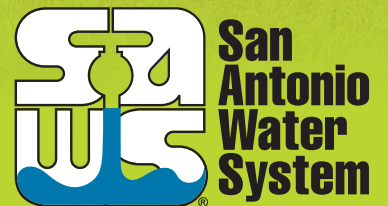


Comprehensive Annual Financial Report



For the Years Ended
December 31, 2014 and 2013

A Component Unit of the
City of San Antonio, Texas



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***COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
SAN ANTONIO WATER SYSTEM
A COMPONENT UNIT OF THE
CITY OF SAN ANTONIO, TEXAS
For the Years Ended December 31, 2014 and 2013***

*Prepared by:
Financial Services Department*

*Douglas P. Evanson
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Vice President – Business Planning & Controller*

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INTRODUCTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SAN ANTONIO WATER SYSTEM

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April 2, 2015

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. Ivy Taylor, 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, 2014. 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 2014 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, 2014, provided no instances of material weaknesses in the internal control structure. The independent auditor's 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 provided for the consolidation of all city owned utilities related to water, including the water, wastewater, and water reuse systems, into the San Antonio Water System.

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 San Antonio Economic Development Foundation estimates that the 2014 population was 1,416,291 for San Antonio and 1,861,562 for Bexar County. 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. Precipitation for the City averages approximately 32 inches annually.

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 services to governmental and private entities. In 2014, SAWS provided potable water service to almost 374,000 customer connections which represents about 79% of the water utility customers in Bexar County, while providing wastewater services to more than 424,000 customer connections representing approximately 93% of the wastewater customers in Bexar County. As of December 31, 2014, SAWS had 1,495 employees and provided maintenance of 10,400 miles of water and sewer mains.

The complete management and control of SAWS has been vested in the San Antonio Water System Board of Trustees ("the Board"). The Board 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. 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 Board, 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 customer class to produce detailed revenue forecasts. Simultaneously, the company produces a capital improvement plan and operating and maintenance budget, 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 recycled water 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. While job growth slowed significantly during the national downturn experienced from 2008-2010, job growth has been steadily increasing since 2010. The increase in employment during 2014 of 3.1% is the highest experienced in San Antonio since 2007. 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 2014, the San Antonio MSA unemployment rate was 3.7% (preliminary estimate), while the nation's was 5.6%.

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

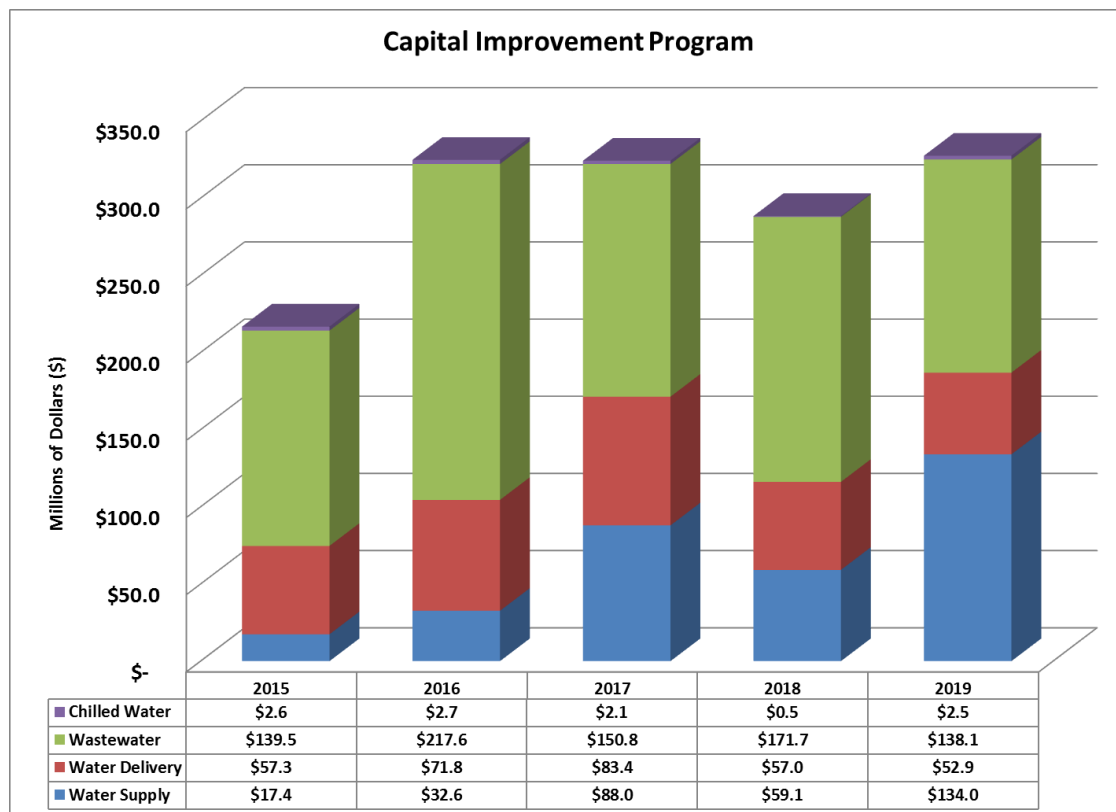
as of December of each year	San Antonio MSA Non-Farm Employment by Industry									
	2014 *	2013	2012	2011	2010	2009	2008	2007	2006	2005
Natural Resources, Mining and Construction	52,800	48,400	46,400	43,400	44,700	48,100	54,900	55,600	50,500	49,300
Manufacturing	46,300	46,400	46,900	46,400	45,300	43,500	45,600	49,000	49,800	47,400
Trade, Transportation and Utilities	167,100	161,000	156,500	151,500	147,300	146,400	152,600	155,600	152,700	145,500
Information	21,500	21,000	20,200	19,400	18,100	18,300	20,600	21,500	21,900	21,100
Financial Activities	79,400	76,500	74,700	70,600	68,600	66,100	66,500	65,800	64,900	63,700
Professional and Business Services	118,500	111,500	110,900	105,000	101,200	102,700	104,700	107,500	104,100	101,100
Educational and Health Services	143,800	140,300	138,500	136,700	131,600	126,800	122,600	117,100	112,200	110,200
Leisure and Hospitality	118,700	116,300	110,600	105,400	101,000	97,300	99,100	95,700	91,300	87,200
Other Services	34,800	34,100	33,200	31,600	31,800	30,900	30,700	30,200	28,500	26,900
Government	164,100	163,000	162,200	161,600	164,200	161,900	158,200	154,100	150,000	146,900
Total Non-Farm Employment	947,000	918,500	899,900	871,600	853,800	842,000	855,500	852,100	825,900	799,300

Source: U.S. Bureau of Labor Statistics
* Preliminary

Additional information regarding demographic and economic conditions for San Antonio can be found in the Statistical Section of this report on pages 109 and 110.

LONG-TERM FINANCIAL PLANNING

Capital Improvement Program



Capital expenditures for the next five years are projected to total in excess of \$1.48 billion. Program requirements over this five year horizon include:

Water Supply

- Integration Pipeline & Pump Station – Phase 2 (\$62 million) – Design services and construction for the second phase of 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 \$226 million including work already in progress for Phase 1.
- Brackish Groundwater Desalination (\$90 million) – Design services and construction for the second phase of the Brackish Groundwater Desalination (BGD) Program. The second phase of this project, designed to produce 13,440 acre-feet of water per year, is projected to begin in 2017 with completion of that phase by 2021. All three phases are expected to provide up to 33,600 acre-feet annually by 2026 with a total projected capital cost of \$446 million.
- Expanded Carrizo Project (\$20 million) – Three phases of this project are projected to produce 21,000 acre-feet of water from the Carrizo Aquifer in southeast Bexar by 2027 and deliver it to the Twin Oaks Water Facility for further blending, treatment (if necessary) and delivery to the distribution system. Construction of Phase 1 well pumps, pipelines, roadways, and electrical systems will begin in 2015 and is expected to provide 7,000 acre-feet of water by 2017. Phase 2 design work and land acquisition will begin in 2019. The total capital cost of this project is projected to be \$37 million.
- Vista Ridge Integration Improvements (\$114 million) – In order to integrate the 50,000 acre-feet of water expected to be provided from the Vista Ridge Project, SAWS will need to make certain improvements in its distribution system including adding storage capacity and upgrading pumping stations. More information about the Vista Ridge Project is provided in the Major Initiatives section of this letter.

Water and Wastewater Infrastructure

- Water Distribution Mains (\$193 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 (\$622 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 (\$183 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 (\$117 million) – improvements and rehabilitation of SAWS water production facilities, including the construction of additional storage tanks and pump station rehabilitations, bringing them to current standards.

Future Rate Adjustments

When the Board approved the 2014 budget and rate adjustment in November 2013, staff was authorized to request approval from the City Council for a 2015 rate increase not to exceed 5.3% for the average residential bill. The Council granted that approval, contingent upon a review by the City's Public Utilities Office of the final 2015 rate adjustment. In November 2014, the Public Utilities Office agreed that the revenue requirements for 2015 justified the need for the full rate increase of 5.3%. Consequently, in December 2014 the Board approved the final 2015 budget and rate increase.

The approved rate adjustment for 2015 means an overall 5.3% increase for the average residential bill for a customer using 7,788 gallons of water and 6,178 gallons of wastewater per month. The approved percentage changes for specific SAWS rate categories are 3.6% for Water Delivery rates, 5.1% for Water Supply Fee rates, 6.4% for Wastewater rates and 2.7% for Recycled Water rates.

Additional rate adjustments are projected beyond 2015 primarily related to increased debt service associated with SAWS capital improvement program, including those improvements required under SAWS' consent decree with the Environmental Protection Agency, and the purchase of 50,000 acre-feet of water from the Vista Ridge project beginning in 2019. The projected rate increases for 2016-2019 are summarized below.

	2016	2017	2018	2019	2020
Water Supply Fee	4.0%	9.5%	10.8%	46.4%	24.3%
Water Delivery	3.8%	4.8%	2.8%	5.2%	2.8%
Wastewater	8.3%	3.9%	5.6%	6.2%	5.6%
Impact on average residential bill	6.2%	5.2%	5.9%	14.4%	9.9%

These projections do not take into account any impact of fully consolidating SAWS DSP with SAWS. This consolidation is required to be completed by November 2016, unless an extension of time is requested from the Texas Commission on Environmental Quality. SAWS is currently evaluating when this consolidation can be achieved without having an adverse impact on SAWS ratepayers.

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 fell short of budget by \$3.9 million in 2014 as a result of the impact of the continued drought and related restrictions on outdoor water usage. However, favorable variances in operating and non-operating expenses in 2014 more than offset the unfavorable variance in operating revenues.

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 2014, SAWS' capital expenditures totaled \$204.2 million with 37% or \$76 million of those expenditures having been funded with cash sources.

MAJOR INITIATIVES

Water Management Plan

In December 2012, the Board approved the *2012 Water Management Plan*. The plan is a comprehensive analysis of SAWS' and SAWS DSP's existing water supplies. 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 to meet the long-term needs of future San Antonio residents through 2070.

Efforts during 2014 were focused on the following three major components of the *2012 Water Management Plan*.

Brackish Groundwater Desalination Program

In August 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. Design was completed in early 2014 and construction of the treatment plant, pipelines, remaining wells, and other facilities began in mid-2014, with the plant commissioning and testing expected in late 2015. Full operation is expected to begin 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 per year by 2026.

Vista Ridge – Regional Water Supply



The Board approved a contract with the Vista Ridge consortium on September 29, 2014. The contract provides for delivery of up to 50,000 acre-feet of water per year for 30 years as early as 2019. On October 30, 2014, in a unanimous vote, the San Antonio City Council approved the 30 year contract to bring 16.3 billion gallons of water a year to San Antonio. At the end of the 30 year term of the contract, ownership of the pipeline will be transferred to SAWS with SAWS also maintaining access to the groundwater for an additional 30 years.

The contract between San Antonio Water System and Vista Ridge Consortium will require the transport of water from Burleson County to San Antonio through a 142-mile pipeline. Council approval of the contract is a major step in a process that has been under consideration for over three years.

The Vista Ridge Consortium now has up to 30 months to arrange financing, followed by 42 months to construct the project. SAWS payments to Vista Ridge will not begin until the project is delivering water.

The Vista Ridge Consortium is a partnership between Abengoa and BlueWater Systems, which has assembled 3,400 leases for water rights with local landowners in Burleson and Milam counties.

Under the terms of the contract, San Antonio will not pay for any water that is not made available for delivery, shifting major regulatory risks to the private developer instead of San Antonio ratepayers.

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, commercial and industrial uses.

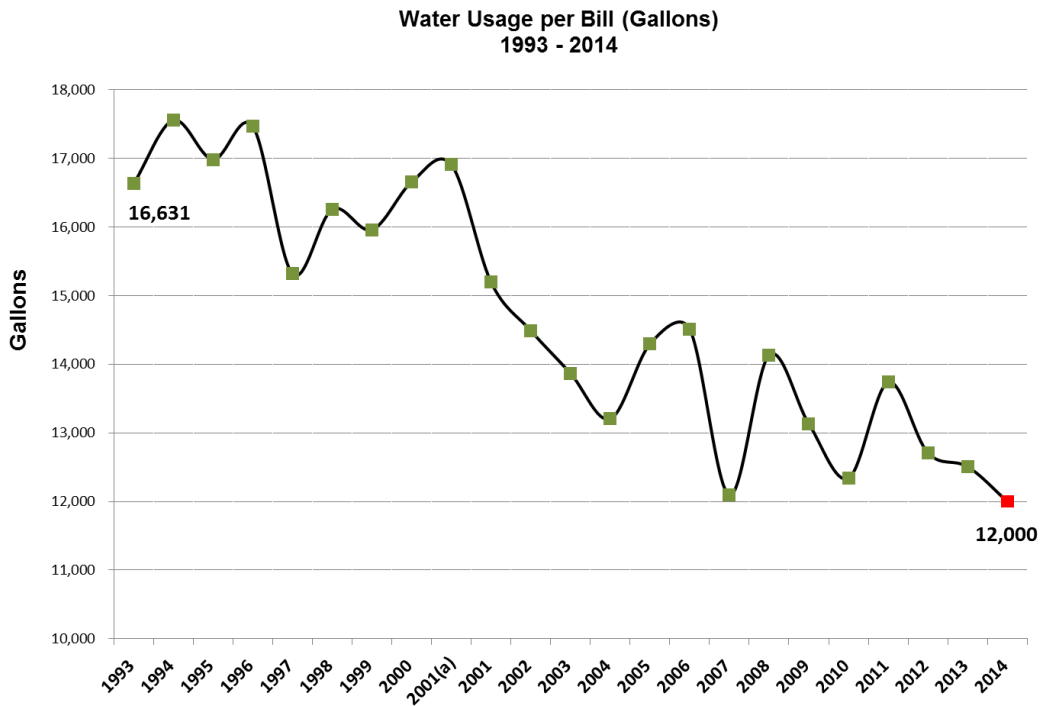
Residential programs in 2014 included the distribution of high-efficiency toilets, rebates and coupons to offset the cost of drought-tolerant landscape installations, providing leak repairs and retrofits to qualified low-income customers and providing free irrigation system reviews for ratepayers to determine maintenance needs and make suggestions for improving efficiency. Commercial programs include custom 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 2014 included:

- total annual water savings of approximately 1,599 acre-feet achieved through:
 - retrofit of 2,619 residential high-efficiency toilets
 - retrofit of 1,971 commercial high-efficiency toilets and urinals
 - 20 custom rebate projects for business customers
 - 225 irrigation and landscape rebate projects
 - 540 conservation makeover visits
 - 1,744 outdoor consultations for customers
 - 469 Plumbers to People repairs
- community education programs, reaching more than 140,000 people
- development of a new Garden Style SA website, reaching more than 27,000 people

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. The most recent trend includes the fourth consecutive year of drought conditions in the region. A high level of customer cooperation with drought regulations has resulted in a steady decline in the average use per bill and avoided the need for more stringent restrictions.



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

Sanitary Sewer Collection System

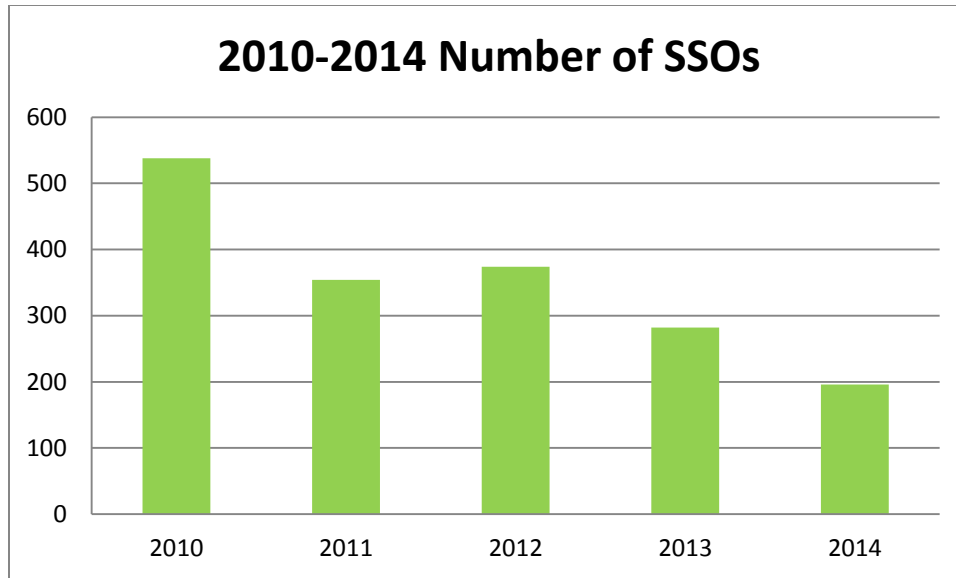
In 2013, SAWS entered into a Consent Decree (CD) with the United States of America and the State of Texas, thereby agreeing to certain requirements aimed at reducing sanitary sewer overflows (SSOs). The term of the CD is expected to last 10 – 12 years and SAWS estimates the costs to perform the operating 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 are being used to identify defects and possible capacity constraints, which have caused or significantly contributed to previous SSOs, and that may likely 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, monitoring, rehabilitation or replacement of the sewer infrastructure is required.

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 1,893 miles of sewer mains 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 270 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 922 miles of CCTV and/or sonar inspections, 198 miles of pole camera inspections and 15,730 manhole inspections in 2014.
- **Early Action Program:** While SAWS conducts capacity and condition assessments, 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 3,917 FSE inspections in 2014.

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



Continuous Improvement and Innovation

SAWS Board of Trustees has placed an emphasis on increasing the level of innovation and finding additional efficiencies throughout the organization. In 2013, a Continuous Improvement and Innovation department was created to assist SAWS management in maximizing resources and streamlining organizational processes while ensuring that service levels are maintained, and even enhanced where possible.

In 2014 SAWS, with the assistance of the Continuous Improvement and Innovation (CI&I) staff, conducted several functional operational efficiencies review studies, which included a Customer Service Operational Efficiencies review, and a Procurement Process review. The recommendations from these reviews are serving as a multiple year road map to transform the Customer Service function and enhance the procurement processes. The recommendations from these reviews are assisting with efforts to improve overall service delivery and operating efficiencies in these areas.

Additionally, the CI&I staff assisted different functional areas with business process analysis, operational improvements, management support, and service delivery, benchmarking, and staffing studies. The delivery of these initiatives improved annual revenue collections and provided direct annual cost savings, along with contributing to an overall improvement of service delivery. The budget savings identified through these projects have enabled SAWS to fund other needed priorities of SAWS while keeping operational costs and rates relatively low.

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, 2013. 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-one 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, 2014. This is the eighth 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, 2014 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 for the interest and support provided in conducting the financial affairs of SAWS in a sound and progressive manner.

Respectfully submitted,



Robert R. Puente
President/Chief Executive Officer



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

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SAN ANTONIO WATER SYSTEM

BOARD OF TRUSTEES



Berto Guerra, Jr.
Chairman



Pat Jasso
Assistant Secretary



Louis E. Rowe
Vice Chairman



Ernesto Arrellano, Jr.



Pat Merritt
Secretary



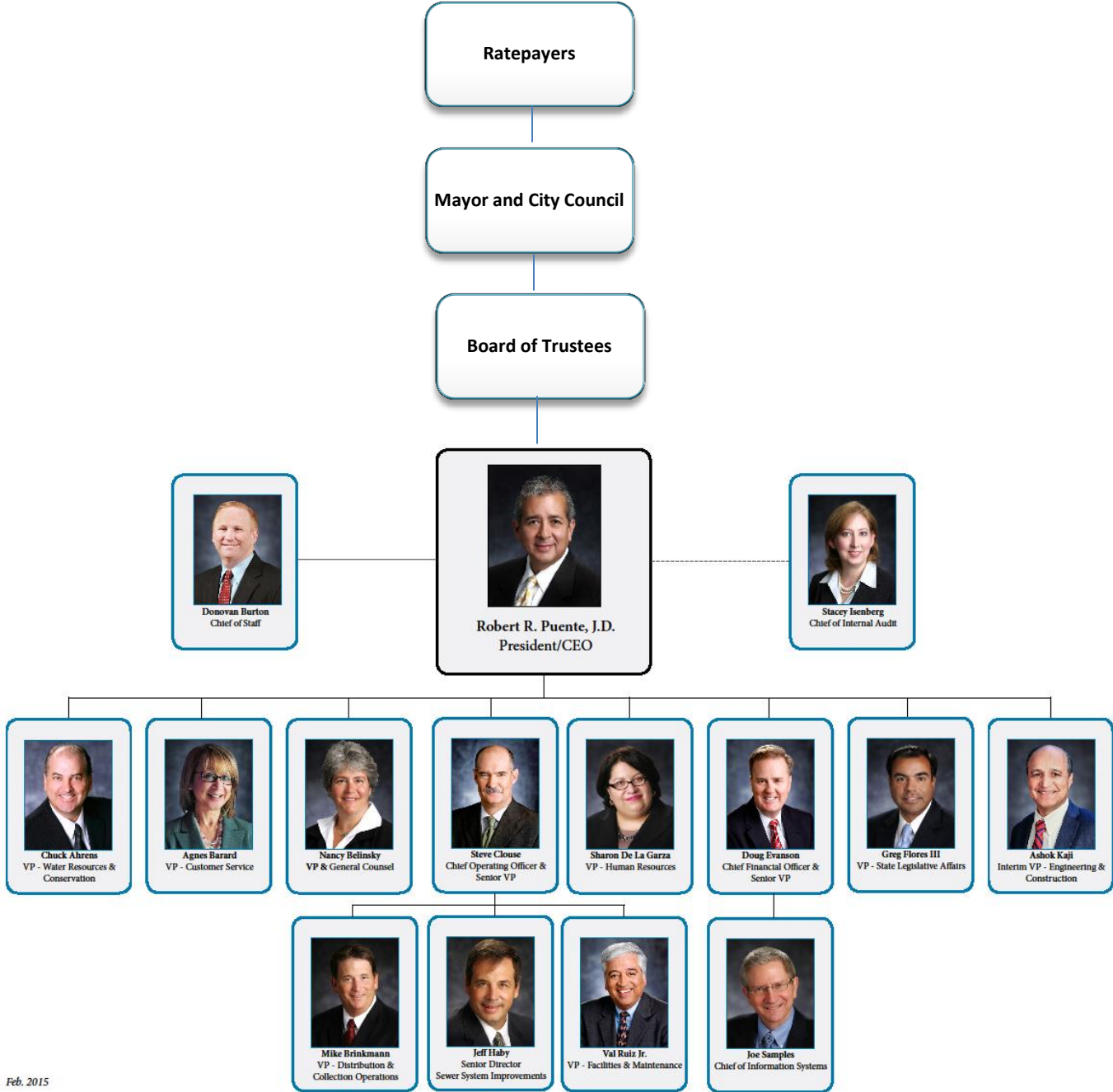
W. Reed Williams



Ivy R. Taylor, ex Officio

SAN ANTONIO WATER SYSTEM

ORGANIZATION CHART



Feb. 2015



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**San Antonio Water System
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

FINANCIAL SECTION



Padgett Stratemann

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 San Antonio Water System ("SAWS"), a component unit of the City of San Antonio, Texas, as of and for the years ended December 31, 2014 and 2013, 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.

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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, 2014 and 2013, 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 described in Note A to the financial statements, effective January 1, 2014, SAWS implemented Governmental Accounting Standards Board ("GASB") Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Post Employment Benefit Plans – Schedules of Funding Progress, Other Post Employment Benefit Plan – Schedule of Employer Contributions, San Antonio Water System Retirement Plan – Defined Benefit Component – Schedule of Changes in Net Pension Liability and Related Ratios, San Antonio Water System Retirement Plan – Defined Benefit Component – Schedule of Contributions, and San Antonio Water System Retirement Plan – Defined Benefit Component – Schedule of Investment Returns, 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 April 2, 2015 on our consideration of the SAWS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SAWS' internal control over financial reporting and compliance.

Padgett, Stratemann + Co., LLP

San Antonio, Texas
April 2, 2015

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, 2014. 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 \$141.5 million during 2014.
- Operating revenues increased from \$462.3 million in 2013 to \$499.6 million in 2014 largely as a result of a rate increase that went into effect in January 2014.
- At the end of 2014, SAWS maintained unrestricted cash and investments of \$212.6 million with an additional \$43.4 million of cash and investments restricted as an operating reserve equal to two months of budgeted operation and maintenance expenses.
- Current year total debt coverage ratio was 1.69x for 2014 compared to 1.62x for 2013 and current senior lien debt coverage ratio was 2.60x for 2014 compared to 2.15x for 2013.

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.

