As of December 31, 2013, 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 2014 and others continuing until 2023. Some of the leases include price escalations and the annual cost per acre foot ranges from \$115 to \$140. The future commitments under these leases are as follows:

<i>(dollars in thousands)</i>	2014	2015	2016	2017	2018	Thereafter
Edwards Aquifer - lease payments	\$ 3,415	\$ 3,421	\$ 3,299	\$ 3,394	\$ 3,649	\$ 11,036
Edwards Aquifer - acre feet leased	28,668	28,468	26,767	26,767	26,536	78,826

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 2014-2037 at projected prices ranging from \$874 to approximately \$1,013 per acre foot. SAWS has an option to extend this contract until 2077 under new payment terms.

## ***NOTES TO FINANCIAL STATEMENTS***

Under a contract with the Massah Development Corporation, SAWS has a minimum take or pay commitment to purchase 100 acre-feet per month or 1,200 acre-feet per year of raw water from the Lower Glen Rose/Cow Creek formations of the Trinity Aquifer in northern Bexar County at projected prices ranging from \$615 to \$851 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 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 prior 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 was limited to 3,750 acre-feet during the first twelve months of the agreement. Beginning in July 2013, SAWS is obligated to purchase up to 17,000 acre-feet per year in monthly increments not to exceed 1,417 acre-feet if water is available to be produced. SAWS only pays for delivered water meeting all state and federal drinking water standards. Pumping by WECO may not reduce the Trinity Aquifer below 600 feet Mean Sea Level at test wells on the tracts. The price paid for the raw water in 2014 is \$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>						
	2014	2015	2016	2017	2018	Thereafter
Purchased water payments - fixed	\$ 4,859	\$ 4,958	\$ 5,057	\$ 5,157	\$ 5,258	\$ 101,220
Acre feet purchased - fixed	6,700	6,700	6,700	6,700	6,700	86,800
Purchased water payments - variable	\$ 10,034	\$ 12,638	\$ 12,868	\$ 13,101	\$ 13,336	\$ 171,980
Acre feet purchased - variable	12,150	15,350	15,300	15,250	15,200	171,000

**NOTES TO FINANCIAL STATEMENTS**

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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 13<sup>th</sup> District Court of Appeals. SAWS has entered into 23 separate agreements with land owners to produce up to a maximum of 11,688 acre feet of water from the Carrizo Aquifer. SAWS is obligated to 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. Minimum water payments range from 20% - 30% of the applicable water rate assuming full production of the contracted water rights. The infrastructure needed to produce and transport the water from Gonzales County to San Antonio was completed in late 2013 and SAWS began producing a portion of the available water. Full production is not expected to occur until the second half of 2014 when additional infrastructure to treat the full volume of water is completed. The projected payment to the land owners in 2014 is \$872,000. Once full production is achieved in 2015, the projected payments will increase to \$1,166,000 and escalate annually thereafter based on the average of the increase in the Consumer Price Index and Producers Price Index. These agreements remain in force indefinitely as long as SAWS continues to make payments in accordance with the terms of the agreements.

In 2011, SAWS entered into an agreement with the Schertz Seguin Local Government Corporation (SSLGC) to treat the water produced by SAWS from the Carrizo Aquifer in Gonzales County at its treatment plant in Guadalupe County and transport that water through SSLGC’s existing transportation pipeline to a SAWS facility in Schertz, Texas. As part of that agreement, SSLGC agreed to expand its treatment facilities to handle the volume of water supplied by SAWS. SSLGC issued contract revenue bonds in 2012 to finance the expansion. SAWS is unconditionally obligated to begin making monthly payment to SSLGC in December 2014 equal to 1/12<sup>th</sup> the annual debt service payment owed by SSLGC on the contract revenue bonds regardless of the amount of water actually provided by SAWS to SSLGC for treatment and transportation. The payments due under SAWS’ unconditional commitment to SSLGC are as follows:

*(amounts in thousands)*

2014	2015	2016	2017	2018	Thereafter
\$ 71	\$ 1,462	\$ 1,516	\$ 1,524	\$ 1,524	\$ 33,786

***Other Contingencies and Commitments***

SAWS is also committed under various contracts for completion of construction or acquisition of utility plant totaling approximately \$271 million as of December 31, 2013. Funding of this amount will come from excess revenues, contributions from developers, restricted assets and available commercial paper capacity.

## ***NOTES TO FINANCIAL STATEMENTS***

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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, 2013, SAWS has recorded a liability of \$221,000 related to this post-closure obligation.

In March 2007, SAWS was orally notified by Region 6 of the United States Environmental Protection Agency (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 enforcement action. Since 2007, SAWS has engaged in settlement negotiations with the EPA and the DOJ to resolve the allegations. On June 4, 2013, the Board approved a Consent Decree between SAWS and the United States of America and the State of Texas to resolve this enforcement action. SAWS signed the Consent Decree on June 5, 2013 and the Consent Decree was subsequently executed by the United States of America and the State of Texas. On September 13, 2013, after consideration of the comments received, the United States of America filed its Motion for entry of the Consent Decree, requesting the Court to approve the Consent Decree by signing and entering it. The Consent Decree was signed and entered by the Court on October 15, 2013. During the 10 to 12 year term of the Consent Decree, SAWS estimates the cost to perform the operating and maintenance requirements of the Consent Decree will be approximately \$250 million. Additionally, SAWS estimates that capital investments of approximately \$850 million will be required over the Consent Decree term. As with any estimate, the actual amounts incurred could differ materially.

### **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.

#### **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](http://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 2012 and 2013 plan years were as follows:

**NOTES TO FINANCIAL STATEMENTS**

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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.

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.

## **NOTES TO FINANCIAL STATEMENTS**

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:

	<b>TMRS</b>		<b>SAWSRP</b>	
	<b><u>12/31/2012</u></b>	<b><u>12/31/2011</u></b>	<b><u>1/1/2013</u></b>	<b><u>1/1/2012</u></b>
Active employees	1,660	1,616	1,658	1,617
Retirees and beneficiaries currently receiving benefits	911	870	608	561
Inactive members	377	372	434	414
Total	<b><u>2,948</u></b>	<b><u>2,858</u></b>	<b><u>2,700</u></b>	<b><u>2,592</u></b>

### **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. 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 2013 contribution rate is based on the December 31, 2011 valuation results. The actuarially determined rate was 4.22%

## **NOTES TO FINANCIAL STATEMENTS**

for 2013 and 4.18% for 2012. Employee contributions to the plan for both 2013 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, 2013 and 2012.

#### **Annual Pension Cost** *(amounts in thousands)*

	Year Ended December 31,			
	2013		2012	
	<u>TMRS</u>	<u>SAWSRP</u>	<u>TMRS</u>	<u>SAWSRP</u>
Annual required contributions:				
SAWS	\$ 3,990	\$ 11,289	\$ 3,641	\$ 10,396
Plan members	2,837	-	2,613	-
Interest on net pension obligation	239	-	237	-
Adjustment to annual required contribution	(210)	-	(204)	-
Total annual pension cost	6,856	11,289	6,287	10,396
Contributions made	6,827	11,289	6,254	10,396
Increase in net pension obligation	29	-	33	-
Net pension obligation beginning of year	3,417	-	3,384	-
Net pension obligation end of year	<u>\$ 3,446</u>	<u>\$ -</u>	<u>\$ 3,417</u>	<u>\$ -</u>



## NOTES TO FINANCIAL STATEMENTS

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

### Three Year Trend Information

<u>Plan</u>	<u>Year Ended December 31,</u>	<u>Annual Pension Cost (APC) (in thousands)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (in thousands)</u>
TMRS	2013	\$ 6,856	99.6%	\$ 3,446
	2012	6,287	99.5%	3,417
	2011	7,535	85.8%	3,384
SAWSRP	2013	\$ 11,289	100%	\$ -
	2012	10,396	100%	-
	2011	9,171	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.

### Actuarial Methods and Assumptions

	<u>TMRS</u>	<u>SAWSRP</u>
Actuarial Valuation Date	12/31/2012	1/1/2013
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%	7.0%
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%

## NOTES TO FINANCIAL STATEMENTS

### 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, 2012	\$ 135,354	\$ 156,661	\$ 21,307	86%	\$ 87,098	24%
SAWSRP	January 1, 2013	\$ 107,242	\$ 160,674	\$ 53,432	67%	\$ 89,542	60%

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.

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, 2013 and 2012 is presented in the following tables.

#### San Antonio Water System Retirement Plan Net Position

<i>(amounts in thousands)</i>	December 31,	
	2013	2012
Assets		
Investments	\$ 140,521	\$ 110,227
Liabilities	-	-
Net position held in trust for pension benefits	<u>\$ 140,521</u>	<u>\$ 110,227</u>

## NOTES TO FINANCIAL STATEMENTS

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### San Antonio Water System Retirement Plan

#### Changes in Net Position

For the year ended December 31,

<i>(amounts in thousands)</i>	<u>2013</u>	<u>2012</u>
Additions		
Employer Contributions	\$ 11,289	\$ 10,396
Investment Income	<u>23,583</u>	<u>11,742</u>
Total additions	34,872	22,138
Deductions		
Pension payments	4,574	3,921
Administrative Expenses	<u>4</u>	<u>-</u>
	4,578	3,921
Increase in net position	30,294	18,217
Net position at beginning of year	<u>110,227</u>	<u>92,010</u>
Net position at end of year	<u><u>\$ 140,521</u></u>	<u><u>\$ 110,227</u></u>

## 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, 2013 (the most recent actuarial valuation date):

Active employees	1,680
Retired employees	<u>706</u>
Total	2,386

## **NOTES TO FINANCIAL STATEMENTS**

### **Funding Policy**

The contribution requirements of plan members and SAWS are established and may be amended by the SAWS Board of Trustees. Prior to 2012, SAWS funded all obligations arising under these plans on a pay-as-you-go basis. In March 2012, SAWS established an OPEB Trust for the exclusive purpose of providing benefits to eligible retirees and their dependents. SAWS intends to make annual contributions to the OPEB Trust in accordance with a plan that results in fully funding the actuarially determined annual required contributions for these benefits over a period of time. 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. A summary of plan contributions for the years ended December 31, 2013 and 2012 is below.

	OPEB Contributions (amounts in thousands)	
	Year Ended December 31,	
	2013	2012
SAWS - OPEB Trust	\$ 4,000	\$ 12,000
SAWS - pay-as-you go	8,465	6,753
Total SAWS ontributions	12,465	18,753
Plan members	719	570
Total OPEB contributions	\$ 13,184	\$ 19,323

### **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, 2013 and 2012:

(amounts in thousands)	Year Ended December 31,	
	2013	2012
Annual Required Contribution (ARC)	\$ 21,869	\$ 21,619
Interest on net OPEB obligation	3,776	3,698
Adjustment to ARC	(5,025)	(4,921)
Annual OPEB costs	20,620	20,396
Contributions made	\$ (12,465)	\$ (18,753)
Increase in net OPEB obligation	8,155	1,643
Net OPEB obligation at beginning of year	79,493	77,850
Net OPEB obligation at end of year	\$ 87,648	\$ 79,493

## ***NOTES TO FINANCIAL STATEMENTS***

SAWS' annual OPEB cost and the percentage cost contributed to the plan for the three years ended December 31, 2013, 2012 and 2011 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>
2013	\$ 20,620	60.5%	\$ 87,648
2012	\$ 20,396	91.9%	\$ 79,493
2011	\$ 19,701	34.7%	\$ 77,850

### **Funded Status**

The funded status of SAWS' OPEB plan as of the last actuarial valuation performed as of January 1, 2013 is as follows:

Actuarial Valuation Date	Value of Assets <i>(in thousands)</i> (a)	Liability (AAL) <i>(in thousands)</i> (b)	AAL (UAAL) <i>(in thousands)</i> (b-a)	Funded Ratio (a/b)	Payroll <i>(in thousands)</i> (c)	Percent of Covered Payroll ((b-a)/c)
January 1, 2013	\$ 12,665	\$ 267,567	\$ 254,902	5%	\$ 89,542	285%

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 years ended December 31, 2013 and 2012 is presented in the following tables.

**NOTES TO FINANCIAL STATEMENTS**

San Antonio Water System OPEB Trust

Net Position

(amounts in thousands)

	December 31,	
	2013	2012
Assets		
Cash and cash equivalents	\$ 269	\$ 80
Investments	18,990	12,585
Total Assets	<u>19,259</u>	<u>12,665</u>
Liabilities	-	-
Net position held in trust for pension benefits	<u>\$ 19,259</u>	<u>\$ 12,665</u>

San Antonio Water System OPEB Trust

Changes in Net Position

For the year ended December 31,

(amounts in thousands)

	2013	2012
Additions		
Employer Contributions	\$ 4,000	\$ 12,000
Investment Income	<u>2,649</u>	<u>690</u>
Total additions	6,649	12,690
Deductions		
Administrative expenses	<u>55</u>	<u>25</u>
Increase in Net Position	6,594	12,665
Net position at beginning of year	12,665	-
Net position at end of year	<u>\$ 19,259</u>	<u>\$ 12,665</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.

## NOTES TO FINANCIAL STATEMENTS

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### Actuarial Methods and Assumptions

Actuarial Valuation Date	January 1, 2013
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

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
2013	8.5%	6.9%	2021	6.5%	5.6%
2014	8.3%	6.7%	2022	6.3%	5.4%
2015	8.0%	6.6%	2023	6.0%	5.3%
2016	7.8%	6.4%	2024	5.8%	5.1%
2017	7.5%	6.2%	2025	5.5%	5.0%
2018	7.3%	6.1%	2026	5.3%	4.8%
2019	7.0%	5.9%	2027	5.0%	4.7%
2020	6.8%	5.8%	2028	4.5%	4.5%

### NOTE M – PRIOR PERIOD RESTATEMENT

In 2013, SAWS adopted GASB Statement No. 65 (GASB 65), *Items Previously Reported as Assets and Liabilities*. GASB 65 affects the way SAWS accounts for debt issue costs and reports losses associated with debt refunding. Previously, SAWS capitalized debt issue costs and amortized them over the life of the debt. Debt issue costs are now treated as an expense in the period incurred. Loss on debt refunding is now reported as a deferred outflow of resource instead of a reduction to outstanding debt in the Statement of Net Position. GASB 65 requires all periods presented to be restated to conform to the new requirements.

## NOTES TO FINANCIAL STATEMENTS

The following table shows the impact of adopting GASB 65 on SAWS net position as of December 31, 2012 and 2011.

<i>(amounts in thousands)</i>	<u>2012</u>	<u>2011</u>
Net Position at December 31, as previously reported	\$ 1,957,940	\$ 1,862,440
Expense unamortized bond issuance costs	(23,962)	(22,705)
Net Position at December 31, as restated	<u>\$ 1,933,978</u>	<u>\$ 1,839,735</u>

The following table shows the impact of adopting GASB 65 on various components within the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position for the year ended December 31, 2012.

<i>(amounts in thousands)</i>	<u>Previously Reported Balance at December 31, 2012</u>	<u>Increase/ (Decrease)</u>	<u>Restated Balance at December 31, 2012</u>
<b>Statement of Net Position</b>			
Noncurrent Assets			
Unamortized debt issuance costs	\$ 17,528	\$ (17,528)	\$ -
Deferred Outflow of Resources			
Loss on bond refunding		\$ 30,561	\$ 30,561
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 4,397,619</b>	<b>\$ 13,033</b>	<b>\$ 4,410,652</b>
Noncurrent Liabilities			
Revenue bonds payable after one year, net of unamortized premiums and discounts	\$ 1,999,235	\$ 36,995	\$ 2,036,230
<b>TOTAL LIABILITIES</b>	<b>\$ 2,439,679</b>	<b>\$ 36,995</b>	<b>\$ 2,476,674</b>
Net Position			
Net investment in capital assets	\$ 1,692,909	\$ (6,434)	\$ 1,686,475
Unrestricted	\$ 133,707	\$ (17,528)	\$ 116,179
<b>TOTAL NET POSITION</b>	<b>\$ 1,957,940</b>	<b>\$ (23,962)</b>	<b>\$ 1,933,978</b>
<b>Statement of Revenues, Expenses and Changes in Net Position</b>			
Nonoperating Expenses			
Interest expense	\$ 74,782	\$ (795)	\$ 73,987
Amortization of debt issuance costs/Debt issue costs	\$ 1,783	\$ 2,052	\$ 3,835
<b>CHANGE IN NET POSITION</b>	<b>\$ 95,500</b>	<b>\$ (1,257)</b>	<b>\$ 94,243</b>



***NOTES TO FINANCIAL STATEMENTS***

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**NOTE N – SUBSEQUENT EVENTS**

On March 20, 2014, the San Antonio City Council approved two ordinances authorizing SAWS to issue additional bonds. The ordinances authorize SAWS to issue an amount not to exceed \$300,350,000 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2014A (No Reserve Fund), and City of San Antonio, Texas Water System Variable Rate Junior Lien Revenue and Refunding Bonds, Series 2014B (No Reserve Fund). The proceeds of the bonds are to be used to refund outstanding tax-exempt commercial paper; fund capital improvements; advance refund a portion of the City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2005 for debt service savings; and pay the cost of issuance.

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***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	Actuarial	Unfunded	Funded Ratio (a/b)	Covered	UAAL as a
	Value of Assets <i>(in thousands)</i> (a)	Liability (AAL) <i>(in thousands)</i> (b)	AAL (UAAL) <i>(in thousands)</i> (b-a)		Payroll <i>(in thousands)</i> (c)	Percent of Covered Payroll ((b-a)/c)

**Texas Municipal Retirement System:**

December 31, 2012	\$ 135,354	\$ 156,661	\$ 21,307	86%	\$ 87,098	24%
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%

**San Antonio Water System Retirement Plan:**

January 1, 2013	\$ 107,242	\$ 160,674	\$ 53,432	67%	\$ 89,542	60%
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%

**Other Post Employment Benefit Plan:**

January 1, 2013	\$ 12,665	\$ 267,567	\$ 254,902	5%	\$ 89,542	285%
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**

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

2013	\$ 11,289	100%	\$ -
2012	10,396	100%	-
2011	9,171	100%	-
2010	7,849	100%	-
2009	6,035	100%	-
2008	4,891	100%	-

**Other Post Employment Benefit Plan:**

2013	\$ 21,869	57%	\$ 87,648
2012	21,619	87%	79,493
2011	20,722	33%	77,850
2010	25,759	24%	64,989
2009	25,759	23%	46,027
2008	17,696	29%	26,546

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***OTHER SUPPLEMENTAL INFORMATION***

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***DESCRIPTION OF FUNDS AND COMBINING SCHEDULES***

**San Antonio Water System  
DESCRIPTION OF FUNDS  
For the Year Ended December 31, 2013**

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, 2013**

- (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 SCHEDULE OF NET POSITION**  
**December 31, 2013**  
*(amounts in thousands)*

	<b>System Fund</b>	<b>Debt Service Fund</b>
<b>CURRENT ASSETS</b>		
<i>Unrestricted Current Assets</i>		
Cash and cash equivalents	\$ 46,748	\$ -
Investments	-	-
Accounts receivable	62,242	-
Other current assets	8,843	-
Interfund receivables	20,908	-
Total unrestricted current assets	138,741	-
<i>Restricted Current Assets</i>		
Cash and cash equivalents	-	1
Investments	50,103	53,566
Total restricted current assets	50,103	53,567
<b>Total Current Assets</b>	188,844	53,567
<b>NONCURRENT ASSETS</b>		
<i>Unrestricted Noncurrent Assets</i>		
Accounts receivable, non current	6,189	-
<i>Restricted Noncurrent Assets</i>		
Cash and cash equivalents	-	-
Investments	-	-
Interfund receivables	-	-
<i>Capital Assets:</i>		
Utility plant in service	4,600,681	-
Less allowance for depreciation	1,472,429	-
	3,128,252	-
Land, water rights and other intangible assets	328,919	-
Construction in progress	506,829	-
Total capital assets (net of accumulated depreciation)	3,964,000	-
<b>Total Noncurrent Assets</b>	3,970,189	-
<b>TOTAL ASSETS</b>	4,159,033	53,567
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on bond refunding	30,943	-
Accumulated decrease in fair value of hedging derivatives	8,372	-
	39,315	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	\$ 4,198,348	\$ 53,567

<b>Reserve Fund</b>	<b>Renewal and Replacement Fund</b>	<b>Project Fund</b>	<b>Combined Total</b>
\$ -	\$ 85,015	\$ -	\$ 131,763
-	55,454	-	55,454
-	(1,935)	-	60,307
-	659	-	9,502
-	(20,908)	-	-
-	118,285	-	257,026
-	-	-	1
-	15,512	12,102	131,283
-	15,512	12,102	131,284
-	133,797	12,102	388,310
-	-	-	6,189
15	-	138,134	138,149
89,915	101,604	41,314	232,833
392	(392)	-	-
-	-	-	4,600,681
-	-	-	1,472,429
-	-	-	3,128,252
-	-	-	328,919
-	-	-	506,829
-	-	-	3,964,000
90,322	101,212	179,448	4,341,171
90,322	235,009	191,550	4,729,481
-	-	-	30,943
-	-	-	8,372
-	-	-	39,315
<u>\$ 90,322</u>	<u>\$ 235,009</u>	<u>\$ 191,550</u>	<u>\$ 4,768,796</u>

**San Antonio Water System**  
**COMBINING SCHEDULE OF NET POSITION**  
**December 31, 2013**  
*(amounts in thousands)*

	<b>System Fund</b>	<b>Debt Service Fund</b>
<b>LIABILITIES</b>		
<b>Current Liabilities To Be Paid From Unrestricted Assets</b>		
Accounts payable	\$ 34,527	\$ -
Accrued vacation payable	7,412	-
Accrued payroll and benefits	2,482	-
Accrued claims payable	7,310	-
Sundry payables and accruals	1,339	-
Total unrestricted current liabilities	53,070	-
<b>Current Liabilities To Be Paid From Restricted Assets</b>		
Accrued interest payable	-	13,857
Payables under construction contracts	-	-
Customers' deposits	9,447	-
Commercial paper notes	3,105	-
Revenue bonds payable within one year	57,850	-
Total restricted current liabilities	70,402	13,857
<b>Total Current Liabilities</b>	123,472	13,857
<b>Noncurrent Liabilities</b>		
Accrued vacation payable	766	-
Unfunded postemployment benefits	91,094	-
Derivative instrument	13,392	-
Commercial paper notes	183,550	-
Revenue bonds payable after one year, net of unamortized premiums and discounts	2,263,222	-
<b>Total Noncurrent Liabilities</b>	2,552,024	-
<b>TOTAL LIABILITIES</b>	2,675,496	13,857
<b>NET POSITION</b>		
Net investment in capital assets	1,482,196	-
Restricted for operations	40,656	-
Restricted for debt service	-	39,710
Restricted for reserve fund	-	-
Unrestricted	-	-
<b>TOTAL NET POSITION</b>	\$ 1,522,852	\$ 39,710

<u>Reserve Fund</u>	<u>Renewal and Replacement Fund</u>	<u>Project Fund</u>	<u>Combined Total</u>
\$ -	\$ -	\$ -	\$ 34,527
-	-	-	7,412
-	-	-	2,482
-	-	-	7,310
-	-	-	1,339
<u>-</u>	<u>-</u>	<u>-</u>	<u>53,070</u>
-	-	-	13,857
-	15,512	12,102	27,614
-	-	-	9,447
-	-	-	3,105
<u>-</u>	<u>-</u>	<u>-</u>	<u>57,850</u>
<u>-</u>	<u>15,512</u>	<u>12,102</u>	<u>111,873</u>
-	15,512	12,102	164,943
-	-	-	766
-	-	-	91,094
-	-	-	13,392
-	-	-	183,550
<u>27,762</u>	<u>-</u>	<u>-</u>	<u>2,290,984</u>
<u>27,762</u>	<u>-</u>	<u>-</u>	<u>2,579,786</u>
27,762	15,512	12,102	2,744,729
-	101,212	179,448	1,762,856
-	-	-	40,656
-	-	-	39,710
62,560	-	-	62,560
<u>-</u>	<u>118,285</u>	<u>-</u>	<u>118,285</u>
<u>\$ 62,560</u>	<u>\$ 219,497</u>	<u>\$ 179,448</u>	<u>\$ 2,024,067</u>

**San Antonio Water System**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**For the Year Ended December 31, 2013**  
*(amounts in thousands)*

	<b>System Fund</b>	<b>Debt Service Fund</b>
<b>OPERATING REVENUES</b>		
Water delivery system	\$ 119,767	\$ -
Water supply system	134,367	-
Wastewater system	195,584	-
Chilled water and steam system	12,621	-
Total operating revenues	462,339	-
<b>OPERATING EXPENSE</b>		
Salaries and fringe benefits	125,210	-
Contractual services	107,194	-
Materials and supplies	23,355	-
Other charges	20,423	-
Less: Costs capitalized to Construction in Progress	(31,834)	-
Total operating expenses before depreciation	244,348	-
Depreciation expense	111,375	-
Total operating expenses	355,723	-
Operating income	106,616	-
<b>NONOPERATING REVENUES:</b>		
Interest earned and miscellaneous	670	3,841
<b>NONOPERATING EXPENSES:</b>		
Interest expense	(18,293)	93,899
Debt issue costs	4,112	-
Other finance charges	2,361	-
Gain on sale of capital assets	(1,075)	-
Payments to the City of San Antonio	11,528	-
Payments to other entities	130	-
Total nonoperating expenses	(1,237)	93,899
Increase/(Decrease) in net position, before capital contributions	108,523	(90,058)
Capital contributions	32,890	-
<b>CHANGE IN NET POSITION - carried forward</b>	<b>\$ 141,413</b>	<b>\$ (90,058)</b>



<b>Reserve Fund</b>	<b>Renewal and Replacement Fund</b>	<b>Project Fund</b>	<b>Combined Total</b>
\$ -	\$ -	\$ -	\$ 119,767
-	-	-	134,367
-	-	-	195,584
-	-	-	12,621
-	-	-	462,339
-	-	-	125,210
-	-	-	107,194
-	-	-	23,355
-	-	-	20,423
-	-	-	(31,834)
-	-	-	244,348
-	-	-	111,375
-	-	-	355,723
-	-	-	106,616
204	655	40	5,410
-	-	-	75,606
-	-	-	4,112
-	-	-	2,361
-	-	-	(1,075)
-	-	-	11,528
-	-	-	130
-	-	-	92,662
204	655	40	19,364
-	37,835	-	70,725
<u>\$ 204</u>	<u>\$ 38,490</u>	<u>\$ 40</u>	<u>\$ 90,089</u>

**San Antonio Water System**  
**COMBINING SCHEDULE OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**For the Year Ended December 31, 2013**  
*(amounts in thousands)*

	<b>System Fund</b>	<b>Debt Service Fund</b>
<b>CHANGE IN NET POSITION - brought forward</b>	\$ 141,413	\$ (90,058)
Equity, December 31, 2012 (restated)	1,602,795	34,254
Residual equity transfers in (out)	(205,601)	145,799
Commercial paper issued	(151,000)	-
Proceeds from Bond Issue	(414,091)	-
Bond issuance costs	4,112	-
Repayment of commercial paper	135,090	(2,970)
Retirement of bonds	145,600	(47,315)
Expenditures for plant additions	264,534	-
Net position, December 31, 2013	\$ 1,522,852	\$ 39,710

<b>Reserve Fund</b>	<b>Renewal and Replacement Fund</b>	<b>Project Fund</b>	<b>Combined Total</b>
\$ 204	\$ 38,490	\$ 40	\$ 90,089
58,681	200,147	38,101	1,933,978
3,675	56,127	-	-
-	-	151,000	-
-	-	414,091	-
-	-	(4,112)	-
-	-	(132,120)	-
-	-	(98,285)	-
-	(75,267)	(189,267)	-
<u>\$ 62,560</u>	<u>\$ 219,497</u>	<u>\$ 179,448</u>	<u>\$ 2,024,067</u>

**San Antonio Water System**  
**COMBINING SCHEDULE OF CASH FLOWS**  
**For the Year Ended December 31, 2013**  
*(amounts in thousands)*