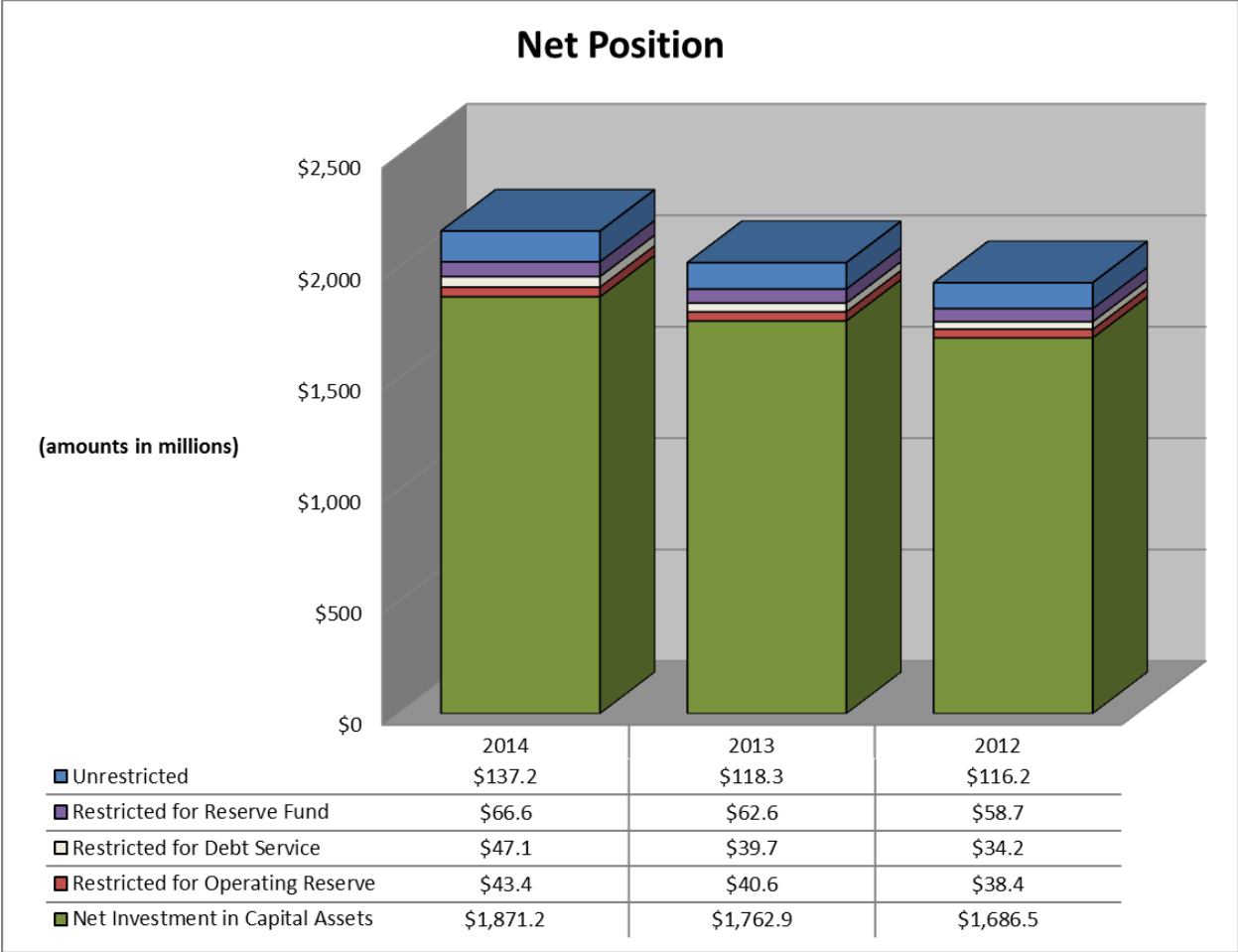
Other supplemental information is presented for additional analysis and is not a required part of the basic financial statements.

- *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				2014-2013		2013-2012	
<i>(amounts in thousands)</i>	As of December 31,			Increase	%	Increase	%
	2014	2013	2012	(Decrease)	Change	(Decrease)	Change
Current assets	\$ 423,745	\$ 388,310	\$ 379,071	\$ 35,435	9%	\$ 9,239	2%
Capital assets, net	4,089,478	3,964,000	3,771,228	125,478	3%	192,772	5%
Other non-current assets	474,965	377,171	210,046	97,794	26%	167,125	80%
Total Assets	4,988,188	4,729,481	4,360,345	258,707		369,136	
Deferred outflows of resources	44,606	39,315	50,307	5,291	13%	(10,992)	(22%)
Total Assets and Deferred Outflows of Resources	5,032,794	4,768,796	4,410,652	263,998	6%	358,144	8%
Current liabilities	178,235	164,943	162,048	13,292	8%	2,895	2%
Non-current liabilities	2,688,977	2,579,786	2,314,626	109,191	4%	265,160	11%
Total Liabilities	2,867,212	2,744,729	2,476,674	122,483	4%	268,055	11%
Net Position:							
Net investment in capital assets	1,871,202	1,762,856	1,686,475	108,346	6%	76,381	5%
Restricted	157,173	142,926	131,324	14,247	10%	11,602	9%
Unrestricted	137,207	118,285	116,179	18,922	16%	2,106	2%
Total Net Position	\$ 2,165,582	\$ 2,024,067	\$ 1,933,978	\$ 141,515	7%	\$ 90,089	5%

Net Position: Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SAWS is improving or deteriorating. SAWS’ net position increased \$141.5 million from 2013 to 2014 and increased \$90.1 million from 2012 to 2013. 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 \$108.3 million between 2013 and 2014 and \$76.4 million from 2012 to 2013.

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, 2014, \$43.4 million of cash and investments was classified as Restricted for Operating Reserve. This amount is restricted in accordance with the requirements of City of San Antonio Ordinance 75686 that calls for the establishment and maintenance of an operating reserve equal to two months of the annual maintenance and operations budget. The amount of cash and investments restricted for this purpose will vary from year to year with any changes in the budgeted level of maintenance and operations expense.

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 \$7.4 million from 2013 to 2014 and \$5.5

million from 2012 to 2013 due to annual debt service requirements associated with bonds issued during 2013 and 2014.

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 related to certain bonds outstanding at the time. 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 2013 and 2014. Bond proceeds were also used to deposit an additional \$5.5 million in 2013 and \$2.2 million in 2014. 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, 2014 additional deposits to the Reserve Fund of \$2 million will be required during 2015 to fully meet the Reserve Fund requirements for all 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 \$18.9 million from 2013 to 2014 and \$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.

FINANCIAL ANALYSIS – REVENUES, EXPENSES AND CHANGES IN NET POSITION

During 2014, SAWS' net position increased by \$141.5 million which consisted of income before capital contributions of \$40.4 million and capital contributions of \$101.1 million. In 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.

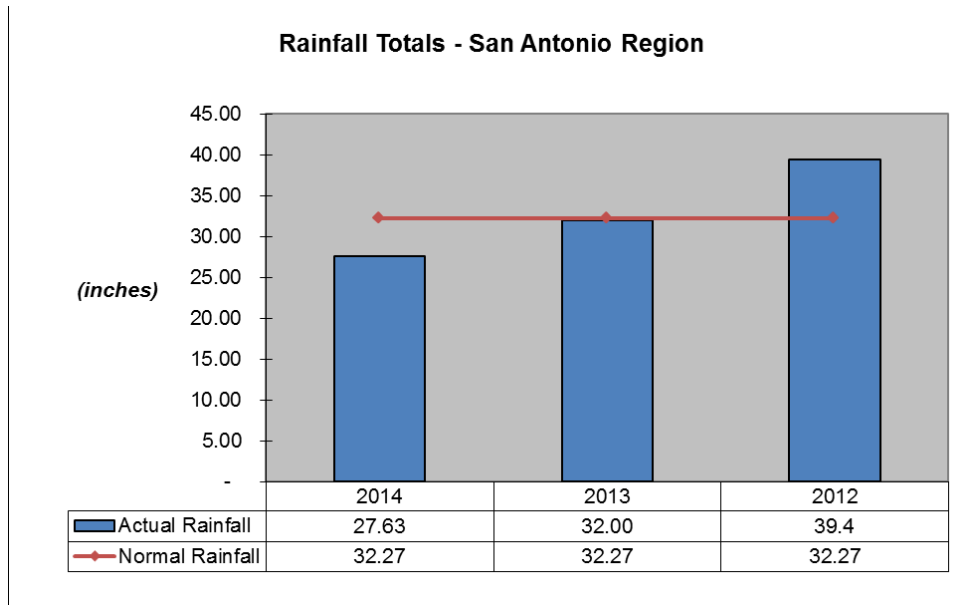
CONDENSED REVENUES, EXPENSES AND CHANGES IN NET POSITION INFORMATION							
(amounts in thousands)	As of December 31,			2014-2013		2013-2012	
	2014	2013	2012	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Operating revenues							
Water delivery system	\$ 127,708	\$ 119,767	\$ 121,078	\$ 7,941	7%	\$ (1,311)	(1%)
Water supply system	150,079	134,367	136,704	15,712	12%	(2,337)	(2%)
Wastewater system	210,704	195,584	168,368	15,120	8%	27,216	16%
Chilled water and steam system	11,152	12,621	12,378	(1,469)	(12%)	243	2%
Total operating revenues	499,643	462,339	438,528	37,304	8%	23,811	5%
Non-operating revenues	5,792	5,410	6,149	382	7%	(739)	(12%)
Total Revenues	505,435	467,749	444,677	37,686	8%	23,072	5%
Operating expenses							
Salaries and fringe benefits	\$ 115,049	\$ 125,210	\$ 125,295	\$ (10,161)	(8%)	\$ (85)	0%
Contractual services	127,685	107,194	100,165	20,491	19%	7,029	7%
Materials and supplies	20,930	23,355	23,966	(2,425)	(10%)	(611)	(3%)
Other charges	12,355	20,423	21,790	(8,068)	(40%)	(1,367)	(6%)
Less costs capitalized to construction in progress	(30,964)	(31,834)	(33,640)	870	(3%)	1,806	(5%)
Depreciation expense	123,111	111,375	103,034	11,736	11%	8,341	8%
Total operating expenses	368,166	355,723	340,610	12,443	3%	15,113	4%
Non-operating expenses							
Interest expense	78,049	75,606	73,987	2,443	3%	1,619	2%
Debt issue costs	2,914	4,112	3,835	(1,198)	(29%)	277	7%
Other finance charges	2,726	2,361	2,934	365	15%	(573)	(20%)
Gain on sale of capital assets	(23)	(1,075)	(430)	1,052	(98%)	(645)	150%
Payments to City of San Antonio	13,089	11,528	11,161	1,561	14%	367	3%
Payments to other entities	114	130	122	(16)	(12%)	8	7%
Total non-operating expenses	96,869	92,662	91,609	4,207	5%	1,053	1%
Total Expenses	465,035	448,385	432,219	16,650	4%	16,166	4%
Increase in net position before capital contributions	40,400	19,364	12,458	21,036	109%	6,906	55%
Capital Contributions	101,115	70,725	81,785	30,390	43%	(11,060)	(14%)
Change in Net Position	141,515	90,089	94,243	51,426	57%	(4,154)	(4%)
Net Position, beginning of year	2,024,067	1,933,978	1,839,735	90,089	5%	94,243	5%
Net Position, end of year	\$ 2,165,582	\$ 2,024,067	\$ 1,933,978	\$ 141,515	7%	\$ 90,089	5%

Operating Revenues: SAWS' operating revenues are provided by its four core businesses: Water Delivery, Water Supply, Wastewater, and Chilled Water and Steam. Changes in operating revenues from year to year are largely the result of weather conditions, customer growth and changes in rates for service. SAWS' operating revenues increased from \$462.3 million in 2013 to \$499.6 million in 2014 due to an average rate increase of 5.1% that went into effect in January 2014, a 3.9% increase in metered water usage and average customer growth of 1.8% during the year.

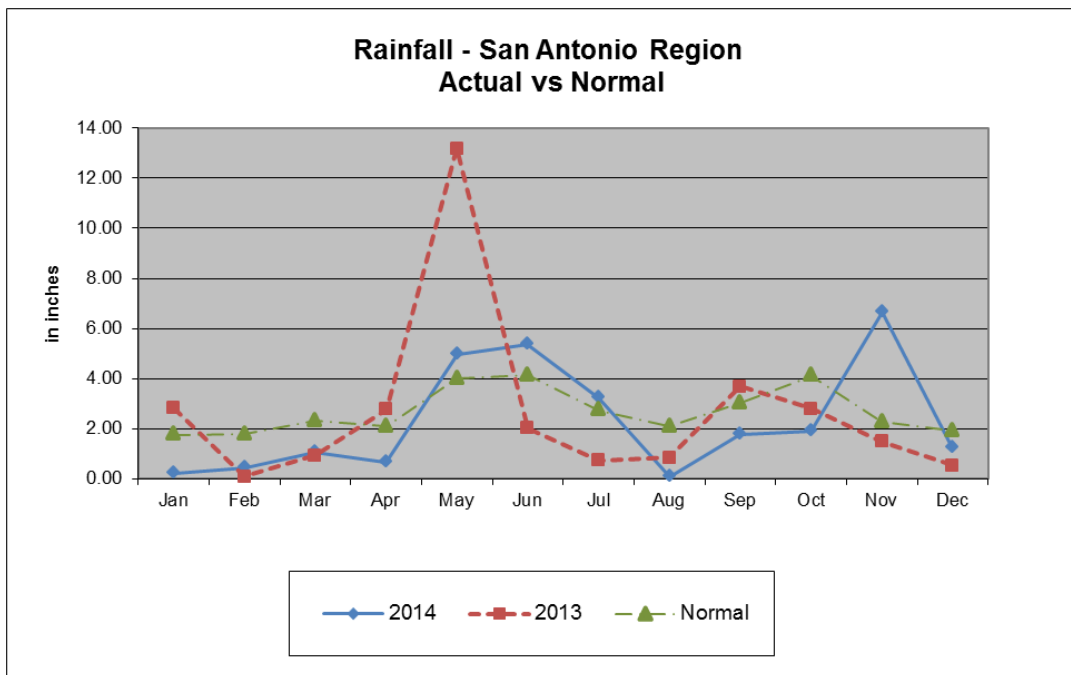
Operating revenues increased from \$438.5 million in 2012 to \$462.3 million in 2013. Due to the impact of restrictions on outdoor water use, metered water usage decreased .4% from 2012 to 2013. The impact of lower usage was more than offset by an average rate increase of 8.4% that went into effect in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

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 increased \$7.9 million or 6.6% to

\$127.7 million for 2014 due to increased usage, customer growth and the 2014 rate increase. 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.



Total rainfall for 2014 was slightly below normal levels. 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 2013. Drought conditions continued to affect the region in 2013 and 2014 and restrictions on outdoor water use were in place throughout both years.



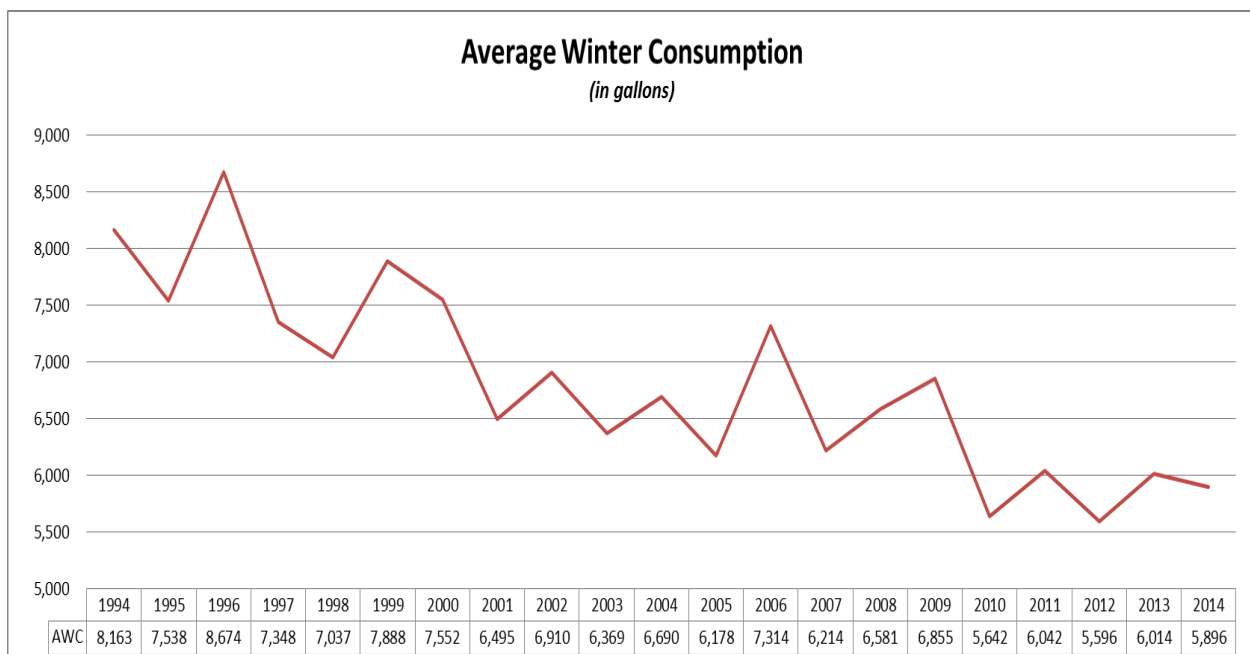
The Water Supply core business is responsible for all functions related to the development and provision of additional water resources. In order to support the costs associated with these initiatives, in 2000, SAWS implemented a separate funding mechanism, known as the Water Supply Fee, for water supply 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 the implementation of a separate Water Supply Fee

Water Supply operating revenues increased \$15.7 million or 11.7% from 2013 to \$150.1 million 2014 primarily due to the 2014 rate increase. 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 an increase in rates and customer growth.

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 15th through March 15th. 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 20 years.

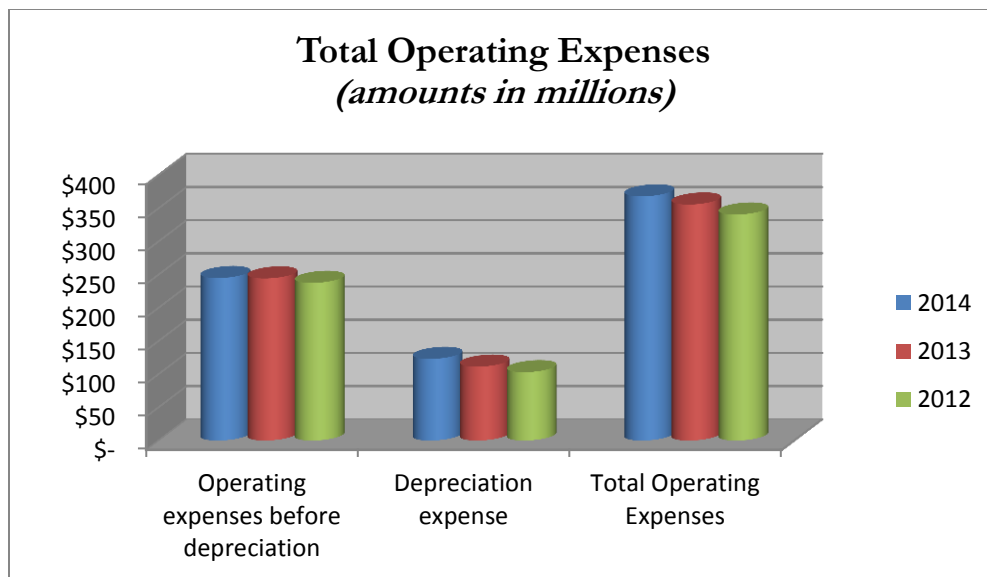


Wastewater operating revenues increased \$15.1 million or 7.7% to \$210.7 million in 2014. While the AWC that went into effect in April 2014 decreased 2% from the previous AWC, total billed wastewater usage increased slightly from 2013. This increased usage, customer growth and the 2014 rate increase contributed to the increase in wastewater revenues from 2013 to 2014. In 2013, Wastewater operating revenues were \$195.6 million, an increase of \$27.2 million or 16.2% from 2012. A 16.5% increase in Wastewater rates that was effective March 1, 2013, a 7.5% increase in the AWC and customer growth all contributed to the increase in revenues.

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. Based on a system evaluation of SAWS steam service, it was determined that these services could no longer be offered in a cost efficient manner. In May 2014, SAWS stopped providing steam service. Operating revenues decreased \$1.5 million in 2014 primarily due to the elimination of steam service. Operating revenues increased \$.2 million in 2013 primarily due 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), increased \$.4 million due to an increase in investment income. The average investment balance increased from \$530.9 million in 2013 to \$722.2 million in 2014 while the average yield on SAWS's portfolio decreased from .25% in 2013 to .23% in 2014. Non-operating revenues decreased \$.7 million in 2013 due to a decrease in the average yield on investments and a \$.3 million reduction in the BABs subsidy. While the average investment balance increased from \$477.7 million in 2012 to \$530.9 million in 2013, the average yield on SAWS's portfolio decreased from .33% in 2012 to .25% in 2013.

Operating Expenses: Total 2014 operating expenses of \$368.2 million increased \$12.4 million or 3.7% from 2013 levels primarily due to an increase in depreciation expense.



Salary and benefit related costs decreased \$10.2 million or 8.1% from 2013 to 2014. A retirement incentive program was offered in 2013 that resulted in 94 employees retiring during the last four months of 2013. During 2014, SAWS undertook a comprehensive review of all vacant positions to determine which positions needed to be filled. As a result of this review, 61 vacant positions were eliminated. Over the last two years, filled positions have been reduced by 183 or 11% due to efficiency improvements implemented and synergies associated with integrating the operations of Bexar Metropolitan Water District with SAWS. For additional information about this integration, please see Note C to the financial statements.

Contractual services increased \$20.5 million or 19% in 2014 due in part to a \$9.9 million increase in spending related to SAWS' program to reduce sanitary sewer overflows (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. Increases in water purchase payments, drought related costs, temporary employees and legal services also contributed to the increase in contractual services in 2014. Other charges decreased \$8.1 million or 40% in 2014 primarily due to costs associated with retiree medical benefits. In 2014, changes made to those benefits significantly decreased the actuarially determined contribution associated with these benefits. Depreciation expense increased \$11.7 million or 10.5% from 2013 as a result of the \$392.6 million in capital assets placed into service during 2014.

Total operating expenses were \$355.7 million in 2013, an increase of \$15.1 million from 2012. Salary and benefit related costs decreased \$.1 million from 2012 as a decrease in wages and lower employee insurance costs were almost entirely offset by the \$2 million paid under a retirement incentive program. Contractual services increased \$7 million in 2013 entirely as a result of an additional \$10.1 million spent on the SSO Program. Depreciation expense increased \$8.3 million or 8.1% from 2012 as a result of the \$349.2 million in capital assets placed into service during 2013.

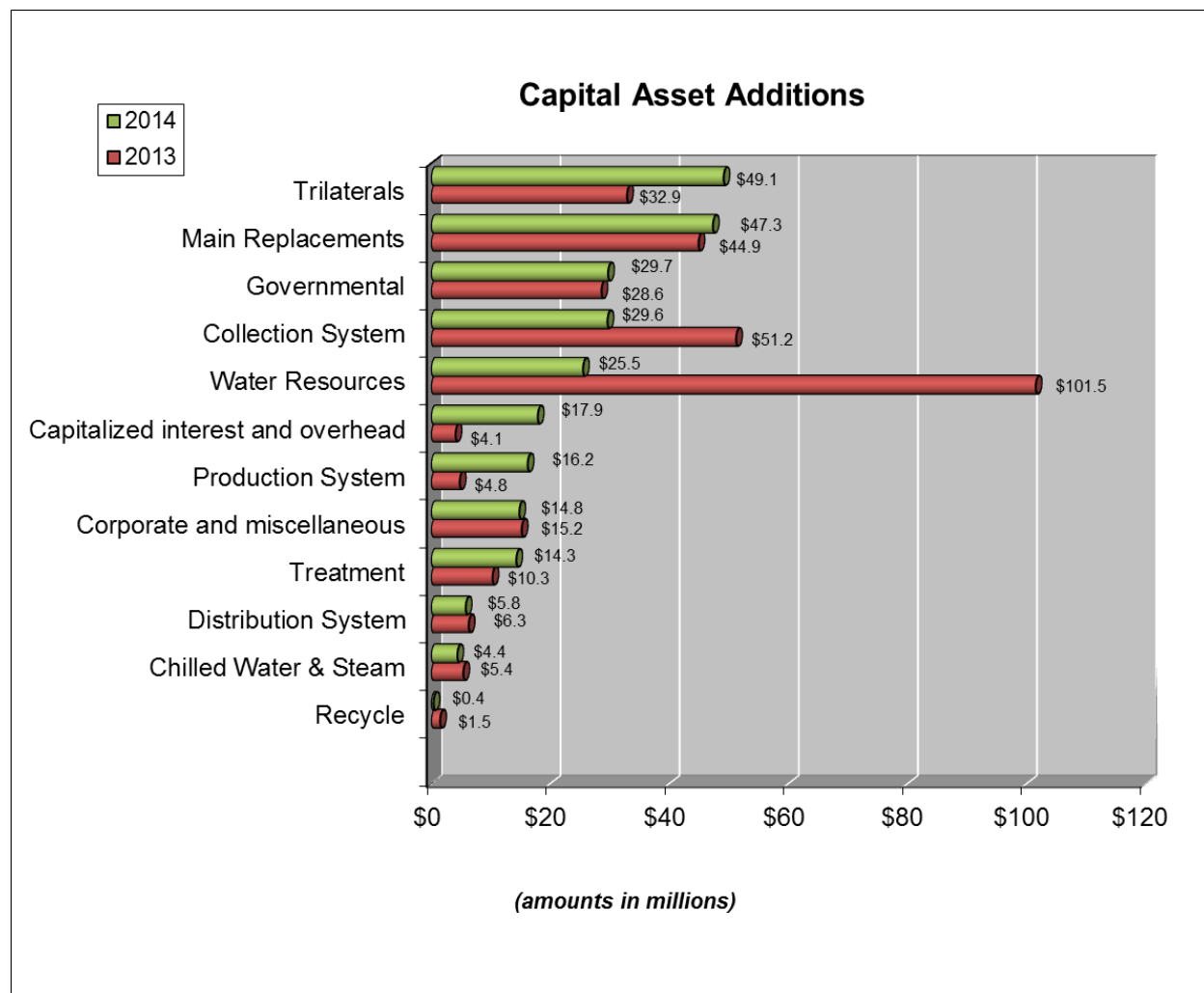
Non-operating Expenses: 2014 non-operating expenses increased \$4.2 million or 4.5% from 2013 primarily due to an increase in interest expense, smaller gains on the sale of capital assets, and an increase in the payments to the City of San Antonio. Average debt outstanding increased 10.5% due to bonds issued in the fourth quarter of 2013 and during 2014 in support of SAWS capital improvement program. The average cost of debt decreased from 3.59% in 2013 to 3.38% in 2014 as a result of debt refundings and lower interest costs on new debt. During 2013, non-operating expenses increased \$1.1 million or 1.2% from 2012 primarily due to an increase in 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.

Capital Contributions: Capital contributions for 2014 totaled \$101.1 million which represents an increase of \$30.4 million from 2013. Development activity increased significantly in 2014 which is reflected in a 49% increase in plant contributions and a 39% increase in capital recovery fees. Additionally, in June 2014 City Council approved changes to the capital recovery fees charged by SAWS for new water and wastewater service, increasing the average amount paid by 14%. In 2013, capital contributions totaled \$70.7 million, a decrease of \$11.1 million from 2012. While infrastructure donated by developers decreased by 27%, capital recovery fees were slightly higher in 2013.

CAPITAL CONTRIBUTIONS							
(\$ in thousands)	Year-ended December 31,			2014-2013		2013-2012	
	2014	2013	2012	Increase (Decrease)	% Change	Increase (Decrease)	% Change
Plant Contributions	\$ 49,082	\$ 32,891	\$ 44,786	\$ 16,191	49%	\$ (11,895)	(27%)
Capital Recovery Fees	51,973	37,289	36,761	14,684	39%	528	1%
Grant Revenue	60	545	238	(485)	(89%)	307	129%
Total Capital Contributions	\$ 101,115	\$ 70,725	\$ 81,785	\$ 30,390	43%	\$ (11,060)	(14%)

CAPITAL ASSET ACTIVITY

During 2014 SAWS' total capital assets (net of accumulated depreciation) grew from \$4 billion to \$4.1 billion, while during 2013, net capital assets increased from \$3.8 billion to \$4 billion. Capital asset additions were \$255 million in 2014 and \$306.7 million in 2013. 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 \$505 million as of December 31, 2014. For further detail information on capital assets, refer to Note F.

LONG-TERM DEBT ACTIVITY

In 2014, SAWS issued a total of \$264.6 million in bonds through four transactions. All bonds issued during 2014 were at the junior lien level. The proceeds of the bonds, including premiums, were used to refund \$49.1 million in bonds and \$60 million of outstanding commercial paper; pay the cost of insurance; make deposits to the Reserve Fund; and provide \$164.7 million in funds for capital improvement projects. During the

course of the year, SAWS also issued \$15 million in new commercial paper notes to finance capital improvements.

During 2013, SAWS issued a total of \$398.7 million in junior lien bonds through six transactions. 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 March 2014, 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. SAWS' high quality credit ratings are based on its large and diverse service area, sound financial management, long-term planning of water supply and infrastructure needs, and competitive water and sewer rates. SAWS' commercial paper ratings were updated in October 2012 based on new revolving credit agreements with Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York branch, and Wells Fargo Bank, N.A. For additional information on the commercial paper program, refer to Note I.

BOND AND COMMERCIAL PAPER RATINGS				
	Senior Lien Debt	Junior Lien Debt	Tax-Exempt Commercial Paper	
			Series A	Series B
			Fitch Ratings	AA+
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, 2014 and 2013, SAWS was in compliance with the terms and provisions of the ordinances and documents related to its outstanding bonds and commercial paper.

FINANCIAL RATIOS			
	2014	2013	2012
Current Year Debt Coverage‡:			
Senior Lien Debt	2.60x	2.15x	2.11x
All Debt	1.69x	1.62x	1.60x
Maximum Annual Debt Coverage‡:			
Senior Lien Debt	2.16x	1.85x	1.63x
All Debt	1.58x	1.42x	1.44x
Net Position Ratio			
<i>(net position / total liabilities + net position)</i>	43.0%	42.4%	43.8%
‡ Debt service is net of federal interest subsidy.			

ECONOMIC OUTLOOK FOR THE FUTURE

Effective January 1, 2015 an average rate increase of 5.3% will go into effect. This rate increase was pre-approved by City Council in November 2013 and will provide additional funding to address aging infrastructure issues, support continued development of additional water supplies, reduce sanitary sewer overflows and meet other operational requirements. Customer growth has been increasing as the economy strengthens and unemployment levels decline. During 2014 customer connections grew 1.8% compared to .9% during 2013 and 1.5% during 2012. The San Antonio region is positioned to see continued growth levels during the next few years. While customer growth can help offset increasing operating costs, the development of additional water supplies to service the growth in customers as well as the continuing costs to address infrastructure issues will require future rate adjustments.

CONTACTING SAWS' FINANCIAL MANAGEMENT

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

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

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

BASIC FINANCIAL STATEMENTS

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

	December 31,	
	2014	2013
CURRENT ASSETS		
Unrestricted Current Assets		
Cash and cash equivalents	\$ 64,791	\$ 131,763
Investments	147,773	55,454
Accounts receivable, net of allowances for uncollectible accounts	60,521	60,307
Other current assets	13,905	9,502
Total unrestricted current assets	286,990	257,026
Restricted Current Assets:		
Cash and cash equivalents	-	1
Investments	136,755	131,283
Total restricted current assets	136,755	131,284
Total Current Assets	423,745	388,310
NONCURRENT ASSETS		
Unrestricted Noncurrent Assets		
Accounts receivable, non current	5,052	6,189
Restricted Noncurrent Assets:		
Cash and cash equivalents	159,598	138,149
Investments	310,315	232,833
Capital Assets:		
Utility plant in service	4,980,589	4,600,681
Less allowance for depreciation	1,587,715	1,472,429
	3,392,874	3,128,252
Land, water rights and other intangible assets	327,916	328,919
Construction in progress	368,688	506,829
Total capital assets (net of accumulated depreciation)	4,089,478	3,964,000
Total Noncurrent Assets	4,564,443	4,341,171
TOTAL ASSETS	4,988,188	4,729,481
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on bond refunding	29,086	30,943
Accumulated decrease in fair value of hedging derivatives	15,520	8,372
	44,606	39,315
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 5,032,794	\$ 4,768,796

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,	
	2014	2013
CURRENT LIABILITIES		
Current Liabilities To Be Paid From Unrestricted Assets		
Accounts payable	\$ 47,589	\$ 34,527
Accrued vacation payable	4,844	7,412
Accrued payroll and benefits	2,741	2,482
Accrued claims payable	7,054	7,310
Sundry payables and accruals	1,675	1,339
Total unrestricted current liabilities	63,903	53,070
Current Liabilities To Be Paid From Restricted Assets		
Accrued interest payable	14,431	13,857
Payables under construction contracts	21,501	27,614
Customers' deposits	10,315	9,447
Commercial paper notes	3,245	3,105
Revenue bonds payable within one year	64,840	57,850
Total restricted current liabilities	114,332	111,873
Total Current Liabilities	178,235	164,943
NONCURRENT LIABILITIES		
Accrued vacation payable	3,728	766
Unfunded postemployment benefits	87,204	91,094
Derivative instrument	20,161	13,392
Commercial paper notes	135,305	183,550
Revenue bonds payable after one year, net of unamortized premiums and discounts	2,442,579	2,290,984
Total Noncurrent Liabilities	2,688,977	2,579,786
TOTAL LIABILITIES	2,867,212	2,744,729
NET POSITION		
Net investment in capital assets	1,871,202	1,762,856
Restricted for operating reserve	43,385	40,656
Restricted for debt service fund	47,123	39,710
Restricted for reserve fund	66,665	62,560
Unrestricted	137,207	118,285
TOTAL NET POSITION	\$ 2,165,582	\$ 2,024,067

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

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

OPERATING REVENUES	2014	2013
Water delivery system	\$ 127,708	\$ 119,767
Water supply system	150,079	134,367
Wastewater system	210,704	195,584
Chilled water and steam system	11,152	12,621
Total operating revenues	<u>499,643</u>	<u>462,339</u>
OPERATING EXPENSES		
Salaries and fringe benefits	115,049	125,210
Contractual services	127,685	107,194
Material and supplies	20,930	23,355
Other charges	12,355	20,423
Less costs capitalized to construction in progress	<u>(30,964)</u>	<u>(31,834)</u>
Total operating expenses before depreciation	245,055	244,348
Depreciation expense	<u>123,111</u>	<u>111,375</u>
Total operating expenses	<u>368,166</u>	<u>355,723</u>
Operating income	131,477	106,616
NONOPERATING REVENUES		
Interest earned and miscellaneous	5,792	5,410
NONOPERATING EXPENSES		
Interest expense	78,049	75,606
Debt issue costs	2,914	4,112
Other finance charges	2,726	2,361
Gain on sale of capital assets	(23)	(1,075)
Payments to the City of San Antonio	13,089	11,528
Payments to other entities	114	130
Total nonoperating expenses	<u>96,869</u>	<u>92,662</u>
Increase in net position, before capital contributions	40,400	19,364
Capital contributions	<u>101,115</u>	<u>70,725</u>
CHANGE IN NET POSITION	141,515	90,089
NET POSITION, BEGINNING OF YEAR	<u>2,024,067</u>	<u>1,933,978</u>
NET POSITION, END OF YEAR	<u>\$ 2,165,582</u>	<u>\$ 2,024,067</u>

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

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

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 497,854	\$ 456,674
Cash paid to vendors for operations	(136,688)	(124,569)
Cash paid to employees for services	(99,030)	(102,898)
Net cash provided by operating activities	262,136	229,207
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to the City of San Antonio	(9,615)	(7,981)
Payments to other entities	(112)	(101)
Net cash used for noncapital financing activities	(9,727)	(8,082)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	4,634	2,416
Proceeds from developers for plant construction	51,973	37,289
Proceeds from grants	632	-
Payments to employees for construction of plant	(17,554)	(18,164)
Payments to vendors for construction of plant	(13,410)	(13,671)
Payments for acquisition of equipment and furniture	(8,887)	(12,555)
Payments for acquisition of property and plant	(164,397)	(239,696)
Proceeds from commercial paper	15,000	151,000
Payments for retirement of commercial paper	(3,105)	(2,970)
Proceeds from revenue bonds	172,262	197,358
Payments for retirement of revenue bonds	(57,850)	(52,160)
Payments of interest on commercial paper	(3,746)	(4,494)
Payments of interest on revenue bonds	(98,223)	(92,967)
Payments for bond related expenses	(2,914)	(4,112)
Payments for bank charges	(2,435)	(2,520)
Net cash used for capital and related financing activities	(128,020)	(55,246)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(952,412)	(706,356)
Maturity of investments	777,078	628,372
Interest income and other	5,421	5,814
Net cash used for investing activities	(169,913)	(72,170)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(45,524)	93,709
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	269,913	176,204
CASH AND CASH EQUIVALENTS, AT END OF YEAR	\$ 224,389	\$ 269,913

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)

	2014	2013
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENTS OF CASH FLOWS TO STATEMENT OF NET POSITION		
Cash and Cash Equivalents		
Unrestricted	\$ 64,791	\$ 131,763
Restricted		
Current	-	1
Noncurrent	159,598	138,149
	\$ 224,389	\$ 269,913

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	\$ 131,477	\$ 106,616
Adjustments to reconcile operating income to net cash provided by operating activities:		
Non-cash revenues from City of San Antonio	(3,476)	(3,576)
Provision for uncollectible accounts	4,166	4,646
Charge-off of prior year construction expenditures to operating expense	1,527	1,349
Depreciation expense	123,111	111,375
Change in assets and liabilities:		
Increase in accounts receivable	(3,818)	(9,422)
Increase in other current assets	(3,970)	(551)
Increase in accounts payable	15,408	12,331
Increase in accrued vacation payable	394	100
Increase in accrued payroll and benefits	259	324
Decrease in claims payables	(256)	(2,646)
Increase in sundry payables and accruals	336	295
Increase/(decrease) in unfunded postemployment benefits	(3,890)	8,184
Increase in customers' deposits	868	182
Total adjustments	130,659	122,591
Net cash provided by operating activities	\$ 262,136	\$ 229,207

NONCASH CAPITAL AND FINANCING ACTIVITIES

Plant contributions received from developers	\$ 49,082	\$ 32,891
Bond proceeds deposited into an escrow account for purposes of refunding:		
Revenue Bonds	\$ 49,100	\$ 93,440
Commercial Paper	\$ 60,000	\$ 132,120

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

	December 31,	
	2014	2013
ASSETS		
Cash and cash equivalents	\$ 498	\$ 269
Investments	186,914	159,511
TOTAL ASSETS	187,412	159,780
LIABILITIES	-	-
NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS	\$ 187,412	\$ 159,780

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

	2014	2013
ADDITIONS		
Employer contributions	\$ 16,383	\$ 15,289
Employee contributions	33	-
Investment income	17,088	26,232
Total additions	33,504	41,521
DEDUCTIONS		
Pension payments	5,796	4,574
Administrative expenses	76	59
Total deductions	5,872	4,633
NET INCREASE IN NET POSITION	27,632	36,888
NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS - BEGINNING	159,780	122,892
NET POSITION RESTRICTED FOR POST EMPLOYMENT BENEFITS - ENDING	\$ 187,412	\$ 159,780

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

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NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: On April 30, 1992, the San Antonio City Council approved Ordinance No. 75686 which provided for 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 (Board) consisting of the Mayor of San Antonio and six members who are appointed by the San Antonio City Council. In addition to the Board, 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 (City Ordinance) as all properties, facilities, and plants currently owned, operated and maintained by the City and/or the Board, 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 providing 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). Both plans are governed by the Board which may amend plan provisions, and which is responsible for the management of plan assets. SAWSRP is a single-employer pension plan. 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 future benefit payments 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

In 2014, SAWS implemented the following new GASB pronouncements:

- GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*. This Statement replaces the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements. The fiduciary fund financial statements and related note disclosures for the SAWSRP have been prepared in accordance with this new statement.
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term *government combination* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The guidance provided by this statement has no current impact to SAWS.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors or historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The government receiving the nonexchange financial guarantee would recognize revenue to the extent of the reduction in its guaranteed liability. SAWS has neither extended nor received any nonexchange financial guarantees, therefore, the guidance provided by this statement had no impact to SAWS.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which replaced GASB Statements No. 27 and 50, is effective for fiscal years beginning after June 15, 2014 and will be adopted by SAWS for the calendar year ending December 31, 2015. The major provisions of GASB 68 include:

- The difference between the actuarial present value of projected benefit payments and the pension plan's fiduciary net position at the measurement date is to be reported on the employer's statement of net position as either a net pension asset or liability.
- The majority of the changes in the net pension asset or liability are to be recognized immediately as pension expense. Some changes are to be reported as deferred inflows and/or deferred outflows of resources and amortized to pension expense over prescribed periods of time, based on the nature of the deferred item.

At December 31, 2014, the System reported a net pension obligation of \$3.5 million in accordance with the provisions of GASB Statement No. 27. GASB 68 will result in a restated net pension liability of approximately

NOTES TO FINANCIAL STATEMENTS

\$49.8 million once adopted by the System on January 1, 2015. This will result in a charge of \$46.3 million to unrestricted net position for the difference between the recorded net pension obligation as of December 31, 2014 and the restated net pension liability measured under GASB Statement No. 68. For more information about SAWS pension plans see Note K.

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). After the annual budget is approved by the Board, the budget is submitted to City Council for review and consultation.

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

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

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

NOTES TO FINANCIAL STATEMENTS

Restricted Resources: It is generally 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, which approximates fair value. 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 \$3.6 million in 2014 and \$3.5 million in 2013. A provision to increase the allowance for uncollectible accounts is recorded as an offset to operating revenue. The provision for uncollectible accounts was \$4.2 million in 2014 and \$4.6 million in 2013.

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

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

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

NOTES TO FINANCIAL STATEMENTS

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 \$10.1 million of interest in 2014 and \$9.3 million in 2013.

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, 2014, SAWS had granted \$26.7 million in unused capital recovery fee credits to

NOTES TO FINANCIAL STATEMENTS

developers. The use of these capital recovery fee credits is conditional based on the 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.

A deferred charge bond 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. For more information about this derivative instrument see Note H.

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.

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.

NOTES TO FINANCIAL STATEMENTS

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 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 payments 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.

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

NOTES TO FINANCIAL STATEMENTS

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. The election results were certified on November 18, 2011. 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; 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 SAWS DSP no longer remains in existence. 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 within 5 years of the certification of the election results. 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 2014 and 2013. In order to meet SAWS DSP customer demand, SAWS provided 3.7 billion gallons of water through the interconnects in 2014 and 1.8 billion gallons in 2013. The increase in water provided by SAWS in 2014 from 2013 is primarily due to SAWS DSP inability to utilize any of Medina Lake water rights during 2014 due to water quality issues and greater drought reductions imposed by the Edwards Aquifer Authority on permitted water rights.

In August 2012, SAWS purchased the water treatment plant owned by Bexar Metropolitan Water Development Corporation (BMWDC), a component unit of SAWS DSP. The purchase price of \$18.7 million was used to extinguish BMWDC's outstanding debt after which BMWDC was dissolved. The plant is utilized to treat Medina Lake 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.

NOTES TO FINANCIAL STATEMENTS

In accordance with the District Special Project Ordinance, the Board may allocate assets and expenses between SAWS and SAWS DSP to ensure that all activities and transactions are properly stated in the books and records of each entity. Joint costs benefiting both SAWS and SAWS DSP systems are allocated in a rational manner that approximates the benefits received by each system.

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

<i>(amounts in thousands)</i>	Year Ended December 31,	
	2014	2013
Operating Revenue		
Water sold to SAWS DSP	\$ 11,146	\$ 5,062
Non-operating Revenue		
Treatment plant use	\$ 106	\$ 118
Operating Expenses		
Expenses allocated to SAWS DSP	\$ 19,109	\$ 20,584

NOTE D – DEPOSITS, INVESTMENTS AND SECURITIES LENDING

San Antonio Water System:

Deposits: As of December 31, 2014, SAWS' funds are deposited in demand and savings accounts at Frost Bank, SAWS' general depository bank. As required by state law, all SAWS' deposits are fully collateralized and/or are covered by federal depository insurance. At December 31, 2014, the collateral pledged is being held by the Federal Reserve Bank of Boston under SAWS' name so SAWS incurs no custodial credit risk. At December 31, 2014, the bank balance of SAWS' demand and savings accounts was \$56,717,000 and the reported amount was \$54,785,000 which included \$30,000 of cash on hand. 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. Additionally, at December 31, 2013, SAWS had \$85,000,000 in certificates of deposit at Frost Bank, BBVA-Compass Bank and Bank of America.

Investments: As of December 31, 2014, investments include securities issued by the United States government and its agencies and instrumentalities along with municipal bonds and funds held in escrow. Securities issued by the U.S. government and its agencies and instrumentalities along with municipal bonds are held in safekeeping by SAWS' depository bank, Frost Bank and registered as securities of SAWS. Funds held in escrow are Money Market Funds managed by Frost Bank and Bank of New York Mellon and are invested in securities issued by the U.S. government or by U.S. Agencies.

NOTES TO FINANCIAL STATEMENTS

SAWS had the following investments and remaining maturities at December 31, 2014 and 2013:

December 31, 2014						
<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	\$ -	\$ -	\$ -	\$ 9,960	\$ 9,960	\$ 9,960
U.S. Agency Discount Notes	15,004	69,563	5,995	-	90,562	90,574
U.S. Agency Coupon Notes	150,836	125,792	192,449	21,110	490,187	490,285
Municipal Bonds	4,024	-	-	-	4,024	4,024
Money Market Funds held in Escrow:						
Bank of New York Mellon	130,337	-	-	-	130,337	130,337
Frost Bank	39,267	-	-	-	39,267	39,267
	<u>\$ 339,468</u>	<u>\$ 195,355</u>	<u>\$ 198,444</u>	<u>\$ 31,070</u>	<u>\$ 764,337</u>	<u>\$ 764,447</u>

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>

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, 2014 and 2013 SAWS investment maturities as a percent of the portfolio were as follows:

Maturities	December 31,	
	2014	2013
Zero to 90 days	44%	55%
91 to 180 days	26%	31%
181 to 365 days	26%	7%
More than one year and less than 5 years	4%	7%

NOTES TO FINANCIAL STATEMENTS

Credit Risk: In accordance with its investment policies, SAWS manages exposure to credit risk by limiting its investments in long-term obligations of other states and cities to those with a credit rating of “A” or better. Additionally, any short-term investments require a rating of at least “A-1” or “P-1”. As of December 31, 2014 and 2013, SAWS held no direct investments with a credit rating below “AA”.

Credit Rating	Rating Agency	<i>(amount in thousands)</i>		Allocation	Investment Policy Limit
		Carrying Value	Market Value		
December 31, 2014					
A-1+/AAA	S&P	\$ 260,178	\$ 260,166	34.0%	Max. = 100%
AA+	S&P	500,245	500,147	65.4%	Max. = 100%
AA	S&P	4,024	4,024	0.5%	Max. = 100%
Total Portfolio		<u>\$ 764,447</u>	<u>\$ 764,337</u>	<u>100.0%</u>	
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>	

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 30% of the total investment portfolio in any non-government issuer unless it is fully collateralized.

At December 31, 2014 and 2013, the following investments in any one organization that represent more than five percent of total SAWS investments are:

	December 31,	
	2014	2013
Federal Home Loan Bank	44%	40%
Federal National Mortgage Association	10%	7%
Federal Home Loan Mortgage Corporation	12%	5%

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 2014 and 2013:

<i>(amounts in thousands)</i>	December 31,	
	2014	2013
Reported amounts in note for:		
Deposits, including certificates of deposit	\$ 54,785	\$ 122,809
Investments	764,447	566,674
Total Deposits & Investments	<u>\$ 819,232</u>	<u>\$ 689,483</u>
Totals from Statement of Net Position:		
Cash and Cash Equivalents:		
Unrestricted	\$ 64,791	\$ 131,763
Restricted - current	-	1
Restricted - noncurrent	159,598	138,149
Total cash and cash equivalents	<u>224,389</u>	<u>269,913</u>
Investments:		
Unrestricted	147,773	55,454
Restricted - current	136,755	131,283
Restricted - noncurrent	310,315	232,833
Total investments	<u>594,843</u>	<u>419,570</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 819,232</u>	<u>\$ 689,483</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.

NOTES TO FINANCIAL STATEMENTS

The following table summarizes the Reserve Fund accounts that are included in restricted cash and investments at December 31, 2014 and 2013.

<i>(amounts in thousands)</i>	December 31,	
	2014	2013
Cash & Cash Equivalents	\$ 11,796	\$ 15
Investments:		
Junior Lien Bonds	17,907	15,741
Senior Lien Bonds	65,623	74,174
Total Investments	<u>83,530</u>	<u>89,915</u>
Total Cash & Investments - Reserve Fund	<u>\$ 95,326</u>	<u>\$ 89,930</u>

San Antonio Water System Retirement Plan (SAWSRP):

At December 31, 2014 and 2013 the SAWSRP held no deposits and had the following investments:

<i>(amounts in thousands)</i>	2014	2013
Defined Benefit Component Investments:		
Principal Bond and Mortgage Separate Account	\$ 41,246	\$ 34,974
Large Cap S&P 500 Index Separate Account	119,513	105,547
	<u>160,759</u>	<u>140,521</u>
Defined Contribution Component Investments:		
Stock Mutual Funds	77	-
Bond Mutual Funds	1	-
	<u>78</u>	<u>-</u>
Total Investments	<u>\$160,837</u>	<u>\$140,521</u>

While there is no specific policy relating to plan investments, plan trustees have instituted a plan to invest approximately 60% of the defined benefit component investments 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 5.43 years at December 31, 2014 and 5.10 years at December, 31, 2013.

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

In 2012, SAWS established an OPEB Trust for the exclusive purpose of providing benefits to eligible retirees and their dependents. At December 31, 2014 and 2013 the OPEB Trust held no deposits and had the following investments:

NOTES TO FINANCIAL STATEMENTS

<i>(amounts in thousands)</i>	Decmeber 31,	
	2014	2013
Cash and Cash Equivalents:		
Money Market Account	\$ 498	\$ 269
Investments:		
Stock Mutual Funds	16,242	11,988
Bond Mutual Funds	9,835	7,002
	<u>\$ 26,575</u>	<u>\$ 19,259</u>

It is the policy of the OPEB Trust to invest 50% - 70% of its assets in equity securities, 25% - 50% in fixed income securities and 0% - 5% in cash. OPEB Trust utilizes an investment manager to make recommendations as to the appropriate target portfolio weightings among major asset classes. Additionally, the investment manager has full discretionary authority to buy, hold, and sell investments subject to the guidelines as defined in the OPEB Trust's investment policy. Investments in mutual funds traded on national or international exchanges are valued at the last reported sales price. Investments in the trust at December 31, 2014 are unrated. The effective duration of the bond mutual funds was 4.76 years at December 31, 2014 and 4.91 years at December 31, 2013.

Securities Lending: During 2014, SAWS engaged in securities lending transactions under a contract with its lending agent, Frost Bank. Authority to engage in these transactions is authorized under the Texas Public Funds Investment Act (PFIA) and SAWS Investment Policy. SAWS authorized Frost Bank to loan up to 100% of the par value of its eligible investments in securities lending transactions in 2014.

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

All collateral received is required to have a fair value of 102% of the loaned securities. Securities are marked to market daily and additional cash or securities are required from the borrower if the collateral falls below 102%. Cash collateral is reported on the Statement of Net Position as an asset, with a corresponding liability for the obligation to repay the cash collateral. Noncash collateral for securities lending activities is not recorded as an asset because it remains under the control of the transferor, except in the event of default.

At December 31, 2014, there was a total of \$347 million in securities, or 59% of SAWS lendable investments out on loan to borrowers. In exchange, SAWS received \$354 million in securities collateral, or 102% of the market value of the corresponding securities loaned. No securities loaned at December 31, 2014 were secured by cash collateral.

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

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

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

Income generated from securities lending transactions amounted to \$823,000 for the year ended December 31, 2014, of which 30% was paid as fees to the lending agent.

NOTES TO FINANCIAL STATEMENTS

NOTE E – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at December 31, 2014 and 2013:

<i>(amounts in thousands)</i>	2014	2013
Current:		
Receivable from customers	\$ 32,782	\$ 33,640
Unbilled revenue	25,692	23,664
Receivable from SAWS DSP	4,674	4,542
Receivable from other governmental agencies	1,426	1,952
Less: Allowance for doubtful accounts	<u>(4,053)</u>	<u>(3,491)</u>
	60,521	60,307
Noncurrent:		
Receivable from other governmental agencies	<u>5,052</u>	<u>6,189</u>
Total accounts receivable	<u>\$ 65,573</u>	<u>\$ 66,496</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 \$5.1 million and \$6.2 million was classified as noncurrent at December 31, 2014 and 2013, respectively.