	<b>System Fund</b>	<b>Debt Service Fund</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 456,674	\$ -
Cash paid to vendors for operations	(124,569)	-
Cash paid to employees for services	(102,898)	-
Net cash provided by operating activities	<hr/> 229,207	<hr/> -
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers to the City of San Antonio	(7,981)	-
Transfers to other entities	(101)	-
Transfers in (out)	(24,152)	383
Equity transfers	(205,601)	145,799
Net cash provided by/(used for) noncapital financing activities	<hr/> (237,835)	<hr/> 146,182
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of capital assets	2,416	-
Proceeds from developers for plant construction	-	-
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	-	(2,970)
Proceeds from revenue bonds	-	-
Payment for retirement of revenue bonds	-	(47,315)
Payment of interest on commercial paper	-	(4,494)
Payment of interest on revenue bonds	-	(89,592)
Payment for bond related expenses	-	-
Payment for bank charges	(2,520)	-
Net cash provided by/(used for) capital and related financing	<hr/> (104)	<hr/> (144,371)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(2,449)	(118,849)
Maturity of investments	-	113,196
Interest income	669	3,841
Net cash used for investing activities	<hr/> (1,780)	<hr/> (1,812)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(10,512)	(1)
<b>CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR</b>	57,260	2
<b>CASH AND CASH EQUIVALENTS, AT END OF YEAR</b>	<hr/> <hr/> \$ 46,748	<hr/> <hr/> \$ 1

<b>Reserve Fund</b>	<b>Renewal and Replacement Fund</b>	<b>Project Fund</b>	<b>Combined Total</b>
\$ -	\$ -	\$ -	\$ 456,674
-	-	-	(124,569)
-	-	-	(102,898)
-	-	-	229,207
-	-	-	(7,981)
-	-	-	(101)
(4)	23,773	-	-
3,675	56,127	-	-
<u>3,671</u>	<u>79,900</u>	<u>-</u>	<u>(8,082)</u>
-	-	-	2,416
-	37,289	-	37,289
-	(18,164)	-	(18,164)
-	(13,671)	-	(13,671)
-	(12,555)	-	(12,555)
-	(46,288)	(193,408)	(239,696)
-	-	151,000	151,000
-	-	-	(2,970)
5,452	-	188,531	193,983
-	-	(4,845)	(52,160)
-	-	-	(4,494)
-	-	-	(89,592)
-	-	(4,112)	(4,112)
-	-	-	(2,520)
<u>5,452</u>	<u>(53,389)</u>	<u>137,166</u>	<u>(55,246)</u>
(52,679)	(440,749)	(91,630)	(706,356)
42,944	423,124	49,108	628,372
49	1,116	139	5,814
<u>(9,686)</u>	<u>(16,509)</u>	<u>(42,383)</u>	<u>(72,170)</u>
(563)	10,002	94,783	93,709
578	75,013	43,351	176,204
<u>\$ 15</u>	<u>\$ 85,015</u>	<u>\$ 138,134</u>	<u>\$ 269,913</u>

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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>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
<b>SOURCES OF FUNDS</b>			
<b>OPERATING REVENUES</b>			
Water delivery system	\$ 119,767	\$ 121,078	\$ (1,311)
Water supply system	134,367	136,704	(2,337)
Wastewater System	195,584	168,368	27,216
Chilled water and steam system	12,621	12,378	243
<b>Total operating revenues</b>	<u>462,339</u>	<u>438,528</u>	<u>23,811</u>
<b>NONOPERATING REVENUES</b>			
Interest earned and miscellaneous	5,410	6,149	(739)
Other financing sources (draw on equity)	1,400	6,900	(5,500)
<b>Total nonoperating revenues</b>	<u>6,810</u>	<u>13,049</u>	<u>(6,239)</u>
<b>CAPITAL CONTRIBUTIONS</b>			
Capital Recovery Fees	37,289	36,761	528
Grant Revenue	545	237	308
<b>Total capital contributions</b>	<u>37,834</u>	<u>36,998</u>	<u>836</u>
<b>TOTAL SOURCES OF FUNDS</b>	<u>\$ 506,983</u>	<u>\$ 488,575</u>	<u>\$ 18,408</u>
<b>USES OF FUNDS</b>			
<b>OPERATION AND MAINTENANCE</b>			
Salaries and fringe benefits	\$ 123,424	\$ 123,619	\$ (195)
Contractual services	107,194	100,165	7,029
Materials and supplies	23,355	23,966	(611)
Other charges	12,676	19,581	(6,905)
Less: Costs capitalized to Construction in Progress	(30,855)	(33,414)	2,559
<b>Total operation and maintenance</b>	<u>235,794</u>	<u>233,917</u>	<u>1,877</u>
<b>OPERATING RESERVE REQUIREMENT</b>	2,267	3,162	(895)
<b>DEBT REQUIREMENTS</b>			
Interest costs	93,912	89,305	4,607
Retirement of bonds	55,496	49,301	6,195
Other debt expense	2,361	2,934	(573)
<b>Total debt requirements</b>	<u>151,769</u>	<u>141,540</u>	<u>10,229</u>
<b>TRANSFER TO THE CITY'S GENERAL FUND</b>	11,528	11,161	367
<b>AMOUNT AVAILABLE FOR TRANSFER TO THE RENEWAL AND REPLACEMENT FUND:</b>			
<b>CAPITAL CONTRIBUTIONS</b>	37,834	36,998	836
<b>GENERAL</b>	67,791	61,797	5,994
<b>Total amount available for Renewal and Replacement Funds</b>	<u>105,625</u>	<u>98,795</u>	<u>6,830</u>
<b>TOTAL USES OF FUNDS</b>	<u>\$ 506,983</u>	<u>\$ 488,575</u>	<u>\$ 18,408</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, 2013**

<b>SOURCES OF FUNDS</b>	<u>Actual</u>	<u>Annual Budget</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>			
Water delivery system	\$ 119,767	\$ 123,368	\$ (3,601)
Water supply system	134,367	134,797	(430)
Wastewater System	195,584	188,699	6,885
Chilled water and steam system	12,621	11,816	805
<b>Total operating revenues</b>	<u>462,339</u>	<u>458,680</u>	<u>3,659</u>
<b>NONOPERATING REVENUES</b>			
Interest earned and miscellaneous	5,410	4,957	453
Other financing sources (draw on equity)	1,400	1,400	-
<b>Total nonoperating revenues</b>	<u>6,810</u>	<u>6,357</u>	<u>453</u>
<b>CAPITAL CONTRIBUTIONS</b>			
Capital Recovery Fees	37,289	36,000	1,289
Grant Revenue	545	-	545
<b>Total capital contributions</b>	<u>37,834</u>	<u>36,000</u>	<u>1,834</u>
<b>TOTAL SOURCES OF FUNDS</b>	<u>\$ 506,983</u>	<u>\$ 501,037</u>	<u>\$ 5,946</u>
<b>USES OF FUNDS</b>			
<b>OPERATION AND MAINTENANCE</b>			
Salaries and fringe benefits	\$ 123,424	\$ 128,718	\$ 5,294
Contractual services	107,194	116,743	9,549
Materials and supplies	23,355	21,450	(1,905)
Other charges	12,676	11,363	(1,313)
Less: Costs capitalized to Construction in Progress	(30,855)	(34,337)	(3,482)
<b>Total operation and maintenance</b>	<u>235,794</u>	<u>243,937</u>	<u>8,143</u>
<b>OPERATING RESERVE REQUIREMENT</b>	2,267	5,664	3,397
<b>DEBT REQUIREMENTS</b>			
Interest costs	93,912	101,800	7,888
Retirement of bonds	55,496	59,509	4,013
Other Debt Expense	2,361	2,827	466
<b>Total debt requirements</b>	<u>151,769</u>	<u>164,136</u>	<u>12,367</u>
<b>TRANSFER TO THE CITY'S GENERAL FUND</b>	11,528	11,689	161
<b>AMOUNT AVAILABLE FOR TRANSFER TO THE RENEWAL AND REPLACEMENT FUND:</b>			
<b>CAPITAL CONTRIBUTIONS</b>	37,834	36,000	(1,834)
<b>GENERAL</b>	67,791	39,611	(28,180)
<b>Total amount available for Renewal and Replacement Funds</b>	<u>105,625</u>	<u>75,611</u>	<u>(30,014)</u>
<b>TOTAL USES OF FUNDS</b>	<u>\$ 506,983</u>	<u>\$ 501,037</u>	<u>\$ (5,946)</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, 2013

		<i>(amounts in thousands)</i>			
Account Code	Classification	Actual	Budget (as amended)	Variance Over/(Under)	%
<b>SALARIES AND FRINGE BENEFITS</b>					
511100	Salaries	\$ 79,520	\$ 82,734	\$ 3,214	3.9%
511140	Overtime Pay	3,449	2,398	(1,051)	-43.8%
511150	On-Call Pay	450	340	(110)	-32.4%
511160	Employee Insurance	12,568	14,677	2,109	14.4%
511162	Employee Retirement	20,042	22,181	2,139	9.6%
511164	Compensation for Unused Sick Leave	27	35	8	22.9%
511166	Personal Leave Buyback	792	887	95	10.7%
511168	Vacation Pay	863	1,170	307	26.2%
511170	Incentive Pay	2,033	296	(1,737)	-586.8%
511175	Other postemployment benefits	4,000	4,000	-	0.0%
511740	Direct labor charged to SAWS District Special Project	(320)	-	320	n/a
	Total Salaries and Fringe Benefits	123,424	128,718	5,294	4.1%
<b>CONTRACTUAL SERVICES</b>					
511210	Operating Expense	1,695	1,808	113	6.3%
511211	Rental of Facilities	256	237	(19)	-8.0%
511212	Alarm and Security	1,556	1,576	20	1.3%
511213	Collection Expense	-	82	82	100.0%
511214	Shoe Reimbursement	248	258	10	3.9%
511216	Catering Services	73	92	19	20.7%
511219	Program Rebates	736	935	199	21.3%
511220	Maintenance Expense	9,276	9,317	41	0.4%
511221	Street Cut Permit	620	886	266	30.0%
511222	Street Pavement Repair Fees	1,132	1,002	(130)	-13.0%
511223	Preventative Maintenance	61	67	6	9.0%
511224	Corrective Maintenance	1,151	1,050	(101)	-9.6%
511225	Damage Repair	158	175	17	9.7%
511230	Outside Equipment Rental	494	340	(154)	-45.3%
511240	Travel	46	165	119	72.1%
511245	Training	244	542	298	55.0%
511247	Conferences	34	44	10	22.7%
511250	Memberships and Subscriptions	238	346	108	31.2%
511260	Utilities	25,831	24,368	(1,463)	-6.0%
511261	Water Options & Purchases	15,157	16,789	1,632	9.7%
511265	Groundwater District Payments	18,244	21,351	3,107	14.6%
511270	Postage	1,864	2,082	218	10.5%
511280	Telemetry Charges	26	50	24	48.0%
511309	Educational Assistance - Books	14	15	1	6.7%
511310	Educational Assistance - Tuition	263	210	(53)	-25.2%
511312	Contractual Professional Services	19,967	22,983	3,016	13.1%
511313	Inspection and Assessment Fees	1,556	1,646	90	5.5%
511315	Temporary Employees	740	468	(272)	-58.1%
511320	Legal Services	1,622	3,287	1,665	50.7%
511370	Communications	1,101	1,138	37	3.3%
511381	Software and Hardware Maintenance	2,791	3,434	643	18.7%
	Total Contractual Services	107,194	116,743	9,549	8.2%

**San Antonio Water System**  
**SCHEDULE OF OPERATION AND MAINTENANCE EXPENSE BY ACCOUNT (SYSTEM FUND)**  
For the year ended December 31, 2013

		<i>(amounts in thousands)</i>			
Account Code	Classification	Actual	Budget (as amended)	Variance Over/(Under)	%
<b>MATERIALS AND SUPPLIES</b>					
511410	Small Tools	720	578	(142)	-24.6%
511417	Copy and Printing Expense	11	25	14	56.0%
511420	Operating Materials and Supplies	2,248	2,466	218	8.8%
511421	Heating Fuel	58	77	19	24.7%
511422	Chemicals	5,822	6,479	657	10.1%
511425	Education of School Children	27	25	(2)	-8.0%
511426	Public Awareness	12	-	(12)	n/a
511427	Enforcement	-	120	120	100.0%
511428	Program Materials	1,558	864	(694)	-80.3%
511430	Maintenance Materials and Supplies	8,186	6,344	(1,842)	-29.0%
511440	Safety Materials and Supplies	733	748	15	2.0%
511441	Inventory Variances	(42)	19	61	321.1%
511450	Tires and Tubes	664	501	(163)	-32.5%
511451	Motor Fuel and Lubricants	3,358	3,204	(154)	-4.8%
	Total Materials and Supplies	<u>23,355</u>	<u>21,450</u>	<u>(1,905)</u>	-8.9%
<b>OTHER CHARGES</b>					
511510	Judgment and Claim Settlements	642	621	(21)	-3.4%
511511	Auto & General Liability Claims - Contingent Liability	(236)	482	718	149.0%
511520	Bank Charges	1,047	830	(217)	-26.1%
511530	Employee Relations	135	270	135	50.0%
511540	Dependent & Retiree Med Coverage	8,465	6,824	(1,641)	-24.0%
511570	General Liability & Fire Insurance	1,259	1,414	155	11.0%
511580	Unemployment Compensation	34	42	8	19.0%
511590	Workers' Compensation - Medical Payments	764	600	(164)	-27.3%
511600	Workers' Compensation - Contingent Liability	179	-	(179)	n/a
511610	Workers' Compensation - Benefits and Payments	346	250	(96)	-38.4%
511620	Workers' Compensation - Misc. Claims Expenditures	39	30	(9)	-30.0%
	Total Other Charges	<u>12,676</u>	<u>11,363</u>	<u>(1,313)</u>	-11.6%
	Subtotal before Transfers	266,649	278,274	11,625	4.2%
511720	Interfund Transfers	<u>(30,855)</u>	<u>(34,337)</u>	<u>(3,482)</u>	10.1%
	Total Interfund Transfers	<u>(30,855)</u>	<u>(34,337)</u>	<u>(3,482)</u>	10.1%
	Total Operation and Maintenance	<u>\$ 235,794</u>	<u>\$ 243,937</u>	<u>\$ 8,143</u>	<u>3.3%</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, 2013 and 2012**

**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, 2013 and 2012.

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. Due to a restructuring of TMRS's internal account structure, in 2012 the contribution rate was lowered and the eight-year phase-in rates were eliminated. SAWS' contributions to TMRS for 2012 and 2013 were equal to the actuarial

**San Antonio Water System**  
**Notes to Supplemental Schedules**  
**For the years ended December 31, 2013 and 2012**

required contributions (ARC). Due to the net pension obligation created by contributing at the phase-in rates in prior years, annual pension cost was slightly higher than the ARC for 2012 and 2013. This additional cost was not funded in either year.

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 2012 and 2013 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,	
	2013	2012
Operating and maintenance costs	\$ 235,794	\$ 233,917
Unfunded benefit expense	8,184	1,675
Write-off of asset impairments	1,349	2,210
Less portion of unfunded benefits capitalized to Construction in Progress	(979)	(226)
Operating expenses before depreciation per Statement of Revenues, Expenses and Changes in Net Position	\$ 244,348	\$ 237,576

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***STATISTICAL SECTION***

**San Antonio Water System  
Statistical Section  
Table of Contents**

*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									
	2013	2012 (a)	2011 (a)	2010	2009	2008	2007	2006	2005	2004
<b>System Fund:</b>										
Net investment in capital assets	\$ 1,482,196	\$ 1,564,406	\$ 1,447,651	\$ 1,291,968	\$ 1,262,840	\$ 1,297,893	\$ 1,104,726	\$ 971,355	\$ 887,192	\$ 792,641
Restricted	40,656	38,389	35,227	33,955	34,649	32,257	29,567	28,380	32,870	27,844
Unrestricted	-	-	-	19,017	19,407	17,937	19,475	27,649	30,849	81,920
Total net position - System Fund	1,522,852	1,602,795	1,482,878	1,344,940	1,316,896	1,348,087	1,153,768	1,027,384	950,911	902,405
<b>Internal Service Fund (b):</b>										
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
<b>Debt Service Fund:</b>										
Restricted	39,710	34,254	34,862	31,222	27,511	25,790	21,324	18,350	15,978	11,706
Total net position - Debt Service Fund	39,710	34,254	34,862	31,222	27,511	25,790	21,324	18,350	15,978	11,706
<b>Reserve Fund:</b>										
Restricted	62,560	58,681	54,696	50,688	41,479	11,222	-	-	-	-
Total net position - Reserve Fund	62,560	58,681	54,696	50,688	41,479	11,222	-	-	-	-
<b>Renewal &amp; Replacement Fund:</b>										
Net investment in capital assets	101,212	83,968	98,455	98,555	89,888	85,191	116,344	114,701	73,733	77,767
Unrestricted	118,285	116,179	120,363	94,402	134,096	171,992	185,220	171,037	105,273	23,484
Total net position - Renewal & Replacement Fund	219,497	200,147	218,818	192,957	223,984	257,183	301,564	285,738	179,006	101,251
<b>Project Fund:</b>										
Net investment in capital assets	179,448	38,101	48,481	159,254	168,738	83,567	93,273	75,673	78,910	91,430
Total net position - Project Fund	179,448	38,101	48,481	159,254	168,738	83,567	93,273	75,673	78,910	91,430
<b>Total - All Funds:</b>										
Net investment in capital assets	1,762,856	1,686,475	1,594,587	1,549,777	1,521,466	1,466,651	1,314,343	1,162,225	1,040,657	962,881
Restricted	142,926	131,324	124,785	115,865	103,639	69,269	50,891	46,730	48,848	39,550
Unrestricted	118,285	116,179	120,363	113,419	153,503	189,929	204,695	208,057	145,597	115,636
Total Net Position	\$ 2,024,067	\$ 1,933,978	\$ 1,839,735	\$ 1,779,061	\$ 1,778,608	\$ 1,725,849	\$ 1,569,929	\$ 1,417,012	\$ 1,235,102	\$ 1,118,067

(a) Amounts have been restated as a result of the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*.  
 (b) 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									
	2013	2012 (a)	2011 (a)	2010	2009	2008	2007	2006	2005	2004
Operating revenues:										
Water delivery	\$ 119,767	\$ 121,078	\$ 125,188	\$ 106,864	\$ 105,204	\$ 111,379	\$ 89,991	\$ 104,104	\$ 92,954	\$ 72,495
Water supply	134,367	136,704	130,755	117,402	113,783	123,167	101,550	117,626	107,506	78,123
Wastewater	195,584	168,368	150,520	132,408	133,641	127,400	123,180	123,780	112,769	98,691
Chilled water & steam	12,621	12,378	11,631	12,223	12,714	12,675	12,997	13,146	13,304	11,963
	<u>462,339</u>	<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>
Operating expenses before depreciation:										
Salaries and fringe benefits	125,210	125,295	127,816	121,523	115,177	103,556	95,821	90,857	81,752	80,403
Contractual services	107,194	100,165	66,900	82,708	89,112	89,894	83,243	82,121	87,272	69,127
Materials and supplies	23,355	23,966	24,868	20,320	22,768	22,438	17,947	16,330	15,035	14,144
Other charges	20,423	21,790	21,756	36,883	24,398	20,735	17,884	11,201	9,804	8,074
Less: Costs capitalized to										
Construction in Progress	(31,834)	(33,640)	(32,282)	(34,945)	(35,643)	(31,137)	(29,334)	(23,244)	(22,714)	(19,053)
Internal Service Fund - net (gain)/loss					-	-	-	-	704	(249)
Operating expense before depreciation	<u>244,348</u>	<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>
Depreciation	111,375	103,034	98,374	107,761	86,535	83,494	78,307	71,312	67,958	60,646
Total operating expenses	<u>355,723</u>	<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>
Operating Income	106,616	97,918	110,662	34,647	62,995	85,641	63,850	110,079	86,722	48,180
Non-operating revenues:										
Interest and miscellaneous	5,410	6,149	5,955	3,625	4,511	14,382	24,442	20,716	10,007	7,060
Non-operating expenses:										
Interest expense	75,606	73,987	77,022	76,805	67,686	63,556	63,672	60,612	46,788	41,592
Debt issue costs/Amortization of debt issuance costs	4,112	3,835	2,346	2,081	1,465	1,521	1,015	645	537	500
Other finance charges	2,361	2,934	2,881	2,936	2,508	1,418	880	1,081	931	1,144
(Gain)/Loss on sale of capital assets	(1,075)	(430)	(773)	(392)	104	(4,014)	4	(2,266)	1,227	(131)
Payments to City of San Antonio	11,528	11,161	10,926	9,565	9,740	10,448	9,376	10,026	8,983	7,102
Payments to other entities	130	122	124	124	119	119	192	211	213	184
Total non-operating expense	<u>92,662</u>	<u>91,609</u>	<u>92,526</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>
Special Items	-	-	-	-	-	-	-	(4,999)	(3,584)	(9,786)
Increases (decreases) in net position, before capital contributions	19,364	12,458	24,091	(52,847)	(14,116)	26,975	13,153	55,487	34,466	(4,937)
Capital contributions										
Plant Contributions	32,891	44,787	23,263	27,162	42,190	91,827	104,795	81,208	48,238	45,302
Capital Recovery Fees	37,289	36,761	35,872	25,038	23,636	36,842	32,926	45,112	33,171	24,226
Grant Revenue	545	237	345	1,100	1,049	276	2,043	103	1,160	-
Total contributions	<u>70,725</u>	<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>
Change in net position	<u>\$ 90,089</u>	<u>\$ 94,243</u>	<u>\$ 83,571</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>

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

	Fiscal Year									
	2013	2012 (a)	2011 (a)	2010	2009 (b)	2008 (b)	2007	2006	2005	2004
<b>Assets:</b>										
Capital Assets, net of accumulated depreciation	\$ 3,964,000	\$ 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
Cash and Investments	689,482	517,876	528,761	575,629	576,652	478,919	480,240	435,543	337,322	307,769
Other Assets	75,999	71,241	63,658	75,578	74,823	71,110	72,796	65,482	64,828	59,691
<b>Total Assets</b>	<b>4,729,481</b>	<b>4,360,345</b>	<b>4,145,484</b>	<b>4,014,074</b>	<b>3,825,739</b>	<b>3,517,219</b>	<b>3,250,628</b>	<b>2,972,154</b>	<b>2,740,430</b>	<b>2,547,481</b>
<b>Deferred Outflows of Resources</b>										
Loss on Bond Refunding										
Accumulated Decrease in Fair Value of Hedging Derivatives	30,943	30,561	2,494							
	8,372	19,746	18,380	5,575						
<b>Total Deferred Outflows of Resources</b>	<b>39,315</b>	<b>50,307</b>	<b>20,874</b>	<b>5,575</b>						
<b>Liabilities:</b>										
Revenue Bonds Payable (net)	2,348,834	2,083,545	1,898,839	1,832,523	1,743,689	1,408,182	1,492,865	1,257,642	1,348,054	1,134,379
Commercial Paper Notes	186,655	170,745	214,930	244,650	173,650	261,115	100,000	237,360	98,000	238,400
Other Liabilities	209,240	222,384	212,854	163,415	129,792	122,073	87,834	60,140	59,274	56,635
<b>Total Liabilities</b>	<b>2,744,729</b>	<b>2,476,674</b>	<b>2,326,623</b>	<b>2,240,588</b>	<b>2,047,131</b>	<b>1,791,370</b>	<b>1,680,699</b>	<b>1,555,142</b>	<b>1,505,328</b>	<b>1,429,414</b>
<b>Net Position in System</b>	<b>\$ 2,024,067</b>	<b>\$ 1,933,978</b>	<b>\$ 1,839,735</b>	<b>\$ 1,779,061</b>	<b>\$ 1,778,608</b>	<b>\$ 1,725,849</b>	<b>\$ 1,569,929</b>	<b>\$ 1,417,012</b>	<b>\$ 1,235,102</b>	<b>\$ 1,118,067</b>
<b>Percentage Net Position in System</b>	<b>42.7%</b>	<b>44.2%</b>	<b>44.2%</b>	<b>44.3%</b>	<b>46.5%</b>	<b>49.1%</b>	<b>48.3%</b>	<b>47.7%</b>	<b>45.1%</b>	<b>43.9%</b>

(a) Amounts have been restated as a result of the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*.