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NOTES TO FINANCIAL STATEMENTS

NOTE F – CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2014 is as follows:

<i>(amounts in thousands)</i>	December 31, 2013	Increases	Transfers	Decreases	December 31, 2014
Capital Assets, not being depreciated:					
Land	\$ 85,813	\$ 259	\$ (35)	\$ 2,237	\$ 83,800
Water rights purchased	242,736	-	1,003	-	243,739
Other intangible assets	370	-	7	-	377
Construction in progress	506,829	245,310	(381,924)	1,527	368,688
Total capital assets, not being depreciated/amortized	835,748	245,569	(380,949)	3,764	696,604
Capital assets, being depreciated					
Structures and improvements	606,339	-	68,724	3,936	671,127
Pumping and purification equipment	156,082	522	12,119	-	168,723
Distribution and transmission system	1,832,666	-	112,971	2,322	1,943,315
Treatment facilities	1,813,250	-	153,962	-	1,967,212
Equipment and machinery	144,110	7,380	6,847	3,811	154,526
Furniture and fixtures	5,108	-	-	-	5,108
Computer equipment	15,636	1,222	1,242	387	17,713
Software	26,143	291	25,084	-	51,518
Other intangible assets	1,347	-	-	-	1,347
Total capital assets being depreciated/amortized	4,600,681	9,415	380,949	10,456	4,980,589
Less accumulated depreciation					
Structures and improvements	(144,091)	(14,800)	-	(1,321)	(157,570)
Pumping and purification equipment	(41,238)	(4,095)	-	-	(45,333)
Distribution and transmission system	(556,200)	(43,005)	-	(2,322)	(596,883)
Treatment facilities	(621,460)	(40,358)	-	-	(661,818)
Equipment and machinery	(74,482)	(14,159)	-	(3,800)	(84,841)
Furniture and fixtures	(4,726)	(171)	-	-	(4,897)
Computer equipment	(10,736)	(2,000)	-	(382)	(12,354)
Software	(19,260)	(4,454)	-	-	(23,714)
Other intangible assets	(236)	(69)	-	-	(305)
Total accumulated depreciation	(1,472,429)	(123,111)	-	(7,825)	(1,587,715)
Total capital assets, being depreciated/amortized	3,128,252	(113,696)	380,949	2,631	3,392,874
Capital assets, net	\$ 3,964,000	\$ 131,873	\$ -	\$ 6,395	\$ 4,089,478

NOTES TO FINANCIAL STATEMENTS

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

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 \$1.5 million in 2014 and \$1.3 million in 2013.

The water treatment plant owned by SAWS and operated by SAWS DSP to treat water from the Medina Lake has been temporarily idled since April 26, 2013 as a result of the impact of low water levels in the lake on water quality. At that time, there was approximately 15,000 acre-feet of water stored in Medina Lake or 6% of capacity. At December 31, 2014 Medina Lake contained 8,000 acre-feet of water or 3% of capacity. The book value of the treatment plant at December 31, 2014 is \$16,044,000. SAWS is continuing to depreciate the plant.

SAWS DSP estimates that water levels in Medina Lake will need to rise significantly before water quality improves enough to allow treatment activities at the plant to resume. Since Medina Lake was created in 1914, water stored in the lake has exceeded 15,000 acre-feet 93% of the time. During Texas' worst drought on record in the 1950's (1950-1956), water stored in the lake ranged from 1 % of capacity to 14% of capacity. By 1958, Medina Lake had recovered significantly and was at 98% of capacity. SAWS does not currently believe that the treatment plant has been permanently impaired but continues to evaluate the likelihood that Medina Lake water levels will recover in the future sufficient to allow treatment activities to resume.

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 2014 and 2013 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, 2014	\$ 8,178	\$ 5,238	\$ (4,844)	\$ 8,572	\$ 4,844	
Year Ended						
December 31, 2013	\$ 8,078	\$ 7,512	\$ (7,412)	\$ 8,178	\$ 7,412	

NOTES TO FINANCIAL STATEMENTS

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 \$250,000 of medical claims per person during 2014 and the first \$200,000 during 2013.

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 \$2,000,000 of each workers compensation and general liability claim, and is fully self-insured for automobile liability. Claims that exceed the self-insured retention limit for workers' compensation and general liability are covered through SAWS' comprehensive commercial insurance program (CCIP). Additionally, under the CCIP, SAWS maintains deductible programs for public officials and employment practices liability, fiduciary liability, pollution legal liability, and crime with varying deductibles. Property coverage is on a replacement cost basis with a deductible of \$250,000 per occurrence. 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 three fiscal years were as follows:

<i>(amounts in thousands)</i>						
Year Ended	Balance at Beginning of Year	Current-Year Accruals	Payments	Balance at End of Year	Estimated Due Within One Year	
December 31, 2014	\$ 7,310	\$ 21,291	\$ (21,547)	\$ 7,054	\$ 7,054	
December 31, 2013	\$ 9,956	\$ 22,801	\$ (25,447)	\$ 7,310	\$ 7,310	
December 31, 2012	\$ 10,565	\$ 23,506	\$ (24,115)	\$ 9,556	\$ 9,556	

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

NOTES TO FINANCIAL STATEMENTS

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, 2014, \$94,895,000 of commercial paper notes are hedged by the interest rate swap agreement.

Terms: The swap agreement contains scheduled reductions to the outstanding notional amounts that are expected to follow the original scheduled reductions 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 \$20.2 million at December 31, 2014 and negative \$13.4 million at December 31, 2013. This value was calculated using the zero-coupon method. This method

NOTES TO FINANCIAL STATEMENTS

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 included in the deferred charge on bond refunding on the Statement of Net Position and is being amortized over the remaining life of the 2003 Bonds. The unamortized deferred charge on bond refunding related to the swap was \$4,641,000 at December 31, 2014 and \$5,020,000 at December 31, 2013.

Credit Risk: SAWS was not exposed to credit risk on its outstanding swap at December 31, 2013 and 2014 because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, SAWS would be exposed to credit risk in the amount of the swap's fair value. The swap counterparty, JPMorgan Chase Bank, N.A. was rated Aa3 by Moody's Investors Services, A+ by Standard and Poor's, and A+ by Fitch Ratings as of December 31, 2014. The amended swap agreement contains a credit support annex which will become effective upon the release of MBIA from the swap insurance policy. Collateralization would be required by either party should the fair market value of the swap reach applicable thresholds as stated in the amended swap agreement.

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

Termination Risk: SAWS may terminate the Swap at any time for any reason. 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.

NOTES TO FINANCIAL STATEMENTS

Market-access Risk: SAWS is subject to market-access risk as \$94,895,000 of variable-rate debt hedged by the swap is outstanding in commercial paper notes with current maturities of approximately 36 days. As previously noted, SAWS intends to reissue the commercial paper notes in amounts matching the notional amounts of the swap.

Swap Payments and Associated Debt: As of December 31, 2014, debt service requirements of the hedged commercial paper notes and net swap payments, assuming current interest rates remain the same, are 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.

Pay-Fixed, Receive-Variable Interest Rate Swap					
Estimated Debt Service Requirements of Variable-Rate					
Debt Outstanding and Net Swap Payments					
<i>(amounts in thousands)</i>					
Year	Principal	Interest Paid on Debt	Interest Rate Swap, Net	Total	
2015	\$ 3,245	\$ 56	\$ 3,839	\$ 7,140	
2016	3,395	54	3,700	7,149	
2017	3,550	52	3,556	7,158	
2018	3,710	49	3,404	7,163	
2019	3,880	47	3,246	7,173	
2020 - 2024	22,220	197	13,592	36,009	
2025 - 2029	27,770	122	8,400	36,292	
2030 - 2033	27,125	31	2,027	29,183	
Total	<u>\$ 94,895</u>	<u>\$ 608</u>	<u>\$ 41,764</u>	<u>\$ 137,267</u>	

NOTE I – LONG TERM DEBT

REVENUE BONDS

On April 30, 2014, SAWS issued \$103,930,000 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2014A (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) refund \$49,100,000 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2005 (the “Series 2005 Bonds”), (ii) refund \$48,200,000 in outstanding commercial paper notes, (iii) finance capital improvements, and (iv) pay the cost of issuance. The refunding of the Series 2005 Bonds reduced total future debt service payments by approximately \$12.3 million and resulted in an economic gain of \$6.1 million. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On April 30, 2014, SAWS issued \$100,000,000 City of San Antonio, Texas Water System Variable Rate Junior Lien

NOTES TO FINANCIAL STATEMENTS

Revenue and Refunding Bonds, Series 2014B (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) refund \$11,800,000 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 June 18, 2014, SAWS issued \$38,260,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2014C through the Texas Water Development Board. The bonds were sold under the Clean Water State Revolving Fund Program. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board program, and (ii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

On June 19, 2014, SAWS issued \$22,400,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2014D through the Texas Water Development Board. The bonds were sold under the Drinking Water State Revolving Fund program. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board Program, and (ii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

Senior lien water system revenue bonds, comprised of Series 2005, Series 2007, Series 2009, Series 2009B, Series 2010B, Series 2011, Series 2011A, Series 2012, and Series 2012A, outstanding in the amount of \$1,428,460,000 at December 31, 2014, are collateralized by a senior lien and pledge of the gross revenues of SAWS after deducting and paying the current expenses of operation and maintenance of SAWS and maintaining a two-month operating reserve for such expenses. Interest rates range from 2.000% to 6.220%, exclusive of any federal interest subsidy on the Series 2009B and 2010B Build America Bonds.

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 2013C, Series 2013D,

NOTES TO FINANCIAL STATEMENTS

Series 2013E (No Reserve Fund), Series 2014A (No Reserve Fund), Series 2014C, and Series 2014D is outstanding in the amount of \$770,095,000 at December 31, 2014. 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 “Series 2013F Bonds”) and the Series 2014B (No Reserve Fund) (the “Series 2014B Bonds”) (together the “Bonds”), is outstanding in the amount of \$200,000,000. The Series 2013F Bonds are tax-exempt variable-interest-rate notes initially issued in a SIFMA Index Mode, with the interest rate reset weekly, through the initial interest period expiring October 31, 2016, at a spread of 0.68% over the Securities Industry and Financial Markets Association (SIFMA) Swap Index. The average interest rate at December 31, 2014 was 0.73%. The ending interest rate at December 31, 2014 was 0.72%. The Series 2014B Bonds are tax-exempt variable-interest-rate notes initially issued in a SIFMA Index Mode, with the interest rate reset weekly, through the initial interest period expiring October 31, 2017, at a spread of 0.40% over the SIFMA Swap Index. The average interest rate at December 31, 2014 was 0.45%. The ending interest rate at December 31, 2014 was 0.44%. Upon conclusion of the initial interest period of the Bonds, the City is permitted to change the mode for all or any portion of the Bonds to a different mode or to a SIFMA Index Mode of different duration. The Bonds are subject to a mandatory tender without right of retention at the conclusion of the initial interest period. During the initial interest period, the Bonds are not subject to the benefit of a liquidity facility provided by a third party. Accordingly, a failure to remarket the Bonds at the end of the initial interest period will result in the rescission of the notice of mandatory tender with respect to the Bonds and the City has no obligation to purchase the Bonds at such time. The occurrence of a failed remarketing will not result in an event of default under the ordinance. Until the City redeems or remarkets the Bonds that had a failed remarketing, the Bonds shall bear interest at the stepped rate of 8.0%.

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer’s tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. A liability is recorded once payment appears to be probable. As of December 31, 2014, SAWS has no arbitrage rebate liability associated with any outstanding bonds.

The following tables summarize revenue bond transactions for the years ended December 31, 2014 and 2013.

<i>(amounts in thousands)</i>	Balance Jan. 1, 2014	Additions	Reductions/ Amortization	Balance Dec. 31, 2014	Due Within One Year
Bonds Payable	\$ 2,240,915	\$ 264,590	\$ 106,950	\$ 2,398,555	\$ 64,840
Unamortized premium	111,920	16,772	16,020	112,672	
Unamortized discount	(4,001)	-	(193)	(3,808)	
Total Bonds Payable, Net	<u>\$ 2,348,834</u>	<u>\$ 281,362</u>	<u>\$ 122,777</u>	<u>\$ 2,507,419</u>	<u>\$ 64,840</u>

NOTES TO FINANCIAL STATEMENTS

<i>(amounts in thousands)</i>	Balance	Additions/	Reductions/	Balance	Due Within
	Jan. 1, 2013	Transfers	Amortization	Dec. 31, 2013	One Year
Bonds Payable	\$ 1,987,810	\$ 398,705	\$ 145,600	\$ 2,240,915	\$ 57,850
Unamortized premium	100,322	24,283	12,685	111,920	
Unamortized discount	(4,587)	(70)	(656)	(4,001)	
Total Bonds Payable, Net	<u>\$ 2,083,545</u>	<u>\$ 422,918</u>	<u>\$ 157,629</u>	<u>\$ 2,348,834</u>	<u>\$ 57,850</u>

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

<u>Annual Debt Service Requirements</u> <u>Revenue and Refunding Bonds</u> <i>(amounts in thousands)</i>						
<u>Year Ended</u> <u>December 31,</u>	<u>Fixed Rate</u>				<u>Variable Rate</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy‡</u>	<u>Net Interest</u>	<u>Principal</u>	<u>Interest*</u>
2015	\$ 64,840	\$ 94,276	\$ 3,823	\$ 90,453	\$ -	\$ 1,160
2016	68,975	92,414	3,920	88,494	-	1,160
2017	72,425	89,941	3,863	86,078	-	1,160
2018	74,960	87,248	3,798	83,450	-	1,160
2019	77,035	84,429	3,727	80,702	-	1,160
2020 - 2024	434,110	370,805	17,397	353,408	-	5,800
2025 - 2029	476,625	268,672	14,658	254,014	-	5,800
2030 - 2034	391,495	177,718	10,838	166,880	61,310	4,933
2035 - 2039	429,900	75,475	3,292	72,183	70,945	2,920
2040 - 2044	108,190	4,621	56	4,565	67,745	795
	<u>\$2,198,555</u>	<u>\$1,345,599</u>	<u>\$ 65,372</u>	<u>\$1,280,227</u>	<u>\$ 200,000</u>	<u>\$ 26,048</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, 2015, reduced the BAB subsidy paid during the fiscal year by 7.3%. The BAB subsidy to be received by SAWS in May 2015 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 0.54%. Interest listed above is based on the interest rate as of December 31, 2014 of 0.58%. Actual interest paid will fluctuate based on the SIFMA Swap Index. The interest amount shown above is on an annual basis.

NOTES TO FINANCIAL STATEMENTS

COMMERCIAL PAPER PROGRAM

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

The City has covenanted in the Ordinance authorizing the commercial paper program (the “Note Ordinance”) the issuance of “City of San Antonio, Texas Water System Commercial Paper Notes, Series A” (the “Series A Notes”), the issuance of “City of San Antonio, Texas Water System Commercial Paper Notes, Series B” (the “Series B Notes”), and the maintenance at all times of credit facilities with banks or other financial institutions which would provide available borrowing capacity sufficient to pay the principal of the commercial paper program. The credit facility is maintained under the terms of a revolving credit agreement.

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

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

The borrowings under the commercial paper program are equally and ratably secured by and are payable from (i) the proceeds from the sale of bonds or additional borrowing under the commercial paper program and (ii) borrowing under and pursuant to the revolving credit agreement. The capacity of the combined revolving credit agreements is \$400 million and the agreements expire on October 5, 2015.

Commercial paper notes of \$138,550,000 are outstanding as of December 31, 2014. Of this balance, \$94,895,000 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 \$25,000,000 in proceeds were used solely for financing of capital improvements. Interest rates on the notes outstanding at December 31, 2014 range from 0.06% to 0.13% and maturities range from 32 to 175 days. The outstanding notes had an average rate of 0.07% and averaged 53 days to maturity.

SAWS intends to reissue maturing commercial paper, in accordance with the refinancing 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

NOTES TO FINANCIAL STATEMENTS

accordance with the amortization schedule of the interest rate swap agreement discussed in Note H, SAWS intends to redeem \$3,245,000 of commercial paper in 2015. Therefore, this portion of the commercial paper is classified as a current liability.

The following table summarizes transactions of the commercial paper program for the years ended December 31, 2014 and 2013.

<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, 2014	\$ 186,655	\$ 15,000	\$ 63,105	\$ 138,550	\$ 3,245
Year Ended December 31, 2013	\$ 170,745	\$ 151,000	\$ 135,090	\$ 186,655	\$ 3,105

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, 2014, SAWS has entered into various water leases to obtain rights to pump water from the Edwards Aquifer. The term of these agreements vary, with some expiring as early as 2015 and others continuing until 2023. Some of the leases include price escalations and the annual cost per acre foot ranges from \$115 to \$140. The future commitments under these leases are as follows:

<i>(dollars in thousands)</i>	2015	2016	2017	2018	2019	Thereafter
Edwards Aquifer - lease payments	\$ 3,554	\$ 3,395	\$ 3,490	\$ 3,730	\$ 2,920	\$ 8,060
Edwards Aquifer - acre feet leased	29,791	27,712	27,712	27,480	20,858	57,568

SAWS also has commitments to purchase water supplies under various contracts. All water provided under these contracts is subject to availability.

NOTES TO FINANCIAL STATEMENTS

Under a contract with Guadalupe Blanco River Authority (GBRA), SAWS will receive 6,000 acre feet of water annually through the end of the contract in 2037. Additionally, SAWS must purchase water not sold by GBRA to other third parties. The additional amount of water available in 2015 is estimated to be 3,000 acre feet and will decline over the remaining term of the contract as the demand of GBRA's other customers increases. The cost of the water escalates over time with projected prices ranging from \$897 per acre foot in 2015 to approximately \$1,477 per acre foot by 2037. SAWS has an option to extend this contract until 2077 under new payment terms.

Under a contract with the Massah Development Corporation, SAWS has a minimum take or pay commitment to purchase 100 acre-feet per month or 1,200 acre-feet per year of raw water from the Lower Glen Rose/Cow Creek formations of the Trinity Aquifer in northern Bexar County at projected prices ranging from \$648 to \$850 per acre foot. This agreement expires in 2025 and SAWS has an option to extend the contract for 10 years.

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 impact of the continued drought on the Trinity Aquifer and delays in WECO bringing up additional wells limited the amount of water provided by WECO during the last two years. WECO provided 2,146 acre feet of water to SAWS in 2013 and 1,815 acre feet in 2014. The price to be paid for the raw water in 2015 is \$888 per acre-foot. The cost will escalate annually thereafter by the greater of two percent or the percentage increase in the Producer Price Index for Commodities Finished Goods.

NOTES TO FINANCIAL STATEMENTS

In 2010, SAWS was granted a permit by the Gonzales County Underground Water Conservation District (“District”) to produce 11,688 acre feet of water from the Carrizo Aquifer in Gonzales County. SAWS has entered into 23 separate agreements with land owners to produce water under that permit. These agreements remain in force indefinitely as long as SAWS continues to make payments in accordance with the terms of the agreements. SAWS makes payments to the landowners based on actual water produced. SAWS expects to produce the maximum water available under its permit in 2015 and projects payments to landowners will be \$1,166,000. These payments escalate annually based on the average of the increase in the Consumer Price Index and Producers Price Index.

In 2011, SAWS entered into an agreement with the Schertz Seguin Local Government Corporation (SSLGC) to 1) treat water produced by SAWS under its permit with the District at its treatment plant in Guadalupe County and transport that water through SSLGC’s existing transportation pipeline to a SAWS facility in Schertz, Texas and 2) purchase up to 5,000 acre feet of wholesale water annually from SSLGC. As part of this 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 make monthly payments to SSLGC beginning in December 2014 equal to 1/12th the annual debt service payment owed by SSLGC on the contract revenue bonds regardless of the amount of water actually provided by SAWS to SSLGC for treatment and transportation. In addition to the payment made to SSLGC for the expansion of the treatment plant, SAWS makes payments to SSLGC for treating and transporting the SAWS produced water and payments for the wholesale water purchased from SSLGC based on their wholesale water rates.

SAWS began producing water from its wells in Gonzales Country in late 2013. The SSLGC treatment plant expansion was completed during 2014 and SAWS expects to produce the maximum water available under its permit in 2015. The initial term of the agreement with SSLGC expires in 2050 and can be renewed for successive terms of 5 years. The projected price paid to SSLGC for water treated and transported is projected to be \$478 per acre foot in 2015 and includes the debt service associated with the expansion of SSLGC’s treatment plan. The price paid to SSLGC for wholesale water purchased is projected to be \$803 per acre foot in 2015.

A summary of all estimated payments under all 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>							
	2015	2016	2017	2018	2019	Thereafter	
Purchased water payments - fixed	\$ 16,031	\$ 16,102	\$ 16,189	\$ 16,273	\$ 16,361	\$ 414,218	
Acre feet purchased - fixed	22,452	22,272	22,096	21,923	21,753	465,420	
Purchased water payments - variable	\$ 13,073	\$ 12,842	\$ 13,079	\$ 13,320	\$ 13,566	\$ 199,893	
Acre feet purchased - variable	15,765	14,849	14,849	14,849	14,849	181,433	

NOTES TO FINANCIAL STATEMENTS

Other Contingencies and Commitments

SAWS is also committed under various contracts for completion of construction or acquisition of utility plant totaling approximately \$505 million as of December 31, 2014. Funding of this amount will come from excess revenues, contributions from developers, restricted assets and available commercial paper capacity.

In connection with a desalination injection well permit obtained by SAWS from the Texas Commission on Environmental Quality (TCEQ), SAWS has an obligation to plug the injection well once the well is no longer in service. At December 31, 2014, SAWS has recorded a liability of \$224,000 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 (SSOs). The EPA subsequently referred the matter to the United States Department of Justice (the “DOJ”) for enforcement action. SAWS 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. Since entry into the Consent Decree, SAWS has performed its obligations under terms of the Consent Decree and is in material compliance with such terms, conditions and requirements. Since 2010, SAWS has seen a significant reduction in SSOs, from 538 in 2010 to 196 in 2014.

In an effort to achieve significant diversification of the City’s water supply, in 2011 the Board solicited requests for competitive sealed proposals for the provision and delivery of alternative water supplies for the purpose of meeting the System’s water supply needs (the “Solicitation”). In response to the Solicitation, the Board received nine responses, from which three finalists were selected and reviewed prior to determining that the proposal of the Abengoa Vista Ridge, LLC (“Abengoa VR”) presented the most advantageous possibility for the City obtaining an alternative water source. On July 1, 2014, the Board formally selected the water supply proposal of Abengoa VR as the most advantageous to the System, subject to negotiation of an acceptable contract and City Council support.

On September 29, 2014 and October 15, 2014 the Board adopted resolutions, and on October 30, 2014 the City Council adopted an ordinance, approving the execution of a Water Transmission and Purchase Agreement (the

NOTES TO FINANCIAL STATEMENTS

“Agreement”) between the City, acting by and through SAWS, and Abengoa VR, pursuant to which Abengoa VR has committed to make available to SAWS, and SAWS has agreed to pay for, up to 50,000 acre-feet of potable water (“Project Water”) per year for an initial period of 30 years plus a limited (10 year) extension period under certain circumstances (hereinafter referred to as the “operational” phase). To produce and deliver the Project Water, Abengoa VR will develop well fields to withdraw water from the Carrizo and Simsboro aquifers in Burleson County, Texas pursuant to currently-held long-term leases with landowners and construct (or cause to be constructed) a 142-mile pipeline from this well field to northern Bexar County (the well fields and the pipeline, together, the “Project”). The pipeline will be connected to the SAWS distribution system at this delivery point in northern Bexar County (the “Connection Point”).

The Agreement is separated into three distinct phases. The “development” phase commenced on November 4, 2014, which was the date of complete execution and delivery of the Agreement, and is scheduled to last between 18 and 30 months. The “development” phase concludes upon satisfaction of certain contractual requirements, the most significant of which is when Abengoa VR obtains permanent construction financing for the Project. These events are referred to as “financial closure” and its occurrence results in the conclusion of the “development” phase and commencement of the “construction” phase of the Project by Abengoa VR. During the “construction” phase of the Project, SAWS will also begin construction of improvements to the System necessary to accept and integrate the Project Water, at an anticipated capital cost to SAWS of approximately \$115 million. This “construction” phase is scheduled to last 42 months and its conclusion will result in the commencement of the aforementioned 30-year “operational” phase, during which period SAWS is obligated to pay for Project Water (up to 50,000 acre-feet annually) made available to it by Abengoa VR at the Connection Point.

During the “development” phase, SAWS has retained the right to terminate the Agreement for its convenience, subject to its payment of a termination fee to Abengoa VR (determined based on the costs incurred by Abengoa VR pursuant to the Agreement from commencement of the “development” phase to the date of termination, such termination fee being capped at \$40.1 million). After “financial closure”, SAWS has also retained the right to terminate the Agreement by purchasing the Project for the aggregate amount of the outstanding Project debt, contract breakage costs and return of and on equity contributions by Abengoa VR’s principals (no cap is imposed upon such amount as exists if the Agreement is terminated during the “development” phase). At the end of the “operational” phase, ownership of the Project will be transferred to SAWS at no cost. SAWS has also entered into a separate agreement with Blue Water Vista Ridge, LLC, the lessee of the Project Water, to continue to acquire the 50,000 acre-feet of untreated groundwater upon the termination of the Agreement and transfer of the Project to SAWS, and the cost of such water at the end of the Agreement will be tied to prevailing Edwards Aquifer leases.

Pursuant to the terms of the Agreement, SAWS will pay costs arising under the Agreement, as a maintenance and operating expense of the System for rate setting purposes, only for Project Water made available at the Connection

NOTES TO FINANCIAL STATEMENTS

Point (which payment will include the costs of operating and maintaining the Project). SAWS will have no obligation to pay for any debt issued by Abengoa VR, and any such debt will be non-recourse to SAWS. SAWS anticipates that Project Water (the cost of which is paid directly to Abengoa VR), together with Project operations and maintenance (as a direct pass through under the Agreement) and Project electricity (paid directly by SAWS to the utility providers), will initially cost approximately \$2,200 per acre foot, resulting in an annual charge to the SAWS system of approximately \$110 million (which amount does not take into account potential revenue increases resultant from Project Water being available to SAWS for sale). The Board and the City Council have committed to account for the anticipated payment obligation of the System under the Agreement for purposes of rate making and setting not later than the date of “financial closure”. SAWS projects that, absent any increase in System revenues attributable to the availability of Project Water for sale, its payment obligation under the Agreement will result in a system wide revenue adjustment of approximately 19% by 2020, not including other projected rate increases anticipated to occur by such time.

The execution of the Agreement represents a significant diversification of the City’s water source, as SAWS projects that Project Water, if delivered at the maximum amount (which is the expectation of both SAWS and Abengoa VR), will account for approximately 20% of the System’s current annual usage.

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.

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 from TMRS’ website at www.tmr.com.

The plan provisions that have been adopted by SAWS are within the options available in the governing state statutes of TMRS. Plan provisions for SAWS for the 2013 and 2014 plan years were as follows:

Employee deposit rate	3%
Matching ratio (SAWS to employee)	1 to 1
Years required for vesting	5

NOTES TO FINANCIAL STATEMENTS

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

Membership in TMRS as of the last two actuarial valuation dates is summarized below:

	<u>12/31/2013</u>	<u>12/31/2012</u>
Active employees	1,617	1,660
Retirees and beneficiaries currently receiving benefits	1,022	911
Inactive members	<u>380</u>	<u>377</u>
Total	<u><u>3,019</u></u>	<u><u>2,948</u></u>

Under the state law governing TMRS, SAWS’ contribution rate is determined annually by the actuary using the Entry Age Normal (EAN) cost method. The EAN method was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used. This contribution rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percentage of payroll from year to year. The normal cost contribution rate for an employee is the contributions rate which, if applied to a member’s compensation throughout their period of anticipated covered service with SAWS, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for SAWS. Both the normal costs and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

SAWS contributes to the TMRS Plan at the actuarially determined rate. Both the employees and SAWS make monthly contributions. These rates are provided on an annual basis, following the completion of the actuarial valuation. There is a delay in the valuation and when the rate becomes effective – for example the 2014 contribution rate is based on the December 31, 2012 valuation results. The actuarially determined rate was 4.10% for 2014 and 4.22% for 2013. Employee contributions to the plan for both 2014 and 2013 were equal to 3% of compensation.

San Antonio Water System Retirement Plan

The San Antonio Water System Retirement Plan (SAWSRP) is a single-employer pension plan, which serves as a supplement to TMRS and Social Security. The plan has both a defined benefit and a defined contribution component. SAWS has delegated to Principal Financial Group the authority to manage plan assets and administer

NOTES TO FINANCIAL STATEMENTS

the payment of benefits under the plan.

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, 2014 and 2013 is presented in the following tables.

San Antonio Water System Retirement Plan Net Position Restricted for Pension Benefits

<i>(amounts in thousands)</i>	2014			2013
	Defined Benefit	Defined Contribution	Total	Defined Benefit
Assets				
Investments	\$ 160,759	\$ 78	\$ 160,837	\$ 140,521
Liabilities	-	-	-	
Net position restricted for pension benefits	<u>\$ 160,759</u>	<u>\$ 78</u>	<u>\$ 160,837</u>	<u>\$ 140,521</u>

San Antonio Water System Retirement Plan Changes in Net Position Restricted for Pension Benefits For the years ended December 31,

<i>(amounts in thousands)</i>	2014			2013
	Defined Benefit	Defined Contribution	Total	Defined Benefit
Additions				
Employer Contributions	\$ 10,339	\$ 44	\$ 10,383	\$ 11,289
Employee Contributions	-	33	33	
Investment Income	15,696	1	15,697	23,583
Total additions	26,035	78	26,113	34,872
Deductions				
Pension payments/distributions	5,796	-	5,796	4,574
Administrative Expenses	1	-	1	4
	<u>5,797</u>	<u>-</u>	<u>5,797</u>	<u>4,578</u>
Increase in net position	20,238	78	20,316	30,294
Net position restricted for pension benefits - beginning	<u>140,521</u>	<u>-</u>	<u>140,521</u>	<u>110,227</u>
Net position restricted for pension benefits - ending	<u>\$ 160,759</u>	<u>\$ 78</u>	<u>\$ 160,837</u>	<u>\$ 140,521</u>

NOTES TO FINANCIAL STATEMENTS

Defined Benefit Component: Eligible employees hired prior to June 1, 2014 participate in the defined benefit component of the plan. Eligible employees vest in this plan after the 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.

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.

Membership in the defined benefit component of the SAWSRP as of the last two actuarial valuation dates is summarized below:

	<u>1/1/2014</u>	<u>1/1/2013</u>
Active employees	1,612	1,658
Retirees and beneficiaries currently receiving benefits	744	608
Inactive members	<u>458</u>	<u>434</u>
Total	<u><u>2,814</u></u>	<u><u>2,700</u></u>

The funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits when they are due. Contribution requirements are established and may be amended by SAWS. Historically, active members make no contributions to the plan and all obligations with respect to the defined benefit feature of the plan are paid solely by SAWS. Beginning January 1, 2015, active members will be required to share in the cost of providing benefits under the plan by contributing 3% of their compensation.

NOTES TO FINANCIAL STATEMENTS

The following disclosures for the SAWSRP defined benefit component are provided in accordance with GASB 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25* since the plan is a single-employer pension plan and included in the financial statements as a fiduciary fund.

The components of the net pension liability for the defined benefit component of the SAWSRP at December 31, 2014 and 2013 were as follows:

	<i>(\$ in thousands)</i>	
	December 31,	
	2014	2013
Total pension liability (a)	\$ 177,778	\$ 171,170
Plan fiduciary net position	160,759	140,521
Net pension liability	<u>\$ 17,019</u>	<u>\$ 30,649</u>
Plan fiduciary net position as a percentage of the total pension liability	90.4%	82.1%

(a) Actuarial valuation performed at January 1, 2014 was rolled forward to December 31, 2014

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class include in the defined benefit component's target asset allocation of December 31, 2014 and 2013 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity Funds	60%	5.4%
Fixed Income Funds	40%	2.2%

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions will be made equal to the actuarially determined contributions. Based on those assumptions, the defined benefit component's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the defined benefit component's investments was applied to all periods of projected

NOTES TO FINANCIAL STATEMENTS

benefit payments to determine the total pension liability.

The following table presents the net pension liability associated with the defined benefit component of the SAWSRP as of December 31, 2014 calculated using the discount rate of 6.75%, as well as what the net pension liability would be if it were calculated using a discount rate of one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	<i>(\$ in thousands)</i>		
	1% Decrease 5.75%	Current Discount 6.75%	1% Increase 7.75%
Net pension liability/(asset) \$	40,223	\$ 17,019	\$ (2,385)

The mortality rates were based on the Internal Revenue Service Prescribed Generational Mortality table. Other actuarial assumptions utilized in calculating the pension liability are summarized later in this note.

Defined Contribution Component: Eligible employees hired on or after June 1, 2014 participate in the defined contribution component of the plan. SAWS contributes 4% of participant’s compensation into an individual retirement account. Participants are required to contribute 3% of their compensation into their individual retirement account. Contributions under the defined contribution feature of the plan are made to participants’ individual retirement accounts on a bi-weekly basis based on the participants’ compensation during the period. An eligible employee totally vests in SAWS contributions to the individual retirement account after one year of service and immediately vests in the employee’s contributions to the plan. The employee directs the investments in their individual retirement account. SAWS has no liability for losses under the defined contribution component of the SAWSRP but does have the usual fiduciary responsibilities of a plan sponsor.

At December 31, 2014 there were 109 employees participating in the defined contribution component of the SAWSRP. During the year-ended December 31, 2014, SAWS made contributions to participants’ individual retirement accounts totaling \$44,000 and employees contributed \$33,000.

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.

NOTES TO FINANCIAL STATEMENTS

Annual Pension Cost and Net Pension Obligation

The following table summarizes SAWS' annual pension cost and net pension obligation related to defined benefit pension benefits for the years ended December 31, 2014 and 2013.

	Annual Pension Cost			
	<i>(amounts in thousands)</i>			
	Year Ended December 31,			
	2014		2013	
	TMRS	SAWSRP	TMRS	SAWSRP
Annual required contributions	\$ 3,721	\$ 10,339	\$ 3,990	\$ 11,289
Interest on net pension obligation	241	-	239	-
Adjustment to annual required contribution	(217)	-	(210)	-
Total annual pension cost	3,745	10,339	4,019	11,289
Contributions made	3,721	10,339	3,990	11,289
Increase in net pension obligation	24	-	29	-
Net pension obligation beginning of year	3,446	-	3,417	-
Net pension obligation end of year	\$ 3,470	\$ -	\$ 3,446	\$ -

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

Three Year Trend Information				
Plan	Year Ended December 31,	Annual Pension Cost (APC) <i>(in thousands)</i>	Percentage of APC Contributed	Net Pension Obligation <i>(in thousands)</i>
TMRS	2014	\$ 3,745	99.4%	\$ 3,470
	2013	4,019	99.3%	3,446
	2012	3,674	99.1%	3,417
SAWSRP	2014	\$ 10,339	100%	\$ -
	2013	11,289	100%	-
	2012	10,396	100%	-

NOTES TO FINANCIAL STATEMENTS

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.

	TMRS		SAWSRP	
	12/31/2013	12/31/2012	1/1/2014	1/1/2013
Actuarial Valuation Date	12/31/2013	12/31/2012	1/1/2014	1/1/2013
Actuarial Cost Method	Entry Age Normal	Projected Unit Credit	Entry Age Normal	Entry Age Normal - Frozen Initial Liability
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Dollar	Level Dollar
Remaining Amortization Period	24 Years - Closed	25.2 Years - Closed	15 Years - Closed	30 Years - Closed
Asset Valuation Method	10 year Smoothed Market	10 year Smoothed Market	Smoothed Market Value (4 years)	Smoothed Market Value (4 years)
Actuarial Assumptions:				
Investment Rate of Return	7.0%	7.0%	6.75%	7.0%
Inflation Rate	3.0%	3.0%	2.25%	2.25%
Cost of Living Adjustments	2.1%	2.1%	n/a	n/a
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service	Table S-5 from the Actuary's Pension Handbook plus 3.4%

Funded Status and Funding Progress

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

Plan	Actuarial Valuation Date	Actuarial Value of Assets (in thousands) (a)	Actuarial Liability (AAL) (in thousands) (b)	Unfunded AAL (UAAL) (in thousands) (b-a)	Funded Ratio (a/b)	Covered Payroll (in thousands) (c)	UAAL as a Percent of Covered Payroll ((b-a)/c)
TMRS	December 31, 2013	\$ 145,193	\$ 172,388	\$ 27,195	84%	\$ 94,529	29%
SAWSRP	January 1, 2014	\$ 126,906	\$ 171,170	\$ 44,264	74%	\$ 88,895	50%

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.

NOTES TO FINANCIAL STATEMENTS

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.

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 Board.

By state law, any employee that retires under either the TMRS or SAWS retirement plans is eligible, at the time of retirement, to obtain health insurance benefits similar to those offered to active SAWS employees. Contributions made by retirees for health insurance benefits vary based on retirement date, years of service and the health care options selected. Retirees may also purchase coverage for their spouse at group rates partially subsidized by SAWS. After age 65, healthcare benefits under the plan are supplemental to Medicare benefits.

During 2013 and 2014, the Board approved two changes to the OPEB plan that are expected to significantly reduce the costs of these retiree benefits. Employee hired after December 31, 2013 will not be eligible for any subsidized medical benefits upon retirement from SAWS. They may participate in the plan if they meet other eligibility requirements but will be required to pay the full cost of those benefits. Additionally, beginning in 2015 all Medicare eligible retirees and their dependents will be required to enroll in a fully-insured Medicare Advantage plan sponsored by SAWS. An updated actuarial valuation of the plan was performed as of January 1, 2014 and reflects the impact of these changes to the plan.

The following is the participant summary as of January 1, 2014 (the most recent actuarial valuation date):

Active employees	1,502
Retired employees	<u>774</u>
Total	2,276

Funding Policy

The contribution requirements of plan members and SAWS are established and may be amended by the Board. 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

NOTES TO FINANCIAL STATEMENTS

results, at a minimum, in fully funding the actuarially determined annual required contributions for these benefits thereby improving the funded status of the plan over a period of time. A summary of plan contributions for the years ended December 31, 2014 and 2013 is presented in the following table.

	OPEB Contributions <i>(amounts in thousands)</i>	
	Year Ended December 31,	
	2014	2013
SAWS - OPEB Trust	\$ 6,000	\$ 4,000
SAWS - pay-as-you go	8,170	8,465
Total SAWS ontributions	14,170	12,465
Plan members	897	719
Total OPEB contributions	\$ 15,067	\$ 13,184

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 period of time. 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, 2014 and 2013:

<i>(amounts in thousands)</i>	Year Ended December 31,	
	2014	2013
Annual Required Contribution (ARC)	\$ 12,978	\$ 21,869
Interest on net OPEB obligation	4,163	3,776
Adjustment to ARC	(6,885)	(5,025)
Annual OPEB costs	10,256	20,620
Contributions made	\$ (14,170)	\$ (12,465)
Increase/(Decrease) in net OPEB obligation	(3,914)	8,155
Net OPEB obligation at beginning of year	87,648	79,493
Net OPEB obligation at end of year	\$ 83,734	\$ 87,648

SAWS' annual OPEB cost and the percentage cost contributed to the plan for the three years ended December 31, 2014, 2013 and 2012 were as follows:

NOTES TO FINANCIAL STATEMENTS

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>
2014	\$ 10,256	138.2%	\$ 83,734
2013	\$ 20,620	60.5%	\$ 87,648
2012	\$ 20,396	91.9%	\$ 79,493

Funded Status

The funded status of SAWS' OPEB plan as of the last actuarial valuation performed as of January 1, 2014 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, 2014	\$ 19,259	\$ 139,574	\$ 120,315	14%	\$ 88,895	135%

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, 2014 and 2013 is presented in the following tables.

NOTES TO FINANCIAL STATEMENTS

San Antonio Water System OPEB Trust
Net Position Restricted for Post Employment Benefits
(amounts in thousands)

	December 31,	
	2014	2013
Assets		
Cash and cash equivalents	\$ 498	\$ 269
Investments	26,077	18,990
Total Assets	<u>26,575</u>	<u>19,259</u>
Liabilities	-	-
Net position restricted for post employment benefits	<u>\$ 26,575</u>	<u>\$ 19,259</u>

Changes in Net Position Restricted for Post Employment Benefits
For the year ended December 31,
(amounts in thousands)

	2014	2013
Additions		
Employer Contributions	\$ 6,000	\$ 4,000
Investment Income	1,391	2,649
Total additions	7,391	6,649
Deductions		
Administrative expenses	75	55
Increase in Net Position	7,316	6,594
Net position restricted for post employment benefits - beginning	<u>19,259</u>	<u>12,665</u>
Net position restricted for post employment benefits - ending	<u>\$ 26,575</u>	<u>\$ 19,259</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

Actuarial Methods and Assumptions

Actuarial Valuation Date	January 1, 2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	20 Years - Closed
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	Medical Trend	Year	Medical Trend
2014	7.50%	2025	5.84%
2015	7.25%	2030	5.97%
2016	7.00%	2035	5.86%
2017	6.75%	2040	5.33%
2018	6.50%	2050	5.03%
2019	6.25%	2060	4.87%
2020	6.17%	2070	4.75%
		Ultimate - 2084	4.24%

NOTE M – SUBSEQUENT EVENTS

On January 21, 2015, SAWS issued \$75,920,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2015A through the Texas Water Development Board. The bonds were sold under the Drinking Water State Revolving Fund program. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board Program, and (ii) pay the cost of issuance.

On February 18, 2015, SAWS issued \$303,235,000 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2015B (No Reserve Fund). The proceeds from the sale of the bonds were used to (i) refund \$6,785,000 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2004 (the “Series 2004 Bonds”), (ii) \$18,835,000 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2004-A (the “Series 2004-A Bonds”), (iii) refund \$242,825,000 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2005 (the “Series 2005 Bonds”) (together the “Bonds”), (iv) finance capital improvements, and (v) pay the cost of issuance. The refunding of the Bonds reduced total future debt service payments by approximately \$81.8 million and resulted in an economic gain of \$46.9 million.

REQUIRED SUPPLEMENTAL INFORMATION

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San Antonio Water System
REQUIRED SUPPLEMENTARY INFORMATION – (Unaudited)
Post Employment Benefit Plans

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.

Post Employment Benefit Plans
Schedules of Funding Progress

Actuarial Valuation Date	Actuarial			Funded Ratio (a/b)	Covered Payroll (in thousands) (c)	UAAL as a Percent of Covered Payroll ((b-a)/c)
	Actuarial Value of Assets (in thousands) (a)	Accrued Liability (AAL) (in thousands) (b)	Unfunded AAL (UAAL) (in thousands) (b-a)			
Texas Municipal Retirement System:						
December 31, 2013	\$ 145,193	\$ 172,388	\$ 27,195	84%	\$ 94,529	29%
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%
San Antonio Water System Retirement Plan:						
January 1, 2014	\$ 126,906	\$ 171,170	\$ 44,264	74%	\$ 88,895	50%
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%
Other Post Employment Benefit Plan:						
January 1, 2014	\$ 19,259	\$ 139,574	\$ 120,315	14%	\$ 88,895	135%
January 1, 2013	\$ 12,665	\$ 267,567	\$ 254,902	5%	\$ 88,895	287%
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%

Other Post Employment Benefit Plan
Schedule of Employer Contributions

(Dollar amounts in thousands)

Year Ended December 31,	Annual Required Contribution	Percentage Contributed	Net Pension/OPEB Obligation
2014	\$ 12,978	109%	\$ 83,734
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

San Antonio Water System
REQUIRED SUPPLEMENTARY INFORMATION – (Unaudited)
Post Employment Benefit Plans

San Antonio Water System Retirement Plan - Defined Benefit Component
Schedule of Changes in Net Pension Liability and Related Ratios

(Dollar amounts in thousands)

	2014
Total pension liability	
Service Cost	\$ 5,203
Interest	11,709
Changes of benefit terms	-
Differences between expected and actual experience	(3,806)
Changes of assumptions	(702)
Benefit payments	(5,796)
Net change in pension liability	6,608
Total pension liability at beginning of year	171,170
Total pension liability at end of year (a)	\$ 177,778
 Plan fiduciary net position	
Contributions - Employer	\$ 10,339
Contributions - Employee	-
Net investment income	15,696
Benefit payments	(5,796)
Administrative expenses	(1)
Other	-
Net change in plan fiduciary net position	20,238
Plan fiduciary net position at beginning of year	140,521
Plan fiduciary net position at end of year (b)	\$ 160,759
 Net pension liability (a) - (b)	\$ 17,019
 Plan fiduciary net position as a percentage of the total pension liability	90.4%
 Covered employee payroll	\$ 88,895
 Net pension liability as a percentage of total covered employee payroll	19.1%

Notes to Schedule:

Changes of assumptions: In 2013, amounts reported as changes of assumptions resulted primarily from a reduction in the assumed long-term rate of return from 7% to 6.75%

**San Antonio Water System
REQUIRED SUPPLEMENTARY INFORMATION – (Unaudited)
Post Employment Benefit Plans**

**San Antonio Water System Retirement Plan - Defined Benefit Component
Schedule of Changes in Net Pension Liability and Related Ratios (continued)**

Notes to Schedule (continued):

Valuation date: Actuarially determined contributions are determined as of January 1 of the year in which the contributions are made.

Methods and assumptions used to determine contributions:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	15 years
Asset valuation method	4-year smoothed market
Inflation	2.25%
Salary increases	Scale based on 2011-2013 SAWS experience
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
Retirement age	Scale based on 2011-2012 SAWS experience
Mortality	IRS Prescribed Generationally Mortality

**San Antonio Water System Retirement Plan - Defined Benefit Component
Schedule of Contributions**

(Dollar amounts in thousands)

	2014
Actuarially determined contribution	\$ 10,339
Contributions in relation to the actuarially determined contribution	10,339
Contribution deficiency/(excess)	\$ -
Covered employee payroll	\$ 88,895
Contributions as a percentage of covered employee payroll	11.6%

**San Antonio Water System Retirement Plan - Defined Benefit Component
Schedule of Investment Returns**

	2014
Annual money-weighted rate of return, net of investment expense	11.34%

OTHER SUPPLEMENTAL INFORMATION

DESCRIPTION OF FUNDS AND COMBINING SCHEDULES

**San Antonio Water System
DESCRIPTION OF FUNDS
For the Year Ended December 31, 2014**

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, 2014

- (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, 2014
(amounts in thousands)

	System Fund	Debt Service Fund
CURRENT ASSETS		
<i>Unrestricted Current Assets</i>		
Cash and cash equivalents	\$ 64,791	\$ -
Investments	-	-
Accounts receivable	64,575	-
Other current assets	12,815	-
Interfund receivables	7,602	-
Total unrestricted current assets	149,783	-
<i>Restricted Current Assets</i>		
Cash and cash equivalents	-	-
Investments	53,700	61,554
Total restricted current assets	53,700	61,554
Total Current Assets	203,483	61,554
NONCURRENT ASSETS		
<i>Unrestricted Noncurrent Assets</i>		
Accounts receivable, non current	5,052	-
<i>Restricted Noncurrent Assets</i>		
Cash and cash equivalents	-	-
Investments	-	-
Interfund receivables	-	-
<i>Capital Assets:</i>		
Utility plant in service	4,980,589	-
Less allowance for depreciation	1,587,715	-
	3,392,874	-
Land, water rights and other intangible assets	327,916	-
Construction in progress	368,688	-
Total capital assets (net of accumulated depreciation)	4,089,478	-
Total Noncurrent Assets	4,094,530	-
TOTAL ASSETS	4,298,013	61,554
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on bond refunding	29,086	-
Accumulated decrease in fair value of hedging derivatives	15,520	-
	44,606	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 4,342,619	\$ 61,554

Reserve Fund	Renewal and Replacement Fund	Project Fund	Combined Total
\$ -	\$ -	\$ -	\$ 64,791
-	147,773	-	147,773
-	(4,054)	-	60,521
-	1,090	-	13,905
-	(7,602)	-	-
-	137,207	-	286,990
-	-	-	-
-	10,731	10,770	136,755
-	10,731	10,770	136,755
-	147,938	10,770	423,745
-	-	-	5,052
11,796	-	147,802	159,598
83,530	142,208	84,577	310,315
1,271	(1,271)	-	-
-	-	-	4,980,589
-	-	-	1,587,715
-	-	-	3,392,874
-	-	-	327,916
-	-	-	368,688
-	-	-	4,089,478
96,597	140,937	232,379	4,564,443
96,597	288,875	243,149	4,988,188
-	-	-	29,086
-	-	-	15,520
-	-	-	44,606
<u>\$ 96,597</u>	<u>\$ 288,875</u>	<u>\$ 243,149</u>	<u>\$ 5,032,794</u>

San Antonio Water System
COMBINING SCHEDULE OF NET POSITION
December 31, 2014
(amounts in thousands)

	System Fund	Debt Service Fund
CURRENT LIABILITIES		
Current Liabilities To Be Paid From Unrestricted Assets		
Accounts payable	\$ 47,589	\$ -
Accrued vacation payable	4,844	-
Accrued payroll and benefits	2,741	-
Accrued claims payable	7,054	-
Sundry payables and accruals	1,675	-
Total unrestricted current liabilities	63,903	-
Current Liabilities To Be Paid From Restricted Assets		
Accrued interest payable	-	14,431
Payables under construction contracts	-	-
Customers' deposits	10,315	-
Commercial paper notes	3,245	-
Revenue bonds payable within one year	64,840	-
Total restricted current liabilities	78,400	14,431
Total Current Liabilities	142,303	14,431
NONCURRENT LIABILITIES		
Accrued vacation payable	3,728	-
Unfunded postemployment benefits	87,204	-
Derivative instrument	20,161	-
Commercial paper notes	135,305	-
Revenue bonds payable after one year, net of unamortized premiums and discounts	2,412,647	-
Total Noncurrent Liabilities	2,659,045	-
TOTAL LIABILITIES	2,801,348	14,431
NET POSITION		
Net investment in capital assets	1,497,886	-
Restricted for operations	43,385	-
Restricted for debt service	-	47,123
Restricted for reserve fund	-	-
Unrestricted	-	-
TOTAL NET POSITION	\$ 1,541,271	\$ 47,123

<u>Reserve Fund</u>	<u>Renewal and Replacement Fund</u>	<u>Project Fund</u>	<u>Combined Total</u>
\$ -	\$ -	\$ -	\$ 47,589
-	-	-	4,844
-	-	-	2,741
-	-	-	7,054
-	-	-	1,675
<u>-</u>	<u>-</u>	<u>-</u>	<u>63,903</u>
-	-	-	14,431
-	10,731	10,770	21,501
-	-	-	10,315
-	-	-	3,245
-	-	-	64,840
<u>-</u>	<u>10,731</u>	<u>10,770</u>	<u>114,332</u>
<u>-</u>	<u>10,731</u>	<u>10,770</u>	<u>178,235</u>
-	-	-	3,728
-	-	-	87,204
-	-	-	20,161
-	-	-	135,305
<u>29,932</u>	<u>-</u>	<u>-</u>	<u>2,442,579</u>
<u>29,932</u>	<u>-</u>	<u>-</u>	<u>2,688,977</u>
<u>29,932</u>	<u>10,731</u>	<u>10,770</u>	<u>2,867,212</u>
-	140,937	232,379	1,871,202
-	-	-	43,385
-	-	-	47,123
66,665	-	-	66,665
-	137,207	-	137,207
<u>\$ 66,665</u>	<u>\$ 278,144</u>	<u>\$ 232,379</u>	<u>\$ 2,165,582</u>

San Antonio Water System
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the Year Ended December 31, 2014
(amounts in thousands)