(b) 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)
2013	66,391	55,108	11,283	16.99%	50,076	\$ 7.31	\$ 20.09	\$ 11.54	\$ 14.27
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

- (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. Includes the State-Imposed TCEQ fee. See Schedule 13 for additional information.
- (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). Includes the State-Imposed TCEQ fee.
- (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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Water Sales:										
Residential Class	\$71,536	\$72,620	\$79,332	\$66,410	\$65,333	\$68,516	\$56,096	\$65,927	\$58,351	\$44,829
General Class	35,099	35,504	33,571	32,326	32,943	32,330	29,313	31,606	28,613	24,006
Wholesale Class	1,640	1,255	234	136	204	179	120	145	182	114
Irrigation Class (a)	10,893	11,164	11,722	12,909	12,176	16,124	10,659	12,541	11,723	8,210
Total Water	119,168	120,543	124,859	111,781	110,656	117,149	96,188	110,219	98,869	77,159
Water Supply Fees (b)										
Residential Class	43,121	44,163	51,696	45,312	45,909	49,042	39,081	48,403	42,283	28,623
General Class	32,393	32,537	31,586	29,764	30,403	30,140	28,105	29,531	27,036	19,945
Wholesale Class	3,227	2,294	202	158	178	160	132	166	165	104
Irrigation Class	12,057	12,058	13,029	7,154	6,288	8,016	5,285	6,154	5,741	3,559
Total Water Supply Fees	90,798	91,052	96,513	82,388	82,778	87,358	72,603	84,254	75,225	52,231
EAA Pass-through fees (c)										
Residential Class	9,905	10,841	4,767	5,423	3,605	5,893	3,561	4,925	4,818	3,304
General Class	6,991	7,352	2,930	3,648	2,387	3,622	2,560	3,005	3,080	2,303
Wholesale Class	659	509	18	19	14	19	12	17	19	12
Irrigation Class	1,134	1,242	540	765	494	963	481	626	654	411
Total Pass-through fees	18,689	19,944	8,255	9,855	6,500	10,497	6,614	8,573	8,571	6,030
Conservation Fees:										
Residential Class	2,454	2,986	3,682	2,814	2,962	3,663	1,986	4,112	3,291	2,411
General Class	6,606	7,040	6,702	4,461	4,008	3,938	3,957	3,637	3,968	3,558
Total Conservation	9,060	10,026	10,384	7,275	6,970	7,601	5,943	7,749	7,259	5,969
Wastewater Sales:										
Residential Class	116,775	98,674	88,702	79,118	81,202	75,752	72,212	72,901	63,605	55,763
General Class	62,300	54,175	48,271	41,768	41,343	40,034	38,554	38,325	37,342	31,622
Wholesale Class	7,599	6,761	6,105	5,044	5,225	5,281	6,469	6,704	6,435	5,695
Surcharge	5,438	5,134	4,815	4,861	4,648	4,614	4,409	4,271	4,081	4,019
Total Wastewater	192,112	164,744	147,893	130,791	132,418	125,681	121,644	122,201	111,463	97,099
TCEQ Pass-through fees (d)										
Water customers	1,086	1,064	1,178	964	-	-	-	-	-	-
Wastewater customers	347	411	464	280	-	-	-	-	-	-
	1,433	1,475	1,642	1,244	-	-	-	-	-	-
Recycled Water Sales	5,161	5,074	5,068	3,955	4,393	4,287	3,244	3,795	3,100	2,669
Stormwater Fees	5,058	4,558	4,158	3,745	3,358	3,037	3,056	3,056	2,938	2,746
Chilled Water & Steam	12,719	12,485	11,715	12,337	12,714	12,758	13,101	13,243	13,371	12,028
Miscellaneous Fees and Charges	12,787	12,427	10,193	8,872	9,266	9,541	7,944	8,204	7,374	6,756
Provision for Uncollectible Accounts	(4,646)	(3,800)	(2,811)	(3,463)	(3,711)	(3,288)	(2,619)	(2,638)	(1,637)	(1,415)
<b>Total Operating Revenue</b>	<b>\$462,339</b>	<b>\$438,528</b>	<b>\$417,869</b>	<b>\$368,780</b>	<b>\$365,342</b>	<b>\$374,621</b>	<b>\$327,718</b>	<b>\$358,656</b>	<b>\$326,533</b>	<b>\$261,272</b>

(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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Water Sales (a):										
Residential Class	29,206	30,070	34,153	28,932	30,667	33,025	26,651	33,162	30,917	27,054
General Class	20,614	20,393	20,986	19,465	20,309	20,297	19,166	20,232	19,769	18,851
Wholesale Class	1,943	1,412	128	101	119	108	90	114	121	98
Irrigation Class	3,345	3,445	3,866	4,080	4,200	5,398	3,604	4,216	4,198	3,364
Total Water	55,108	55,320	59,133	52,578	55,295	58,828	49,511	57,724	55,005	49,367
Wastewater Sales:										
Residential Class	27,617	26,572	27,371	26,746	29,825	28,148	27,383	28,859	25,293	25,421
General Class	20,100	20,066	20,134	20,002	20,338	20,352	19,634	21,967	22,262	21,800
Wholesale Class	2,359	2,417	2,413	1,404	1,824	1,847	2,200	2,444	1,732	2,371
Total Wastewater	50,076	49,055	49,918	48,152	51,987	50,347	49,217	53,270	49,287	49,592
Conservation - Residential Class (b)	2,520	3,026	4,106	2,935	3,469	3,948	2,432	4,276	3,613	2,634
Recycled Water Sales	18,359	18,129	18,990	14,968	16,321	16,559	14,148	14,836	14,048	13,626

(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)  
**Unaudited**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Water Sales (a):										
Residential Class	343,667	339,204	335,280	331,853	327,610	323,754	318,270	308,807	298,271	289,458
General Class	23,713	23,582	23,369	23,225	23,242	23,104	22,943	22,662	22,384	22,092
Wholesale Class	8	8	7	7	7	7	7	7	6	6
Total Water	367,388	362,794	358,656	355,085	350,859	346,865	341,220	331,476	320,661	311,556
Irrigation Class (b)	8,821	8,633	8,479	8,350	8,202	7,940	7,602	7,232	6,883	6,522
Wastewater Sales:										
Residential Class	390,256	383,553	378,380	373,755	368,948	361,966	352,038	338,693	326,516	316,498
General Class	25,021	24,824	24,550	24,407	24,285	23,999	23,604	23,408	23,016	22,590
Wholesale Class	12	12	12	7	12	13	11	12	12	12
Total Wastewater	415,289	408,389	402,942	398,169	393,245	385,978	375,653	362,113	349,544	339,100
Conservation - Residential Class (c)	20,867	23,804	33,708	21,791	26,665	29,973	15,548	31,716	27,963	18,754
Recycled Water Sales	97	92	80	81	86	76	71	69	56	51

(a) Water Supply and EAA fees are billed to 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									
	2013	2012	2011	2010 (c)	2009	2008	2007	2006	2005	2004
<b>Water</b>										
Service Availability Charge by meter size:										
5/8"	\$7.14	\$7.14	\$6.91	\$6.91	\$6.77	\$6.56	\$6.56	\$6.56	\$6.11	\$5.61
3/4"	10.01	10.01	9.68	9.68	8.59	8.32	8.32	8.32	7.75	7.12
1"	15.75	15.75	15.23	15.23	12.49	12.10	12.10	12.10	11.28	10.36
1-1/2"	30.09	30.09	29.10	29.10	22.25	21.56	21.56	21.56	20.09	18.46
2"	47.28	47.28	45.73	45.73	33.95	32.90	32.90	32.90	30.66	28.18
3"	87.44	87.44	84.56	84.56	61.27	59.37	59.37	59.37	55.33	50.85
4"	144.78	144.78	140.02	140.02	100.30	97.19	97.19	97.19	90.58	83.25
6"	288.17	288.17	278.69	278.69	197.89	191.75	191.75	191.75	178.70	164.24
8"	460.22	460.22	445.09	445.09	314.96	305.19	305.19	305.19	284.43	261.42
10"	660.95	660.95	639.22	639.22	451.57	437.57	437.57	437.57	407.80	374.81
12"	1,234.47	1,234.47	1,193.88	1,193.88	841.86	815.76	815.76	815.76	760.26	698.76
Usage (per 100 gallons)										
Standard:										
First 7,481 gallons					0.0906	0.0878	0.0878	0.0878	0.0818	0.0751
Next 5,236 gallons					0.1309	0.1268	0.1268	0.1268	0.1182	0.1086
Next 4,488 gallons					0.2058	0.1994	0.1994	0.1994	0.1858	0.1707
Over 17,205 gallons (a)					0.3288	0.3186	0.3186	0.3186	0.2969	0.2728
Seasonal (b):										
First 7,481 gallons					0.0906	0.0878	0.0878	0.0878	0.0818	0.0751
Next 5,236 gallons					0.1423	0.1379	0.1379	0.1379	0.1285	0.1181
Next 4,488 gallons					0.2217	0.2148	0.2148	0.2148	0.2002	0.1840
Over 17,205 gallons (a)					0.4246	0.4114	0.4114	0.4114	0.3834	0.3523
Standard:										
First 5,985 gallons	0.0948	0.0948	0.0917	0.0917						
Next 6,732 gallons	0.1372	0.1372	0.1327	0.1327						
Next 4,488 gallons	0.1935	0.1935	0.1871	0.1871						
Over 17,205 gallons (a)	0.3388	0.3388	0.3277	0.3277						
Seasonal (d):										
First 5,985 gallons	0.0948	0.0948	0.0917	0.0917						
Next 6,732 gallons	0.1492	0.1492	0.1443	0.1443						
Next 4,488 gallons	0.2219	0.2219	0.2146	0.2146						
Over 17,205 gallons (a)	0.4597	0.4597	0.4446	0.4446						
<b>Sewer (e) (g)</b>										
Service Availability Charge (f)	11.49	9.86	8.68	8.68	7.76	7.37	7.37	7.37	7.33	6.60
Usage (per 100 gallons)	0.3047	0.2615	0.2302	0.2302	0.2057	0.1953	0.1953	0.1953	0.1943	0.1750

- (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.
- (g) Applies to water usage on or after March 1, 2013.



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

	Fiscal Year									
	2013	2012	2011	2010 (c)	2009	2008	2007	2006	2005	2004
<b>Water</b>										
Service Availability Charge by meter size:										
5/8"	9.29	9.29	8.98	8.98	8.78	8.51	8.51	8.51	7.93	7.28
3/4"	13.02	13.02	12.59	12.59	11.16	10.81	10.81	10.81	10.07	9.25
1"	20.47	20.47	19.80	19.80	16.23	15.73	15.73	15.73	14.66	13.47
1-1/2"	39.12	39.12	37.83	37.83	28.92	28.02	28.02	28.02	26.11	23.99
2"	61.48	61.48	59.46	59.46	44.14	42.77	42.77	42.77	39.86	36.63
3"	113.68	113.68	109.94	109.94	79.65	77.18	77.18	77.18	71.93	66.11
4"	188.23	188.23	182.04	182.04	130.39	126.35	126.35	126.35	117.75	108.22
6"	374.62	374.62	362.30	362.30	257.24	249.26	249.26	249.26	232.30	213.51
8"	598.30	598.30	578.63	578.63	409.45	396.75	396.75	396.75	369.76	339.85
10"	859.24	859.24	830.99	830.99	587.03	568.83	568.83	568.83	530.13	487.25
12"	1,604.82	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
Usage (per 100 gallons)										
Standard:										
First 7,481 gallons					0.1176	0.1140	0.1140	0.1140	0.1062	0.0976
Next 5,236 gallons					0.1702	0.1649	0.1649	0.1649	0.1537	0.1412
Next 4,488 gallons					0.2674	0.2591	0.2591	0.2591	0.2415	0.2219
Over 17,205 gallons (a)					0.4274	0.4141	0.4141	0.4141	0.3859	0.3546
Seasonal (b):										
First 7,481 gallons					0.1176	0.1140	0.1140	0.1140	0.1062	0.0976
Next 5,236 gallons					0.1850	0.1793	0.1793	0.1793	0.1671	0.1535
Next 4,488 gallons					0.2882	0.2793	0.2793	0.2793	0.2603	0.2392
Over 17,205 gallons (a)					0.5519	0.5348	0.5348	0.5348	0.4984	0.4580
Standard:										
First 5,985 gallons	0.1234	0.1234	0.1193	0.1193						
Next 6,732 gallons	0.1784	0.1784	0.1725	0.1725						
Next 4,488 gallons	0.2516	0.2516	0.2433	0.2433						
Over 17,205 gallons (a)	0.4405	0.4405	0.4260	0.4260						
Seasonal (d):										
First 5,985 gallons	0.1234	0.1234	0.1193	0.1193						
Next 6,732 gallons	0.1940	0.1940	0.1876	0.1876						
Next 4,488 gallons	0.2885	0.2885	0.2790	0.2790						
Over 17,205 gallons (a)	0.5975	0.5975	0.5779	0.5779						
<b>Sewer (e) (g)</b>										
Service Availability Charge (f)	13.81	11.85	10.43	10.43	9.32	8.85	8.85	8.85	8.80	7.92
Usage (per 100 gallons)	0.3656	0.3138	0.2762	0.2762	0.2468	0.2343	0.2343	0.2343	0.2331	0.2100

- (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.
- (g) Applies to water usage on or after March 1, 2013.



San Antonio Water System  
Schedule 10 - General Class Rates

	Fiscal Year									
	2013	2012	2011	2010 (c)	2009	2008	2007	2006	2005	2004
<b>Water - Inside City Limits</b>										
Service Availability Charge by meter size (a):										
5/8"	\$9.92	\$9.92	\$9.59	\$9.59	\$9.81	\$9.51	\$9.51	\$9.51	\$8.86	\$8.14
3/4"	14.18	14.18	13.71	13.71	13.16	12.75	12.75	12.75	11.88	10.91
1"	22.68	22.68	21.93	21.93	19.21	18.61	18.61	18.61	17.34	15.93
1-1/2"	43.95	43.95	42.50	42.50	35.03	33.94	33.94	33.94	31.63	29.07
2"	69.48	69.48	67.20	67.20	52.83	51.19	51.19	51.19	47.71	46.85
3"	129.04	129.04	124.80	124.80	106.92	103.60	103.60	103.60	96.55	88.74
4"	214.13	214.13	207.09	207.09	176.40	170.93	170.93	170.93	159.30	146.41
6"	426.86	426.86	412.82	412.82	350.03	339.18	339.18	339.18	316.10	290.53
8"	682.12	682.12	659.69	659.69	543.20	526.36	526.36	526.36	490.55	450.87
10"	979.93	979.93	947.71	947.71	755.89	732.45	732.45	732.45	682.62	627.40
12"	1,830.83	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
Usage (per 100 gallons)										
Below base (b)					0.1086	0.1052	0.1052	0.1052	0.0980	0.0900
100-125% of base					0.1257	0.1218	0.1218	0.1218	0.1135	0.1043
125-150% of base					0.1633	0.1582	0.1582	0.1582	0.1474	0.1354
150-200% of base					0.2138	0.2072	0.2072	0.2072	0.1931	0.1774
Over 200% of base					0.3160	0.3062	0.3062	0.3062	0.2854	0.2623
Usage (per 100 gallons)										
Base (d)	0.1148	0.1148	0.1110	0.1110						
100-125% of base	0.1372	0.1372	0.1327	0.1327						
125-175% of base	0.1924	0.1924	0.1861	0.1861						
Over 175% of base	0.2818	0.2818	0.2725	0.2725						
<b>Water - Outside City Limits</b>										
Service Availability Charge by meter size (a):										
5/8"	12.89	12.89	12.47	12.47	11.83	11.46	11.46	11.46	10.68	9.81
3/4"	18.43	18.43	17.82	17.82	15.72	15.23	15.23	15.23	14.19	13.04
1"	29.48	29.48	28.51	28.51	22.94	22.23	22.23	22.23	20.72	19.04
1-1/2"	57.14	57.14	55.26	55.26	41.69	40.40	40.40	40.40	37.65	34.60
2"	90.33	90.33	87.36	87.36	63.01	61.06	61.06	61.06	56.71	52.30
3"	167.76	167.76	162.24	162.24	125.31	121.42	121.42	121.42	113.16	104.00
4"	278.37	278.37	269.22	269.22	206.48	200.08	200.08	200.08	186.47	171.38
6"	554.91	554.91	536.66	536.66	409.39	396.70	396.70	396.70	369.71	339.80
8"	886.76	886.76	857.60	857.60	637.69	617.92	617.92	617.92	575.88	529.30
10"	1,273.92	1,273.92	1,232.03	1,232.03	891.35	863.71	863.71	863.71	804.95	739.84
12"	2,380.08	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
Usage (per 100 gallons)										
Below base (b)					0.1410	0.1366	0.1366	0.1366	0.1273	0.1170
100-125% of base					0.1635	0.1584	0.1584	0.1584	0.1476	0.1356
125-150% of base					0.2121	0.2055	0.2055	0.2055	0.1915	0.1760
150-200% of base					0.2778	0.2692	0.2692	0.2692	0.2509	0.2306
Over 200% of base					0.4109	0.3982	0.3982	0.3982	0.3711	0.3410
Usage (per 100 gallons)										
Base (d)	0.1492	0.1492	0.1443	0.1443						
100-125% of base	0.1783	0.1783	0.1724	0.1724						
125-175% of base	0.2501	0.2501	0.2419	0.2419						
Over 175% of base	0.3662	0.3662	0.3542	0.3542						
<b>Sewer - Inside City Limits (e) (g)</b>										
Service Availability Charge (f)	11.49	9.86	8.68	8.68	7.76	7.37	7.37	7.37	7.33	6.60
Usage (per 100 gallons)	0.3047	0.2615	0.2302	0.2302	0.2057	0.1953	0.1953	0.1953	0.1943	0.1750
<b>Sewer - Outside City Limits (e) (g)</b>										
Service Availability Charge (f)	13.81	11.85	10.43	10.43	9.32	8.85	8.85	8.85	8.80	7.92
Usage (per 100 gallons)	0.3656	0.3138	0.2762	0.2762	0.2468	0.2343	0.2343	0.2343	0.2331	0.2100

(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.

(g) Applies to water usage on or after March 1, 2013.

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

	Fiscal Year									
	2013	2012	2011	2010 (c)	2009	2008	2007	2006	2005	2004
<b>Water - Inside City Limits</b>										
Service Availability Charge by meter size:										
6"	\$ 288.17	\$ 288.17	\$278.69	\$278.69	\$197.89	\$191.75	\$191.75	\$191.75	\$178.70	\$164.24
8"	460.22	460.22	445.09	445.09	314.96	305.19	305.19	305.19	284.43	261.42
10"	660.95	660.95	639.22	639.22	451.57	437.57	437.57	437.57	407.80	374.81
12"	1,234.47	1,234.47	1,193.88	1,193.88	841.86	815.76	815.76	815.76	760.26	698.76
Usage ( <i>per 100 gallons</i> )										
Below base (a)					0.0788	0.0764	0.0764	0.0764	0.0712	0.0654
100-125% of base					0.0983	0.0953	0.0953	0.0953	0.0888	0.0816
125-150% of base					0.1353	0.1310	0.1310	0.1310	0.1222	0.1123
150-200% of base					0.1804	0.1748	0.1748	0.1748	0.1629	0.1497
Over 200% of base					0.2365	0.2292	0.2292	0.2292	0.2136	0.1963
Usage ( <i>per 100 gallons</i> )										
Base (b)	0.0796	0.0796	0.0770	0.0770						
100-125% of base	0.1196	0.1196	0.1157	0.1157						
125-175% of base	0.1727	0.1727	0.1670	0.1670						
Over 175% of base	0.2442	0.2442	0.2362	0.2362						
<b>Water - Outside City Limits</b>										
Service Availability Charge by meter size:										
6"	374.62	374.62	362.30	362.30	257.24	249.26	249.26	249.26	232.30	213.51
8"	598.30	598.30	578.63	578.63	409.45	396.75	396.75	396.75	369.76	339.85
10"	859.24	859.24	830.99	830.99	587.03	568.83	568.83	568.83	530.13	487.25
12"	1,604.82	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
Usage ( <i>per 100 gallons</i> )										
Below base (a)					0.1025	0.0993	0.0993	0.0993	0.0925	0.0850
100-125% of base					0.1279	0.1239	0.1239	0.1239	0.1155	0.1061
125-150% of base					0.1760	0.1705	0.1705	0.1705	0.1589	0.1460
150-200% of base					0.2346	0.2273	0.2273	0.2273	0.2118	0.1946
Over 200% of base					0.3075	0.2980	0.2980	0.2980	0.2777	0.2552
Usage ( <i>per 100 gallons</i> )										
Base (b)	0.1035	0.1035	0.1001	0.1001						
100-125% of base	0.1555	0.1555	0.1504	0.1504						
125-175% of base	0.2245	0.2245	0.2171	0.2171						
Over 175% of base	0.3174	0.3174	0.3070	0.3070						
<b>Sewer - Inside City Limits (d)</b>										
Usage ( <i>per 100 gallons</i> )	0.2746	0.2357	0.2075	0.2075	0.1854	0.1760	0.1760	0.1760	0.1751	0.1577
<b>Sewer - Outside City Limits (d)</b>										
Service Availability Charge	134.93	115.82	101.95	101.95	91.11	86.50	86.50	86.50	86.07	77.54
Usage ( <i>per 100 gallons</i> )	0.3297	0.2830	0.2491	0.2491	0.2226	0.2113	0.2113	0.2113	0.2102	0.1893

- (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.  
 (d) Applies to water usage on or after March 1, 2013.

San Antonio Water System  
Schedule 12 - Irrigation Class Rates

	Fiscal Year									
	2013	2012	2011	2010 (c)	2009	2008	2007	2006	2005	2004
<b>Inside City Limits</b>										
Service Availability Charge by meter size (a):										
5/8"	\$9.92	\$9.92	\$9.59	\$9.59	\$9.81	\$9.51	\$9.51	\$9.51	\$8.86	\$8.14
3/4"	14.18	14.18	13.71	13.71	13.16	12.75	12.75	12.75	11.88	10.91
1"	22.68	22.68	21.93	21.93	19.21	18.61	18.61	18.61	17.34	15.93
1-1/2"	43.95	43.95	42.50	42.50	35.03	33.94	33.94	33.94	31.63	29.07
2"	69.48	69.48	67.20	67.20	52.83	51.19	51.19	51.19	47.71	43.85
3"	129.04	129.04	124.80	124.80	106.92	103.60	103.60	103.60	96.55	88.74
4"	214.13	214.13	207.09	207.09	176.40	170.93	170.93	170.93	159.30	146.41
6"	426.86	426.86	412.82	412.82	350.03	339.18	339.18	339.18	316.10	290.53
8"	682.12	682.12	659.69	659.69	543.20	526.36	526.36	526.36	490.55	450.87
10"	979.93	979.93	947.71	947.71	755.89	732.45	732.45	732.45	682.62	627.40
12"	1,830.83	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
Usage (per 100 gallons) (b)										
First 12,717 gallons					0.1526	0.1479	0.1479	0.1479	0.1378	0.1266
Next 4,488 gallons					0.2290	0.2219	0.2219	0.2219	0.2068	0.1900
Over 17,205 gallons					0.3160	0.3062	0.3062	0.3062	0.2854	0.2623
Usage (per 100 gallons)										
Standard:										
Zero gallons	-	-	-	-						
Next 6,732 gallons	0.1613	0.1613	0.1560	0.1560						
Next 10,473 gallons	0.1935	0.1935	0.1871	0.1871						
Over 17,205 gallons (e)	0.3388	0.3388	0.3277	0.3277						
Usage (per 100 gallons)										
Seasonal (d):										
Zero gallons	-	-	-	-						
Next 6,732 gallons	0.1613	0.1613	0.1560	0.1560						
Next 10,473 gallons	0.2246	0.2246	0.2172	0.2172						
Over 17,205 gallons (e)	0.4650	0.4650	0.4497	0.4497						
<b>Outside City Limits</b>										
Service Availability Charge by meter size (a):										
5/8"	12.89	12.89	12.47	12.47	11.83	11.46	11.46	11.46	10.68	9.81
3/4"	18.43	18.43	17.82	17.82	15.72	15.23	15.23	15.23	14.19	13.04
1"	29.48	29.48	28.51	28.51	22.94	22.23	22.23	22.23	20.72	19.04
1-1/2"	57.14	57.14	55.26	55.26	41.69	40.40	40.40	40.40	37.65	34.60
2"	90.33	90.33	87.36	87.36	63.01	61.06	61.06	61.06	56.91	52.30
3"	167.76	167.76	162.24	162.24	125.31	121.42	121.42	121.42	113.16	104.00
4"	278.37	278.37	269.22	269.22	206.48	200.08	200.08	200.08	186.47	171.38
6"	554.91	554.91	536.66	536.66	409.39	396.70	396.70	396.70	369.71	339.80
8"	886.76	886.76	857.60	857.60	637.69	617.92	617.92	617.92	575.88	529.30
10"	1,273.92	1,273.92	1,232.03	1,232.03	891.35	863.71	863.71	863.71	804.95	739.84
12"	2,380.08	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
Usage (per 100 gallons) (b)										
First 12,717 gallons					0.1982	0.1921	0.1921	0.1921	0.1790	0.1645
Next 4,488 gallons					0.2976	0.2884	0.2884	0.2884	0.2688	0.2470
Over 17,205 gallons					0.4109	0.3982	0.3982	0.3982	0.3711	0.3410
Usage (per 100 gallons)										
Standard:										
Zero gallons	-	-	-	-						
Next 6,732 gallons	0.2097	0.2097	0.2028	0.2028						
Next 10,473 gallons	0.2515	0.2515	0.2432	0.2432						
Over 17,205 gallons (e)	0.4405	0.4405	0.4260	0.4260						
Usage (per 100 gallons)										
Seasonal (d):										
Zero gallons	-	-	-	-						
Next 6,732 gallons	0.2097	0.2097	0.2028	0.2028						
Next 10,473 gallons	0.2920	0.2920	0.2824	0.2824						
Over 17,205 gallons (e)	0.6045	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									
	2013	2012	2011	2010 (c)	2009	2008	2007	2006	2005	2004
Water Supply Fee (a):										
Residential Class					\$0.1529	\$0.1487	\$0.1487	\$0.1487	\$0.1378	\$0.1100
First 5,985 gallons	\$0.1080	\$0.1054	\$0.1023	\$0.1023						
Next 6,732 gallons	0.1562	0.1524	0.1480	0.1480						
Next 4,488 gallons	0.2204	0.2150	0.2087	0.2087						
Over 17,205 gallons	0.3857	0.3763	0.3653	0.3653						
General Class	0.1661	0.1620	0.1573	0.1573	0.1529	0.1487	0.1487	0.1487	0.1378	0.1100
Wholesale Class	0.1661	0.1620	0.1573	0.1573	0.1529	0.1487	0.1487	0.1487	0.1378	0.1100
Irrigation Class					0.1529	0.1487	0.1487	0.1487	0.1378	0.1100
First 6,732 gallons	0.1661	0.1620	0.1573	0.1573						
Next 10,473 gallons	0.2204	0.2150	0.2087	0.2087						
Over 17,205 gallons	0.4183	0.4081	0.3962	0.3962						
EAA Fee (b)	0.03425	0.03901	0.01407	0.01841	0.01222	0.01769	0.01352	0.01482	0.01549	0.01226
State-Imposed TCEQ Fees (c)										
Water Connection Fee	0.17	0.17	0.19	0.19						
Wastewater Connection Fee	0.06	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. 2013 rate applied to water usage on or after March 1, 2013.
- (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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Edwards Exchange Customers (a)</b>										
Service Availability Charge by meter size:										
5/8"	\$9.04	\$9.04	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74
3/4"	11.76	11.76	11.37	11.37	11.37	11.37	11.37	11.37	11.37	11.37
1"	15.31	15.31	14.81	14.81	14.81	14.81	14.81	14.81	14.81	14.81
1-1/2"	24.35	24.35	23.55	23.55	23.55	23.55	23.55	23.55	23.55	23.55
2"	35.61	35.61	34.44	34.44	34.44	34.44	34.44	34.44	34.44	34.44
3"	94.71	94.71	91.60	91.60	91.60	91.60	91.60	91.60	91.60	91.60
4"	140.77	140.77	136.14	136.14	136.14	136.14	136.14	136.14	136.14	136.14
6"	268.54	268.54	259.71	259.71	259.71	259.71	259.71	259.71	259.71	259.71
8"	404.78	404.78	391.47	391.47	391.47	391.47	391.47	391.47	391.47	391.47
10"	555.04	555.04	536.79	536.79	536.79	536.79	536.79	536.79	536.79	536.79
12"	684.83	684.83	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	0.0238	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230
In excess of transferred amount	0.0892	0.0892	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863
Seasonal (b):										
Transferred amount	0.0238	0.0238	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230
In excess of transferred amount	0.0948	0.0948	0.0917	0.0917	0.0917	0.0917	0.0917	0.0917	0.0917	0.0917
<b>Non-exchange Customers</b>										
Service Availability Charge by meter size:										
5/8"	\$9.04	\$9.04	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74
3/4"	11.76	11.76	11.37	11.37	11.37	11.37	11.37	11.37	11.37	11.37
1"	15.31	15.31	14.81	14.81	14.81	14.81	14.81	14.81	14.81	14.81
1-1/2"	24.35	24.35	23.55	23.55	23.55	23.55	23.55	23.55	23.55	23.55
2"	35.61	35.61	34.44	34.44	34.44	34.44	34.44	34.44	34.44	34.44
3"	94.71	94.71	91.60	91.60	91.60	91.60	91.60	91.60	91.60	91.60
4"	140.77	140.77	136.14	136.14	136.14	136.14	136.14	136.14	136.14	136.14
6"	268.54	268.54	259.71	259.71	259.71	259.71	259.71	259.71	259.71	259.71
8"	404.78	404.78	391.47	391.47	391.47	391.47	391.47	391.47	391.47	391.47
10"	555.04	555.04	536.79	536.79	536.79	536.79	536.79	536.79	536.79	536.79
12"	684.83	684.83	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	0.0955	0.0924	0.0924	0.0924	0.0924	0.0924	0.0924	0.0924	0.0924
Over 748,000 gallons	0.0975	0.0975	0.0943	0.0943	0.0943	0.0943	0.0943	0.0943	0.0943	0.0943
Seasonal (b):										
First 748,000 gallons	0.1026	0.1026	0.0992	0.0992	0.0992	0.0992	0.0992	0.0992	0.0992	0.0992
Over 748,000 gallons	0.1036	0.1036	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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Water</b>										
Flow - All Areas	\$1,247.00	\$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
System Development:										
Low Elevation Service Area	579.00	579.00	579.00	668.00	668.00	668.00	668.00	668.00		
Middle Elevation Service Area	774.00	774.00	774.00	591.00	591.00	591.00	591.00	591.00		
High Elevation Service Area	966.00	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
3									107.00	107.00
4									172.00	172.00
5									104.00	104.00
5A									100.00	100.00
6									149.00	149.00
7									249.00	249.00
8									411.00	411.00
9									490.00	490.00
10									428.00	428.00
11									569.00	569.00
11A									945.00	945.00
11B									1,094.00	1,094.00
11E									1,163.00	1,163.00
11F									523.00	523.00
12									743.00	743.00
14									791.00	791.00
<b>Wastewater</b>										
Treatment:										
Dos Rios/Leon Creek Service Area	552.00	552.00	552.00							
Medio Creek	1,379.00	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
Outer Service Area									750.00	750.00
Far West - Medio Creek Service Area									1,200.00	750.00
Far West - Potranca Creek Service Area									1,200.00	750.00
Far West - Lucas Creek & Big Sous Service Area									1,200.00	750.00
Collection:										
Medio Creek	582.00	582.00	582.00							
Upper Medina	1,053.00	1,053.00	1,053.00							
Lower Medina	594.00	594.00	594.00							
Upper Collection	1,795.00	1,795.00	1,795.00							
Middle Collection	1,142.00	1,142.00	1,142.00							
Lower Collection	552.00	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
Outer Service Area									366.00	366.00
Far West - Medio Creek Service Area									538.00	366.00
Far West - Potranca Creek Service Area									409.00	366.00
Far West - Lucas Creek & Big Sous Service Area									366.00	366.00
Lift Station:										
Far West - Potranca Creek Service Area									363.00	
Far West - Lucas Creek & Big Sous Service Area									363.00	
<b>Water Supply - All Areas</b>	1,297.00	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

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	1
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**

<b>Customer</b>	<b>Principal Business</b>	<b>Usage (million gallons)</b>	<b>%</b>	<b>Total Revenue (a) (in thousands)</b>	<b>%</b>
<b>Fiscal Year Ended December 31, 2013:</b>					
SAN ANTONIO WATER SYSTEM DISTRICT SPECIAL PROJECT (b)	Public Water Utility	1,808	3.28	\$ 5,062	2.12
CITY OF SAN ANTONIO	Municipal Entity	547	0.99	2,646	1.11
HEB GROCERY	Grocery	471	0.85	1,743	0.73
SAN ANTONIO HOUSING AUTHORITY	Public Housing	471	0.85	1,723	0.72
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	303	0.55	1,325	0.55
BEXAR COUNTY	County Government	349	0.63	1,222	0.51
CPS ENERGY	Public Power Utility	271	0.49	937	0.39
MAXIM INTEGRATED PRODUCT INC.	Electronics	265	0.48	837	0.35
NORTHEAST INDEPENDENT SCHOOL DISTRICT	School System	166	0.30	739	0.31
SAN ANTONIO INDEPDENDENT SCHOOL DISTRICT	School System	151	0.27	727	0.30
Subtotal (10 largest)		4,802	8.71	16,961	7.10
Balance from Other Customers		50,306	91.29	221,840	92.90
<b>Total</b>		<b>55,108</b>	<b>100.00</b>	<b>\$ 238,801</b>	<b>100.00</b>
<b>Fiscal Year Ended December 31, 2004:</b>					
CITY OF SAN ANTONIO	Municipal Entity	887	1.80	\$ 1,369	0.97
SAN ANTONIO HOUSING AUTHORITY	Public Housing	556	1.13	698	0.49
HEB GROCERY	Grocery	331	0.67	437	0.31
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	224	0.45	360	0.25
SAN ANTONIO INDEPENDENT SCHOOL DISTRICT	School System	199	0.40	339	0.24
SONY SEMICONDUCTOR	Electronics	357	0.72	327	0.23
AMERICAN OPPORTUNITY FOR HOUSING	Housing Services	242	0.49	321	0.23
PHILIPS SEMICONDUCTORS	Electronics	248	0.50	235	0.17
CITY PUBLIC SERVICE	Public Power Utility	229	0.46	234	0.17
BROOKS AIR FORCE BASE	Military Installation	173	0.35	228	0.16
Subtotal (10 largest)		3,446	6.98	4,548	3.22
Balance from Other Customers		45,921	93.02	136,841	96.78
<b>Total</b>		<b>49,367</b>	<b>100.00</b>	<b>\$ 141,389</b>	<b>100.00</b>

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

(b) Refer to Note C to the financial statements for more information regarding transactions between the San Antonio Water System District Special Project and the San Antonio Water System.