	System Fund	Debt Service Fund
OPERATING REVENUES		
Water delivery system	\$ 127,708	\$ -
Water supply system	150,079	-
Wastewater system	210,704	-
Chilled water and steam system	11,152	-
Total operating revenues	499,643	-
OPERATING EXPENSE		
Salaries and fringe benefits	115,049	-
Contractual services	127,685	-
Materials and supplies	20,930	-
Other charges	12,355	-
Less: Costs capitalized to Construction in Progress	(30,964)	-
Total operating expenses before depreciation	245,055	-
Depreciation expense	123,111	-
Total operating expenses	368,166	-
Operating income	131,477	-
NONOPERATING REVENUES:		
Interest earned and miscellaneous	680	3,884
NONOPERATING EXPENSES:		
Interest expense	(21,598)	99,647
Debt issue costs	2,914	-
Other finance charges	2,726	-
Gain on sale of capital assets	(23)	-
Payments to the City of San Antonio	13,089	-
Payments to other entities	114	-
Total nonoperating expenses	(2,778)	99,647
Increase/(Decrease) in net position, before capital contributions	134,935	(95,763)
Capital contributions	49,082	-
CHANGE IN NET POSITION - carried forward	\$ 184,017	\$ (95,763)

Reserve Fund	Renewal and Replacement Fund	Project Fund	Combined Total
\$ -	\$ -	\$ -	\$ 127,708
-	-	-	150,079
-	-	-	210,704
-	-	-	11,152
<u>-</u>	<u>-</u>	<u>-</u>	<u>499,643</u>
-	-	-	115,049
-	-	-	127,685
-	-	-	20,930
-	-	-	12,355
-	-	-	(30,964)
<u>-</u>	<u>-</u>	<u>-</u>	<u>245,055</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>123,111</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>368,166</u>
-	-	-	131,477
431	566	231	5,792
-	-	-	78,049
-	-	-	2,914
-	-	-	2,726
-	-	-	(23)
-	-	-	13,089
<u>-</u>	<u>-</u>	<u>-</u>	<u>114</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>96,869</u>
431	566	231	40,400
<u>-</u>	<u>52,033</u>	<u>-</u>	<u>101,115</u>
<u>\$ 431</u>	<u>\$ 52,599</u>	<u>\$ 231</u>	<u>\$ 141,515</u>

San Antonio Water System
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
For the Year Ended December 31, 2014
(amounts in thousands)

	System Fund	Debt Service Fund
CHANGE IN NET POSITION - brought forward	\$ 184,017	\$ (95,763)
Equity, December 31, 2013	1,522,852	39,710
Residual equity transfers in (out)	(242,376)	164,131
Commercial paper issued	(15,000)	-
Proceeds from Bond Issue	(276,688)	-
Bond issuance costs	2,914	-
Repayment of commercial paper	63,105	(3,105)
Retirement of bonds	106,950	(57,850)
Expenditures for plant additions	195,497	-
Net position, December 31, 2014	\$ 1,541,271	\$ 47,123

Reserve Fund	Renewal and Replacement Fund	Project Fund	Combined Total
\$ 431	\$ 52,599	\$ 231	\$ 141,515
62,560	219,497	179,448	2,024,067
3,674	74,571	-	-
-	-	15,000	-
-	-	276,688	-
-	-	(2,914)	-
-	-	(60,000)	-
-	-	(49,100)	-
-	(68,523)	(126,974)	-
<u>\$ 66,665</u>	<u>\$ 278,144</u>	<u>\$ 232,379</u>	<u>\$ 2,165,582</u>

San Antonio Water System
COMBINING SCHEDULE OF CASH FLOWS
For the Year Ended December 31, 2014
(amounts in thousands)

	System Fund	Debt Service Fund
	<u> </u>	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 497,854	\$ -
Cash paid to vendors for operations	(136,688)	-
Cash paid to employees for services	(99,030)	-
Net cash provided by operating activities	<u>262,136</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to the City of San Antonio	(9,615)	-
Transfers to other entities	(112)	-
Transfers in (out)	8,726	392
Equity transfers	(242,376)	164,131
Net cash provided by/(used for) noncapital financing activities	<u>(243,377)</u>	<u>164,523</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	4,634	-
Proceeds from developers for plant construction	-	-
Proceeds from grants	-	-
Payments to employees for construction of plant	-	-
Payments to vendors for construction of plant	-	-
Payments for acquisition of equipment and furniture	-	-
Payments for acquisition of property and plant	-	-
Proceeds from commercial paper	-	-
Payments on the retirement of commercial paper	-	(3,105)
Proceeds from revenue bonds	-	-
Payments for retirement of revenue bonds	-	(57,850)
Payments of interest on commercial paper	-	(3,746)
Payments of interest on revenue bonds	-	(95,718)
Payments for bond related expenses	-	-
Payments for bank charges	(2,435)	-
Net cash provided by/(used for) capital and related financing	<u>2,199</u>	<u>(160,419)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(3,597)	(143,712)
Maturity of investments	-	135,723
Interest income	682	3,884
Net cash provided by/(used for) investing activities	<u>(2,915)</u>	<u>(4,105)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	18,043	(1)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>46,748</u>	<u>1</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR	<u>\$ 64,791</u>	<u>\$ -</u>

Reserve Fund	Renewal and Replacement Fund	Project Fund	Combined Total
\$ -	\$ -	\$ -	\$ 497,854
-	-	-	(136,688)
-	-	-	(99,030)
-	-	-	262,136
-	-	-	(9,615)
-	-	-	(112)
(913)	(8,205)	-	-
3,674	74,571	-	-
<u>2,761</u>	<u>66,366</u>	<u>-</u>	<u>(9,727)</u>
-	-	-	4,634
-	51,973	-	51,973
-	632	-	632
-	(17,554)	-	(17,554)
-	(13,410)	-	(13,410)
-	(8,887)	-	(8,887)
-	(36,101)	(128,296)	(164,397)
-	-	15,000	15,000
-	-	-	(3,105)
2,169	-	170,093	172,262
-	-	-	(57,850)
-	-	-	(3,746)
-	-	(2,505)	(98,223)
-	-	(2,914)	(2,914)
-	-	-	(2,435)
<u>2,169</u>	<u>(23,347)</u>	<u>51,378</u>	<u>(128,020)</u>
(38,650)	(588,813)	(177,640)	(952,412)
45,004	460,672	135,679	777,078
497	107	251	5,421
<u>6,851</u>	<u>(128,034)</u>	<u>(41,710)</u>	<u>(169,913)</u>
11,781	(85,015)	9,668	(45,524)
15	85,015	138,134	269,913
<u>\$ 11,796</u>	<u>\$ -</u>	<u>\$ 147,802</u>	<u>\$ 224,389</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>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>
SOURCES OF FUNDS			
OPERATING REVENUES			
Water delivery system	\$ 127,708	\$ 119,767	\$ 7,941
Water supply system	150,079	134,367	15,712
Wastewater System	210,704	195,584	15,120
Chilled water and steam system	11,152	12,621	(1,469)
Total operating revenues	<u>499,643</u>	<u>462,339</u>	<u>37,304</u>
NONOPERATING REVENUES			
Interest earned and miscellaneous	5,793	5,410	383
Other financing sources (draw on equity)	1,400	1,400	-
Total nonoperating revenues	<u>7,193</u>	<u>6,810</u>	<u>383</u>
CAPITAL CONTRIBUTIONS			
Capital Recovery Fees	51,973	37,289	14,684
Grant Revenue	60	545	(485)
Total capital contributions	<u>52,033</u>	<u>37,834</u>	<u>14,199</u>
TOTAL SOURCES OF FUNDS	<u>\$ 558,869</u>	<u>\$ 506,983</u>	<u>\$ 51,886</u>
USES OF FUNDS			
OPERATION AND MAINTENANCE			
Salaries and fringe benefits	\$ 117,522	\$ 123,424	\$ (5,902)
Contractual services	127,685	107,194	20,491
Materials and supplies	20,930	23,355	(2,425)
Other charges	12,269	12,676	(407)
Less: Costs capitalized to Construction in Progress	(31,387)	(30,855)	(532)
Total operation and maintenance	<u>247,019</u>	<u>235,794</u>	<u>11,225</u>
OPERATING RESERVE REQUIREMENT	2,729	2,267	462
DEBT REQUIREMENTS			
Interest costs	99,661	93,912	5,749
Retirement of bonds	68,142	55,496	12,646
Other debt expense	2,725	2,361	364
Total debt requirements	<u>170,528</u>	<u>151,769</u>	<u>18,759</u>
TRANSFER TO THE CITY'S GENERAL FUND	13,089	11,528	1,561
AMOUNT AVAILABLE FOR TRANSFER TO THE RENEWAL AND REPLACEMENT FUND:			
CAPITAL CONTRIBUTIONS	52,033	37,834	14,199
GENERAL	73,471	67,791	5,680
Total amount available for Renewal and Replacement Funds	<u>125,504</u>	<u>105,625</u>	<u>19,879</u>
TOTAL USES OF FUNDS	<u>\$ 558,869</u>	<u>\$ 506,983</u>	<u>\$ 51,886</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, 2014

SOURCES OF FUNDS	<u>Actual</u>	<u>Annual Budget</u>	<u>Variance</u>
OPERATING REVENUES			
Water delivery system	\$ 127,708	\$ 129,299	\$ (1,591)
Water supply system	150,079	151,421	(1,342)
Wastewater System	210,704	210,986	(282)
Chilled water and steam system	11,152	11,816	(664)
Total operating revenues	<u>499,643</u>	<u>503,522</u>	<u>(3,879)</u>
NONOPERATING REVENUES			
Interest earned and miscellaneous	5,793	5,377	416
Other financing sources (draw on equity)	1,400	1,400	-
Total nonoperating revenues	<u>7,193</u>	<u>6,777</u>	<u>416</u>
CAPITAL CONTRIBUTIONS			
Capital Recovery Fees	51,973	36,000	15,973
Grant Revenue	60	-	60
Total capital contributions	<u>52,033</u>	<u>36,000</u>	<u>16,033</u>
TOTAL SOURCES OF FUNDS	<u>\$ 558,869</u>	<u>\$ 546,299</u>	<u>\$ 12,570</u>
USES OF FUNDS			
OPERATION AND MAINTENANCE			
Salaries and fringe benefits	\$ 117,522	\$ 126,805	\$ 9,283
Contractual services	127,685	135,437	7,752
Materials and supplies	20,930	19,427	(1,503)
Other charges	12,269	11,073	(1,196)
Less: Costs capitalized to Construction in Progress	(31,387)	(32,429)	(1,042)
Total operation and maintenance	<u>247,019</u>	<u>260,313</u>	<u>13,294</u>
OPERATING RESERVE REQUIREMENT	2,729	952	(1,777)
DEBT REQUIREMENTS			
Interest costs	99,661	112,410	12,749
Retirement of bonds	68,142	67,589	(553)
Other Debt Expense	2,725	2,501	(224)
Total debt requirements	<u>170,528</u>	<u>182,500</u>	<u>11,972</u>
TRANSFER TO THE CITY'S GENERAL FUND	13,089	12,927	(162)
AMOUNT AVAILABLE FOR TRANSFER TO THE RENEWAL AND REPLACEMENT FUND:			
CAPITAL CONTRIBUTIONS	52,033	36,000	(16,033)
GENERAL	73,471	53,607	(19,864)
Total amount available for Renewal and Replacement Funds	<u>125,504</u>	<u>89,607</u>	<u>(35,897)</u>
TOTAL USES OF FUNDS	<u>\$ 558,869</u>	<u>\$ 546,299</u>	<u>\$ (12,570)</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, 2014

		<i>(amounts in thousands)</i>			
Account Code	Classification	Actual	Budget (as amended)	Variance Over/(Under)	%
SALARIES AND FRINGE BENEFITS					
511100	Salaries	\$ 74,867	\$ 80,466	\$ 5,599	7.0%
511140	Overtime Pay	3,821	2,611	(1,210)	-46.3%
511150	On-Call Pay	519	462	(57)	-12.3%
511160	Employee Insurance	12,005	14,456	2,451	17.0%
511162	Employee Retirement	18,337	20,508	2,171	10.6%
511164	Compensation for Unused Sick Leave	59	31	(28)	-90.3%
511166	Personal Leave Buyback	762	885	123	13.9%
511168	Vacation Pay	781	1,328	547	41.2%
511170	Incentive Pay	87	58	(29)	-50.0%
511175	Other postemployment benefits	6,000	6,000	-	0.0%
511740	Direct labor charged to SAWS District Special Project	284	-	(284)	-
	Total Salaries and Fringe Benefits	117,522	126,805	9,283	7.3%
CONTRACTUAL SERVICES					
511210	Operating Expense	1,776	1,825	49	2.7%
511211	Rental of Facilities	247	265	18	6.8%
511212	Alarm and Security	1,135	1,143	8	0.7%
511214	Shoe Reimbursement	245	282	37	13.1%
511216	Catering Services	101	76	(25)	-32.9%
511219	Program Rebates	1,210	611	(599)	-98.0%
511220	Maintenance Expense	10,456	8,587	(1,869)	-21.8%
511221	Street Cut Permit	540	627	87	13.9%
511222	Street Pavement Repair Fees	1,647	842	(805)	-95.6%
511223	Preventative Maintenance	82	62	(20)	-32.3%
511224	Corrective Maintenance	1,380	1,243	(137)	-11.0%
511225	Damage Repair	121	144	23	16.0%
511230	Outside Equipment Rental	635	704	69	9.8%
511240	Travel	85	116	31	26.7%
511245	Training	200	479	279	58.2%
511247	Conferences	33	60	27	45.0%
511250	Memberships and Subscriptions	316	312	(4)	-1.3%
511260	Utilities	27,109	25,984	(1,125)	-4.3%
511261	Water Options & Purchases	19,591	25,281	5,690	22.5%
511265	Groundwater District Payments	17,910	21,643	3,733	17.2%
511270	Postage	2,122	2,018	(104)	-5.2%
511280	Telemetry Charges	2	35	33	94.3%
511309	Educational Assistance - Books	5	13	8	61.5%
511310	Educational Assistance - Tuition	133	182	49	26.9%
511312	Contractual Professional Services	29,280	33,953	4,673	13.8%
511313	Inspection and Assessment Fees	1,658	1,586	(72)	-4.5%
511315	Temporary Employees	1,818	356	(1,462)	-410.7%
511320	Legal Services	3,175	2,178	(997)	-45.8%
511370	Communications	1,087	1,118	31	2.8%
511381	Software and Hardware Maintenance	3,586	3,712	126	3.4%
	Total Contractual Services	127,685	135,437	7,752	5.7%

San Antonio Water System
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSE BY ACCOUNT (SYSTEM FUND)
For the year ended December 31, 2014

		<i>(amounts in thousands)</i>			
Account Code	Classification	Actual	Budget (as amended)	Variance Over/(Under)	%
MATERIALS AND SUPPLIES					
511410	Small Tools	652	543	(109)	-20.1%
511417	Copy and Printing Expense	16	25	9	36.0%
511420	Operating Materials and Supplies	2,022	2,077	55	2.6%
511421	Heating Fuel	80	77	(3)	-3.9%
511422	Chemicals	5,471	5,507	36	0.7%
511425	Education of School Children	21	20	(1)	-5.0%
511426	Public Awareness	12	1	(11)	-1100.0%
511427	Enforcement	-	16	16	100.0%
511428	Program Materials	504	712	208	29.2%
511430	Maintenance Materials and Supplies	7,777	6,088	(1,689)	-27.7%
511440	Safety Materials and Supplies	746	642	(104)	-16.2%
511441	Inventory Variances	93	13	(80)	-615.4%
511450	Tires and Tubes	607	611	4	0.7%
511451	Motor Fuel and Lubricants	2,929	3,095	166	5.4%
	Total Materials and Supplies	<u>20,930</u>	<u>19,427</u>	<u>(1,503)</u>	-7.7%
OTHER CHARGES					
511510	Judgment and Claim Settlements	336	563	227	40.3%
511511	Auto & General Liability Claims - Contingent Liability	194	216	22	10.2%
511520	Bank Charges	1,331	516	(815)	-157.9%
511525	Cash Short/(Over)	(1)	-	1	-
511530	Employee Relations	105	185	80	43.2%
511540	Dependent & Retiree Med Coverage	8,155	7,094	(1,061)	-15.0%
511570	General Liability & Fire Insurance	1,407	1,327	(80)	-6.0%
511580	Unemployment Compensation	59	69	10	14.5%
511590	Workers' Compensation - Medical Payments	385	865	480	55.5%
511610	Workers' Compensation - Benefits and Payments	270	203	(67)	-33.0%
511620	Workers' Compensation - Misc. Claims Expenditures	28	35	7	20.0%
	Total Other Charges	<u>12,269</u>	<u>11,073</u>	<u>(1,196)</u>	-10.8%
	Subtotal before Transfers	278,406	292,742	14,336	4.9%
511720	Interfund Transfers	<u>(31,387)</u>	<u>(32,429)</u>	<u>(1,042)</u>	3.2%
	Total Interfund Transfers	<u>(31,387)</u>	<u>(32,429)</u>	<u>(1,042)</u>	3.2%
	Total Operation and Maintenance	<u>\$ 247,019</u>	<u>\$ 260,313</u>	<u>\$ 13,294</u>	<u>5.1%</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, 2014 and 2013

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 (Supplemental Schedules) have all been prepared in accordance with City Ordinance No. 75686 (“City Ordinance”). City 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, City 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 City Ordinance.

Note 2 – Reconciliation to Basic Financial Statements

City Ordinance defines Operating and Maintenance expenses as consisting of:

- the cost of all salaries, labor, material, repairs, and extensions necessary to maintain operation of the system,
- payments to pension, retirement, health, and other employee benefit plans,
- payments under contracts for the purchase of water supply, treatment of sewage, or other materials, goods or services for the system,
- payments to auditors, attorneys, and other consultants incurred in complying with the obligations of the system,
- payments made on or respect of obtaining and maintaining any credit facility, and
- any legal liability of the system arising out of the operation, maintenance, or condition of the system, but excluding any allowance for depreciation, property retirement, depletion, obsolescence, and any other not requiring an outlay of cash and any interest on any debt.

With regard to the following items, the requirements of City Ordinance are not consistent with generally accepted accounting principles and result in differences between amounts reported in the Basic Financial Statements for operating and maintenance costs and the amounts reported in the Supplemental Schedules.

San Antonio Water System
Notes to Supplemental Schedules
For the years ended December 31, 2014 and 2013

SAWS provides certain pension, health care and life insurance benefits for employees upon retirement. The amounts reported for these benefits in the Supplemental Schedules are based on actual payments made for these benefits, including any contributions to trusts established to pre-fund these benefits. Expenses reported in the Basic Financial Statements related to these benefits are determined in accordance with GASB Statement No. 27, *Accounting for Pensions* and GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and may be greater or less than actual payments made by SAWS for these benefits in a given year.

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 City 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,	
	2014	2013
Operating and maintenance costs per Supplemental Schedules	\$ 247,019	\$ 235,794
Unfunded/(overfunded) benefit expense	(3,914)	8,184
Write-off of asset impairments	1,527	1,349
Portion of overfunded/(unfunded) benefits capitalized to Construction in Progress	423	(979)
Operating expenses before depreciation per Statement of Revenues, Expenses and Changes in Net Position	\$ 245,055	\$ 244,348

STATISTICAL SECTION

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

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

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
System Fund:										
Net investment in capital assets	\$ 1,497,886	\$ 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
Restricted	43,385	40,656	38,389	35,227	33,955	34,649	32,257	29,567	28,380	32,870
Unrestricted	-	-	-	-	19,017	19,407	17,937	19,475	27,649	30,849
Total net position - System Fund	1,541,271	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
Internal Service Fund (a):										
Net investment in capital assets	-	-	-	-	-	-	-	-	496	822
Unrestricted	-	-	-	-	-	-	-	-	9,371	9,475
Total net position - Internal Service Fund	-	-	-	-	-	-	-	-	9,867	10,297
Debt Service Fund:										
Restricted	47,123	39,710	34,254	34,862	31,222	27,511	25,790	21,324	18,350	15,978
Total net position - Debt Service Fund	47,123	39,710	34,254	34,862	31,222	27,511	25,790	21,324	18,350	15,978
Reserve Fund:										
Restricted	66,665	62,560	58,681	54,696	50,688	41,479	11,222	-	-	-
Total net position - Reserve Fund	66,665	62,560	58,681	54,696	50,688	41,479	11,222	-	-	-
Renewal & Replacement Fund:										
Net investment in capital assets	140,937	101,212	83,968	98,455	98,555	89,888	85,191	116,344	114,701	73,733
Unrestricted	137,207	118,285	116,179	120,363	94,402	134,096	171,992	185,220	171,037	105,273
Total net position - Renewal & Replacement Fund	278,144	219,497	200,147	218,818	192,957	223,984	257,183	301,564	285,738	179,006
Project Fund:										
Net investment in capital assets	232,379	179,448	38,101	48,481	159,254	168,738	83,567	93,273	75,673	78,910
Total net position - Project Fund	232,379	179,448	38,101	48,481	159,254	168,738	83,567	93,273	75,673	78,910
Total - All Funds:										
Net investment in capital assets	1,871,202	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
Restricted	157,173	142,926	131,324	124,785	115,865	103,639	69,269	50,891	46,730	48,848
Unrestricted	137,207	118,285	116,179	120,363	113,419	153,503	189,929	204,695	208,057	145,597
Total Net Position	\$ 2,165,582	\$ 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

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

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Operating revenues:										
Water delivery	\$ 127,708	\$ 119,767	\$ 121,078	\$ 125,188	\$ 106,864	\$ 105,204	\$ 111,379	\$ 89,991	\$ 104,104	\$ 92,954
Water supply	150,079	134,367	136,704	130,755	117,402	113,783	123,167	101,550	117,626	107,506
Wastewater	210,704	195,584	168,368	150,520	132,408	133,641	127,400	123,180	123,780	112,769
Chilled water & steam	11,152	12,621	12,378	11,631	12,223	12,714	12,675	12,997	13,146	13,304
	<u>499,643</u>	<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>
Operating expenses before depreciation:										
Salaries and fringe benefits	115,049	125,210	125,295	127,816	121,523	115,177	103,556	95,821	90,857	81,752
Contractual services	127,685	107,194	100,165	66,900	82,708	89,112	89,894	83,243	82,121	87,272
Materials and supplies	20,930	23,355	23,966	24,868	20,320	22,768	22,438	17,947	16,330	15,035
Other charges	12,355	20,423	21,790	21,756	36,883	24,398	20,735	17,884	11,201	9,804
Less: Costs capitalized to										
Construction in Progress	(30,964)	(31,834)	(33,640)	(32,282)	(34,945)	(35,643)	(31,137)	(29,334)	(23,244)	(22,714)
Internal Service Fund - net (gain)/loss										704
Operating expense before depreciation	<u>245,055</u>	<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>
Depreciation	123,111	111,375	103,034	98,374	107,761	86,535	83,494	78,307	71,312	67,958
Total operating expenses	<u>368,166</u>	<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>
Operating Income	131,477	106,616	97,918	110,662	34,647	62,995	85,641	63,850	110,079	86,722
Non-operating revenues:										
Interest and miscellaneous	5,792	5,410	6,149	5,955	3,625	4,511	14,382	24,442	20,716	10,007
Non-operating expenses:										
Interest expense	78,049	75,606	73,987	77,022	76,805	67,686	63,556	63,672	60,612	46,788
Debt issue costs/Amortization of debt issuance costs	2,914	4,112	3,835	2,346	2,081	1,465	1,521	1,015	645	537
Other finance charges	2,726	2,361	2,934	2,881	2,936	2,508	1,418	880	1,081	931
(Gain)/Loss on sale of capital assets	(23)	(1,075)	(430)	(773)	(392)	104	(4,014)	4	(2,266)	1,227
Payments to City of San Antonio	13,089	11,528	11,161	10,926	9,565	9,740	10,448	9,376	10,026	8,983
Payments to other entities	114	130	122	124	124	119	119	192	211	213
Total non-operating expense	<u>96,869</u>	<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>
Special Items	-	-	-	-	-	-	-	-	(4,999)	(3,584)
Increases (decreases) in net position, before capital contributions	40,400	19,364	12,458	24,091	(52,847)	(14,116)	26,975	13,153	55,487	34,466
Capital contributions										
Plant Contributions	49,081	32,891	44,787	23,263	27,162	42,190	91,827	104,795	81,208	48,238
Capital Recovery Fees	51,973	37,289	36,761	35,872	25,038	23,636	36,842	32,926	45,112	33,171
Grant Revenue	61	545	237	345	1,100	1,049	276	2,043	103	1,160
Total contributions	<u>101,115</u>	<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>
Change in net position	<u>\$ 141,515</u>	<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>

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Assets:										
Capital Assets, net of accumulated depreciation	\$ 4,089,478	\$ 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
Cash and Investments	819,232	689,483	517,876	528,761	575,629	576,652	478,919	480,240	435,543	337,322
Other Assets	79,478	75,998	71,241	63,658	75,578	74,823	71,110	72,796	65,482	64,828
Total Assets	4,988,188	4,729,481	4,360,345	4,145,484	4,014,074	3,825,739	3,517,219	3,250,628	2,972,154	2,740,430
Deferred Outflows of Resources										
Deferred Charge on Bond Refunding	29,086	30,943	30,561	2,494						
Accumulated Decrease in Fair Value of Hedging Derivatives	15,520	8,372	19,746	18,380	5,575					
Total Deferred Outflows of Resources	44,606	39,315	50,307	20,874	5,575					
Liabilities:										
Revenue Bonds Payable (net)	2,507,419	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
Commercial Paper Notes	138,550	186,655	170,745	214,930	244,650	173,650	261,115	100,000	237,360	98,000
Other Liabilities	221,243	209,240	222,384	212,854	163,415	129,792	122,073	87,834	60,140	59,274
Total Liabilities	2,867,212	2,744,729	2,476,674	2,326,623	2,240,588	2,047,131	1,791,370	1,680,699	1,555,142	1,505,328
Net Position in System	\$ 2,165,582	\$ 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
Percentage Net Position in System	43.0%	42.4%	43.8%	44.2%	44.3%	46.5%	49.1%	48.3%	47.7%	45.1%

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)
2014	68,265	57,261	11,004	16.12%	50,689	\$ 7.49	\$ 21.43	\$ 11.99	\$ 14.81
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

- (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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Water Sales:										
Residential Class	\$74,062	\$71,536	\$72,620	\$79,332	\$66,410	\$65,333	\$68,516	\$56,096	\$65,927	\$58,351
General Class	37,878	35,099	35,504	33,571	32,326	32,943	32,330	29,313	31,606	28,613
Wholesale Class	3,233	1,640	1,255	234	136	204	179	120	145	182
Irrigation Class (a)	11,011	10,893	11,164	11,722	12,909	12,176	16,124	10,659	12,541	11,723
Total Water	126,184	119,168	120,543	124,859	111,781	110,656	117,149	96,188	110,219	98,869
Water Supply Fees (b)										
Residential Class	48,270	43,121	44,163	51,696	45,312	45,909	49,042	39,081	48,403	42,283
General Class	39,355	32,393	32,537	31,586	29,764	30,403	30,140	28,105	29,531	27,036
Wholesale Class	7,196	3,227	2,294	202	158	178	160	132	166	165
Irrigation Class	12,551	12,057	12,058	13,029	6,147	6,423	8,016	5,285	6,133	5,741
Total Water Supply Fees	107,372	90,798	91,052	96,513	81,381	82,913	87,358	72,603	84,233	75,225
EAA Pass-through fees (c)										
Residential Class	9,654	9,905	10,841	4,767	5,423	3,605	5,893	3,561	4,925	4,818
General Class	6,874	6,991	7,352	2,930	3,648	2,387	3,622	2,560	3,005	3,080
Wholesale Class	1,271	659	509	18	19	14	19	12	17	19
Irrigation Class	1,061	1,134	1,242	540	765	494	963	481	626	654
Total Pass-through fees	18,860	18,689	19,944	8,255	9,855	6,500	10,497	6,614	8,573	8,571
Conservation Fees:										
Residential Class	1,956	2,454	2,986	3,682	2,814	2,962	3,663	1,986	4,112	3,291
General Class	6,498	6,606	7,040	6,702	4,461	4,008	3,938	3,957	3,637	3,968
Total Conservation	8,454	9,060	10,026	10,384	7,275	6,970	7,601	5,943	7,749	7,259
Wastewater Sales:										
Residential Class	125,051	116,775	98,674	88,702	79,118	81,202	75,752	72,212	72,901	63,605
General Class	68,371	62,300	54,175	48,271	41,768	41,343	40,034	38,554	38,325	37,342
Wholesale Class	7,848	7,599	6,761	6,105	5,044	5,225	5,281	6,469	6,704	6,435
Surcharge	5,450	5,438	5,134	4,815	4,861	4,648	4,614	4,409	4,271	4,081
Total Wastewater	206,720	192,112	164,744	147,893	130,791	132,418	125,681	121,644	122,201	111,463
TCEQ Pass-through fees (d)										
Water customers	1,169	1,086	1,064	1,178	964	-	-	-	-	-
Wastewater customers	433	347	411	464	280	-	-	-	-	-
	1,602	1,433	1,475	1,642	1,244	-	-	-	-	-
Recycled Water Sales	5,086	5,161	5,074	5,068	3,955	4,393	4,287	3,244	3,795	3,100
Stormwater Fees	4,420	5,058	4,558	4,158	3,745	3,358	3,037	3,056	3,056	2,938
Chilled Water & Steam	11,251	12,719	12,485	11,715	12,337	12,714	12,758	13,101	13,243	13,371
Miscellaneous Fees and Charges	13,860	12,787	12,427	10,193	8,872	9,266	9,541	7,944	8,204	7,374
Provision for Uncollectible Accounts	(4,166)	(4,646)	(3,900)	(2,811)	(3,463)	(3,711)	(3,288)	(2,619)	(2,638)	(1,637)
Total Operating Revenue	\$499,643	\$462,339	\$438,428	\$417,869	\$367,773	\$365,477	\$374,621	\$327,718	\$358,635	\$326,533

(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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Water Sales (a):										
Residential Class	29,310	29,206	30,070	34,153	28,932	30,667	33,025	26,651	33,162	30,917
General Class	20,870	20,614	20,393	20,986	19,465	20,309	20,297	19,166	20,232	19,769
Wholesale Class	3,861	1,943	1,412	128	101	119	108	90	114	121
Irrigation Class	3,220	3,345	3,445	3,866	4,080	4,200	5,398	3,604	4,216	4,198
Total Water	57,261	55,108	55,320	59,133	52,578	55,295	58,828	49,511	57,724	55,005
Wastewater Sales:										
Residential Class	27,896	27,617	26,572	27,371	26,746	29,825	28,148	27,383	28,859	25,293
General Class	20,502	20,100	20,066	20,134	20,002	20,338	20,352	19,634	21,967	22,262
Wholesale Class	2,291	2,359	2,417	2,413	1,404	1,824	1,847	2,200	2,444	1,732
Total Wastewater	50,689	50,076	49,055	49,918	48,152	51,987	50,347	49,217	53,270	49,287
Conservation - Residential Class (b)	2,296	2,520	3,026	4,106	2,935	3,469	3,948	2,432	4,276	3,613
Recycled Water Sales	18,323	18,359	18,129	18,990	14,968	16,321	16,559	14,148	14,836	14,048

(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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Water (a):										
Residential Class	347,789	343,667	339,204	335,280	331,853	327,610	323,754	318,270	308,807	298,271
General Class	23,777	23,713	23,582	23,369	23,225	23,242	23,104	22,943	22,662	22,384
Wholesale Class	7	8	8	7	7	7	7	7	7	6
Total Water	371,573	367,388	362,794	358,656	355,085	350,859	346,865	341,220	331,476	320,661
Irrigation Class (b)	8,966	8,821	8,633	8,479	8,350	8,202	7,940	7,602	7,232	6,883
Wastewater:										
Residential Class	395,574	390,256	383,553	378,380	373,755	368,948	361,966	352,038	338,693	326,516
General Class	25,079	25,021	24,824	24,550	24,407	24,285	23,999	23,604	23,408	23,016
Wholesale Class	12	12	12	12	12	12	13	11	12	12
Total Wastewater	420,665	415,289	408,389	402,942	398,174	393,245	385,978	375,653	362,113	349,544
Conservation - Residential Class (c)	20,716	20,867	23,804	33,708	21,791	26,665	29,973	15,548	31,716	27,963
Recycled Water	102	97	92	80	81	86	76	71	69	56

(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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Water										
Service Availability Charge by meter size:										
5/8"	\$7.31	\$7.14	\$7.14	\$6.91	\$6.91	\$6.77	\$6.56	\$6.56	\$6.56	\$6.11
3/4"	10.26	10.01	10.01	9.68	9.68	8.59	8.32	8.32	8.32	7.75
1"	16.14	15.75	15.75	15.23	15.23	12.49	12.10	12.10	12.10	11.28
1-1/2"	30.83	30.09	30.09	29.10	29.10	22.25	21.56	21.56	21.56	20.09
2"	48.44	47.28	47.28	45.73	45.73	33.95	32.90	32.90	32.90	30.66
3"	89.58	87.44	87.44	84.56	84.56	61.27	59.37	59.37	59.37	55.33
4"	148.33	144.78	144.78	140.02	140.02	100.30	97.19	97.19	97.19	90.58
6"	295.23	288.17	288.17	278.69	278.69	197.89	191.75	191.75	191.75	178.70
8"	471.50	460.22	460.22	445.09	445.09	314.96	305.19	305.19	305.19	284.43
10"	677.14	660.95	660.95	639.22	639.22	451.57	437.57	437.57	437.57	407.80
12"	1,264.71	1,234.47	1,234.47	1,193.88	1,193.88	841.86	815.76	815.76	815.76	760.26
Usage (per 100 gallons)										
Standard:										
First 7,481 gallons						0.0906	0.0878	0.0878	0.0878	0.0818
Next 5,236 gallons						0.1309	0.1268	0.1268	0.1268	0.1182
Next 4,488 gallons						0.2058	0.1994	0.1994	0.1994	0.1858
Over 17,205 gallons						0.3288	0.3186	0.3186	0.3186	0.2969
Seasonal (b):										
First 7,481 gallons						0.0906	0.0878	0.0878	0.0878	0.0818
Next 5,236 gallons						0.1423	0.1379	0.1379	0.1379	0.1285
Next 4,488 gallons						0.2217	0.2148	0.2148	0.2148	0.2002
Over 17,205 gallons						0.4246	0.4114	0.4114	0.4114	0.3834
Standard:										
First 5,985 gallons	0.0971	0.0948	0.0948	0.0917	0.0917					
Next 6,732 gallons	0.1406	0.1372	0.1372	0.1327	0.1327					
Next 4,488 gallons	0.1982	0.1935	0.1935	0.1871	0.1871					
Over 17,205 gallons	0.3471	0.3388	0.3388	0.3277	0.3277					
Seasonal (a):										
First 5,985 gallons	0.0971	0.0948	0.0948	0.0917	0.0917					
Next 6,732 gallons	0.1529	0.1492	0.1492	0.1443	0.1443					
Next 4,488 gallons	0.2273	0.2219	0.2219	0.2146	0.2146					
Over 17,205 gallons	0.4710	0.4597	0.4597	0.4446	0.4446					
Sewer										
Service Availability Charge (b)	11.93	11.49	9.86	8.68	8.68	7.76	7.37	7.37	7.37	7.33
Usage (c)	0.3163	0.3047	0.2615	0.2302	0.2302	0.2057	0.1953	0.1953	0.1953	0.1943

- (a) 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.
- (b) Includes the first 1,496 gallons.
- (c) Per 100 gallons. Residential sewer usage 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.

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Water										
Service Availability Charge by meter size:										
5/8"	9.52	9.29	9.29	8.98	8.98	8.78	8.51	8.51	8.51	7.93
3/4"	13.34	13.02	13.02	12.59	12.59	11.16	10.81	10.81	10.81	10.07
1"	20.97	20.47	20.47	19.80	19.80	16.23	15.73	15.73	15.73	14.66
1-1/2"	40.08	39.12	39.12	37.83	37.83	28.92	28.02	28.02	28.02	26.11
2"	62.99	61.48	61.48	59.46	59.46	44.14	42.77	42.77	42.77	39.86
3"	116.47	113.68	113.68	109.94	109.94	79.65	77.18	77.18	77.18	71.93
4"	192.84	188.23	188.23	182.04	182.04	130.39	126.35	126.35	126.35	117.75
6"	383.80	374.62	374.62	362.30	362.30	257.24	249.26	249.26	249.26	232.30
8"	612.96	598.30	598.30	578.63	578.63	409.45	396.75	396.75	396.75	369.76
10"	880.29	859.24	859.24	830.99	830.99	587.03	568.83	568.83	568.83	530.13
12"	1,644.14	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
Usage (per 100 gallons)										
Standard:										
First 7,481 gallons						0.1176	0.1140	0.1140	0.1140	0.1062
Next 5,236 gallons						0.1702	0.1649	0.1649	0.1649	0.1537
Next 4,488 gallons						0.2674	0.2591	0.2591	0.2591	0.2415
Over 17,205 gallons						0.4274	0.4141	0.4141	0.4141	0.3859
Seasonal (b):										
First 7,481 gallons						0.1176	0.1140	0.1140	0.1140	0.1062
Next 5,236 gallons						0.1850	0.1793	0.1793	0.1793	0.1671
Next 4,488 gallons						0.2882	0.2793	0.2793	0.2793	0.2603
Over 17,205 gallons						0.5519	0.5348	0.5348	0.5348	0.4984
Standard:										
First 5,985 gallons	0.1264	0.1234	0.1234	0.1193	0.1193					
Next 6,732 gallons	0.1828	0.1784	0.1784	0.1725	0.1725					
Next 4,488 gallons	0.2578	0.2516	0.2516	0.2433	0.2433					
Over 17,205 gallons	0.4513	0.4405	0.4405	0.4260	0.4260					
Seasonal (a):										
First 5,985 gallons	0.1264	0.1234	0.1234	0.1193	0.1193					
Next 6,732 gallons	0.1988	0.1940	0.1940	0.1876	0.1876					
Next 4,488 gallons	0.2956	0.2885	0.2885	0.2790	0.2790					
Over 17,205 gallons	0.6121	0.5975	0.5975	0.5779	0.5779					
Sewer										
Service Availability Charge (b)	14.33	13.81	11.85	10.43	10.43	9.32	8.85	8.85	8.85	8.80
Usage (c)	0.3795	0.3656	0.3138	0.2762	0.2762	0.2468	0.2343	0.2343	0.2343	0.2331

- (a) 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.
- (b) Includes the first 1,496 gallons.
- (c) Per 100 gallons. Residential sewer usage 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.

**San Antonio Water System
Schedule 10 - General Class Rates**

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Water - Inside City Limits										
Service Availability Charge by meter size:										
5/8"	\$10.16	\$9.92	\$9.92	\$9.59	\$9.59	\$9.81	\$9.51	\$9.51	\$9.51	\$8.86
3/4"	14.53	14.18	14.18	13.71	13.71	13.16	12.75	12.75	12.75	11.88
1"	23.24	22.68	22.68	21.93	21.93	19.21	18.61	18.61	18.61	17.34
1-1/2"	45.03	43.95	43.95	42.50	42.50	35.03	33.94	33.94	33.94	31.63
2"	71.18	69.48	69.48	67.20	67.20	52.83	51.19	51.19	51.19	47.71
3"	132.20	129.04	129.04	124.80	124.80	106.92	103.60	103.60	103.60	96.55
4"	219.38	214.13	214.13	207.09	207.09	176.40	170.93	170.93	170.93	159.30
6"	437.32	426.86	426.86	412.82	412.82	350.03	339.18	339.18	339.18	316.10
8"	698.83	682.12	682.12	659.69	659.69	543.20	526.36	526.36	526.36	490.55
10"	1,003.94	979.93	979.93	947.71	947.71	755.89	732.45	732.45	732.45	682.62
12"	1,875.69	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
Usage (per 100 gallons)										
Below base (a)						0.1086	0.1052	0.1052	0.1052	0.0980
100-125% of base						0.1257	0.1218	0.1218	0.1218	0.1135
125-150% of base						0.1633	0.1582	0.1582	0.1582	0.1474
150-200% of base						0.2138	0.2072	0.2072	0.2072	0.1931
Over 200% of base						0.3160	0.3062	0.3062	0.3062	0.2854
Usage (per 100 gallons)										
Below base (b)	0.1176	0.1148	0.1148	0.1110	0.1110					
100-125% of base	0.1406	0.1372	0.1372	0.1327	0.1327					
125-175% of base	0.1971	0.1924	0.1924	0.1861	0.1861					
Over 175% of base	0.2887	0.2818	0.2818	0.2725	0.2725					
Water - Outside City Limits										
Service Availability Charge by meter size:										
5/8"	13.21	12.89	12.89	12.47	12.47	11.83	11.46	11.46	11.46	10.68
3/4"	18.88	18.43	18.43	17.82	17.82	15.72	15.23	15.23	15.23	14.19
1"	30.20	29.48	29.48	28.51	28.51	22.94	22.23	22.23	22.23	20.72
1-1/2"	58.54	57.14	57.14	55.26	55.26	41.69	40.40	40.40	40.40	37.65
2"	92.54	90.33	90.33	87.36	87.36	63.01	61.06	61.06	61.06	56.71
3"	171.87	167.76	167.76	162.24	162.24	125.31	121.42	121.42	121.42	113.16
4"	285.19	278.37	278.37	269.22	269.22	206.48	200.08	200.08	200.08	186.47
6"	568.51	554.91	554.91	536.66	536.66	409.39	396.70	396.70	396.70	369.71
8"	908.49	886.76	886.76	857.60	857.60	637.69	617.92	617.92	617.92	575.88
10"	1,305.13	1,273.92	1,273.92	1,232.03	1,232.03	891.35	863.71	863.71	863.71	804.95
12"	2,438.39	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
Usage (per 100 gallons)										
Below base (a)						0.1410	0.1366	0.1366	0.1366	0.1273
100-125% of base						0.1635	0.1584	0.1584	0.1584	0.1476
125-150% of base						0.2121	0.2055	0.2055	0.2055	0.1915
150-200% of base						0.2778	0.2692	0.2692	0.2692	0.2509
Over 200% of base						0.4109	0.3982	0.3982	0.3982	0.3711
Usage (per 100 gallons)										
Below base (b)	0.1529	0.1492	0.1492	0.1443	0.1443					
100-125% of base	0.1827	0.1783	0.1783	0.1724	0.1724					
125-175% of base	0.2562	0.2501	0.2501	0.2419	0.2419					
Over 175% of base	0.3752	0.3662	0.3662	0.3542	0.3542					
Sewer - Inside City Limits										
Service Availability Charge (c)										
Usage (per 100 gallons)	0.3163	0.3047	0.2615	0.2302	0.2302	0.2057	0.1953	0.1953	0.1953	0.1943
Sewer - Outside City Limits										
Service Availability Charge (c)										
Usage (per 100 gallons)	0.3795	0.3656	0.3138	0.2762	0.2762	0.2468	0.2343	0.2343	0.2343	0.2331

(a) Base is defined as 90% of the previous year's average monthly usage.
(b) Base is defined as 100% of the previous year's average monthly usage.
(c) Per 100 gallons. Includes the first 1,496 gallons.

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Water - Inside City Limits										
Service Availability Charge by meter size:										
6"	\$295.23	\$288.17	\$288.17	\$278.69	\$278.69	\$197.89	\$191.75	\$191.75	\$191.75	\$178.70
8"	471.50	460.22	460.22	445.09	445.09	314.96	305.19	305.19	305.19	284.43
10"	677.14	660.95	660.95	639.22	639.22	451.57	437.57	437.57	437.57	407.80
12"	1,264.71	1,234.47	1,234.47	1,193.88	1,193.88	841.86	815.76	815.76	815.76	760.26
Usage (<i>per 100 gallons</i>)										
Below base (a)						0.0788	0.0764	0.0764	0.0764	0.0712
100-125% of base						0.0983	0.0953	0.0953	0.0953	0.0888
125-150% of base						0.1353	0.1310	0.1310	0.1310	0.1222
150-200% of base						0.1804	0.1748	0.1748	0.1748	0.1629
Over 200% of base						0.2365	0.2292	0.2292	0.2292	0.2136
Usage (<i>per 100 gallons</i>)										
Below base (b)	0.0816	0.0796	0.0796	0.0770	0.0770					
100-125% of base	0.1225	0.1196	0.1196	0.1157	0.1157					
125-175% of base	0.1769	0.1727	0.1727	0.1670	0.1670					
Over 175% of base	0.2502	0.2442	0.2442	0.2362	0.2362					
Water - Outside City Limits										
Service Availability Charge by meter size:										
6"	383.80	374.62	374.62	362.30	362.30	257.24	249.26	249.26	249.26	232.30
8"	612.96	598.30	598.30	578.63	578.63	409.45	396.75	396.75	396.75	369.76
10"	880.29	859.24	859.24	830.99	830.99	587.03	568.83	568.83	568.83	530.13
12"	1,644.14	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
Usage (<i>per 100 gallons</i>)										
Below base (a)						0.1025	0.0993	0.0993	0.0993	0.0925
100-125% of base						0.1279	0.1239	0.1239	0.1239	0.1155
125-150% of base						0.1760	0.1705	0.1705	0.1705	0.1589
150-200% of base						0.2346	0.2273	0.2273	0.2273	0.2118
Over 200% of base						0.3075	0.2980	0.2980	0.2980	0.2777
Usage (<i>per 100 gallons</i>)										
Below base (b)	0.1060	0.1035	0.1035	0.1001	0.1001					
100-125% of base	0.1593	0.1555	0.1555	0.1504	0.1504					
125-175% of base	0.2300	0.2245	0.2245	0.2171	0.2171					
Over 175% of base	0.3252	0.3174	0.3174	0.3070	0.3070					
Sewer - Inside City Limits										
Usage (<i>per 100 gallons</i>)	0.2850	0.2746	0.2357	0.2075	0.2075	0.1854	0.1760	0.1760	0.1760	0.1751
Sewer - Outside City Limits										
Service Availability Charge	140.06	134.93	115.82	101.95	101.95	91.11	86.50	86.50	86.50	86.07
Usage (<i>per 100 gallons</i>)	0.3422	0.3297	0.2830	0.2491	0.2491	0.2226	0.2113	0.2113	0.2113	0.2102

(a) Base is defined as 90% of the previous year's average monthly usage.
(b) Base is defined as 100% of the previous year's average monthly usage.

San Antonio Water System
Schedule 12 - Irrigation Class Rates

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Inside City Limits										
Service Availability Charge by meter size:										
5/8"	\$10.16	\$9.92	\$9.92	\$9.59	\$9.59	\$9.81	\$9.51	\$9.51	\$9.51	\$8.86
3/4"	14.53	14.18	14.18	13.71	13.71	13.16	12.75	12.75	12.75	11.88
1"	23.24	22.68	22.68	21.93	21.93	19.21	18.61	18.61	18.61	17.34
1-1/2"	45.03	43.95	43.95	42.50	42.50	35.03	33.94	33.94	33.94	31.63
2"	71.18	69.48	69.48	67.20	67.20	52.83	51.19	51.19	51.19	47.71
3"	132.20	129.04	129.04	124.80	124.80	106.92	103.60	103.60	103.60	96.55
4"	219.38	214.13	214.13	207.09	207.09	176.40	170.93	170.93	170.93	159.30
6"	437.32	426.86	426.86	412.82	412.82	350.03	339.18	339.18	339.18	316.10
8"	698.83	682.12	682.12	659.69	659.69	543.20	526.36	526.36	526.36	490.55
10"	1,003.94	979.93	979.93	947.71	947.71	755.89	732.45	732.45	732.45	682.62
12"	1,875.69	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
Usage (per 100 gallons)										
First 12,717 gallons						0.1526	0.1479	0.1479	0.1479	0.1378
Next 4,488 gallons						0.2290	0.2219	0.2219	0.2219	0.2068
Over 17,205 gallons						0.3160	0.3062	0.3062	0.3062	0.2854
Usage (per 100 gallons)										
Standard:										
Zero gallons	-	-	-	-	-					
Next 6,732 gallons	0.1653	0.1613	0.1613	0.1560	0.1560					
Next 10,473 gallons	0.1982	0.1935	0.1935	0.1871	0.1871					
Over 17,205 gallons	0.3471	0.3388	0.3388	0.3277	0.3277					
Usage (per 100 gallons)										
Seasonal (a):										
Zero gallons	-	-	-	-	-					
Next 6,732 gallons	0.1653	0.1613	0.1613	0.1560	0.1560					
Next 10,473 gallons	0.2301	0.2246	0.2246	0.2172	0.2172					
Over 17,205 gallons	0.4764	0.4650	0.4650	0.4497	0.4497					
Outside City Limits										
Service Availability Charge by meter size:										
5/8"	\$13.21	12.89	12.89	12.47	12.47	11.83	11.46	11.46	11.46	10.68
3/4"	18.88	18.43	18.43	17.82	17.82	15.72	15.23	15.23	15.23	14.19
1"	30.20	29.48	29.48	28.51	28.51	22.94	22.23	22.23	22.23	20.72
1-1/2"	58.54	57.14	57.14	55.26	55.26	41.69	40.40	40.40	40.40	37.65
2"	92.54	90.33	90.33	87.36	87.36	63.01	61.06	61.06	61.06	56.91
3"	171.87	167.76	167.76	162.24	162.24	125.31	121.42	121.42	121.42	113.16
4"	285.19	278.37	278.37	269.22	269.22	206.48	200.08	200.08	200.08	186.47
6"	568.51	554.91	554.91	536.66	536.66	409.39	396.70	396.70	396.70	369.71
8"	908.49	886.76	886.76	857.60	857.60	637.69	617.92	617.92	617.92	575.88
10"	1,305.13	1,273.92	1,273.92	1,232.03	1,232.03	891.35	863.71	863.71	863.71	804.95
12"	2,438.39	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
Usage (per 100 gallons)										
First 12,717 gallons						0.1982	0.1921	0.1921	0.1921	0.1790
Next 4,488 gallons						0.2976	0.2884	0.2884	0.2884	0.2688
Over 17,205 gallons						0.4109	0.3982	0.3982	0.3982	0.3711
Usage (per 100 gallons)										
Standard:										
Zero gallons	-	-	-	-	-					
Next 6,732 gallons	0.2148	0.2097	0.2097	0.2028	0.2028					
Next 10,473 gallons	0.2577	0.2515	0.2515	0.2432	0.2432					
Over 17,205 gallons	0.4513	0.4405	0.4405	0.4260	0.4260					
Usage (per 100 gallons)										
Seasonal (a):										
Zero gallons	-	-	-	-	-					
Next 6,732 gallons	0.2148	0.2097	0.2097	0.2028	0.2028					
Next 10,473 gallons	0.2992	0.2920	0.2920	0.2824	0.2824					
Over 17,205 gallons	0.6193	0.6045	0.6045	0.5846	0.5846					

(a) 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.

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Water Supply Fee (<i>per 100 gallons</i>)										
Residential Class						\$0.1529	\$0.1487	\$0.1487	\$0.1487	\$0.1378
First 5,985 gallons	\$ 0.1223	\$0.1080	\$0.1054	\$0.1023	\$0.1023					
Next 6,732 gallons	0.1768	0.1562	0.1524	0.1480	0.1480					
Next 4,488 gallons	0.2495	0.2204	0.2150	0.2087	0.2087					
Over 17,205 gallons	0.4366	0.3857	0.3763	0.3653	0.3653					
General Class	0.1880	0.1661	0.1620	0.1573	0.1573	0.1529	0.1487	0.1487	0.1487	0.1378
Wholesale Class	0.1880	0.1661	0.1620	0.1573	0.1573	0.1529	0.1487	0.1487	0.1487	0.1378
Irrigation Class						0.1529	0.1487	0.1487	0.1487	0.1378
First 6,732 gallons	0.1880	0.1661	0.1620	0.1573	0.1573					
Next 10,473 gallons	0.2495	0.2204	0.2150	0.2087	0.2087					
Over 17,205 gallons	0.4735	0.4183	0.4081	0.3962	0.3962					
EAA Fee (a)	0.03295	0.03425	0.03901	0.01407	0.01841	0.01222	0.01769	0.01352	0.01482	0.01549
State-Imposed TCEQ Fees (b)										
Water Connection Fee	0.18	0.17	0.17	0.19	0.19					
Wastewater Connection Fee	0.06	0.06	0.06	0.05	0.05					

(a) 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.