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

Customer	Principal Business	Usage (million gallons)	%	Total Revenue (in thousands)	%
<b>Fiscal Year Ended December 31, 2013:</b>					
HEB GROCERY	Grocery	410	0.86	\$ 2,026	1.10
SAN ANTONIO HOUSING AUTHORITY	Public Housing	459	0.96	1,414	0.76
BEXAR COUNTY	County Government	275	0.58	923	0.50
L & H PACKING COMPANY	Beef Processor	128	0.27	723	0.39
MAXIM INTEGRATED PRODUCT, INC.	Electronics	230	0.48	713	0.39
TOYOTA	Automobile Manufacturer	203	0.43	619	0.33
OAK FARMS DAIRY	Dairy Producer	47	0.10	611	0.33
CITY OF SAN ANTONIO	Municipal Entity	174	0.36	569	0.31
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	155	0.32	543	0.29
FRITO LAY, INC.	Food Manufacturer	58	0.12	446	0.24
Subtotal (10 largest)		2,139	4.48	8,587	4.65
Balance from Other Customers		45,578	95.52	176,273	95.35
<b>Total</b>		<b>47,717</b>	<b>100.00</b>	<b>\$ 184,860</b>	<b>100.00</b>

**Fiscal Year Ended December 31, 2004:**

HEB GROCERY	Grocery	331	0.70	\$ 1,195	1.31
SAN ANTONIO HOUSING AUTHORITY	Public Housing	556	1.18	786	0.86
SONY SEMICONDUCTOR	Electronics	357	0.76	485	0.53
PHILIPS SEMICONDUCTORS	Electronics	248	0.53	370	0.40
AMERICAN OPPORTUNITY FOR HOUSING	Housing Services	242	0.51	322	0.35
CITY OF SAN ANTONIO	Municipal Entity	887	1.88	312	0.34
BROOKS AIR FORCE BASE	Military Installation	173	0.37	260	0.28
BEXAR COUNTY	County Government	159	0.34	214	0.23
MARRIOTT CORPORATION	Hotel	140	0.30	205	0.22
SAN ANTONIO INDEPENDENT SCHOOL DISTRICT	School System	199	0.42	200	0.22
Subtotal (10 largest)		3,292	6.97	4,349	4.76
Balance from Other Customers		43,929	93.03	87,055	95.24
<b>Total</b>		<b>47,221</b>	<b>100.00</b>	<b>\$ 91,404</b>	<b>100.00</b>

Excludes Wholesale Wastewater usage and revenues.



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

<b>Customer</b>	<b>Principal Business</b>	<b>Total Revenue (in thousands)</b>	<b>%</b>
<b>Fiscal Year Ended December 31, 2013:</b>			
Ft. Sam Houston	Military	\$ 1,559	20.52
Leon Valley	Municipal Government	1,203	15.83
Lackland Air Force Base	Military	1,191	15.67
Alamo Heights	Municipal Government	1,150	15.13
Bexar County WCID #10	County Government	673	8.86
Balcones Heights	Municipal Government	479	6.30
Kirby	Municipal Government	431	5.67
Olmos Park	Municipal Government	395	5.20
Lackland A.F.B./Annex @ Medina	Military	212	2.79
Hollywood Park	Municipal Government	95	1.25
Subtotal (10 largest)		7,388	97.22
Balance from Other Customers		211	2.78
Total		<u>\$ 7,599</u>	<u>100.00</u>
<b>Fiscal Year Ended December 31, 2004:</b>			
Lackland Air Force Base	Military	\$ 912	16.02
Leon Valley	Municipal Government	727	12.77
Alamo Heights	Municipal Government	667	11.71
Ft. Sam Houston Army Base	Military	629	11.04
Terrell Hills	Municipal Government	458	8.04
Bexar County Water Control District No. 10	County Government	408	7.16
Castle Hills	Municipal Government	398	6.99
Brooks Air Force Base	Military	320	5.62
Kirby	Municipal Government	292	5.13
Balcones Heights	Municipal Government	289	5.08
Subtotal (10 largest)		5,100	89.56
Balance from Other Customers		595	10.44
Total		<u>\$ 5,695</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								
2013	\$ 1,506,725	\$ 734,190	\$ -	\$ 186,655	\$ -	\$ -	2,427,570	\$ 467,749	5.19	784,209	3,096
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

- (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)	Coverage	Senior Lien	
										Debt (e)	Coverage (f)
2013	\$ 460,776	\$ 244,348	216,428	\$ 47,315	\$ 86,058	133,373	1.62	152,496	1.42	\$ 117,126	1.85
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

- (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  
 Unaudited

Year	Population (a)	Median Age (a)	Personal Income (a) (thousands of dollars)	Per Capita Personal Income (a)	School Enrollment (b)	Single Family Housing Permits (c)	Employment (d)	Unemployment Rate (d)
2013	1,383,194	33.2	\$ 30,752,552	\$ 22,233	397,500	8,223	898,800	5.3%
2012	1,359,730	32.7	29,038,394	21,356	396,718	8,004	892,600	5.7%
2011	1,326,539	32.8	28,421,098	21,425	392,897	7,127	869,800	6.7%
2010	1,319,492	32.1	28,260,879	21,418	387,343	6,865	852,400	7.3%
2009	1,340,549	32.6	28,750,754	21,447	296,328	5,924	841,100	6.8%
2008	1,328,984	32.8	27,653,499	20,808	295,673	10,574	855,100	5.4%
2007	1,312,286	32.6	26,093,495	19,884	291,873	13,295	851,900	4.0%
2006	1,322,900	33.2	26,603,519	20,110	283,393	19,761	825,800	3.8%
2005	1,299,200	32.2	25,386,368	19,540	279,756	22,305	799,300	4.4%
2004	1,278,300	32.2	24,248,073	18,969	273,560	17,539	766,200	5.2%

(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: U. S. Bureau of Labor Statistics, New Residential Housing Units Authorized (single & multi-Family), San Antonio Metropolitan Statistical Area.

(d) Source: U. S. Bureau of Labor Statistics, Total Non-Farm Employment, San Antonio Metropolitan Statistical Area.

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 annual 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**  
Unaudited

Employer	2013			2004		
	Employees	Rank	Percentage of Total City Employment <sup>1</sup>	Employees	Rank	Percentage of Total City Employment <sup>2</sup>
Joint Base San Antonio (JBSA) - Lackland, Fort Sam & Randolph	92,301	1	10.58%			
H.E.B. Food Stores	20,000	2	2.29%			
USAA	17,000	3	1.95%	13,500	1	1.82%
Northside Independent School District	12,751	4	1.46%	10,323	2	1.39%
City of San Antonio	11,371	5	1.30%	9,821	3	1.32%
North East Independent School District	10,522	6	1.21%			
Methodist Health Care System	8,000	7	0.92%	7,500	5	1.01%
San Antonio Independent School District	7,374	8	0.85%	8,000	4	1.08%
Baptist Health Systems	6,216	9	0.71%	4,690	7	0.63%
University of Texas Health Science	5,500	10	0.63%			
SBC Communications (AT&T)				6,000	6	0.81%
Six Flags Fiesta Texas				3,000	8	0.40%
World Savings Bank				2,650	9	0.36%
Christus Santa Rosa Health Care				2,600	10	0.35%
<b>Total</b>	<b>191,035</b>		<b>21.90%</b>	<b>68,084</b>		<b>9.17%</b>

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

<sup>1</sup> Percent based on an Employment Estimate of 872,400 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2013. Figure provided by the Texas Workforce Commission.

<sup>2</sup> Percent based on an Employment Estimate of 742,000 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2004 Figure provided by the Texas Workforce Commission.

*Table provided courtesy of City of San Antonio Finance Department*

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

Functional Group	Fiscal Year								
	2013	2012	2011	2010	2009	2008	2007	2006	2005
President/CEO	14	16	11	12	13	12	10	11	14
Production & Treatment Operations [c] [d]	292	363	353	358	368	341	337	337	347
Distribution & Collection Operations [a] [c]	455	482	416	430	435	403	422	414	419
Operation Services [a] [c] [d]	116	166	189	178	180	177			
Sewer System Improvements [d]	28								
Administrative Services [a]							117	115	119
Public Affairs	24	32	32	32	32	19	21	19	20
Customer Service	229	222	215	206	210	212	208	201	205
Strategic Resources [a]	202	225	201	189	201	193	116	108	102
Facilities Engineering & Construction [a]							188	197	199
Water Resources [a] [d]	158	62	62	54	63	55			
Financial Services [b] [c] [d]	64	52	67	69	58	56	55	54	57
Information Services [a]	64	57	57	54	58	56			
Corporate Initiatives [a]							64	64	61
Human Resources [c]	44	27	50	49	48	46	44	28	29
Legal [b] [c]	42	44	16	16	30	25	26	27	29
Total Employees	1,732	1,748	1,669	1,647	1,696	1,595	1,608	1,575	1,601
Employees Allocated to SAWS DSP [e]	(207)	(70)	-	-	-	-	-	-	-
Employees Allocated to SAWS	1,525	1,678	1,669	1,647	1,696	1,595	1,608	1,575	1,601

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
2004	1,650

[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.

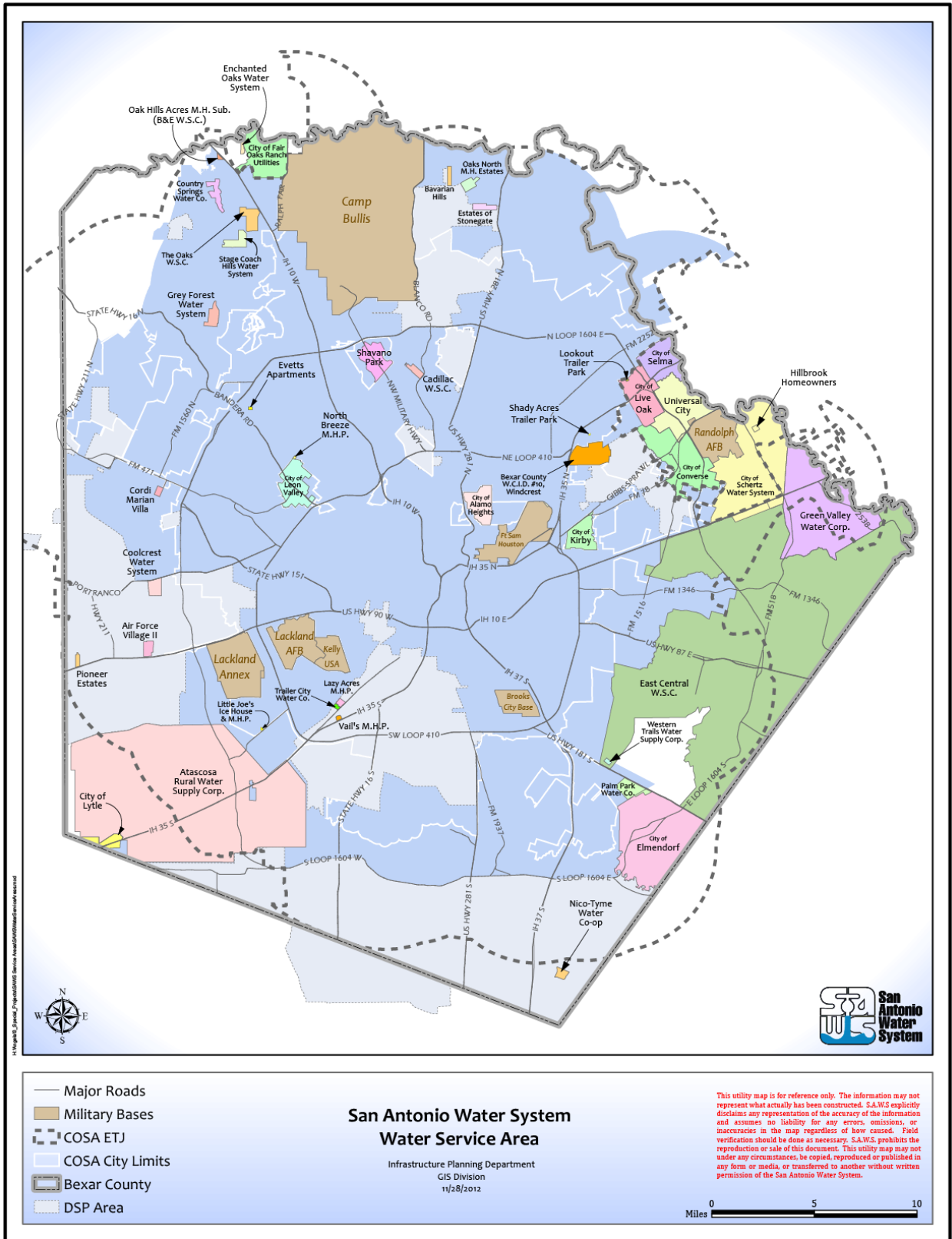
[d] In 2013, certain functional groups were restructured.

[e] 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). At that time, SAWS DSP had 249 employees. Throughout 2012 and most of 2013 SAWS filled open positions with SAWS DSP employees. In October 2013, all remaining SAWS DSP employees were transferred to SAWS. In accordance with a Board approved policy to allocate shared expenses to SAWS DSP, joint costs benefiting both SAWS and SAWS DSP are allocated in a rational manner that approximates the benefits received by each system.

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Water Delivery	\$ 1,882,369	\$ 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
Water Supply:										
Water Resources	628,445	585,055	556,979	546,491	429,129	353,988	249,278	211,586	166,168	46,048
Recycle	159,059	155,556	152,993	151,640	151,184	149,308	164,414	137,009	126,905	120,114
Conservation	465	436	444	441	335	221	262	264	262	259
Stormwater	277	211	179	187	183	161	147	147	147	-
Wastewater	2,202,056	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
Chilled Water and Steam	56,929	53,011	52,948	52,957	52,007	50,303	50,169	50,109	47,865	47,137
Working Capital	-	-	-	-	-	-	-	3,310	3,861	3,907
Construction in Progress	506,829	571,547	522,438	415,810	427,971	372,607	361,192	372,598	483,201	499,585
Total assets before accumulated depreciation	5,436,429	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
Accumulated Depreciation	1,472,429	1,369,885	1,271,438	1,187,662	1,140,232	1,070,718	1,002,264	926,251	861,163	798,457
Net Capital Assets	\$ 3,964,000	\$ 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

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





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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Rainfall (Inches)	32.27	39.40	17.58	37.39	30.69	13.76	47.25	21.34	16.45	45.34
Customers/Connections (a)	367,408	365,099	360,281	356,546	352,059	348,834	344,168	336,434	325,944	315,000
Water Pumpage (Million Gallons)										
Annual Water Pumped (d)	69,020	70,338	74,627	69,591	68,191	71,785	63,395	68,411	63,632	53,483
ASR Recharge (b) (d)	2,629	3,742	3,928	8,320	5,542	3,535	6,582	2,951	4,396	1,801
ASR Production (b) (d)	4,793	1,446	4,309	556	472	407	141	2,083	305	150
Annual Pumped for Usage (d)	66,391	66,596	70,699	61,272	62,649	68,250	56,813	65,460	59,236	51,683
Average Daily (d)	189.1	192.2	204.5	190.7	186.8	194.9	169.2	181.8	172.6	145.3
Maximum Daily (d)	270.2	264.0	265.6	314.0	273.8	299.0	225.6	280.4	279.3	343.1
Metered Usage (Million Gallons)	55,108	55,320	59,133	52,578	55,295	58,828	49,511	57,724	55,005	49,367
Available Water Supply (Million Gallons)										
Permitted Edwards Aquifer rights (e)	82,902	84,822	84,640	85,035	81,923	71,738	69,505	69,505	65,007	67,799
Non-Edwards supply (f)	10,818	7,431	6,098	6,132	6,256	6,256	4,171	4,171	1,140	1,140
Stored in ASR (d) (g)	28,764	30,928	28,632	29,013	21,249	16,179	13,051	6,610	5,742	1,651
Total water available for production	122,484	123,080	119,393	120,077	109,320	94,766	86,768	80,210	71,814	70,541
Number of Wells in Service	149	143	139	144	140	136	126	113	102	94
Overhead Storage Capacity (Million Gallons)	91.3	81.2	81.2	73.9	66.5	65.2	64.2	69.0	60.0	64.8
Total Storage Capacity (Million Gallons)	197.4	183.7	184.1	180.8	166.2	165.0	164.0	166.0	142.0	161.5
Miles of Water Main Installed	80	57	78	106	97	161	167	143	103	90
Miles of Water Main Replaced and Abandoned	30	22	26	36	33	32	19	22	23	17
Miles of Water Main in Place	5,072	5,022	4,988	4,936	4,866	4,802	4,673	4,525	4,404	4,324
Water Main Breaks (c)	1,863	2,128	3,397	1,475	3,212	2,594	1,392	3,073	2,577	1,305
New Services Installed	5,241	7,520	4,725	4,208	3,590	7,565	17,274	13,903	12,730	10,759
Fire Hydrants Installed (Net of Hydrants removed)	409	348	451	516	644	951	1,040	752	521	574
Fire Hydrants in Place	28,323	27,914	27,566	27,115	26,599	25,955	25,004	23,964	23,212	22,691

(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 available under contracts to purchase or produce water from the Trinity Aquifer, Carrizo Aquifer and Canyon Lake. There are no legally imposed reductions in these supplies during drought; however, production of water from the Trinity Aquifer is physically limited during periods of drought due to low aquifer levels.

(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**  
**Unaudited**

<b>CITY</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Arlington										
6000 Gallons	\$19.49	\$19.49	\$19.49	\$19.47	\$18.99	\$18.91	\$17.44	\$16.43	\$15.76	\$15.03
9000 Gallons	\$25.55	\$25.55	\$25.55	\$25.53	\$24.84	\$24.70	\$22.48	\$21.11	\$21.13	\$20.52
Austin										
6000 Gallons	\$29.74	\$26.16	\$26.16	\$20.34	\$19.18	\$17.93	\$16.93	\$16.21	\$14.88	\$13.50
9000 Gallons	\$51.74	\$35.40	\$35.40	\$28.68	\$27.04	\$25.22	\$24.22	\$23.11	\$21.75	\$19.80
Corpus Christi <sup>1</sup>										
6000 Gallons	\$32.25	\$30.55	\$28.97	\$27.76	\$25.54	\$25.34	\$23.44	\$22.46	\$20.67	\$19.95
9000 Gallons	\$51.79	\$48.76	\$45.67	\$43.30	\$39.10	\$38.62	\$33.98	\$32.58	\$30.01	\$28.98
Dallas										
6000 Gallons	\$19.39	\$18.58	\$17.62	\$16.72	\$16.16	\$15.50	\$14.68	\$13.87	\$12.15	\$11.60
9000 Gallons	\$30.70	\$29.23	\$27.67	\$26.17	\$25.16	\$23.90	\$22.39	\$20.80	\$18.00	\$17.21
El Paso <sup>2,3</sup>										
6000 Gallons	\$17.84	\$17.01	\$16.53	\$16.53	\$16.53	\$16.53	\$15.27	\$14.67	\$14.69	\$13.90
9000 Gallons	\$24.10	\$22.99	\$22.34	\$22.34	\$22.34	\$22.34	\$20.15	\$19.35	\$19.39	\$16.01
Ft. Worth										
6000 Gallons	\$23.32	\$23.32	\$22.33	\$22.25	\$21.75	\$20.45	\$19.71	\$19.71	\$19.70	\$18.32
9000 Gallons	\$34.55	\$34.55	\$33.08	\$32.92	\$32.42	\$30.52	\$29.51	\$29.51	\$27.69	\$25.62
Houston										
6000 Gallons	\$30.26	\$27.78	\$25.51	\$23.65	\$21.91	\$20.85	\$20.49	\$19.94	\$18.60	\$18.11
9000 Gallons	\$44.27	\$40.62	\$37.30	\$34.60	\$30.67	\$29.19	\$28.71	\$27.95	\$26.10	\$25.19
Lubbock										
6000 Gallons	\$45.00	\$45.00	\$40.02	\$40.02	\$34.02	\$23.41	\$20.20	\$20.99	\$20.39	\$19.81
9000 Gallons	\$57.00	\$57.00	\$48.03	\$48.03	\$43.99	\$30.67	\$26.47	\$26.48	\$25.73	\$25.00
Plano										
6000 Gallons	\$23.10	\$22.55	\$20.50	\$20.50	\$19.35	\$16.71	\$16.41	\$15.29	\$14.57	\$13.58
9000 Gallons	\$30.66	\$29.18	\$26.53	\$26.53	\$25.05	\$21.63	\$21.15	\$19.79	\$18.86	\$17.51
San Antonio (Standard) <sup>2</sup>										
6000 Gallons	\$21.54	\$21.67	\$19.59	\$19.85	\$22.11	\$21.81	\$21.56	\$21.64	\$20.22	\$17.46
9000 Gallons	\$31.37	\$31.53	\$28.44	\$28.83	\$30.40	\$30.03	\$29.66	\$29.77	\$27.82	\$23.88

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

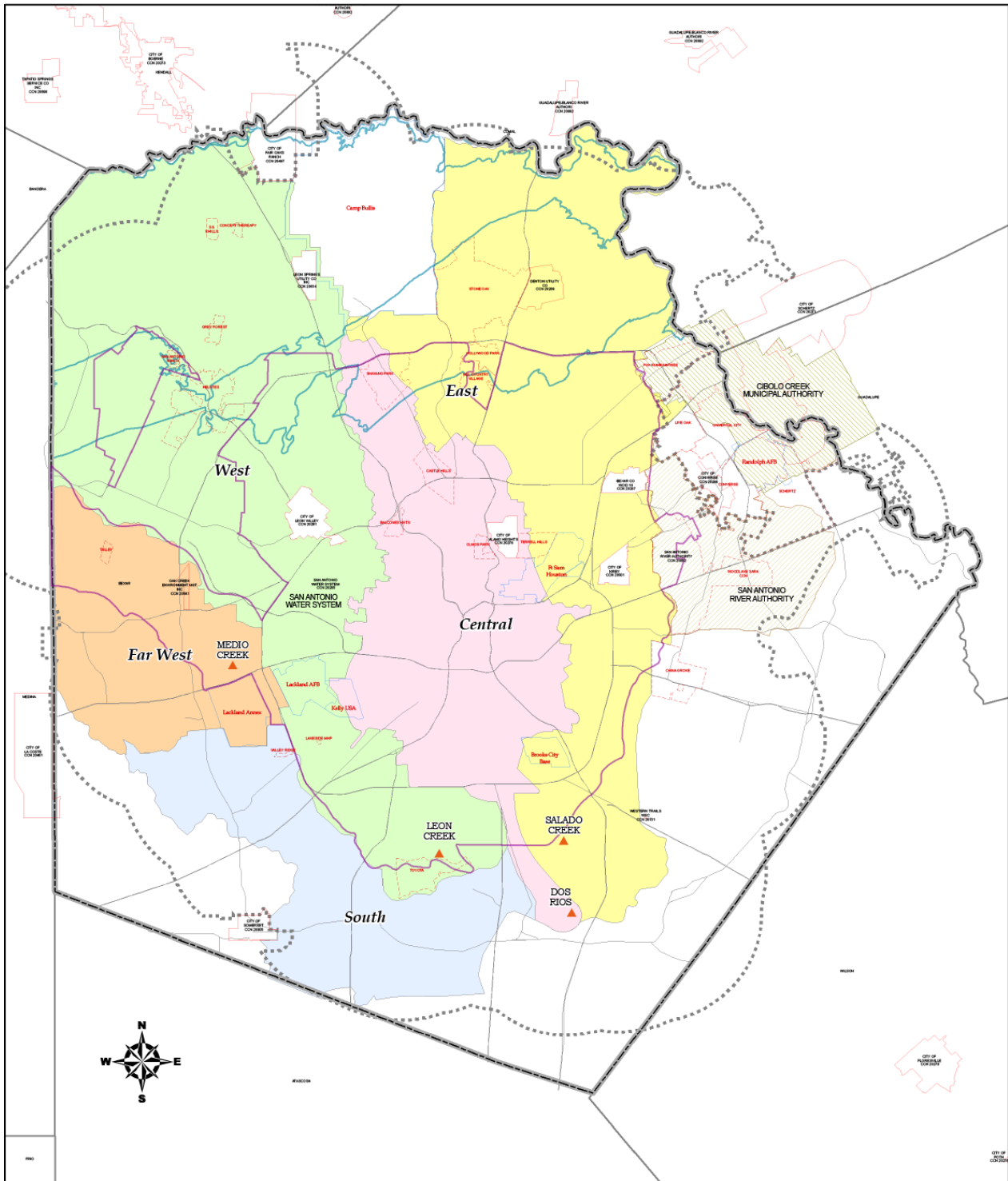
Note - Most charges are for a 5/8" meter; Arlington and Lubbock charges are for a 3/4" meter.

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

<sup>2</sup> Assumes Standard rates and includes Water Supply Fee.

<sup>3</sup> 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><b>BOUNDARIES</b></p> <ul style="list-style-type: none"> <li> Bexar County Line</li> <li> Incorporated Towns and Cities</li> <li> City San Antonio's ETJ Line</li> <li> Edwards Recharge Zone</li> </ul>	<p><b>SEWERSHEDS SERVICE AREAS</b></p> <ul style="list-style-type: none"> <li> Central</li> <li> East</li> <li> Far West</li> <li> South</li> <li> West</li> </ul>	<p><b>RECYCLE WATER TREATMENT PLANTS</b></p> <ul style="list-style-type: none"> <li> Recycle Water Treatment Plants</li> <li> By Others</li> <li> By SAWS</li> <li> SAN ANTONIO RIVER AUTHORITY(SARA)</li> <li> CIBOLO CREEK MUNICIPAL AUTHORITY</li> </ul>	<p><b>SAN ANTONIO WATER SYSTEM'S WASTEWATER CCN</b></p> <p>INFRASTRUCTURE PLANNING DEPARTMENT GIS MAPPING DIVISION 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**  
**Unaudited**

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Customers/Connections (a)	416,801	412,275	405,119	400,096	395,161	389,894	379,962	368,401	354,878	342,813
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	78.47	79.04	74.97	86.47	74.37	76.53	93.34	64.00	59.58	61.16
Maximum Monthly Average Flow	86.78	87.01	76.63	103.66	89.36	81.43	131.98	74.37	73.98	78.74
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)	37.68	38.62	35.07	38.83	34.99	34.71	40.26	32.63	34.48	35.34
Maximum Monthly Average Flow (two outfalls)	44.16	43.77	36.46	45.30	64.74	38.62	55.49	34.28	41.79	42.40
Medio Creek										
Permit Flow	16.00	16.00	16.00	16.00	16.00	16.00	8.50	8.50	8.50	8.50
Average Annual Flow	7.76	7.29	6.83	7.53	6.32	5.87	6.94	5.13	5.21	5.60
Maximum Monthly Average Flow	8.45	8.14	6.97	8.71	7.45	6.57	10.51	5.63	6.58	6.63
Salado (b)										
Permit Flow	n/a	n/a	n/a	n/a	n/a	n/a	n/a	46.00	46.00	46.00
Average Annual Flow	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11.38	33.80	35.86
Maximum Monthly Average Flow	n/a	n/a	n/a	n/a	n/a	n/a	n/a	21.11	40.40	44.00
Total										
Permit Flow	187.00	187.00	187.00	187.00	187.00	187.00	179.50	225.50	225.50	225.50
Average Annual Flow	124.26	124.95	116.87	132.83	115.68	117.11	140.54	113.14	133.07	137.96
Maximum Monthly Average Flow	139.40	138.92	120.06	157.67	161.55	126.62	197.98	135.39	162.75	171.77
Amount Treated Annually (millions of gallons)	50,076	49,055	49,918	48,152	51,987	50,347	49,217	53,270	49,287	49,592
Amount Treated Peak Day (millions of gallons)	221	199	160	258	194	174	294	169	212	297
Miles of Sewer Main Installed	38	37	45	33	84	124	138	132	74	76
Miles of Sewer Main In Place (c)	5,238	5,200	5,163	5,118	5,085	5,001	4,877	4,739	4,607	4,533
Number of Manholes Installed	901	856	1,080	659	1,514	2,922	2,775	2,661	1,538	1,504
Number of Manholes in Place	99,037	98,136	97,280	96,200	95,541	94,027	91,105	88,330	85,669	84,131
Number of Lift Stations	155	159	159	158	164	162	167	164	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**  
**Unaudited**

<b>CITY</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
Arlington										
6000 Gallons	\$28.03	\$28.03	\$27.37	\$26.89	\$25.97	\$25.29	\$23.10	\$22.41	\$19.52	\$18.88
9000 Gallons	\$38.02	\$38.02	\$37.03	\$36.31	\$35.03	\$34.05	\$31.05	\$30.15	\$26.78	\$26.32
Austin										
6000 Gallons	\$54.40	\$54.30	\$50.35	\$48.77	\$46.28	\$44.34	\$42.18	\$37.19	\$31.72	\$27.62
9000 Gallons	\$81.22	\$81.06	\$75.49	\$73.22	\$69.47	\$66.66	\$63.72	\$56.18	\$48.79	\$42.41
Corpus Christi										
6000 Gallons	\$46.96	\$43.21	\$43.21	\$40.80	\$35.95	\$34.15	\$28.91	\$27.35	\$26.77	\$25.99
9000 Gallons	\$62.71	\$57.69	\$57.69	\$54.47	\$48.01	\$45.60	\$38.61	\$36.52	\$35.75	\$34.70
Dallas										
6000 Gallons	\$33.80	\$33.00	\$31.70	\$29.99	\$29.33	\$28.63	\$27.07	\$25.55	\$22.19	\$21.01
9000 Gallons	\$48.50	\$47.40	\$45.50	\$43.01	\$42.11	\$41.20	\$38.86	\$36.71	\$31.67	\$30.19
El Paso										
6000 Gallons	\$16.48	\$15.68	\$15.22	\$15.22	\$15.22	\$15.22	\$14.21	\$13.65	\$12.76	\$11.83
9000 Gallons	\$22.01	\$20.93	\$20.31	\$20.31	\$20.31	\$20.31	\$18.97	\$18.21	\$16.87	\$15.66
Ft. Worth										
6000 Gallons	\$27.96	\$26.84	\$26.27	\$26.27	\$25.67	\$25.67	\$24.63	\$24.63	\$24.63	\$22.39
9000 Gallons	\$39.39	\$37.70	\$36.86	\$36.86	\$36.26	\$36.26	\$34.70	\$34.70	\$34.70	\$31.33
Houston										
6000 Gallons	\$37.20	\$34.15	\$31.38	\$29.09	\$24.84	\$22.67	\$22.29	\$21.70	\$21.22	\$18.42
9000 Gallons	\$59.25	\$54.40	\$49.98	\$46.34	\$36.69	\$33.95	\$33.39	\$32.50	\$31.33	\$27.63
Lubbock										
6000 Gallons	\$27.50	\$27.50	\$24.30	\$24.30	\$22.10	\$15.97	\$14.76	\$13.96	\$13.96	\$12.53
9000 Gallons	\$34.50	\$34.25	\$30.45	\$30.45	\$28.25	\$21.46	\$19.83	\$18.97	\$18.97	\$17.03
Plano										
6000 Gallons	\$33.54	\$33.54	\$33.54	\$33.54	\$33.54	\$27.95	\$27.10	\$25.30	\$24.11	\$23.57
9000 Gallons	\$46.32	\$46.32	\$46.32	\$46.32	\$46.32	\$38.60	\$37.24	\$34.96	\$33.32	\$32.57
San Antonio										
6000 Gallons	\$25.26	\$21.70	\$19.12	\$19.10	\$17.02	\$16.17	\$16.17	\$16.17	\$16.08	\$14.48
9000 Gallons	\$34.40	\$29.54	\$26.02	\$26.00	\$23.20	\$22.03	\$22.03	\$22.03	\$21.91	\$19.73

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

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***BONDED DEBT SCHEDULES AND ANALYSES***

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>		<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>	<b>Transactions</b>		<b>Balances</b>
								<b>Outstanding January 31, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>
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	Serial	3.000	2007	-	-	-	-
	1,495	NONE	290	588	Serial	3.500	2008	-	-	-	-
	1,550	NONE	589	898	Serial	4.000	2009	-	-	-	-
	1,620	NONE	899	1222	Serial	5.000	2010	-	-	-	-
	1,705	NONE	1223	1563	Serial	5.000	2011	-	-	-	-
	1,790	NONE	1564	1921	Serial	5.000	2012	-	-	-	-
	1,885	NONE	1922	2298	Serial	5.000	2013	1,885	-	1,885	-
	1,980	NONE	2299	2694	Serial	5.000	2014	1,980	-	-	1,980
	2,085	(1)	2695	3111	Serial	5.250	2015	2,085	-	2,085	-
	2,195	(1)	3112	3550	Serial	5.250	2016	2,195	-	2,195	-
	2,315	(1)	3551	4013	Serial	5.250	2017	2,315	-	2,315	-
	2,440	(1)	4014	4501	Serial	5.250	2018	2,440	-	2,440	-
	2,570	(1)	4502	5015	Serial	5.250	2019	2,570	-	2,570	-
	2,710	(1)	5016	5557	Serial	5.250	2020	2,710	-	2,710	-
	2,855	(1)	5558	6128	Serial	5.250	2021	2,855	-	2,855	-
	3,010	(1)	6129	6730	Serial	5.250	2022	3,010	-	3,010	-
	3,170	(1)	6731	7364	Serial	5.000	2023	3,170	-	3,170	-
	3,330	(1)	7365	8030	Serial	5.000	2024	3,330	-	3,330	-
	3,500	(1)	8031	8730	Serial	5.000	2025	3,500	-	3,500	-
	3,685	(1)	8731	9467	Serial	5.125	2026	3,685	-	3,685	-
	3,875	(1)(29)	9468	10242	Term	5.125	2027	3,875	-	3,875	-
	4,080	(1)(29)	10243	11058	Term	5.125	2028	4,080	-	4,080	-
	4,295	(1)(29)	11059	11917	Term	5.125	2029	4,295	-	4,295	-
	4,520	(1)(29)	11918	12821	Term	5.125	2030	4,520	-	4,520	-
	4,760	(1)(29)	12822	13773	Term	5.125	2031	4,760	-	4,760	-
	5,010	(1)(29)	13774	14775	Term	5.125	2032	5,010	-	5,010	-
	5,275	(1)(29)	14776	15830	Term	5.125	2033	5,275	-	5,275	-
	5,550	(1)(29)	15831	16940	Term	5.125	2034	5,550	-	5,550	-
	<u>\$ 84,700</u>							<u>\$ 75,095</u>	<u>\$ -</u>	<u>\$ 73,115</u>	<u>\$ 1,980</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>	<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 31, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>
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	(2)	1260 1670	Serial	5.000	2016	2,055	-	-	2,055
	2,650	(2)	1671 2200	Serial	5.000	2017	2,650	-	-	2,650
	3,020	(2)	2201 2804	Serial	5.000	2018	3,020	-	-	3,020
	6,170	(2)	2805 4038	Serial	5.000	2019	6,170	-	-	6,170
	6,295	(2)	4039 5297	Serial	5.000	2020	6,295	-	-	6,295
	6,625	(2)	5298 6622	Serial	5.000	2021	6,625	-	-	6,625
	6,965	(2)	6623 8015	Serial	5.000	2022	6,965	-	-	6,965
	7,330	(2)	8016 9481	Serial	5.000	2023	7,330	-	-	7,330
	7,705	(2)	9482 11022	Serial	5.000	2024	7,705	-	-	7,705
	8,105	(2)	11023 12643	Serial	5.000	2025	8,105	-	-	8,105
	8,530	(2)	12644 14349	Serial	5.000	2026	8,530	-	-	8,530
	-				-	2027	-	-	-	-
	-				-	2028	-	-	-	-
	-				-	2029	-	-	-	-
	-				-	2030	-	-	-	-
	-				-	2031	-	-	-	-
	-				-	2032	-	-	-	-
	-				-	2033	-	-	-	-
	-				-	2034	-	-	-	-
	33,265	(2)(30)	14350 21002	Term	5.000	2035	33,265	-	-	33,265
	34,970	(2)(30)	21003 27996	Term	5.000	2036	34,970	-	-	34,970
	36,715	(2)	27997 35339	Serial	4.750	2037	36,715	-	-	36,715
	25,000	(2)	35340 40339	Serial	4.750	2038	25,000	-	-	25,000
	13,520	(2)(30)	40340 43043	Term	5.000	2038	13,520	-	-	13,520
	40,465	(2)(30)	43044 51136	Term	5.000	2039	40,465	-	-	40,465
	42,540	(2)(30)	51137 59644	Term	5.000	2040	42,540	-	-	42,540
	<u>\$ 298,220</u>						<u>\$ 298,220</u>	<u>\$ -</u>	<u>\$ 2,635</u>	<u>\$ 295,585</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>	<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>
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	-	-	-	-
	8,490	NONE	7348 9045	Serial	5.000	2012	-	-	-	-
	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	(3)	17468 19175	Serial	5.000	2018	8,540	-	-	8,540
	4,430	(3)	19176 20061	Serial	5.000	2019	4,430	-	-	4,430
	4,655	(3)	20062 20992	Serial	5.000	2020	4,655	-	-	4,655
	4,880	(3)	20993 21968	Serial	4.300	2021	4,880	-	-	4,880
	5,110	(3)	21969 22990	Serial	5.000	2022	5,110	-	-	5,110
	5,375	(3)	22991 24065	Serial	5.000	2023	5,375	-	-	5,375
	5,650	(3)	24066 25195	Serial	5.000	2024	5,650	-	-	5,650
	5,940	(3)	25196 26383	Serial	5.000	2025	5,940	-	-	5,940
	6,230	(3)	26384 27629	Serial	4.500	2026	6,230	-	-	6,230
	-				-	2027	-	-	-	-
	-				-	2028	-	-	-	-
	16,245	(3)	27630 30878	Serial	4.375	2029	16,245	-	-	16,245
	16,965	(3)(31)	30879 34271	Term	4.500	2030	16,965	-	-	16,965
	17,730	(3)(31)	34272 37817	Term	4.500	2031	17,730	-	-	17,730
	18,525	(3)(31)	37818 41522	Term	4.500	2032	18,525	-	-	18,525
	28,645	(3)(31)	41523 47251	Term	4.500	2033	28,645	-	-	28,645
	37,530	(3)(31)	47252 54757	Term	4.500	2034	37,530	-	-	37,530
	11,900	(3)(31)	54758 57137	Term	4.500	2035	11,900	-	-	11,900
	12,450	(3)(31)	57138 59627	Term	4.500	2036	12,450	-	-	12,450
	13,025	(3)(31)	59628 62232	Term	4.500	2037	13,025	-	-	13,025
	<u>\$ 311,160</u>						<u>\$ 265,935</u>	<u>\$ -</u>	<u>\$ 4,020</u>	<u>\$ 261,915</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE REFUNDING BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>		<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>		<b>Balances</b>	<b>Transactions</b>		<b>Balances</b>
									<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>
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	-	-	-	-
	2,885	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	(4)	6180	6798	Serial	5.000		2019	3,095	-	-	3,095
	550	(4)	6799	6908	Serial	4.000		2019	550	-	-	550
	3,430	(4)	6909	7594	Serial	5.000		2020	3,430	-	-	3,430
	400	(4)	7595	7674	Serial	4.000		2020	400	-	-	400
	4,025	(4)	7675	8479	Serial	5.000		2021	4,025	-	-	4,025
	3,525	(4)	8480	9184	Serial	5.000		2022	3,525	-	-	3,525
	700	(4)	9185	9324	Serial	4.000		2022	700	-	-	700
	3,080	(4)	9325	9940	Serial	5.000		2023	3,080	-	-	3,080
	1,355	(4)	9941	10211	Serial	4.200		2023	1,355	-	-	1,355
	2,935	(4)	10212	10798	Serial	5.000		2024	2,935	-	-	2,935
	1,715	(4)	10799	11141	Serial	4.300		2024	1,715	-	-	1,715
	400	(4)	11142	11221	Serial	4.500		2025	400	-	-	400
	4,485	(4)(32)	11222	12118	Term	5.125		2025	4,485	-	-	4,485
	5,140	(4)(32)	12119	13146	Term	5.125		2026	5,140	-	-	5,140
	5,410	(4)(32)	13147	14228	Term	5.125		2027	5,410	-	-	5,410
	2,995	(4)	14229	14827	Serial	5.000		2028	2,995	-	-	2,995
	2,695	(4)(32)	14828	15366	Term	5.125		2028	2,695	-	-	2,695
	1,665	(4)	15367	15699	Serial	5.000		2029	1,665	-	-	1,665
	4,325	(4)(32)	15700	16564	Term	5.125		2029	4,325	-	-	4,325
	6,305	(4)(32)	16565	17825	Term	5.250		2030	6,305	-	-	6,305
	6,645	(4)(32)	17826	19154	Term	5.250		2031	6,645	-	-	6,645
	7,005	(4)(32)	19155	20555	Term	5.250		2032	7,005	-	-	7,005
	7,385	(4)(32)	20556	22032	Term	5.250		2033	7,385	-	-	7,385
	7,780	(4)(32)	22033	23588	Term	5.250		2034	7,780	-	-	7,780
	8,205	(4)(32)	23589	25229	Term	5.375		2035	8,205	-	-	8,205
	8,660	(4)(32)	25230	26961	Term	5.375		2036	8,660	-	-	8,660
	9,135	(4)(32)	26962	28788	Term	5.375		2037	9,135	-	-	9,135
	9,640	(4)(32)	28789	30716	Term	5.375		2038	9,640	-	-	9,640
	10,175	(4)(32)	30717	32751	Term	5.375		2039	10,175	-	-	10,175
	<u>\$ 163,755</u>								<u>\$ 151,740</u>	<u>\$ -</u>	<u>\$ 2,885</u>	<u>\$ 148,855</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, 2013**  
*(amounts in thousands)*

**WATER SYSTEM**  
**REVENUE BONDS**

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

**San Antonio Water System**  
**ANALYSIS OF CHANGES IN BONDED DEBT**  
**For the Year Ended December 31, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>	
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	(5)	1	538	3.319	2015	2,690	-	-	-	2,690
	2,755	(5)	539	1089	3.825	2016	2,755	-	-	-	2,755
	2,825	(5)	1090	1654	4.293	2017	2,825	-	-	-	2,825
	2,910	(5)	1655	2236	4.443	2018	2,910	-	-	-	2,910
	2,995	(5)	2237	2835	4.543	2019	2,995	-	-	-	2,995
	3,085	(5)	2836	3452	4.743	2020	3,085	-	-	-	3,085
	3,185	(5)	3453	4089	4.953	2021	3,185	-	-	-	3,185
	3,290	(5)	4090	4747	5.143	2022	3,290	-	-	-	3,290
	3,405	(5)	4748	5428	5.233	2023	3,405	-	-	-	3,405
	3,525	(5)	5429	6133	5.373	2024	3,525	-	-	-	3,525
	3,650	(5)(33)	6134	6863	5.502	2025	3,650	-	-	-	3,650
	4,995	(5)(33)	6864	7862	5.502	2026	4,995	-	-	-	4,995
	3,965	(5)(33)	7863	8655	5.502	2027	3,965	-	-	-	3,965
	3,300	(5)(33)	8656	9315	5.502	2028	3,300	-	-	-	3,300
	4,230	(5)(33)	9316	10161	5.502	2029	4,230	-	-	-	4,230
	4,385	(5)(33)	10162	11038	5.602	2030	4,385	-	-	-	4,385
	4,550	(5)(33)	11039	11948	5.602	2031	4,550	-	-	-	4,550
	4,715	(5)(33)	11949	12891	5.602	2032	4,715	-	-	-	4,715
	4,890	(5)(33)	12892	13869	5.602	2033	4,890	-	-	-	4,890
	5,075	(5)(33)	13870	14884	5.602	2034	5,075	-	-	-	5,075
	5,260	(5)(33)	14885	15936	5.602	2035	5,260	-	-	-	5,260
	5,455	(5)(33)	15937	17027	5.602	2036	5,455	-	-	-	5,455
	5,660	(5)(33)	17028	18159	5.602	2037	5,660	-	-	-	5,660
	5,870	(5)(33)	18160	19333	5.602	2038	5,870	-	-	-	5,870
	6,085	(5)(33)	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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>	
Water System Revenue Bonds	\$ -				- %	15-May 2010	\$ -	\$ -	\$ -	\$ -	-
Taxable, Series 2010B	-				-	2011	-	-	-	-	-
(Direct Subsidy - Build America Bonds)	1,635	(6)	1	327	1.109	2012	-	-	-	-	-
Paying Agent: USBank	1,645	(6)	328	656	1.457	2013	1,645	-	1,645	-	-
Bonds Dated: 11-15-10	1,665	(6)	657	989	1.933	2014	1,665	-	-	-	1,665
	1,685	(6)	990	1326	2.233	2015	1,685	-	-	-	1,685
	1,715	(6)	1327	1669	2.756	2016	1,715	-	-	-	1,715
	1,750	(6)	1670	2019	3.106	2017	1,750	-	-	-	1,750
	1,785	(6)	2020	2376	3.670	2018	1,785	-	-	-	1,785
	1,830	(6)	2377	2742	3.820	2019	1,830	-	-	-	1,830
	1,880	(6)	2743	3118	3.970	2020	1,880	-	-	-	1,880
	1,930	(6)	3119	3504	4.170	2021	1,930	-	-	-	1,930
	1,985	(6)	3505	3901	4.370	2022	1,985	-	-	-	1,985
	2,040	(6)	3902	4309	4.620	2023	2,040	-	-	-	2,040
	2,105	(6)	4310	4730	4.920	2024	2,105	-	-	-	2,105
	2,175	(6)	4731	5165	5.120	2025	2,175	-	-	-	2,175
	2,255	(6)(34)	5166	5616	6.170	2026	2,255	-	-	-	2,255
	2,350	(6)(34)	5617	6086	6.170	2027	2,350	-	-	-	2,350
	2,445	(6)(34)	6087	6575	6.170	2028	2,445	-	-	-	2,445
	2,545	(6)(34)	6576	7084	6.170	2029	2,545	-	-	-	2,545
	2,650	(6)(34)	7085	7614	6.170	2030	2,650	-	-	-	2,650
	2,760	(6)(34)	7615	8166	6.170	2031	2,760	-	-	-	2,760
	2,870	(6)(34)	8167	8740	6.170	2032	2,870	-	-	-	2,870
	2,990	(6)(34)	8741	9338	6.220	2033	2,990	-	-	-	2,990
	33,560	(6)(34)	9339	16050	6.220	2034	33,560	-	-	-	33,560
	4,495	(6)(34)	16051	16949	5.920	2035	4,495	-	-	-	4,495
	4,670	(6)(34)	16950	17883	5.920	2036	4,670	-	-	-	4,670
	4,855	(6)(34)	17884	18854	5.920	2037	4,855	-	-	-	4,855
	5,045	(6)(34)	18855	19863	5.920	2038	5,045	-	-	-	5,045
	5,240	(6)(34)	19864	20911	5.920	2039	5,240	-	-	-	5,240
	5,445	(6)(34)	20912	22000	5.920	2040	5,445	-	-	-	5,445
	<u>\$ 110,000</u>						<u>\$ 108,365</u>	<u>\$ -</u>	<u>\$ 1,645</u>	<u>\$ -</u>	<u>\$ 106,720</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>	<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>
Water System Revenue	\$ -				- %	15-May 2011	\$ -	\$ -	\$ -	\$ -
Refunding Bonds, Series 2011	1,670	NONE	1 334	Serial	3.000	2012	-	-	-	-
Paying Agent: USBank	1,960	NONE	335 726	Serial	3.000	2013	1,960	-	1,960	-
Bonds Dated: 04-27-11	2,060	NONE	727 1138	Serial	4.000	2014	2,060	-	-	2,060
	2,205	NONE	1139 1579	Serial	5.000	2015	2,205	-	-	2,205
	2,340	NONE	1580 2047	Serial	4.000	2016	2,340	-	-	2,340
	2,675	NONE	2048 2582	Serial	5.000	2017	2,675	-	-	2,675
	2,855	NONE	2583 3153	Serial	5.000	2018	2,855	-	-	2,855
	1,350	NONE	3154 3423	Serial	3.000	2019	1,350	-	-	1,350
	1,585	NONE	3424 3740	Serial	5.000	2019	1,585	-	-	1,585
	3,295	NONE	3741 4399	Serial	5.000	2020	3,295	-	-	3,295
	3,505	NONE	4400 5100	Serial	5.000	2021	3,505	-	-	3,505
	3,720	(7)	5101 5844	Serial	5.000	2022	3,720	-	-	3,720
	3,950	(7)	5845 6634	Serial	5.000	2023	3,950	-	-	3,950
	4,195	(7)	6635 7473	Serial	5.000	2024	4,195	-	-	4,195
	4,455	(7)	7474 8364	Serial	5.000	2025	4,455	-	-	4,455
	4,735	(7)	8365 9311	Serial	5.000	2026	4,735	-	-	4,735
	<u>\$ 46,555</u>						<u>\$ 44,885</u>	<u>\$ -</u>	<u>\$ 1,960</u>	<u>\$ 42,925</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>	
Water System Revenue	\$ -				- %	15-May 2011	\$ -	\$ -	\$ -	\$ -	-
Refunding Bonds, Series 2011A	665	NONE	1	133	2.000	2012	-	-	-	-	-
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	(8)	4786	5900	5.000	2021	5,575	-	-	-	5,575
	1,000	(8)	5901	6100	3.250	2021	1,000	-	-	-	1,000
	6,730	(8)	6101	7446	5.000	2022	6,730	-	-	-	6,730
	7,890	(8)	7447	9024	5.000	2023	7,890	-	-	-	7,890
	8,490	(8)	9025	10722	5.000	2024	8,490	-	-	-	8,490
	8,930	(8)	10723	12508	5.000	2025	8,930	-	-	-	8,930
	9,370	(8)	12509	14382	5.000	2026	9,370	-	-	-	9,370
	5,585	(8)	14383	15499	5.000	2027	5,585	-	-	-	5,585
	7,000	(8)	15500	16899	4.500	2027	7,000	-	-	-	7,000
	14,445	(8)	16900	19788	5.000	2028	14,445	-	-	-	14,445
	8,990	(8)	19789	21586	5.000	2029	8,990	-	-	-	8,990
	9,450	(8)	21587	23476	5.000	2030	9,450	-	-	-	9,450
	9,935	(8)	23477	25463	5.000	2031	9,935	-	-	-	9,935
	10,445	(8)	25464	27552	5.000	2032	10,445	-	-	-	10,445
	2,465	(8)(35)	27553	28045	5.000	2033	2,465	-	-	-	2,465
	2,590	(8)(35)	28046	28563	5.000	2034	2,590	-	-	-	2,590
	2,725	(8)(35)	28564	29108	5.000	2035	2,725	-	-	-	2,725
	2,865	(8)(35)	29109	29681	5.000	2036	2,865	-	-	-	2,865
	3,010	(8)(35)	29682	30283	5.000	2037	3,010	-	-	-	3,010
	3,165	(8)(35)	30284	30916	5.000	2038	3,165	-	-	-	3,165
	3,330	(8)(35)	30917	31582	5.000	2039	3,330	-	-	-	3,330
	3,500	(8)(35)	31583	32282	5.000	2040	3,500	-	-	-	3,500
	3,680	(8)(35)	32283	33018	5.000	2041	3,680	-	-	-	3,680
	<u>\$ 165,090</u>						<u>\$ 164,425</u>	<u>\$ -</u>	<u>\$ 5,400</u>	<u>\$ -</u>	<u>\$ 159,025</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>	
Water System Revenue	\$ -				- %	15-May 2012	\$ -	\$ -	\$ -	\$ -	-
Refunding Bonds, Series 2012	2,610	NONE	1	522	2.000	2013	2,610	-	2,610	-	-
Paying Agent: USBank	2,650	NONE	523	1052	3.000	2014	2,650	-	-	-	2,650
Bonds Dated: 02-29-12	2,720	NONE	1053	1596	4.000	2015	2,720	-	-	-	2,720
	2,795	NONE	1597	2155	4.000	2016	2,795	-	-	-	2,795
	7,085	NONE	2156	3572	5.000	2017	7,085	-	-	-	7,085
	7,360	NONE	3573	5044	4.000	2018	7,360	-	-	-	7,360
	4,345	NONE	5045	5913	4.000	2019	4,345	-	-	-	4,345
	12,910	NONE	5914	8495	5.000	2020	12,910	-	-	-	12,910
	13,510	NONE	8496	11197	5.000	2021	13,510	-	-	-	13,510
	16,050	NONE	11198	14407	5.000	2022	16,050	-	-	-	16,050
	16,840	(9)	14408	17775	5.000	2023	16,840	-	-	-	16,840
	17,675	(9)	17776	21310	5.000	2024	17,675	-	-	-	17,675
	18,540	(9)	21311	25018	5.000	2025	18,540	-	-	-	18,540
	19,450	(9)	25019	28908	5.000	2026	19,450	-	-	-	19,450
	39,450	(9)	28909	36798	5.000	2027	39,450	-	-	-	39,450
	41,265	(9)	36799	45051	4.000	2028	41,265	-	-	-	41,265
	<u>\$ 225,255</u>						<u>\$ 225,255</u>	<u>\$ -</u>	<u>\$ 2,610</u>	<u>\$ -</u>	<u>\$ 222,645</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>	
Water System Revenue	\$ -				- %	15-May 2012	\$ -	\$ -	\$ -	\$ -	-
Refunding Bonds, Series 2012A	1,705	NONE	1	341	2.000	2013	1,705	-	1,705	-	-
Paying Agent: USBank	2,655	NONE	342	872	3.000	2014	2,655	-	-	-	2,655
Bonds Dated: 10-02-12	2,750	NONE	873	1422	2.000	2015	2,750	-	-	-	2,750
	2,880	NONE	1423	1998	3.000	2016	2,880	-	-	-	2,880
	3,025	NONE	1999	2603	3.000	2017	3,025	-	-	-	3,025
	3,180	NONE	2604	3239	5.000	2018	3,180	-	-	-	3,180
	3,345	NONE	3240	3908	5.000	2019	3,345	-	-	-	3,345
	3,500	NONE	3909	4608	3.000	2020	3,500	-	-	-	3,500
	3,660	NONE	4609	5340	4.000	2021	3,660	-	-	-	3,660
	3,850	NONE	5341	6110	5.000	2022	3,850	-	-	-	3,850
	4,045	(10)	6111	6919	4.000	2023	4,045	-	-	-	4,045
	4,255	(10)	6920	7770	5.000	2024	4,255	-	-	-	4,255
	4,470	(10)	7771	8664	3.250	2025	4,470	-	-	-	4,470
	4,700	(10)	8665	9604	5.000	2026	4,700	-	-	-	4,700
	4,940	(10)	9605	10592	5.000	2027	4,940	-	-	-	4,940
	5,195	(10)	10593	11631	5.000	2028	5,195	-	-	-	5,195
	5,460	(10)	11632	12723	5.000	2029	5,460	-	-	-	5,460
	5,740	(10)	12724	13871	5.000	2030	5,740	-	-	-	5,740
	6,035	(10)	13872	15078	5.000	2031	6,035	-	-	-	6,035
	6,310	(10)(36)	15079	16340	5.000	2032	6,310	-	-	-	6,310
	6,570	(10)(36)	16341	17654	5.000	2033	6,570	-	-	-	6,570
	6,840	(10)(36)	17655	19022	5.000	2034	6,840	-	-	-	6,840
	7,155	(10)	19023	20453	5.000	2035	7,155	-	-	-	7,155
	7,520	(10)	20454	21957	5.000	2036	7,520	-	-	-	7,520
	4,140	(10)	21958	22785	5.000	2037	4,140	-	-	-	4,140
	3,765	(10)(36)	22786	23538	5.000	2037	3,765	-	-	-	3,765
	8,310	(10)(36)	23539	25200	5.000	2038	8,310	-	-	-	8,310
	8,740	(10)(36)	25201	26948	5.000	2039	8,740	-	-	-	8,740
	9,185	(10)(36)	26949	28785	5.000	2040	9,185	-	-	-	9,185
	9,585	(10)(36)	28786	30702	5.000	2041	9,585	-	-	-	9,585
	9,925	(10)(36)	30703	32687	5.000	2042	9,925	-	-	-	9,925
	<u>\$ 163,435</u>						<u>\$ 163,435</u>	<u>\$ -</u>	<u>\$ 1,705</u>	<u>\$ -</u>	<u>\$ 161,730</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>	<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>
Water System Junior Lien	\$ -				- %	15-May 2003	\$ -	\$ -	\$ -	-
Revenue Bonds, Series 2003	5	NONE	1	Serial	0.000	2004	-	-	-	-
Paying Agent: USBank	5	NONE	2	Serial	0.000	2005	-	-	-	-
Bonds Dated: 03-01-03	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	1.300	2009	-	-	-	-
	1,960	NONE	392	783	1.650	2010	-	-	-	-
	1,995	NONE	784	1182	1.900	2011	-	-	-	-
	2,035	NONE	1183	1589	2.050	2012	-	-	-	-
	2,075	NONE	1590	2004	2.200	2013	2,075	-	2,075	-
	2,125	(11)	2005	2429	2.300	2014	2,125	-	2,125	-
	2,175	(11)	2430	2864	2.400	2015	2,175	-	2,175	-
	2,230	(11)	2865	3310	2.500	2016	2,230	-	2,230	-
	2,285	(11)	3311	3767	2.650	2017	2,285	-	2,285	-
	2,350	(11)	3768	4237	2.750	2018	2,350	-	2,350	-
	2,415	(11)	4238	4720	2.800	2019	2,415	-	2,415	-
	2,485	(11)	4721	5217	2.900	2020	2,485	-	2,485	-
	2,560	(11)	5218	5729	2.950	2021	2,560	-	2,560	-
	2,635	(11)	5730	6256	3.050	2022	2,635	-	2,635	-
	2,720	(11)	6257	6800	3.100	2023	2,720	-	2,720	-
	<u>\$ 34,000</u>						<u>\$ 26,055</u>	<u>\$ -</u>	<u>\$ 26,055</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>		<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>		<b>Balances Outstanding January 1, 2013</b>	<b>Transactions</b>		<b>Balances Outstanding December 31, 2013</b>
										<b>Issued</b>	<b>Retired</b>	
Water System Junior Lien Revenue and Refunding Bonds, Series 2004 Paying Agent: USBank Bonds Dated: 07-01-04	\$ -					- %	15-May	2004	\$ -	\$ -	\$ -	-
	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	124	Serial	1.650		2010	-	-	-	-
	605	NONE	125	245	Serial	1.900		2011	-	-	-	-
	620	NONE	246	369	Serial	2.100		2012	-	-	-	-
	630	NONE	370	495	Serial	2.250		2013	630	-	630	-
	645	NONE	496	624	Serial	2.350		2014	645	-	-	645
	660	(12)	625	756	Serial	2.450		2015	660	-	-	660
	680	(12)	757	892	Serial	2.550		2016	680	-	-	680
	695	(12)	893	1031	Serial	2.650		2017	695	-	-	695
	715	(12)	1032	1174	Serial	2.750		2018	715	-	-	715
	735	(12)	1175	1321	Serial	2.800		2019	735	-	-	735
	760	(12)	1322	1473	Serial	2.900		2020	760	-	-	760
	780	(12)	1474	1629	Serial	2.950		2021	780	-	-	780
	805	(12)	1630	1790	Serial	3.050		2022	805	-	-	805
	830	(12)	1791	1956	Serial	3.100		2023	830	-	-	830
	855	(12)	1957	2127	Serial	3.200		2024	855	-	730	125
	<u>\$ 10,635</u>								<u>\$ 8,790</u>	<u>\$ -</u>	<u>\$ 1,360</u>	<u>\$ 7,430</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>		<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>		<b>Balances Outstanding January 1, 2013</b>	<b>Transactions</b>		<b>Balances Outstanding December 31, 2013</b>
										<b>Issued</b>	<b>Retired</b>	
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	279	Serial	2.650		2010	-	-	-	-
	1,410	NONE	280	561	Serial	2.900		2011	-	-	-	-
	1,450	NONE	562	851	Serial	3.100		2012	-	-	-	-
	1,495	NONE	852	1150	Serial	3.250		2013	1,495	-	1,495	-
	1,550	NONE	1151	1460	Serial	3.350		2014	1,550	-	-	1,550
	1,600	(13)	1461	1780	Serial	3.450		2015	1,600	-	-	1,600
	1,660	(13)	1781	2112	Serial	3.550		2016	1,660	-	-	1,660
	1,720	(13)	2113	2456	Serial	3.650		2017	1,720	-	-	1,720
	1,785	(13)	2457	2813	Serial	3.750		2018	1,785	-	-	1,785
	1,855	(13)	2814	3184	Serial	3.800		2019	1,855	-	-	1,855
	1,925	(13)	3185	3569	Serial	3.900		2020	1,925	-	-	1,925
	2,000	(13)	3570	3969	Serial	3.950		2021	2,000	-	-	2,000
	2,085	(13)	3970	4386	Serial	4.050		2022	2,085	-	-	2,085
	2,170	(13)	4387	4820	Serial	4.100		2023	2,170	-	-	2,170
	2,265	(13)	4821	5273	Serial	4.200		2024	2,265	-	230	2,035
	<u>\$ 26,365</u>								<u>\$ 22,110</u>	<u>\$ -</u>	<u>\$ 1,725</u>	<u>\$ 20,385</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>		<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>		<b>Balances Outstanding January 1, 2013</b>	<b>Transactions</b>		<b>Balances Outstanding December 31, 2013</b>
										<b>Issued</b>	<b>Retired</b>	
Water System Junior Lien	\$ -	NONE				- %	15-May	2007	\$ -	\$ -	\$ -	-
Revenue and Refunding	335	NONE	1	67	Serial	1.700		2008	-	-	-	-
Bonds, Series 2007	340	NONE	68	135	Serial	1.700		2009	-	-	-	-
Paying Agent: USBank	350	NONE	136	205	Serial	1.700		2010	-	-	-	-
Bonds Dated: 01-23-07	355	NONE	206	276	Serial	1.700		2011	-	-	-	-
	360	NONE	277	348	Serial	1.700		2012	-	-	-	-
	365	NONE	349	421	Serial	1.750		2013	365	-	365	-
	370	NONE	422	495	Serial	1.800		2014	370	-	-	370
	380	NONE	496	571	Serial	1.850		2015	380	-	-	380
	385	NONE	572	648	Serial	1.900		2016	385	-	-	385
	395	NONE	649	727	Serial	1.950		2017	395	-	-	395
	400	(14)	728	807	Serial	2.000		2018	400	-	-	400
	410	(14)	808	889	Serial	2.050		2019	410	-	-	410
	420	(14)	890	973	Serial	2.100		2020	420	-	-	420
	430	(14)	974	1059	Serial	2.150		2021	430	-	-	430
	435	(14)	1060	1146	Serial	2.200		2022	435	-	-	435
	445	(14)	1147	1235	Serial	2.250		2023	445	-	-	445
	455	(14)	1236	1326	Serial	2.250		2024	455	-	-	455
	470	(14)	1327	1420	Serial	2.300		2025	470	-	-	470
	480	(14)	1421	1516	Serial	2.300		2026	480	-	-	480
	490	(14)	1517	1614	Serial	2.400		2027	490	-	-	490
	<u>\$ 8,070</u>								<u>\$ 6,330</u>	<u>\$ -</u>	<u>\$ 365</u>	<u>\$ 5,965</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>	<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>
Water System Junior Lien	\$ -				- %	15-May 2007	\$ -	\$ -	\$ -	-
Revenue and Refunding	1,330	NONE	1	266	2.700	2008	-	-	-	-
Bonds, Series 2007A	1,365	NONE	267	539	2.700	2009	-	-	-	-
Paying Agent: USBank	1,400	NONE	540	819	2.700	2010	-	-	-	-
Bonds Dated: 01-23-07	1,440	NONE	820	1107	2.700	2011	-	-	-	-
	1,480	NONE	1108	1403	2.700	2012	-	-	-	-
	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	(15)	3015	3365	3.000	2018	1,755	-	-	1,755
	1,810	(15)	3366	3727	3.050	2019	1,810	-	-	1,810
	1,865	(15)	3728	4100	3.100	2020	1,865	-	-	1,865
	1,925	(15)	4101	4485	3.150	2021	1,925	-	-	1,925
	1,985	(15)	4486	4882	3.200	2022	1,985	-	-	1,985
	2,050	(15)	4883	5292	3.250	2023	2,050	-	-	2,050
	2,120	(15)	5293	5716	3.250	2024	2,120	-	-	2,120
	2,190	(15)	5717	6154	3.300	2025	2,190	-	-	2,190
	2,265	(15)	6155	6607	3.300	2026	2,265	-	-	2,265
	2,340	(15)	6608	7075	3.400	2027	2,340	-	1,990	350
	<u>\$ 35,375</u>						<u>\$ 28,360</u>	<u>\$ -</u>	<u>\$ 3,510</u>	<u>\$ 24,850</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>	
Water System Junior Lien	\$ -				- %	15-May 2008	\$ -	\$ -	\$ -	\$ -	-
Revenue Bonds, Series 2008	800	NONE	1	160	0.100	2009	-	-	-	-	-
Paying Agent: Wells Fargo	690	NONE	161	298	0.550	2010	-	-	-	-	-
Bonds Dated: 12-04-08	695	NONE	299	437	0.850	2011	-	-	-	-	-
	700	NONE	438	577	1.150	2012	-	-	-	-	-
	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	(16)	1467	1626	2.700	2019	800	-	-	-	800
	825	(16)	1627	1791	2.900	2020	825	-	-	-	825
	850	(16)	1792	1961	3.050	2021	850	-	-	-	850
	875	(16)	1962	2136	3.200	2022	875	-	-	-	875
	905	(16)	2137	2317	3.250	2023	905	-	-	-	905
	935	(16)	2318	2504	3.450	2024	935	-	-	-	935
	970	(16)	2505	2698	3.550	2025	970	-	-	-	970
	1,005	(16)	2699	2899	3.600	2026	1,005	-	-	-	1,005
	1,040	(16)	2900	3107	3.650	2027	1,040	-	-	-	1,040
	1,080	(16)	3108	3323	3.650	2028	1,080	-	-	-	1,080
	1,120	(16)	3324	3547	3.750	2029	1,120	-	-	-	1,120
	1,165	(16)	3548	3780	3.800	2030	1,165	-	-	-	1,165
	1,210	(16)	3781	4022	3.800	2031	1,210	-	-	-	1,210
	1,255	(16)	4023	4273	3.850	2032	1,255	-	-	-	1,255
	1,305	(16)	4274	4534	3.850	2033	1,305	-	-	-	1,305
	1,355	(16)	4535	4805	3.850	2034	1,355	-	-	-	1,355
	1,410	(16)	4806	5087	3.850	2035	1,410	-	-	-	1,410
	1,465	(16)	5088	5380	3.850	2036	1,465	-	-	-	1,465
	1,520	(16)	5381	5684	3.850	2037	1,520	-	-	-	1,520
	1,580	(16)	5685	6000	3.950	2038	1,580	-	-	-	1,580
	<u>\$ 30,000</u>						<u>\$ 27,115</u>	<u>\$ -</u>	<u>\$ 710</u>		<u>\$ 26,405</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances Outstanding January 1, 2013</b>	<b>Transactions</b>		<b>Balances Outstanding December 31, 2013</b>
								<b>Issued</b>	<b>Retired</b>	
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	-	-	-	-
	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	(17)	1011	1126	3.700	2019	580	-	-	580
	600	(17)	1127	1246	3.900	2020	600	-	-	600
	625	(17)	1247	1371	4.050	2021	625	-	-	625
	650	(17)	1372	1501	4.200	2022	650	-	-	650
	680	(17)	1502	1637	4.250	2023	680	-	-	680
	710	(17)	1638	1779	4.450	2024	710	-	-	710
	740	(17)	1780	1927	4.550	2025	740	-	-	740
	775	(17)	1928	2082	4.600	2026	775	-	-	775
	815	(17)	2083	2245	4.650	2027	815	-	-	815
	850	(17)	2246	2415	4.650	2028	850	-	-	850
	890	(17)	2416	2593	4.750	2029	890	-	-	890
	935	(17)	2594	2780	4.800	2030	935	-	-	935
	980	(17)	2781	2976	4.800	2031	980	-	-	980
	1,030	(17)	2977	3182	4.850	2032	1,030	-	-	1,030
	1,080	(17)	3183	3398	4.850	2033	1,080	-	-	1,080
	1,135	(17)	3399	3625	4.850	2034	1,135	-	-	1,135
	1,190	(17)	3626	3863	4.850	2035	1,190	-	-	1,190
	1,250	(17)	3864	4113	4.850	2036	1,250	-	-	1,250
	1,315	(17)	4114	4376	4.850	2037	1,315	-	-	1,315
	1,380	(17)	4377	4652	4.950	2038	1,380	-	125	1,255
	<u>\$ 23,260</u>						<u>\$ 21,305</u>	<u>\$ -</u>	<u>\$ 605</u>	<u>\$ 20,700</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>	
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	-	-	-	-	-
	1,250	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	(18)	2619	2902	2.750	2020	1,420	-	-	-	1,420
	1,460	(18)	2903	3194	2.950	2021	1,460	-	-	-	1,460
	1,505	(18)	3195	3495	3.100	2022	1,505	-	-	-	1,505
	1,555	(18)	3496	3806	3.250	2023	1,555	-	-	-	1,555
	1,605	(18)	3807	4127	3.350	2024	1,605	-	-	-	1,605
	1,665	(18)	4128	4460	3.700	2025	1,665	-	-	-	1,665
	1,730	(18)	4461	4806	3.800	2026	1,730	-	-	-	1,730
	1,795	(18)	4807	5165	3.900	2027	1,795	-	-	-	1,795
	1,870	(18)	5166	5539	4.000	2028	1,870	-	-	-	1,870
	1,945	(18)	5540	5928	4.000	2029	1,945	-	-	-	1,945
	2,025	(18)	5929	6333	4.050	2030	2,025	-	-	-	2,025
	2,105	(18)	6334	6754	4.100	2031	2,105	-	-	-	2,105
	2,200	(18)	6755	7194	4.150	2032	2,200	-	-	-	2,200
	2,300	(18)	7195	7654	4.200	2033	2,300	-	-	-	2,300
	2,395	(18)	7655	8133	4.250	2034	2,395	-	-	-	2,395
	2,500	(18)	8134	8633	4.250	2035	2,500	-	-	-	2,500
	2,610	(18)	8634	9155	4.250	2036	2,610	-	-	-	2,610
	2,720	(18)	9156	9699	4.250	2037	2,720	-	-	-	2,720
	2,840	(18)	9700	10267	4.250	2038	2,840	-	-	-	2,840
	2,965	(18)	10268	10860	4.350	2039	2,965	-	-	-	2,965
	<u>\$ 54,300</u>						<u>\$ 50,370</u>	<u>\$ -</u>	<u>\$ 1,250</u>	<u>\$ 49,120</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>	
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	(19)	1816	2283	1.642	2020	2,340	-	-	-	2,340
	2,385	(19)	2284	2760	1.947	2021	2,385	-	-	-	2,385
	2,430	(19)	2761	3246	2.131	2022	2,430	-	-	-	2,430
	2,485	(19)	3247	3743	2.280	2023	2,485	-	-	-	2,485
	2,545	(19)	3744	4252	2.351	2024	2,545	-	-	-	2,545
	2,605	(19)	4253	4773	2.532	2025	2,605	-	-	-	2,605
	2,675	(19)	4774	5308	2.463	2026	2,675	-	-	-	2,675
	2,745	(19)	5309	5857	2.706	2027	2,745	-	-	-	2,745
	2,820	(19)	5858	6421	2.661	2028	2,820	-	-	-	2,820
	2,895	(19)	6422	7000	2.815	2029	2,895	-	-	-	2,895
	<u>\$ 35,000</u>						<u>\$ 35,000</u>	<u>\$ -</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>	
Water System Junior Lien	\$ -				- %	15-May 2010	\$ -	\$ -	\$ -	\$ -	-
Revenue Refunding Bonds, Series 2010	5,725	NONE	1	1145	2.000	2011	-	-	-	-	-
Paying Agent: Wells Fargo	5,865	NONE	1146	2318	3.000	2012	-	-	-	-	-
Bonds Dated: 02-01-10	6,035	NONE	2319	3525	3.000	2013	6,035	-	6,035	-	-
	6,240	NONE	3526	4773	4.000	2014	6,240	-	-	-	6,240
	6,490	NONE	4774	6071	4.000	2015	6,490	-	-	-	6,490
	6,745	NONE	6072	7420	4.000	2016	6,745	-	-	-	6,745
	7,025	NONE	7421	8825	4.250	2017	7,025	-	-	-	7,025
	7,345	NONE	8826	10294	5.000	2018	7,345	-	-	-	7,345
	4,275	NONE	10295	11149	4.000	2019	4,275	-	-	-	4,275
	3,400	NONE	11150	11829	4.250	2019	3,400	-	-	-	3,400
	<u>\$ 59,145</u>						<u>\$ 47,555</u>	<u>\$ -</u>	<u>\$ 6,035</u>	<u>\$ -</u>	<u>\$ 41,520</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances Outstanding January 1, 2013</b>	<b>Transactions</b>		<b>Balances Outstanding December 31, 2013</b>
								<b>Issued</b>	<b>Retired</b>	
Water System Junior Lien Revenue and Refunding Bonds, Series 2010A Paying Agent: US Bank N.A. Bonds Dated: 12-14-10	\$ -				- %	15-May 2010	\$ -	\$ -	\$ -	\$ -
	510	NONE	1	102	-	2011	-	-	-	-
	475	NONE	103	197	-	2012	-	-	-	-
	475	NONE	198	292	-	2013	475	-	475	-
	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	(20)	971	1072	1.890	2021	510	-	-	510
	520	(20)	1073	1176	2.020	2022	520	-	-	520
	530	(20)	1177	1282	2.110	2023	530	-	-	530
	540	(20)	1283	1390	2.210	2024	540	-	-	540
	555	(20)	1391	1501	2.300	2025	555	-	-	555
	565	(20)	1502	1614	2.430	2026	565	-	-	565
	580	(20)	1615	1730	2.540	2027	580	-	-	580
	595	(20)	1731	1849	2.630	2028	595	-	-	595
	615	(20)	1850	1972	2.670	2029	615	-	-	615
	630	(20)	1973	2098	2.750	2030	630	-	-	630
	650	(20)	2099	2228	2.860	2031	650	-	-	650
	665	(20)	2229	2361	2.900	2032	665	-	-	665
	685	(20)	2362	2498	2.970	2033	685	-	-	685
	705	(20)	2499	2639	3.060	2034	705	-	-	705
	730	(20)	2640	2785	3.110	2035	730	-	-	730
	750	(20)	2786	2935	3.110	2036	750	-	-	750
	775	(20)	2936	3090	3.110	2037	775	-	-	775
	800	(20)	3091	3250	3.110	2038	800	-	-	800
	825	(20)	3251	3415	3.110	2039	825	-	-	825
	855	(20)	3416	3586	3.310	2040	855	-	-	855
	<u>\$ 17,930</u>						<u>\$ 16,945</u>	<u>\$ -</u>	<u>\$ 475</u>	<u>\$ 16,470</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>	
Water System Junior Lien Revenue Bonds, Series 2011 Paying Agent: US Bank N.A. Bonds Dated: 08-18-11	\$ -				- %	15-May 2011	\$ -	\$ -	\$ -	\$ -	-
	1,120	NONE	1	224	-	2012	-	-	-	-	-
	1,175	NONE	225	459	-	2013	1,175	-	1,175	-	-
	1,175	NONE	460	694	-	2014	1,175	-	-	-	1,175
	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	(21)	2344	2583	0.980	2022	1,200	-	-	-	1,200
	1,215	(21)	2584	2826	1.150	2023	1,215	-	-	-	1,215
	1,230	(21)	2827	3072	1.320	2024	1,230	-	-	-	1,230
	1,245	(21)	3073	3321	1.490	2025	1,245	-	-	-	1,245
	1,265	(21)	3322	3574	1.620	2026	1,265	-	-	-	1,265
	1,285	(21)	3575	3831	1.720	2027	1,285	-	-	-	1,285
	1,310	(21)	3832	4093	1.820	2028	1,310	-	-	-	1,310
	1,335	(21)	4094	4360	1.920	2029	1,335	-	-	-	1,335
	1,360	(21)	4361	4632	2.070	2030	1,360	-	-	-	1,360
	1,390	(21)	4633	4910	2.070	2031	1,390	-	-	-	1,390
	<u>\$ 24,550</u>						<u>\$ 23,430</u>	<u>\$ -</u>	<u>\$ 1,175</u>	<u>\$ 22,255</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>	
Water System Junior Lien Revenue and Refunding Bonds, Series 2011A Paying Agent: US Bank N.A. Bonds Dated: 08-18-11	\$ -				- %	15-May 2011	\$ -	\$ -	\$ -	\$ -	-
	335	NONE	1	67	Serial	2012	-	-	-	-	-
	455	NONE	68	158	Serial	2013	455	-	455	-	-
	455	NONE	159	249	Serial	2014	455	-	-	-	455
	455	NONE	250	340	Serial	2015	455	-	-	-	455
	455	NONE	341	431	Serial	2016	455	-	-	-	455
	460	NONE	432	523	Serial	2017	460	-	-	-	460
	465	NONE	524	616	Serial	2018	465	-	-	-	465
	475	NONE	617	711	Serial	2019	475	-	-	-	475
	480	NONE	712	807	Serial	2020	480	-	-	-	480
	490	NONE	808	905	Serial	2021	490	-	-	-	490
	500	(22)	906	1005	Serial	2022	500	-	-	-	500
	510	(22)	1006	1107	Serial	2023	510	-	-	-	510
	525	(22)	1108	1212	Serial	2024	525	-	-	-	525
	540	(22)	1213	1320	Serial	2025	540	-	-	-	540
	555	(22)	1321	1431	Serial	2026	555	-	-	-	555
	570	(22)	1432	1545	Serial	2027	570	-	-	-	570
	590	(22)	1546	1663	Serial	2028	590	-	-	-	590
	605	(22)	1664	1784	Serial	2029	605	-	-	-	605
	625	(22)	1785	1909	Serial	2030	625	-	-	-	625
	645	(22)	1910	2038	Serial	2031	645	-	-	-	645
	670	(22)	2039	2172	Serial	2032	670	-	-	-	670
	690	(22)	2173	2310	Serial	2033	690	-	-	-	690
	715	(22)	2311	2453	Serial	2034	715	-	-	-	715
	745	(22)	2454	2602	Serial	2035	745	-	-	-	745
	770	(22)	2603	2756	Serial	2036	770	-	-	-	770
	800	(22)	2757	2916	Serial	2037	800	-	-	-	800
	830	(22)	2917	3082	Serial	2038	830	-	-	-	830
	860	(22)	3083	3254	Serial	2039	860	-	-	-	860
	895	(22)	3255	3433	Serial	2040	895	-	-	-	895
	930	(22)	3434	3619	Serial	2041	930	-	-	-	930
	<u>\$ 18,095</u>						<u>\$ 17,760</u>	<u>\$ -</u>	<u>\$ 455</u>	<u>\$ -</u>	<u>\$ 17,305</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>	<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>
Water System Junior Lien	\$ -				- %	15-May 2012	\$ -	\$ -	\$ -	-
Revenue Refunding Bonds, Series 2012 (No Reserve Fund)	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>						<u>\$ 31,890</u>	<u>\$ -</u>	<u>\$ 2,895</u>	<u>\$ 28,995</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, 2013**  
*(amounts in thousands)*

**WATER SYSTEM**  
**REVENUE BONDS**

Water System Junior Lien  
Revenue Bonds, Series 2012  
Paying Agent: US Bank N.A.  
Bonds Dated: 08-28-12

	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding
							January 1, 2013	December 31, 2013	Issued	Retired	
\$	-				- %	15-May 2012	\$ -	\$ -	-	-	\$ -
	545	NONE	1	109	-	2013	545	-	-	545	-
	590	NONE	110	227	-	2014	590	-	-	-	590
	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	(23)	1176	1296	0.830	2023	605	-	-	-	605
	610	(23)	1297	1418	0.920	2024	610	-	-	-	610
	615	(23)	1419	1541	1.010	2025	615	-	-	-	615
	625	(23)	1542	1666	1.090	2026	625	-	-	-	625
	630	(23)	1667	1792	1.160	2027	630	-	-	-	630
	635	(23)	1793	1919	1.230	2028	635	-	-	-	635
	645	(23)	1920	2048	1.300	2029	645	-	-	-	645
	655	(23)	2049	2179	1.370	2030	655	-	-	-	655
	665	(23)	2180	2312	1.430	2031	665	-	-	-	665
	675	(23)	2313	2447	1.490	2032	675	-	-	-	675
	685	(23)	2448	2584	1.550	2033	685	-	-	-	685
	695	(23)	2585	2723	1.620	2034	695	-	-	-	695
	705	(23)	2724	2864	1.690	2035	705	-	-	-	705
	720	(23)	2865	3008	1.750	2036	720	-	-	-	720
	730	(23)	3009	3154	1.790	2037	730	-	-	-	730
	745	(23)	3155	3303	1.810	2038	745	-	-	-	745
	760	(23)	3304	3455	1.820	2039	760	-	-	-	760
	770	(23)	3456	3609	1.830	2040	770	-	-	-	770
	785	(23)	3610	3766	1.840	2041	785	-	-	-	785
	800	(23)	3767	3926	1.850	2042	800	-	-	-	800
\$	<u>19,630</u>						\$ <u>19,630</u>	\$ -	\$ <u>545</u>	\$ <u>19,085</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>	
Water System Junior Lien	\$ -				- %	15-May 2013	\$ -	\$ -	\$ -	\$ -	
Revenue Bonds, Series 2013A	2,395	NONE	1 479	Serial	0.000	2014	-	2,395	-	2,395	
Paying Agent: Bank of New York	2,390	NONE	480 957	Serial	0.000	2015	-	2,390	-	2,390	
Bonds Dated: 05-07-13	2,390	NONE	958 1435	Serial	0.000	2016	-	2,390	-	2,390	
	2,390	NONE	1436 1913	Serial	0.000	2017	-	2,390	-	2,390	
	2,390	NONE	1914 2391	Serial	0.000	2018	-	2,390	-	2,390	
	2,395	NONE	2392 2870	Serial	0.090	2019	-	2,395	-	2,395	
	2,400	NONE	2871 3350	Serial	0.300	2020	-	2,400	-	2,400	
	2,410	NONE	3351 3832	Serial	0.480	2021	-	2,410	-	2,410	
	2,420	NONE	3833 4316	Serial	0.670	2022	-	2,420	-	2,420	
	2,440	NONE	4317 4804	Serial	0.850	2023	-	2,440	-	2,440	
	2,460	(24)	4805 5296	Serial	0.940	2024	-	2,460	-	2,460	
	2,485	(24)	5297 5793	Serial	1.020	2025	-	2,485	-	2,485	
	2,515	(24)	5794 6296	Serial	1.090	2026	-	2,515	-	2,515	
	2,540	(24)	6297 6804	Serial	1.150	2027	-	2,540	-	2,540	
	2,570	(24)	6805 7318	Serial	1.220	2028	-	2,570	-	2,570	
	2,605	(24)	7319 7839	Serial	1.270	2029	-	2,605	-	2,605	
	2,635	(24)	7840 8366	Serial	1.330	2030	-	2,635	-	2,635	
	2,675	(24)	8367 8901	Serial	1.380	2031	-	2,675	-	2,675	
	2,720	(24)	8902 9445	Serial	2.050	2032	-	2,720	-	2,720	
	2,775	(24)	9446 10000	Serial	2.050	2033	-	2,775	-	2,775	
	<u>\$ 50,000</u>						<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>	<b>Balances</b>		<b>Transactions</b>		<b>Balances</b>
							<b>Outstanding January 1, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding December 31, 2013</b>	
Water System Junior Lien	\$ -				- %	15-May 2013	\$ -	\$ -	\$ -	\$ -	
Revenue Refunding Bonds, Series 2013B (No Reserve Fund)	1,875	NONE	1 375	Serial	2.000	2014	-	1,875	-	1,875	
Paying Agent: US Bank	3,715	NONE	376 1118	Serial	4.000	2015	-	3,715	-	3,715	
Bonds Dated: 06-06-13	3,870	NONE	1119 1892	Serial	4.000	2016	-	3,870	-	3,870	
	4,030	NONE	1893 2698	Serial	4.000	2017	-	4,030	-	4,030	
	4,200	NONE	2699 3538	Serial	5.000	2018	-	4,200	-	4,200	
	4,410	NONE	3539 4420	Serial	5.000	2019	-	4,410	-	4,410	
	4,640	NONE	4421 5348	Serial	5.000	2020	-	4,640	-	4,640	
	4,875	NONE	5349 6323	Serial	5.000	2021	-	4,875	-	4,875	
	5,125	NONE	6324 7348	Serial	5.000	2022	-	5,125	-	5,125	
	3,620	NONE	7349 8072	Serial	5.000	2023	-	3,620	-	3,620	
	2,970	(25)	8073 8666	Serial	5.000	2024	-	2,970	-	2,970	
	3,120	(25)	8667 9290	Serial	5.000	2025	-	3,120	-	3,120	
	3,285	(25)	9291 9947	Serial	5.000	2026	-	3,285	-	3,285	
	3,450	(25)	9948 10637	Serial	5.000	2027	-	3,450	-	3,450	
	3,630	(25)	10638 11363	Serial	5.000	2028	-	3,630	-	3,630	
	3,815	(25)	11364 12126	Serial	5.000	2029	-	3,815	-	3,815	
	4,015	(25)	12127 12929	Serial	5.000	2030	-	4,015	-	4,015	
	4,220	(25)	12930 13773	Serial	5.000	2031	-	4,220	-	4,220	
	4,440	(25)	13774 14661	Serial	5.000	2032	-	4,440	-	4,440	
	4,670	(25)	14662 15595	Serial	5.000	2033	-	4,670	-	4,670	
	4,910	(25)	15596 16577	Serial	5.000	2034	-	4,910	-	4,910	
	<u>\$ 82,885</u>						<u>\$ -</u>	<u>\$ 82,885</u>	<u>\$ -</u>	<u>\$ 82,885</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>		<b>Balances Outstanding January 1, 2013</b>	<b>Transactions</b>		<b>Balances Outstanding December 31, 2013</b>
									<b>Issued</b>	<b>Retired</b>	
Water System Junior Lien	\$ -				- %	15-May	2013	\$ -	\$ -	\$ -	-
Revenue Bonds, Series 2013C	1,230	NONE	1	246	0.000		2014	-	1,230	-	1,230
Paying Agent: Bank of New York	1,210	NONE	247	488	0.000		2015	-	1,210	-	1,210
Bonds Dated: 12-05-13	1,210	NONE	489	730	0.000		2016	-	1,210	-	1,210
	1,210	NONE	731	972	0.000		2017	-	1,210	-	1,210
	1,210	NONE	973	1214	0.400		2018	-	1,210	-	1,210
	1,210	NONE	1215	1456	0.420		2019	-	1,210	-	1,210
	1,220	NONE	1457	1700	0.790		2020	-	1,220	-	1,220
	1,230	NONE	1701	1946	1.110		2021	-	1,230	-	1,230
	1,245	NONE	1947	2195	1.300		2022	-	1,245	-	1,245
	1,260	NONE	2196	2447	1.480		2023	-	1,260	-	1,260
	1,280	(26)	2448	2703	1.650		2024	-	1,280	-	1,280
	1,305	(26)	2704	2964	1.810		2025	-	1,305	-	1,305
	1,330	(26)	2965	3230	1.970		2026	-	1,330	-	1,330
	1,355	(26)	3231	3501	2.120		2027	-	1,355	-	1,355
	1,385	(26)	3502	3778	2.270		2028	-	1,385	-	1,385
	1,420	(26)	3779	4062	2.390		2029	-	1,420	-	1,420
	1,455	(26)	4063	4353	2.510		2030	-	1,455	-	1,455
	1,495	(26)	4354	4652	2.590		2031	-	1,495	-	1,495
	1,535	(26)	4653	4959	2.680		2032	-	1,535	-	1,535
	1,575	(26)	4960	5274	2.740		2033	-	1,575	-	1,575
	<u>\$ 26,370</u>							<u>\$ -</u>	<u>\$ 26,370</u>	<u>\$ -</u>	<u>\$ 26,370</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>		<b>Balances Outstanding January 1, 2013</b>	<b>Transactions</b>		<b>Balances Outstanding December 31, 2013</b>
									<b>Issued</b>	<b>Retired</b>	
Water System Junior Lien	\$ -				- %	15-May	2013	\$ -	\$ -	\$ -	-
Revenue Bonds, Series 2013D	1,495	NONE	1	299	0.000		2014	-	1,495	-	1,495
Paying Agent: Bank of New York	1,555	NONE	300	610	0.000		2015	-	1,555	-	1,555
Bonds Dated: 10-31-13	1,555	NONE	611	921	0.000		2016	-	1,555	-	1,555
	1,555	NONE	922	1232	0.000		2017	-	1,555	-	1,555
	1,560	NONE	1233	1544	0.450		2018	-	1,560	-	1,560
	1,565	NONE	1545	1857	0.770		2019	-	1,565	-	1,565
	1,580	NONE	1858	2173	1.030		2020	-	1,580	-	1,580
	1,600	NONE	2174	2493	1.340		2021	-	1,600	-	1,600
	1,625	NONE	2494	2818	1.580		2022	-	1,625	-	1,625
	1,650	NONE	2819	3148	1.770		2023	-	1,650	-	1,650
	1,680	(27)	3149	3484	1.960		2024	-	1,680	-	1,680
	1,715	(27)	3485	3827	2.150		2025	-	1,715	-	1,715
	1,755	(27)	3828	4178	2.340		2026	-	1,755	-	1,755
	1,800	(27)	4179	4538	2.470		2027	-	1,800	-	1,800
	1,845	(27)	4539	4907	2.590		2028	-	1,845	-	1,845
	1,895	(27)	4908	5286	2.710		2029	-	1,895	-	1,895
	1,950	(27)	5287	5676	2.820		2030	-	1,950	-	1,950
	2,005	(27)	5677	6077	2.900		2031	-	2,005	-	2,005
	2,065	(27)	6078	6490	2.980		2032	-	2,065	-	2,065
	2,130	(27)	6491	6916	3.050		2033	-	2,130	-	2,130
	2,195	(27)	6917	7355	3.110		2034	-	2,195	-	2,195
	2,265	(27)	7356	7808	3.170		2035	-	2,265	-	2,265
	2,340	(27)	7809	8276	3.220		2036	-	2,340	-	2,340
	2,415	(27)	8277	8759	3.260		2037	-	2,415	-	2,415
	2,495	(27)	8760	9258	3.300		2038	-	2,495	-	2,495
	2,580	(27)	9259	9774	3.330		2039	-	2,580	-	2,580
	2,665	(27)	9775	10307	3.350		2040	-	2,665	-	2,665
	2,760	(27)	10308	10859	3.370		2041	-	2,760	-	2,760
	2,855	(27)	10860	11430	3.380		2042	-	2,855	-	2,855
	2,950	(27)	11431	12020	3.390		2043	-	2,950	-	2,950
	<u>\$ 60,100</u>							<u>\$ -</u>	<u>\$ 60,100</u>	<u>\$ -</u>	<u>\$ 60,100</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>		<b>Bond Type</b>	<b>Interest Rates</b>	<b>Maturity Dates</b>		<b>Balances Outstanding January 1, 2013</b>	<b>Transactions</b>		<b>Balances Outstanding December 31, 2013</b>
										<b>Issued</b>	<b>Retired</b>	
Water System Junior Lien	\$ -					2.000 %	15-May	2013	\$ -	\$ -	\$ -	-
Revenue and Refunding Bonds, Series 2013E (No Reserve Fund)	3,180	NONE	1	636	Serial	4.000		2014	-	3,180	-	3,180
Paying Agent: USBank	3,370	NONE	637	1310	Serial	4.000		2015	-	3,370	-	3,370
Bonds Dated: 11-06-13	3,505	NONE	1311	2011	Serial	5.000		2016	-	3,505	-	3,505
	3,670	NONE	2012	2745	Serial	4.000		2017	-	3,670	-	3,670
	3,840	NONE	2746	3513	Serial	5.000		2018	-	3,840	-	3,840
	4,015	NONE	3514	4316	Serial	4.000		2019	-	4,015	-	4,015
	4,200	NONE	4317	5156	Serial	5.000		2020	-	4,200	-	4,200
	4,395	NONE	5157	6035	Serial	5.000		2021	-	4,395	-	4,395
	4,620	NONE	6036	6959	Serial	5.000		2022	-	4,620	-	4,620
	4,855	NONE	6960	7930	Serial	5.000		2023	-	4,855	-	4,855
	5,105	(28)	7931	8951	Serial	5.000		2024	-	5,105	-	5,105
	5,365	(28)	8952	10024	Serial	5.000		2025	-	5,365	-	5,365
	5,640	(28)	10025	11152	Serial	5.000		2026	-	5,640	-	5,640
	5,930	(28)	11153	12338	Serial	5.000		2027	-	5,930	-	5,930
	6,235	(28)	12339	13585	Serial	5.000		2028	-	6,235	-	6,235
	6,555	(28)	13586	14896	Serial	5.000		2029	-	6,555	-	6,555
	4,870	(28)	14897	15870	Serial	4.000		2030	-	4,870	-	4,870
	<u>\$ 79,350</u>								<u>\$ -</u>	<u>\$ 79,350</u>	<u>\$ -</u>	<u>\$ 79,350</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, 2013**  
*(amounts in thousands)*

<b>WATER SYSTEM REVENUE BONDS</b>	<b>Original Issue</b>	<b>Call Options</b>	<b>Bond Numbers</b>	<b>Bond Type</b>	<b>Interest Rates*</b>	<b>Maturity Dates</b>		<b>Balances Outstanding January 1, 2013</b>	<b>Transactions</b>		<b>Balances Outstanding December 31, 2013</b>
									<b>Issued</b>	<b>Retired</b>	
Water System Junior Lien	\$ -	NONE			%	15-May	2013	\$ -	\$ -	\$ -	-
Revenue and Refunding Bonds, Series 2013F (No Reserve Fund)	-	NONE					2014	-	-	-	-
Paying Agent: USBank	-	NONE					2015	-	-	-	-
Bonds Dated: 11-06-13	-	NONE					2016	-	-	-	-
	-	NONE					2017	-	-	-	-
	-	NONE					2018	-	-	-	-
	-	NONE					2019	-	-	-	-
	-	NONE					2020	-	-	-	-
	-	NONE					2021	-	-	-	-
	-	NONE					2022	-	-	-	-
	-	NONE					2023	-	-	-	-
	-	NONE					2024	-	-	-	-
	-	NONE					2025	-	-	-	-
	-	NONE					2026	-	-	-	-
	-	NONE					2027	-	-	-	-
	-	NONE					2028	-	-	-	-
	-	NONE					2029	-	-	-	-
	1,960	(37)	1	392	Term	Variable	2030	-	1,960	-	1,960
	6,990	(37)	393	1790	Term	Variable	2031	-	6,990	-	6,990
	7,075	(37)	1791	3205	Term	Variable	2032	-	7,075	-	7,075
	7,165	(37)	3206	4638	Term	Variable	2033	-	7,165	-	7,165
	7,255	(37)	4639	6089	Term	Variable	2034	-	7,255	-	7,255
	7,345	(37)	6090	7558	Term	Variable	2035	-	7,345	-	7,345
	7,440	(37)	7559	9046	Term	Variable	2036	-	7,440	-	7,440
	7,535	(37)	9047	10553	Term	Variable	2037	-	7,535	-	7,535
	7,630	(37)	10554	12079	Term	Variable	2038	-	7,630	-	7,630
	7,725	(37)	12080	13624	Term	Variable	2039	-	7,725	-	7,725
	7,820	(37)	13625	15188	Term	Variable	2040	-	7,820	-	7,820
	7,920	(37)	15189	16772	Term	Variable	2041	-	7,920	-	7,920
	8,020	(37)	16773	18376	Term	Variable	2042	-	8,020	-	8,020
	8,120	(37)	18377	20000	Term	Variable	2043	-	8,120	-	8,120
	<u>\$ 100,000</u>							<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>

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

\* The Bonds are multi modal variable rate bonds, initially issued in a SIFMA Index Mode, with interest rates reset weekly based on th sum of the SIFMA Swap Index and a spread of 0.68%.

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

**CALL OPTIONS:**

Optional redemption:

- (1) 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.
- (2) 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.
- (3) 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.
- (4) 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.
- (5) 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, 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 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.



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

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.

- (6) 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.

- (7) 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.
- (8) 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.
- (9) 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 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 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.

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

- (11) 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.
- (12) 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.
- (13) 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 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 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.
- (15) 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.
- (16) 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.
- (17) 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.
- (18) 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.

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

- (19) 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.
- (20) 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.
- (21) 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 date of redemption. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (22) 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.
- (23) 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.
- (24) Series 2013A Junior Lien, Serial Bonds stated to mature on and after May 15, 2024 shall be subject to redemption prior to Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on May 15, 2023, 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 2013B Junior Lien, Serial Bonds stated to mature on and after May 15, 2024 are subject to early redemption, at the option of the City, on May 15, 2023, 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 2013C Junior Lien, Serial Bonds stated to mature on and after May 15, 2024 shall be subject to redemption prior to Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on May 15, 2023, 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 2013D Junior Lien, Serial Bonds stated to mature on and after May 15, 2024 shall be subject to redemption prior to Stated Maturities, in inverse order of Stated Maturity, at the option of the

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

City, on May 15, 2023, 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.

- (28) Series 2013E Junior Lien, Serial Bonds stated to mature on and after May 15, 2024 are subject to early redemption, at the option of the City, on May 15, 2023, 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:**

- (29) 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 <u>Amount</u>	<u>Year</u>	Principal <u>Amount</u>
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)

- (30) 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 <u>Amount</u>	<u>Year</u>	Principal <u>Amount</u>
2035	\$ 33,265	2038	\$13,520
2036	34,970 (1)	2039	40,465
		2040	42,540 (1)

- (31) 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:

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

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>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
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)

- (32) 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)

- (33) 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)

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

- (34) 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>	
<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)				

- (35) 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)

- (36) 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:

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

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)		

**Mandatory Tender:**

- (37) On November 1, 2016, the Series 2013F Bonds (the Bonds) are subject to mandatory tender without right of retention. Each owner of the Bonds will be required to tender, and in any event will be deemed to have tendered, the Bonds to the Tender Agent for purchase at a purchase price equal to 100% of the principal amount plus accrued interest, if any.

The Tender agent is required to give notice of mandatory tender to each registered owner of the Bonds affected by mandatory tender by mail, first class postage prepaid, not more than 60 nor less than 30 days, while the Bonds are in a SIFMA Index Mode.

The 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 1 in each of the years as follows:

Term Bonds Stated to Mature <u>On May 1</u> <i>(amounts in thousands)</i>	
<u>Year</u>	<u>Principal Amount</u>
2031	\$ 6,505
2032	7,265
2033	7,360
2034	7,450
2035	7,545
2036	7,640
2037	7,735
2038	7,835
2039	7,930
2040	8,030
2041	8,130
2042	8,235
2043	8,340 (1)

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(1) Payable at stated maturity



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

*(amounts in thousands)*

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	<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>
01-May-2014	\$	\$	740	\$	\$	740	\$
15-May-2014	57,850	46,854	1,857	44,997	102,847		
15-Nov-2014		45,829	1,996	43,833	43,833	147,420	2,183,065
01-May-2015		740		740	740		
15-May-2015	59,575	45,829	1,996	43,833	103,408		
15-Nov-2015		45,149	1,973	43,176	43,176	147,324	2,123,490
01-May-2016		740		740	740		
15-May-2016	63,915	45,149	1,973	43,176	107,091		
15-Nov-2016		44,027	1,947	42,080	42,080	149,911	2,059,575
01-May-2017		740		740	740		
15-May-2017	68,870	44,027	1,947	42,080	110,950		
15-Nov-2017		42,722	1,916	40,806	40,806	152,496	1,990,705
01-May-2018		740		740	740		
15-May-2018	71,450	42,722	1,916	40,806	112,256		
15-Nov-2018		41,351	1,882	39,469	39,469	152,465	1,919,255
01-May-2019		740		740	740		
15-May-2019	71,830	41,351	1,882	39,469	111,299		
15-Nov-2019		39,980	1,845	38,135	38,135	150,174	1,847,425
01-May-2020		740		740	740		
15-May-2020	75,345	39,980	1,845	38,135	113,480		
15-Nov-2020		38,457	1,807	36,650	36,650	150,870	1,772,080
01-May-2021		740		740	740		
15-May-2021	79,380	38,457	1,807	36,650	116,030		
15-Nov-2021		36,783	1,765	35,018	35,018	151,787	1,692,700
01-May-2022		740		740	740		
15-May-2022	82,345	36,783	1,765	35,018	117,363		
15-Nov-2022		34,988	1,720	33,268	33,268	151,371	1,610,355
01-May-2023		740		740	740		
15-May-2023	83,115	34,988	1,720	33,268	116,383		
15-Nov-2023		33,164	1,673	31,491	31,491	148,614	1,527,240
01-May-2024		740		740	740		
15-May-2024	85,180	33,164	1,673	31,491	116,671		
15-Nov-2024		31,273	1,622	29,651	29,651	147,062	1,442,060
01-May-2025		740		740	740		
15-May-2025	86,735	31,273	1,622	29,651	116,386		
15-Nov-2025		29,307	1,567	27,740	27,740	144,866	1,355,325
01-May-2026		740		740	740		
15-May-2026	91,870	29,307	1,567	27,740	119,610		
15-Nov-2026		27,217	1,495	25,722	25,722	146,072	1,263,455
01-May-2027		740		740	740		
15-May-2027	94,075	27,217	1,495	25,722	119,797		
15-Nov-2027		25,054	1,431	23,623	23,623	144,160	1,169,380
01-May-2028		740		740	740		
15-May-2028	97,755	25,054	1,431	23,623	121,378		
15-Nov-2028		22,978	1,373	21,605	21,605	143,723	1,071,625
01-May-2029		740		740	740		
15-May-2029	69,800	22,978	1,373	21,605	91,405		
15-Nov-2029		21,437	1,304	20,133	20,133	112,278	1,001,825
01-May-2030	1,960	730		730	2,690		
15-May-2030	67,815	21,437	1,304	20,133	87,948		
15-Nov-2030		19,923	1,233	18,690	18,690	109,328	932,050
01-May-2031	6,990	691		691	7,681		
15-May-2031	65,695	19,923	1,233	18,690	84,385		
15-Nov-2031		18,437	1,159	17,278	17,278	109,344	859,365
01-May-2032	7,075	639		639	7,714		
15-May-2032	67,125	18,437	1,159	17,278	84,403		
15-Nov-2032		16,916	1,081	15,835	15,835	107,952	785,165
01-May-2033	7,165	586		586	7,751		
15-May-2033	70,840	16,916	1,081	15,835	86,675		
15-Nov-2033		15,331	1,001	14,330	14,330	108,756	707,160
01-May-2034	7,255	532		532	7,787		
15-May-2034	107,480	15,331	1,001	14,330	121,810		
15-Nov-2034		12,603	586	12,017	12,017	141,614	592,425
01-May-2035	7,345	478		154	478	7,823	



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

*(amounts in thousands)*

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	<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	82,550	12,603	586	12,017	94,567		
15-Nov-2035		10,580	488	10,092	10,092	112,482	502,530
01-May-2036	7,440	423		423	7,863		
15-May-2036	86,495	10,580	488	10,092	96,587		
15-Nov-2036		8,457	386	8,071	8,071	112,521	408,595
01-May-2037	7,535	368		368	7,903		
15-May-2037	90,580	8,457	386	8,071	98,651		
15-Nov-2037		6,281	280	6,001	6,001	112,555	310,480
01-May-2038	7,630	312		312	7,942		
15-May-2038	81,095	6,281	280	6,001	87,096		
15-Nov-2038		4,290	171	4,119	4,119	99,157	221,755
01-May-2039	7,725	255		255	7,980		
15-May-2039	82,025	4,290	171	4,119	86,144		
15-Nov-2039		2,236	56	2,180	2,180	96,304	132,005
01-May-2040	7,820	197		197	8,017		
15-May-2040	65,855	2,236	56	2,180	68,035		
15-Nov-2040		611		611	611	76,663	58,330
01-May-2041	7,920	139		139	8,059		
15-May-2041	17,740	611		611	18,351		
15-Nov-2041		279		279	279	26,689	32,670
01-May-2042	8,020	80		80	8,100		
15-May-2042	13,580	279		279	13,859		
15-Nov-2042		50		50	50	22,009	11,070
01-May-2043	8,120	20		20	8,140		
15-May-2043	2,950	50		50	3,000		
						11,140	-
	\$ 2,240,915	\$ 1,415,562	\$ 69,371	\$ 1,346,191	\$ 3,587,106	\$ 3,587,106	

**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-2014	29,165	36,919	1,857	35,062	64,227		1,477,560
15-Nov-2014		36,308	1,996	34,312	34,312	98,539	
15-May-2015	28,330	36,308	1,996	34,312	62,642		1,449,230
15-Nov-2015		35,692	1,973	33,719	33,719	96,361	
15-May-2016	29,545	35,692	1,973	33,719	63,264		1,419,685
15-Nov-2016		35,021	1,947	33,074	33,074	96,338	
15-May-2017	33,755	35,021	1,947	33,074	66,829		1,385,930
15-Nov-2017		34,214	1,916	32,298	32,298	99,127	
15-May-2018	35,280	34,214	1,916	32,298	67,578		1,350,650
15-Nov-2018		33,402	1,882	31,520	31,520	99,098	
15-May-2019	33,680	33,402	1,882	31,520	65,200		1,316,970
15-Nov-2019		32,635	1,845	30,790	30,790	95,990	
15-May-2020	44,850	32,635	1,845	30,790	75,640		1,272,120
15-Nov-2020		31,566	1,807	29,759	29,759	105,399	
15-May-2021	47,895	31,566	1,807	29,759	77,654		1,224,225
15-Nov-2021		30,403	1,765	28,638	28,638	106,292	
15-May-2022	51,925	30,403	1,765	28,638	80,563		1,172,300
15-Nov-2022		29,112	1,720	27,392	27,392	107,955	
15-May-2023	55,310	29,112	1,720	27,392	82,702		1,116,990
15-Nov-2023		27,736	1,673	26,063	26,063	108,765	
15-May-2024	58,250	27,736	1,673	26,063	84,313		1,058,740
15-Nov-2024		26,280	1,622	24,658	24,658	108,971	
15-May-2025	61,150	26,280	1,622	24,658	85,808		997,590
15-Nov-2025		24,739	1,567	23,172	23,172	108,980	
15-May-2026	65,405	24,739	1,567	23,172	88,577		932,185
15-Nov-2026		23,090	1,495	21,595	21,595	110,172	
15-May-2027	68,700	23,090	1,495	21,595	90,295		863,485
15-Nov-2027		21,364	1,431	19,933	19,933	110,228	
15-May-2028	72,340	21,364	1,431	19,933	92,273		791,145
15-Nov-2028		19,737	1,373	18,364	18,364	110,637	
15-May-2029	43,460	19,737	1,373	18,364	61,824		747,685
15-Nov-2029		18,673	1,304	17,369	17,369	79,193	
15-May-2030	45,495	18,673	1,304	17,369	62,864		702,190
15-Nov-2030		17,542	1,233	16,309	16,309	79,173	
15-May-2031	47,655	17,542	1,233	16,309	63,964		654,535
15-Nov-2031		16,356	1,159	15,197	15,197	79,161	
15-May-2032	49,870	16,356	1,159	15,197	65,067		604,665
15-Nov-2032		15,147	1,081	14,066	14,066	79,133	
15-May-2033	52,945	15,147	1,081	14,066	67,011		551,720
15-Nov-2033		13,887	1,001	12,886	12,886	79,897	
15-May-2034	93,375	13,887	1,001	12,886	106,261		458,345
15-Nov-2034		11,451	586	10,865	10,865	117,126	
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		-
						<b>10,099</b>	
	<b>\$ 1,506,725</b>	<b>\$ 1,164,463</b>	<b>\$ 69,371</b>	<b>\$ 1,095,092</b>	<b>\$ 2,601,817</b>	<b>\$ 2,601,817</b>	

**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-2014	\$ 1,980	\$	50	\$	2,030	\$	2,030
	\$ 1,980	\$	50	\$	2,030	\$	2,030

**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-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
	\$ 295,585	\$	297,932	\$	593,517	\$	593,517

**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-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
	\$ 261,915	\$ 175,432	\$ 437,347	\$ 437,347

**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-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
	\$ 148,855	\$ 122,776	\$ 271,631	\$ 271,631

**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-2014	\$	2,595	\$	65	\$	2,660	\$	2,660
								2,660
	\$	2,595	\$	65	\$	2,660	\$	2,660

**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-2014	\$ -	\$ 2,720	\$ 883	\$ 1,837	\$ 1,837	\$
15-Nov-2014		2,720	952	1,768	1,768	3,605
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	\$ 86,314	\$ 30,139	\$ 56,175	\$ 158,925	\$ 158,925



**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-2014	\$ 1,665	\$ 2,998	\$ 974	\$ 2,024	\$ 3,689	\$
15-Nov-2014		2,982	1,044	1,938	1,938	5,627
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
	\$ 106,720	\$ 112,306	\$ 39,232	\$ 73,074	\$ 179,794	\$ 179,794

**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-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
	\$ 42,925	\$ 15,774	\$ 58,699	\$ 58,699

**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-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
	\$ 159,025	\$ 111,948	\$ 270,973	\$ 270,973

**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-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
	\$ 222,645	\$ 110,741	\$ 333,386	\$ 333,386

**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-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
	\$ 161,730	\$ 131,125	\$ 292,855	\$ 292,855

**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>
01-May-2014	\$	\$	740	\$ 740	\$
15-May-2014	28,685	9,935	38,620		
15-Nov-2014		9,521	9,521	48,881	705,505
01-May-2015		740	740		
15-May-2015	31,245	9,521	40,766		
15-Nov-2015		9,457	9,457	50,963	674,260
01-May-2016		740	740		
15-May-2016	34,370	9,457	43,827		
15-Nov-2016		9,006	9,006	53,573	639,890
01-May-2017		740	740		
15-May-2017	35,115	9,006	44,121		
15-Nov-2017		8,508	8,508	53,369	604,775
01-May-2018		740	740		
15-May-2018	36,170	8,508	44,678		
15-Nov-2018		7,949	7,949	53,367	568,605
01-May-2019		740	740		
15-May-2019	38,150	7,949	46,099		
15-Nov-2019		7,345	7,345	54,184	530,455
01-May-2020		740	740		
15-May-2020	30,495	7,345	37,840		
15-Nov-2020		6,891	6,891	45,471	499,960
01-May-2021		740	740		
15-May-2021	31,485	6,891	38,376		
15-Nov-2021		6,380	6,380	45,495	468,475
01-May-2022		740	740		
15-May-2022	30,420	6,380	36,800		
15-Nov-2022		5,876	5,876	43,416	438,055
01-May-2023		740	740		
15-May-2023	27,805	5,876	33,681		
15-Nov-2023		5,428	5,428	39,849	410,250
01-May-2024		740	740		
15-May-2024	26,930	5,428	32,358		
15-Nov-2024		4,993	4,993	38,091	383,320
01-May-2025		740	740		
15-May-2025	25,585	4,993	30,578		
15-Nov-2025		4,568	4,568	35,886	357,735
01-May-2026		740	740		
15-May-2026	26,465	4,568	31,033		
15-Nov-2026		4,127	4,127	35,900	331,270
01-May-2027		740	740		
15-May-2027	25,375	4,127	29,502		
15-Nov-2027		3,690	3,690	33,932	305,895
01-May-2028		740	740		
15-May-2028	25,415	3,690	29,105		
15-Nov-2028		3,241	3,241	33,086	280,480
01-May-2029		740	740		
15-May-2029	26,340	3,241	29,581		
15-Nov-2029		2,764	2,764	33,085	254,140

**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>
01-May-2030	1,960	730	2,690		
15-May-2030	22,320	2,764	25,084		
15-Nov-2030		2,381	2,381	30,155	229,860
01-May-2031	6,990	691	7,681		
15-May-2031	18,040	2,381	20,421		
15-Nov-2031		2,081	2,081	30,183	204,830
01-May-2032	7,075	639	7,714		
15-May-2032	17,255	2,081	19,336		
15-Nov-2032		1,769	1,769	28,819	180,500
01-May-2033	7,165	586	7,751		
15-May-2033	17,895	1,769	19,664		
15-Nov-2033		1,444	1,444	28,859	155,440
01-May-2034	7,255	532	7,787		
15-May-2034	14,105	1,444	15,549		
15-Nov-2034		1,152	1,152	24,488	134,080
01-May-2035	7,345	478	7,823		
15-May-2035	9,545	1,152	10,697		
15-Nov-2035		977	977	19,497	117,190
01-May-2036	7,440	423	7,863		
15-May-2036	9,905	977	10,882		
15-Nov-2036		793	793	19,538	99,845
01-May-2037	7,535	368	7,903		
15-May-2037	10,275	793	11,068		
15-Nov-2037		601	601	19,572	82,035
01-May-2038	7,630	312	7,942		
15-May-2038	10,545	601	11,146		
15-Nov-2038		403	403	19,491	63,860
01-May-2039	7,725	255	7,980		
15-May-2039	7,990	403	8,393		
15-Nov-2039		260	260	16,633	48,145
01-May-2040	7,820	197	8,017		
15-May-2040	5,185	260	5,445		
15-Nov-2040		178	178	13,640	35,140
01-May-2041	7,920	139	8,059		
15-May-2041	4,475	178	4,653		
15-Nov-2041		105	105	12,817	22,745
01-May-2042	8,020	80	8,100		
15-May-2042	3,655	105	3,760		
15-Nov-2042		50	50	11,910	11,070
01-May-2043	8,120	20	8,140		
15-May-2043	2,950	50	3,000		
			-	11,140	-
	\$ 734,190	\$ 251,099	\$ 985,289	\$ 985,289	

**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-2014	\$ 645	\$	103	\$	748	\$	
15-Nov-2014			96		96		844
15-May-2015	660		96		756		
15-Nov-2015			88		88		844
15-May-2016	680		88		768		
15-Nov-2016			79		79		847
15-May-2017	695		79		774		
15-Nov-2017			70		70		844
15-May-2018	715		70		785		
15-Nov-2018			60		60		845
15-May-2019	735		60		795		
15-Nov-2019			50		50		845
15-May-2020	760		50		810		
15-Nov-2020			39		39		849
15-May-2021	780		39		819		
15-Nov-2021			27		27		846
15-May-2022	805		27		832		
15-Nov-2022			15		15		847
15-May-2023	830		15		845		
15-Nov-2023			2		2		847
15-May-2024	125		2		127		
							127
	<u>\$ 7,430</u>	\$	<u>1,155</u>	\$	<u>8,585</u>	\$	<u>8,585</u>



**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-2014	\$ 1,550	\$ 390	\$ 1,940	
15-Nov-2014		364	364	2,304
15-May-2015	1,600	364	1,964	
15-Nov-2015		336	336	2,300
15-May-2016	1,660	336	1,996	
15-Nov-2016		307	307	2,303
15-May-2017	1,720	307	2,027	
15-Nov-2017		275	275	2,302
15-May-2018	1,785	275	2,060	
15-Nov-2018		242	242	2,302
15-May-2019	1,855	242	2,097	
15-Nov-2019		206	206	2,303
15-May-2020	1,925	206	2,131	
15-Nov-2020		169	169	2,300
15-May-2021	2,000	169	2,169	
15-Nov-2021		129	129	2,298
15-May-2022	2,085	129	2,214	
15-Nov-2022		87	87	2,301
15-May-2023	2,170	87	2,257	
15-Nov-2023		43	43	2,300
15-May-2024	2,035	43	2,078	
				2,078
	<u>\$ 20,385</u>	<u>\$ 4,706</u>	<u>\$ 25,091</u>	<u>\$ 25,091</u>

**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-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
	\$ 5,965	\$	973	\$	6,938	\$	6,938

**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-2014	\$ 1,565	\$	386	\$	1,951	\$	
15-Nov-2014			364		364		2,315
15-May-2015	1,610		364		1,974		
15-Nov-2015			341		341		2,315
15-May-2016	1,655		341		1,996		
15-Nov-2016			317		317		2,313
15-May-2017	1,705		317		2,022		
15-Nov-2017			292		292		2,314
15-May-2018	1,755		292		2,047		
15-Nov-2018			266		266		2,313
15-May-2019	1,810		266		2,076		
15-Nov-2019			238		238		2,314
15-May-2020	1,865		238		2,103		
15-Nov-2020			209		209		2,312
15-May-2021	1,925		209		2,134		
15-Nov-2021			179		179		2,313
15-May-2022	1,985		179		2,164		
15-Nov-2022			147		147		2,311
15-May-2023	2,050		147		2,197		
15-Nov-2023			114		114		2,311
15-May-2024	2,120		114		2,234		
15-Nov-2024			79		79		2,313
15-May-2025	2,190		79		2,269		
15-Nov-2025			43		43		2,312
15-May-2026	2,265		43		2,308		
15-Nov-2026			6		6		2,314
15-May-2027	350		6		356		
							356
	\$ 24,850	\$	5,576	\$	30,426	\$	30,426

**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-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
	\$ 26,405	\$	13,932	\$	40,337	\$	40,337

**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-2014	\$ 495	\$	460	\$	955	\$	
15-Nov-2014			454		454		1,409
15-May-2015	505		454		959		
15-Nov-2015			447		447		1,406
15-May-2016	520		447		967		
15-Nov-2016			439		439		1,406
15-May-2017	540		439		979		
15-Nov-2017			430		430		1,409
15-May-2018	555		430		985		
15-Nov-2018			420		420		1,405
15-May-2019	580		420		1,000		
15-Nov-2019			410		410		1,410
15-May-2020	600		410		1,010		
15-Nov-2020			398		398		1,408
15-May-2021	625		398		1,023		
15-Nov-2021			385		385		1,408
15-May-2022	650		385		1,035		
15-Nov-2022			372		372		1,407
15-May-2023	680		372		1,052		
15-Nov-2023			357		357		1,409
15-May-2024	710		357		1,067		
15-Nov-2024			341		341		1,408
15-May-2025	740		341		1,081		
15-Nov-2025			324		324		1,405
15-May-2026	775		324		1,099		
15-Nov-2026			307		307		1,406
15-May-2027	815		307		1,122		
15-Nov-2027			288		288		1,410
15-May-2028	850		288		1,138		
15-Nov-2028			268		268		1,406
15-May-2029	890		268		1,158		
15-Nov-2029			247		247		1,405
15-May-2030	935		247		1,182		
15-Nov-2030			224		224		1,406
15-May-2031	980		224		1,204		
15-Nov-2031			201		201		1,405
15-May-2032	1,030		201		1,231		
15-Nov-2032			176		176		1,407
15-May-2033	1,080		176		1,256		
15-Nov-2033			150		150		1,406
15-May-2034	1,135		150		1,285		
15-Nov-2034			122		122		1,407
15-May-2035	1,190		122		1,312		
15-Nov-2035			93		93		1,405
15-May-2036	1,250		93		1,343		
15-Nov-2036			63		63		1,406
15-May-2037	1,315		63		1,378		
15-Nov-2037			31		31		1,409
15-May-2038	1,255		31		1,286		
							1,286
	\$ 20,700	\$	14,354	\$	35,054	\$	35,054

**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-2014	\$ 1,265	\$ 884	\$ 2,149	\$ 3,026
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
	\$ 49,120	\$ 29,546	\$ 78,666	\$ 78,666

**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-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-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
	\$ 41,520	\$	5,622	\$	47,142	\$	47,142



**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-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
	\$ 16,470	\$	6,923	\$	23,393	\$	23,393

**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-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
	\$ 22,255	\$ 3,017	\$ 25,272	\$ 25,272

**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-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
	\$ 17,305	\$ 9,200	\$ 26,505	\$ 26,505

**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-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
	\$ 28,995	\$	5,565	\$	34,560	\$	34,560

**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-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
	\$ 19,085	\$	4,344	\$	23,429	\$	23,429

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**SERIES 2013A**  
*(amounts in thousands)*

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2014	\$ 2,395	\$	206	\$	2,601	\$	
15-Nov-2014			206		206		2,807
15-May-2015	2,390		206		2,596		
15-Nov-2015			206		206		2,802
15-May-2016	2,390		206		2,596		
15-Nov-2016			206		206		2,802
15-May-2017	2,390		206		2,596		
15-Nov-2017			206		206		2,802
15-May-2018	2,390		206		2,596		
15-Nov-2018			206		206		2,802
15-May-2019	2,395		206		2,601		
15-Nov-2019			205		205		2,806
15-May-2020	2,400		205		2,605		
15-Nov-2020			201		201		2,806
15-May-2021	2,410		201		2,611		
15-Nov-2021			196		196		2,807
15-May-2022	2,420		196		2,616		
15-Nov-2022			187		187		2,803
15-May-2023	2,440		187		2,627		
15-Nov-2023			177		177		2,804
15-May-2024	2,460		177		2,637		
15-Nov-2024			166		166		2,803
15-May-2025	2,485		166		2,651		
15-Nov-2025			153		153		2,804
15-May-2026	2,515		153		2,668		
15-Nov-2026			139		139		2,807
15-May-2027	2,540		139		2,679		
15-Nov-2027			125		125		2,804
15-May-2028	2,570		125		2,695		
15-Nov-2028			109		109		2,804
15-May-2029	2,605		109		2,714		
15-Nov-2029			92		92		2,806
15-May-2030	2,635		92		2,727		
15-Nov-2030			75		75		2,802
15-May-2031	2,675		75		2,750		
15-Nov-2031			56		56		2,806
15-May-2032	2,720		56		2,776		
15-Nov-2032			28		28		2,804
15-May-2033	2,775		28		2,803		
					-		2,803
	\$ 50,000	\$	6,084	\$	56,084	\$	56,084

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE REFUNDING BONDS**  
**SERIES 2013B (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-2014	\$ 1,875	\$	1,986	\$	3,861	\$	
15-Nov-2014			1,967		1,967		5,828
15-May-2015	3,715		1,967		5,682		
15-Nov-2015			1,893		1,893		7,575
15-May-2016	3,870		1,893		5,763		
15-Nov-2016			1,815		1,815		7,578
15-May-2017	4,030		1,815		5,845		
15-Nov-2017			1,735		1,735		7,580
15-May-2018	4,200		1,735		5,935		
15-Nov-2018			1,630		1,630		7,565
15-May-2019	4,410		1,630		6,040		
15-Nov-2019			1,520		1,520		7,560
15-May-2020	4,640		1,520		6,160		
15-Nov-2020			1,404		1,404		7,564
15-May-2021	4,875		1,404		6,279		
15-Nov-2021			1,282		1,282		7,561
15-May-2022	5,125		1,282		6,407		
15-Nov-2022			1,154		1,154		7,561
15-May-2023	3,620		1,154		4,774		
15-Nov-2023			1,063		1,063		5,837
15-May-2024	2,970		1,063		4,033		
15-Nov-2024			989		989		5,022
15-May-2025	3,120		989		4,109		
15-Nov-2025			911		911		5,020
15-May-2026	3,285		911		4,196		
15-Nov-2026			829		829		5,025
15-May-2027	3,450		829		4,279		
15-Nov-2027			743		743		5,022
15-May-2028	3,630		743		4,373		
15-Nov-2028			652		652		5,025
15-May-2029	3,815		652		4,467		
15-Nov-2029			556		556		5,023
15-May-2030	4,015		556		4,571		
15-Nov-2030			456		456		5,027
15-May-2031	4,220		456		4,676		
15-Nov-2031			351		351		5,027
15-May-2032	4,440		351		4,791		
15-Nov-2032			240		240		5,031
15-May-2033	4,670		240		4,910		
15-Nov-2033			123		123		5,033
15-May-2034	4,910		123		5,033		
							5,033
	\$ 82,885	\$	44,612	\$	127,497	\$	127,497

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**SERIES 2013C**  
*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2014	\$ 1,230	\$ 173	\$ 1,403	\$
15-Nov-2014		194	194	1,597
15-May-2015	1,210	194	1,404	
15-Nov-2015		194	194	1,598
15-May-2016	1,210	194	1,404	
15-Nov-2016		194	194	1,598
15-May-2017	1,210	194	1,404	
15-Nov-2017		194	194	1,598
15-May-2018	1,210	194	1,404	
15-Nov-2018		194	194	1,598
15-May-2019	1,210	194	1,404	
15-Nov-2019		191	191	1,595
15-May-2020	1,220	191	1,411	
15-Nov-2020		187	187	1,598
15-May-2021	1,230	187	1,417	
15-Nov-2021		180	180	1,596
15-May-2022	1,245	180	1,425	
15-Nov-2022		172	172	1,597
15-May-2023	1,260	172	1,432	
15-Nov-2023		162	162	1,594
15-May-2024	1,280	162	1,442	
15-Nov-2024		152	152	1,594
15-May-2025	1,305	152	1,457	
15-Nov-2025		140	140	1,597
15-May-2026	1,330	140	1,470	
15-Nov-2026		127	127	1,597
15-May-2027	1,355	127	1,482	
15-Nov-2027		112	112	1,594
15-May-2028	1,385	112	1,497	
15-Nov-2028		97	97	1,594
15-May-2029	1,420	97	1,517	
15-Nov-2029		80	80	1,597
15-May-2030	1,455	80	1,535	
15-Nov-2030		62	62	1,597
15-May-2031	1,495	62	1,557	
15-Nov-2031		42	42	1,599
15-May-2032	1,535	42	1,577	
15-Nov-2032		22	22	1,599
15-May-2033	1,575	22	1,597	
				1,597
	\$ 26,370	\$ 5,563	\$ 31,933	\$ 31,933



**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE BONDS**  
**SERIES 2013D**  
*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2014	\$ 1,495	\$ 784	\$ 2,279	\$ 3,002
15-Nov-2014		723	723	3,002
15-May-2015	1,555	723	2,278	
15-Nov-2015		723	723	3,001
15-May-2016	1,555	723	2,278	
15-Nov-2016		723	723	3,001
15-May-2017	1,555	723	2,278	
15-Nov-2017		723	723	3,001
15-May-2018	1,560	723	2,283	
15-Nov-2018		720	720	3,003
15-May-2019	1,565	720	2,285	
15-Nov-2019		714	714	2,999
15-May-2020	1,580	714	2,294	
15-Nov-2020		706	706	3,000
15-May-2021	1,600	706	2,306	
15-Nov-2021		695	695	3,001
15-May-2022	1,625	695	2,320	
15-Nov-2022		682	682	3,002
15-May-2023	1,650	682	2,332	
15-Nov-2023		668	668	3,000
15-May-2024	1,680	668	2,348	
15-Nov-2024		651	651	2,999
15-May-2025	1,715	651	2,366	
15-Nov-2025		633	633	2,999
15-May-2026	1,755	633	2,388	
15-Nov-2026		612	612	3,000
15-May-2027	1,800	612	2,412	
15-Nov-2027		590	590	3,002
15-May-2028	1,845	590	2,435	
15-Nov-2028		566	566	3,001
15-May-2029	1,895	566	2,461	
15-Nov-2029		540	540	3,001
15-May-2030	1,950	540	2,490	
15-Nov-2030		513	513	3,003
15-May-2031	2,005	513	2,518	
15-Nov-2031		484	484	3,002
15-May-2032	2,065	484	2,549	
15-Nov-2032		453	453	3,002
15-May-2033	2,130	453	2,583	
15-Nov-2033		421	421	3,004
15-May-2034	2,195	421	2,616	
15-Nov-2034		386	386	3,002
15-May-2035	2,265	386	2,651	
15-Nov-2035		351	351	3,002
15-May-2036	2,340	351	2,691	
15-Nov-2036		313	313	3,004
15-May-2037	2,415	313	2,728	
15-Nov-2037		274	274	3,002
15-May-2038	2,495	274	2,769	
15-Nov-2038		232	232	3,001
15-May-2039	2,580	232	2,812	
15-Nov-2039		189	189	3,001
15-May-2040	2,665	189	2,854	
15-Nov-2040		145	145	2,999
15-May-2041	2,760	145	2,905	
15-Nov-2041		98	98	3,003
15-May-2042	2,855	98	2,953	
15-Nov-2042		50	50	3,003
15-May-2043	2,950	50	3,000	
15-Nov-2043				3,000
	<b>\$ 60,100</b>	<b>\$ 29,940</b>	<b>\$ 90,040</b>	<b>\$ 90,040</b>

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE REFUNDING BONDS**  
**SERIES 2013E (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-2014	\$ 3,180	\$	1,929	\$	5,109	\$	
15-Nov-2014			1,805		1,805		6,914
15-May-2015	3,370		1,805		5,175		
15-Nov-2015			1,738		1,738		6,913
15-May-2016	3,505		1,738		5,243		
15-Nov-2016			1,668		1,668		6,911
15-May-2017	3,670		1,668		5,338		
15-Nov-2017			1,576		1,576		6,914
15-May-2018	3,840		1,576		5,416		
15-Nov-2018			1,499		1,499		6,915
15-May-2019	4,015		1,499		5,514		
15-Nov-2019			1,399		1,399		6,913
15-May-2020	4,200		1,399		5,599		
15-Nov-2020			1,315		1,315		6,914
15-May-2021	4,395		1,315		5,710		
15-Nov-2021			1,205		1,205		6,915
15-May-2022	4,620		1,205		5,825		
15-Nov-2022			1,090		1,090		6,915
15-May-2023	4,855		1,090		5,945		
15-Nov-2023			968		968		6,913
15-May-2024	5,105		968		6,073		
15-Nov-2024			841		841		6,914
15-May-2025	5,365		841		6,206		
15-Nov-2025			706		706		6,912
15-May-2026	5,640		706		6,346		
15-Nov-2026			565		565		6,911
15-May-2027	5,930		565		6,495		
15-Nov-2027			417		417		6,912
15-May-2028	6,235		417		6,652		
15-Nov-2028			261		261		6,913
15-May-2029	6,555		261		6,816		
15-Nov-2029			97		97		6,913
15-May-2030	4,870		97		4,967		
							4,967
	\$ 79,350	\$	36,229	\$	115,579	\$	115,579

**San Antonio Water System**  
**WATER SYSTEM JUNIOR LIEN REVENUE REFUNDING BONDS**  
**SERIES 2013F (No Reserve Fund)\***  
*(amounts in thousands)*

	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
2014	\$ -	\$ 740	\$ 740	100,000
2015	-	740	740	100,000
2016	-	740	740	100,000
2017	-	740	740	100,000
2018	-	740	740	100,000
2019	-	740	740	100,000
2020	-	740	740	100,000
2021	-	740	740	100,000
2022	-	740	740	100,000
2023	-	740	740	100,000
2024	-	740	740	100,000
2025	-	740	740	100,000
2026	-	740	740	100,000
2027	-	740	740	100,000
2028	-	740	740	100,000
2029	-	740	740	100,000
2030	1,960	730	2,690	98,040
2031	6,990	691	7,681	91,050
2032	7,075	639	7,714	83,975
2033	7,165	586	7,751	76,810
2034	7,255	532	7,787	69,555
2035	7,345	478	7,823	62,210
2036	7,440	423	7,863	54,770
2037	7,535	368	7,903	47,235
2038	7,630	312	7,942	39,605
2039	7,725	255	7,980	31,880
2040	7,820	197	8,017	24,060
2041	7,920	139	8,059	16,140
2042	8,020	80	8,100	8,120
2043	8,120	20	8,140	-
	<u>\$ 100,000</u>	<u>\$ 17,290</u>	<u>\$ 117,290</u>	

\* The Water System Junior Lien Revenue Refunding Bonds, Series 2013F (No Reserve Fund) are multi-model variable rate bonds, initially issued in a SIFMA Index Mode with interest rates reset weekly based on the sum of the SIFMA Swap Index and a spread of 0.68%. Interest listed above is based on the interest rate as of December 31 of 0.74%. Actual interest paid will fluctuate based on the SIFMA Swap Index. Interest on the variable rate bonds is paid monthly with principal payments paid on May 1. See Note I for additional information.

**San Antonio Water System**  
**REVENUE BOND DEBT COVERAGE RATIO**  
**For the Year Ended December 31, 2013**  
*(\$ in thousands)*

Operating Revenues	\$	462,339
Less Revenues from City Public Service Contract		3,245
		459,094
 Nonoperating Revenues		 5,410
Less: Federal Subsidy - Build America Bonds		3,688
Interest on Project Funds		40
		1,682
 Gross Revenues		 460,776
Maintenance & Operation Expense before Depreciation		244,348
		216,428
		216,428
 Current Annual Bond Debt service requirement for all Outstanding Bonds <sup>1</sup>	 \$	 133,373
Current Annual Combined Debt Coverage Ratio		1.62
 Maximum Annual Bond Debt service requirement for all Outstanding Bonds <sup>1</sup>	 \$	 152,496
Maximum Annual Combined Debt Coverage Ratio		1.42

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

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***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, 2013, and the related notes to the financial statements, which collectively comprise SAWS' basic financial statements, and have issued our report thereon dated March 26, 2014.

***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' 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.

**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

### ***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., L.L.P.*

San Antonio, Texas  
March 26, 2014

Independent Auditor's Report on Compliance for  
Each Major Federal Program and Report on  
Internal Control Over Compliance Required by  
OMB Circular A-133

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 *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on SAWS' major federal programs for the year ended December 31, 2013. SAWS' major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to its federal programs.

***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 each major federal program. However, our audit does not provide a legal determination of SAWS' compliance.



### ***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 each of its major federal programs for the year ended December 31, 2013.

### ***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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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., L.L.P.*

San Antonio, Texas  
March 26, 2014

**San Antonio Water System**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2013**

A. Summary of Auditors' Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes       X  No

Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes       X  None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes       X  No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes       X  No

Significant deficiency(ies) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes       X  None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes       X  No

3. Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
66.202	Congressionally Mandated Projects

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee?  X  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, 2013**

<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 Clean Water State Revolving Funds:				
Series 2008 Junior Lien Revenue Bonds	66.458	L070028	\$ 30,000,000	\$ 1,097,160
Series 2010A Junior Lien Revenue and Refunding Bonds	66.458	L090013	17,930,000	108,335
Series 2012 Junior Lien Revenue Bonds	66.458	L110061	19,630,000	7,532,950
Capitalization Grants for Drinking Water State Revolving Funds:				
Series 2013C Junior Lien Revenue Bonds	66.468	L1000196	26,370,000	622,160
Total Passed Through Texas Water Development Board				<u>\$ 9,360,605</u>
 Environmental Protection Agency				
Design & Construction of Water improvements Brooks City Base	66.602	XP-97678901-2	\$ 1,253,600	\$ 512,613
Water Infrastructure Improvements at Kelly USA	66.202	XP-96628201-3	481,100	25,678
Kelly USA Project for Water Infrastructure Improvements (formally Construction of Sewage Collection System for Espada area)	66.202	XP-96626001-3	144,300	6,800
Total Environmental Protection Agency				<u>\$ 545,091</u>
 Total Federal Financial Assistance				<u><u>\$ 9,905,696</u></u>

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

**DECEMBER 31, 2013**

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, Series 2008, 2012, and 2013C. The bonds were sold under the federal cross cutter program for financing qualified System improvements related to wastewater, recycled water, and water delivery systems. The amounts reflected in the Schedule of Expenditures of Federal Awards represents expenditures incurred during the year ended December 31, 2013. The following table contains information about these bonds.

Bond	Federal CFDA CFDA Number	Interest Rate	Term - Annual Maturities Through	Outstanding Balance at December 31, 2013 (amounts in thousands)
Series 2004 Junior Lien Bonds	66.458	2.10% - 3.20%	May 15, 2024	\$7,430
Series 2007 Junior Lien Bonds	66.458	1.70% - 2.40%	May 15, 2027	\$5,965
Series 2008 Junior Lien Bonds	66.458	1.15% - 3.95%	May 15, 2038	\$26,405
Series 2010A Junior Lien Bonds	66.458	0.00% - 3.31%	May 15, 2040	\$16,470
Series 2012 Junior Lien Bonds	66.458	0.00% - 1.85%	May 15, 2042	\$19,085
Series 2013C Junior Lien Bonds	66.468	0.00% - 2.74%	May 15, 2033	\$26,370



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