(b) 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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Edwards Exchange Customers (a)										
Service Availability Charge by meter size:										
5/8"	\$9.26	\$9.04	\$9.04	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74
3/4"	12.05	11.76	11.76	11.37	11.37	11.37	11.37	11.37	11.37	11.37
1"	15.69	15.31	15.31	14.81	14.81	14.81	14.81	14.81	14.81	14.81
1-1/2"	24.95	24.35	24.35	23.55	23.55	23.55	23.55	23.55	23.55	23.55
2"	36.48	35.61	35.61	34.44	34.44	34.44	34.44	34.44	34.44	34.44
3"	97.03	94.71	94.71	91.60	91.60	91.60	91.60	91.60	91.60	91.60
4"	144.22	140.77	140.77	136.14	136.14	136.14	136.14	136.14	136.14	136.14
6"	275.12	268.54	268.54	259.71	259.71	259.71	259.71	259.71	259.71	259.71
8"	414.70	404.78	404.78	391.47	391.47	391.47	391.47	391.47	391.47	391.47
10"	568.64	555.04	555.04	536.79	536.79	536.79	536.79	536.79	536.79	536.79
12"	701.61	684.83	684.83	662.31	662.31	662.31	662.31	662.31	662.31	662.31
Usage (per 100 gallons)										
Standard:										
Transferred amount	0.0244	0.0238	0.0238	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230
In excess of transferred amount	0.0914	0.0892	0.0892	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863
Seasonal (b):										
Transferred amount	0.0244	0.0238	0.0238	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230
In excess of transferred amount	0.0971	0.0948	0.0948	0.0917	0.0917	0.0917	0.0917	0.0917	0.0917	0.0917
Non-exchange Customers										
Service Availability Charge by meter size:										
5/8"	\$9.26	\$9.04	\$9.04	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74
3/4"	12.05	11.76	11.76	11.37	11.37	11.37	11.37	11.37	11.37	11.37
1"	15.69	15.31	15.31	14.81	14.81	14.81	14.81	14.81	14.81	14.81
1-1/2"	24.95	24.35	24.35	23.55	23.55	23.55	23.55	23.55	23.55	23.55
2"	36.48	35.61	35.61	34.44	34.44	34.44	34.44	34.44	34.44	34.44
3"	97.03	94.71	94.71	91.60	91.60	91.60	91.60	91.60	91.60	91.60
4"	144.22	140.77	140.77	136.14	136.14	136.14	136.14	136.14	136.14	136.14
6"	275.12	268.54	268.54	259.71	259.71	259.71	259.71	259.71	259.71	259.71
8"	414.70	404.78	404.78	391.47	391.47	391.47	391.47	391.47	391.47	391.47
10"	568.64	555.04	555.04	536.79	536.79	536.79	536.79	536.79	536.79	536.79
12"	701.61	684.83	684.83	662.31	662.31	662.31	662.31	662.31	662.31	662.31
Usage (per 100 gallons)										
Standard:										
First 748,000 gallons	0.0978	0.0955	0.0955	0.0924	0.0924	0.0924	0.0924	0.0924	0.0924	0.0924
Over 748,000 gallons	0.0999	0.0975	0.0975	0.0943	0.0943	0.0943	0.0943	0.0943	0.0943	0.0943
Seasonal (b):										
First 748,000 gallons	0.1051	0.1026	0.1026	0.0992	0.0992	0.0992	0.0992	0.0992	0.0992	0.0992
Over 748,000 gallons	0.1061	0.1036	0.1036	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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Water										
Flow - All Areas	\$1,182.00	\$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
System Development:										
Low Elevation Service Area	619.00	579.00	579.00	579.00	668.00	668.00	668.00	668.00	668.00	
Middle Elevation Service Area	799.00	774.00	774.00	774.00	591.00	591.00	591.00	591.00	591.00	
High Elevation Service Area	883.00	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
3										107.00
4										172.00
5										104.00
5A										100.00
6										149.00
7										249.00
8										411.00
9										490.00
10										428.00
11										569.00
11A										945.00
11B										1,094.00
11E										1,163.00
11F										523.00
12										743.00
14										791.00
Wastewater										
Treatment:										
Dos Rios/Leon Creek Service Area	786.00	552.00	552.00	552.00						
Medio Creek	1,429.00	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
Outer Service Area										750.00
Far West - Medio Creek Service Area										1,200.00
Far West - Potranca Creek Service Area										1,200.00
Far West - Lucas Creek & Big Sous Service Area										1,200.00
Collection:										
Medio Creek	838.00	582.00	582.00	582.00						
Upper Medina	1,565.00	1,053.00	1,053.00	1,053.00						
Lower Medina	475.00	594.00	594.00	594.00						
Upper Collection	2,520.00	1,795.00	1,795.00	1,795.00						
Middle Collection	1,469.00	1,142.00	1,142.00	1,142.00						
Lower Collection	719.00	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
Outer Service Area										366.00
Far West - Medio Creek Service Area										538.00
Far West - Potranca Creek Service Area										409.00
Far West - Lucas Creek & Big Sous Service Area										366.00
Lift Station:										
Far West - Potranca Creek Service Area										363.00
Far West - Lucas Creek & Big Sous Service Area										363.00
Water Supply - All Areas	1,590.00	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

Impact fees are assessed per equivalent dwelling unit.

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

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

Customer	Principal Business	Usage (million gallons)	%	Total Revenue (a) (in thousands)	%
Fiscal Year Ended December 31, 2014:					
SAN ANTONIO WATER SYSTEM DISTRICT SPECIAL PROJECT (b)	Public Water Utility	3,684	6.43	\$ 11,146	4.25
CITY OF SAN ANTONIO	Municipal Entity	509	0.89	2,667	1.02
HEB GROCERY	Grocery	486	0.85	2,001	0.76
SAN ANTONIO HOUSING AUTHORITY	Public Housing	457	0.80	1,887	0.72
BEXAR COUNTY	County Government	368	0.64	1,428	0.55
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	262	0.46	1,263	0.48
CPS ENERGY	Public Power Utility	291	0.51	1,123	0.43
MAXIM INTEGRATED PRODUCT INC.	Electronics	274	0.48	963	0.37
NORTHEAST INDEPENDENT SCHOOL DISTRICT	School System	185	0.32	903	0.34
SAN ANTONIO INDEPDENDENT SCHOOL DISTRICT	School System	164	0.29	885	0.34
Subtotal (10 largest)		6,681	11.67	24,265	9.26
Balance from Other Customers		50,580	88.33	237,774	90.74
Total		57,261	100.00	\$ 262,039	100.00
Fiscal Year Ended December 31, 2005:					
CITY OF SAN ANTONIO	Municipal Entity	598	1.09	\$ 2,240	1.18
SAN ANTONIO HOUSING AUTHORITY	Public Housing	564	1.03	1,711	0.90
HEB GROCERY	Grocery	406	0.74	1,229	0.65
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	287	0.52	1,042	0.55
SAN ANTONIO INDEPENDENT SCHOOL DISTRICT	School System	256	0.47	839	0.44
BEXAR COUNTY	County Government	280	0.51	777	0.41
UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER	University	199	0.36	644	0.34
BROOKS DEVELOPMENT AUTHORITY	Governmental	174	0.32	638	0.34
NORTHEAST INDEPENDENT SCHOOL DISTRICT	School System	165	0.30	608	0.32
CPS ENERGY	Public Power Utility	224	0.41	601	0.32
Subtotal (10 largest)		3,153	5.73	10,329	5.44
Balance from Other Customers		51,852	94.27	179,595	94.56
Total		55,005	100.00	\$ 189,924	100.00

(a) Includes Conservation, Water Supply, EAA fees and TCEQ water 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)	%
Fiscal Year Ended December 31, 2014:					
HEB GROCERY	Grocery	437	0.90	\$ 2,066	1.04
SAN ANTONIO HOUSING AUTHORITY	Public Housing	462	0.96	1,470	0.74
BEXAR COUNTY	County Government	301	0.62	1,019	0.51
L & H PACKING COMPANY	Beef Processor	117	0.24	741	0.37
TOYOTA	Automobile Manufacturer	198	0.41	715	0.36
MAXIM INTEGRATED PRODUCT, INC.	Electronics	204	0.42	644	0.32
CITY OF SAN ANTONIO	Municipal Entity	185	0.38	631	0.32
FRITO LAY, INC.	Food Manufacturer	69	0.14	547	0.27
TEXAS DEPARTMENT OF CRIMINAL JUSTICE	State Correctional Facility	131	0.27	494	0.25
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	148	0.31	491	0.25
Subtotal (10 largest)		2,254	4.66	8,818	4.42
Balance from Other Customers		46,144	95.34	190,487	95.58
Total		48,398	100.00	\$ 199,305	100.00

Fiscal Year Ended December 31, 2005:

HEB GROCERY	Grocery	406	0.85	\$ 1,295	1.23
SAN ANTONIO HOUSING AUTHORITY	Public Housing	564	1.19	988	0.94
FRITO LAY, INC.	Food Manufacturer	138	0.29	778	0.74
BEXAR COUNTY	County Government	280	0.59	438	0.42
CITY OF SAN ANTONIO	Municipal Entity	598	1.26	385	0.37
MAXIM INTEGRATED PRODUCT, INC.	Electronics	202	0.42	381	0.36
OAK FARMS DAIRY	Dairy Producer	59	0.12	289	0.28
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	287	0.60	263	0.25
SAN ANTONIO INDEPENDENT SCHOOL DISTRICT	School System	226	0.48	259	0.25
METRA UNITED	Apartment Ownership	169	0.36	259	0.25
Subtotal (10 largest)		2,929	6.16	5,335	5.08
Balance from Other Customers		44,626	93.84	99,693	94.92
Total		47,555	100.00	\$ 105,028	100.00

Excludes Wholesale Wastewater usage and revenues.

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

Customer	Principal Business	Total Revenue (in thousands)	%
Fiscal Year Ended December 31, 2014:			
Joint Base San Antonio - Ft. Sam Houston	Military	\$ 1,612	20.54
Leon Valley	Municipal Government	1,318	16.80
Lackland Air Force Base	Military	1,200	15.29
Alamo Heights	Municipal Government	1,135	14.46
Bexar County WCID #10	County Government	689	8.78
Balcones Heights	Municipal Government	506	6.45
Kirby	Municipal Government	482	6.14
Olmos Park	Municipal Government	430	5.48
Lackland A.F.B./Annex @ Medina	Military	235	3.00
Hollywood Park	Municipal Government	100	1.28
Subtotal (10 largest)		7,709	98.23
Balance from Other Customers		139	1.77
Total		<u>\$ 7,848</u>	<u>100.00</u>
Fiscal Year Ended December 31, 2005:			
Lackland Air Force Base	Military	\$ 985	15.30
Leon Valley	Municipal Government	844	13.12
Alamo Heights	Municipal Government	774	12.02
Ft. Sam Houston Army Base	Military	686	10.67
Terrell Hills	Municipal Government	523	8.13
Bexar County Water Control District No. 10	County Government	472	7.33
Castle Hills	Municipal Government	455	7.06
Balcones Heights	Municipal Government	342	5.32
Kirby	Municipal Government	341	5.30
Brooks Air Force Base	Military	333	5.17
Subtotal (10 largest)		5,755	89.43
Balance from Other Customers		680	10.57
Total		<u>\$ 6,435</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								
2014	\$ 1,428,460	\$ 970,095	\$ -	\$ 138,550	\$ -	\$ -	2,537,105	\$ 505,435	5.02	798,177	3,179
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

(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.

(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)
2014	\$ 498,334	\$ 245,055	253,279	\$ 57,850	\$ 91,704	149,554	1.69	160,510	1.58	\$ 117,126	2.16
2013	460,776	244,348	216,428	47,315	86,058	133,373	1.62	152,496	1.42	122,816	1.76
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

- (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.
- (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 (b)	Personal Income (b) (thousands of dollars)	Per Capita Personal Income (b)	School Enrollment (c)	Single Family Housing Permits (d)	Employment (e)	Unemployment Rate (e)
2014	1,416,291	33.0	\$ 31,581,326	\$ 22,414	407,047	6,156	947,000	3.7%
2013	1,383,194	33.2	30,752,552	22,233	397,500	8,223	918,500	5.3%
2012	1,359,730	32.7	29,038,394	21,356	396,718	8,004	899,900	5.7%
2011	1,326,539	32.8	28,421,098	21,425	392,897	7,127	871,600	6.7%
2010	1,319,492	32.1	28,260,879	21,418	387,343	6,865	853,800	7.3%
2009	1,340,549	32.6	28,750,754	21,447	296,328	5,924	842,000	6.8%
2008	1,328,984	32.8	27,653,499	20,808	295,673	10,574	855,500	5.4%
2007	1,312,286	32.6	26,093,495	19,884	291,873	13,295	852,100	4.0%
2006	1,322,900	33.2	26,603,519	20,110	283,393	19,761	825,900	3.8%
2005	1,299,200	32.2	25,386,368	19,540	279,756	22,305	799,300	4.4%

(a) 2014 Population - Source: San Antonio Economic Development Foundation, 2005-2013 Population - Source: Planning Department, City of San Antonio, Texas

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

(c) Source: Planning Department, City of San Antonio, Texas. 2005-2009 data includes students age 5 and over. Data since 2010 includes students age 3 and over.

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

(e) 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	2014			2005		
	Employees	Rank	Percentage of Total City Employment ¹	Employees	Rank	Percentage of Total City Employment ²
Joint Base San Antonio (JBSA) - Lackland, Fort Sam & Randolph	80,165	1	8.86%			
H.E.B. Food Stores	20,000	2	2.21%			
USAA	16,000	3	1.77%	13,965	1	1.85%
Northside Independent School District	13,000	4	1.44%	10,320	2	1.36%
City of San Antonio	11,326	5	1.25%	9,601	3	1.27%
North East Independent School District	9,141	6	1.01%	7,574	6	1.00%
Methodist Health Care System	8,118	7	0.90%	7,027	8	0.93%
San Antonio Independent School District	7,425	8	0.82%	7,685	5	1.02%
Baptist Health Systems	7,205	9	0.80%			0.00%
Wells Fargo	6,500	10	0.72%			
Fort Sam Houston				8,160	4	1.08%
Alamo Community College District				7,200	7	0.95%
SBC Communications (AT&T)				5,941	9	0.79%
Univesity Health System				5,000	10	0.66%
Total	178,880		19.78%	82,473		10.91%

Source: Economic Development Division, City of San Antonio, Texas, Book of Lists 2014, and Department of Defense personnel statistics.

¹ Percent based on an Employment Estimate of 905,100 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2014. Figure provided by the Texas Workforce Commission.

² Percent based on an Employment Estimate of 756,700 of Non-Farm jobs in the San Antonio-New Braunfels, TX Metropolitan Statistical Area as of January 2005 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

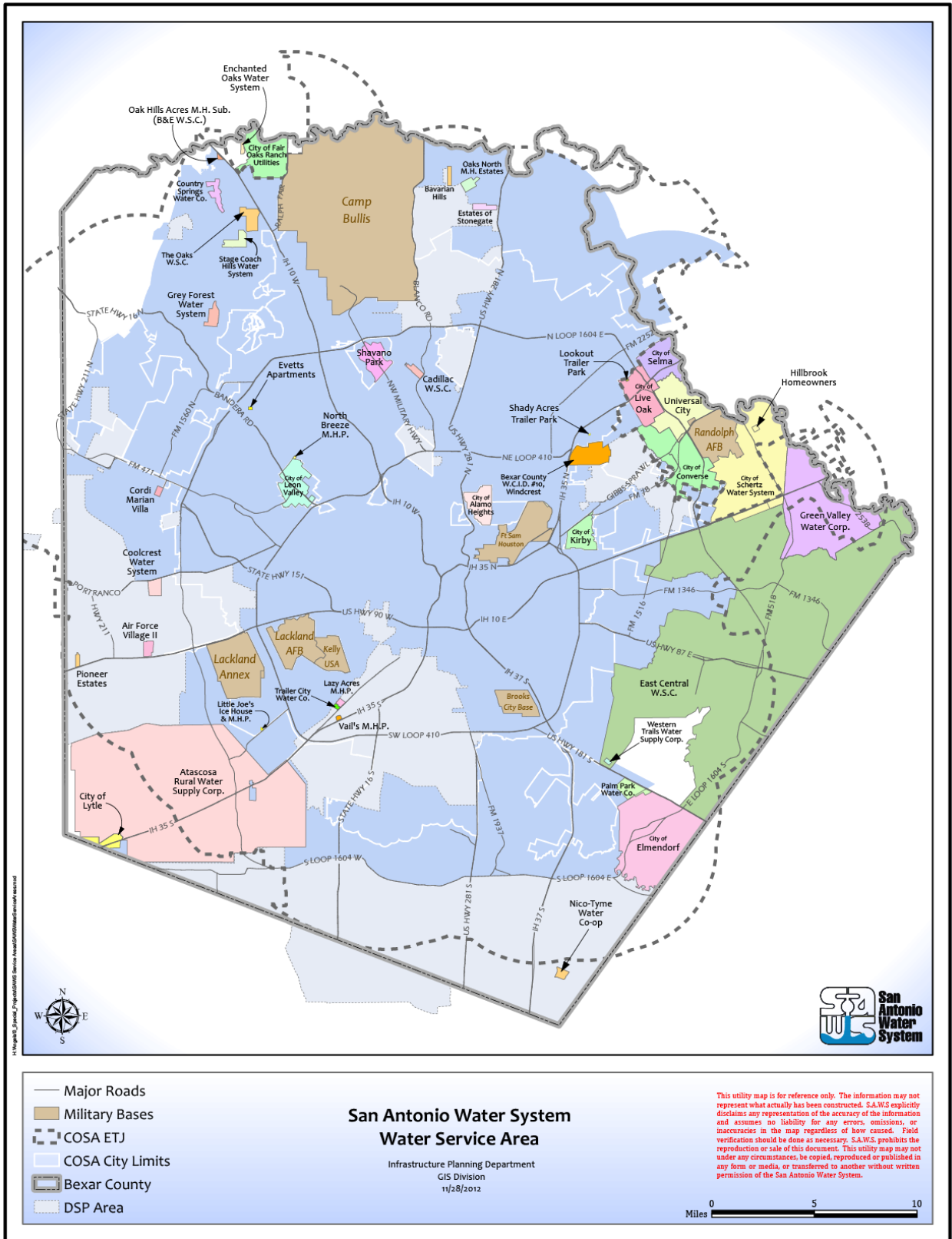
Functional Group	Fiscal Year								
	2014	2013	2012	2011	2010	2009	2008	2007	2006
President/CEO	13	14	16	11	12	13	12	10	11
Production & Treatment Operations	131	292	363	353	358	368	341	337	337
Distribution & Collection Operations	446	455	482	416	430	435	403	422	414
Operation Services	257	116	166	189	178	180	177		
Sewer System Improvements	31	28							
Administrative Services								117	115
Public Affairs	26	24	32	32	32	32	19	21	19
Customer Service	235	229	222	215	206	210	212	208	201
Strategic Resources	221	202	225	201	189	201	193	116	108
Facilities Engineering & Construction								188	197
Water Resources	138	158	62	62	54	63	55		
Financial Services	62	64	52	67	69	58	56	55	54
Information Services	65	64	57	57	54	58	56		
Corporate Initiatives								64	64
Human Resources	35	44	27	50	49	48	46	44	28
Legal	39	42	44	16	16	30	25	26	27
Total Employees	1,699	1,732	1,748	1,669	1,647	1,696	1,595	1,608	1,575
Employees Allocated to SAWS DSP (a)	(204)	(207)	(70)	-	-	-	-	-	-
Employees Allocated to SAWS	1,495	1,525	1,678	1,669	1,647	1,696	1,595	1,608	1,575

(a) 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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Water Delivery	\$ 1,998,502	\$ 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
Water Supply:										
Water Resources	708,825	628,445	585,055	556,979	546,491	429,129	353,988	249,278	211,586	166,168
Recycle	159,171	159,059	155,556	152,993	151,640	151,184	149,308	164,414	137,009	126,905
Conservation	511	465	436	444	441	335	221	262	264	262
Stormwater	302	277	211	179	187	183	161	147	147	147
Wastewater	2,390,077	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
Chilled Water and Steam	51,117	56,929	53,011	52,948	52,957	52,007	50,303	50,169	50,109	47,865
Working Capital	-	-	-	-	-	-	-	-	3,310	3,861
Construction in Progress	368,688	506,829	571,547	522,438	415,810	427,971	372,607	361,192	372,598	483,201
Total assets before accumulated depreciation	5,677,193	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
Accumulated Depreciation	1,587,715	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
Net Capital Assets	\$ 4,089,478	\$ 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

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Rainfall (Inches)	27.63	32.27	39.40	17.58	37.39	30.69	13.76	47.25	21.34	16.45
Customers/Connections (a)	373,920	367,408	365,099	360,281	356,546	352,059	348,834	344,168	336,434	325,944
Water Pumpage (Million Gallons)										
Annual Water Pumped	69,834	69,020	70,338	74,627	69,591	68,191	71,785	63,395	68,411	63,632
ASR Recharge (b)	1,569	2,629	3,742	3,928	8,320	5,542	3,535	6,582	2,951	4,396
ASR Production (b)	6,374	4,793	1,446	4,309	556	472	407	141	2,083	305
Annual Pumped for Usage	68,265	66,391	66,596	70,699	61,272	62,649	68,250	56,813	65,460	59,236
Average Daily	191.3	189.1	192.2	204.5	190.7	186.8	194.9	169.2	181.8	172.6
Maximum Daily	261.0	270.2	264.0	265.6	314.0	273.8	299.0	225.6	280.4	279.3
Metered Usage (Million Gallons)	57,261	55,108	55,320	59,133	52,578	55,295	58,828	49,511	57,724	55,005
Available Water Supply (Million Gallons)										
Permitted Edwards Aquifer rights (c)	83,126	82,902	84,822	84,640	85,035	81,923	71,738	69,505	69,505	65,007
Non-Edwards supply (d)	14,001	11,965	7,431	6,098	6,132	6,256	6,256	4,171	4,171	1,140
Stored in ASR (e)	23,959	28,764	30,928	28,632	29,013	21,249	16,179	13,051	6,610	5,742
Total water available for production	121,086	122,484	123,080	119,393	120,077	109,320	94,766	86,768	80,210	71,814
Number of Wells in Service	147	149	143	139	144	140	136	126	113	102
Overhead Storage Capacity (Million Gallons)	101.8	91.3	81.2	81.2	73.9	66.5	65.2	64.2	69.0	60.0
Total Storage Capacity (Million Gallons)	220.6	197.4	183.7	184.1	180.8	166.2	165.0	164.0	166.0	142.0
Miles of Water Main Installed	56	80	57	78	106	97	161	167	143	103
Miles of Water Main Replaced and Abandoned	11	30	22	26	36	33	32	19	22	23
Miles of Water Main in Place	5,259	5,072	5,022	4,988	4,936	4,866	4,802	4,673	4,525	4,404
Water Main Breaks	2,018	1,863	2,128	3,397	1,475	3,212	2,594	1,392	3,073	2,577
New Services Installed	5,698	5,241	7,520	4,725	4,208	3,590	7,565	17,274	13,903	12,730
Fire Hydrants Installed (Net of Hydrants removed)	430	409	348	451	516	644	951	1,040	752	521
Fire Hydrants in Place	28,753	28,323	27,914	27,566	27,115	26,599	25,955	25,004	23,964	23,212

(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) 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.

(d) 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.

(e) 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

CITY	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Arlington										
6000 Gallons	\$21.12	\$19.49	\$19.49	\$19.49	\$19.47	\$18.99	\$18.91	\$17.44	\$16.43	\$15.76
9000 Gallons	\$27.96	\$25.55	\$25.55	\$25.55	\$25.53	\$24.84	\$24.70	\$22.48	\$21.11	\$21.13
Austin										
6000 Gallons	\$37.21	\$29.74	\$26.16	\$26.16	\$20.34	\$19.18	\$17.93	\$16.93	\$16.21	\$14.88
9000 Gallons	\$62.60	\$51.74	\$35.40	\$35.40	\$28.68	\$27.04	\$25.22	\$24.22	\$23.11	\$21.75
Corpus Christi ¹										
6000 Gallons	\$34.76	\$32.25	\$30.55	\$28.97	\$27.76	\$25.54	\$25.34	\$23.44	\$22.46	\$20.67
9000 Gallons	\$55.78	\$51.79	\$48.76	\$45.67	\$43.30	\$39.10	\$38.62	\$33.98	\$32.58	\$30.01
Dallas										
6000 Gallons	\$19.87	\$19.39	\$18.58	\$17.62	\$16.72	\$16.16	\$15.50	\$14.68	\$13.87	\$12.15
9000 Gallons	\$31.60	\$30.70	\$29.23	\$27.67	\$26.17	\$25.16	\$23.90	\$22.39	\$20.80	\$18.00
El Paso ^{2,3}										
6000 Gallons	\$17.84	\$17.84	\$17.01	\$16.53	\$16.53	\$16.53	\$16.53	\$15.27	\$14.67	\$14.69
9000 Gallons	\$24.10	\$24.10	\$22.99	\$22.34	\$22.34	\$22.34	\$22.34	\$20.15	\$19.35	\$19.39
Ft. Worth										
6000 Gallons	\$24.82	\$23.32	\$23.32	\$22.33	\$22.25	\$21.75	\$20.45	\$19.71	\$19.71	\$19.70
9000 Gallons	\$36.05	\$34.55	\$34.55	\$33.08	\$32.92	\$32.42	\$30.52	\$29.51	\$29.51	\$27.69
Houston										
6000 Gallons	\$30.62	\$30.26	\$27.78	\$25.51	\$23.65	\$21.91	\$20.85	\$20.49	\$19.94	\$18.60
9000 Gallons	\$44.78	\$44.27	\$40.62	\$37.30	\$34.60	\$30.67	\$29.19	\$28.71	\$27.95	\$26.10
Lubbock										
6000 Gallons	\$43.86	\$45.00	\$45.00	\$40.02	\$40.02	\$34.02	\$23.41	\$20.20	\$20.99	\$20.39
9000 Gallons	\$56.79	\$57.00	\$57.00	\$48.03	\$48.03	\$43.99	\$30.67	\$26.47	\$26.48	\$25.73
Plano										
6000 Gallons	\$25.41	\$23.10	\$22.55	\$20.50	\$20.50	\$19.35	\$16.71	\$16.41	\$15.29	\$14.57
9000 Gallons	\$33.72	\$30.66	\$29.18	\$26.53	\$26.53	\$25.05	\$21.63	\$21.15	\$19.79	\$18.86
San Antonio (Standard) ²										
6000 Gallons	\$22.65	\$21.54	\$21.67	\$19.59	\$19.85	\$22.11	\$21.81	\$21.56	\$21.64	\$20.22
9000 Gallons	\$33.16	\$31.37	\$31.53	\$28.44	\$28.83	\$30.40	\$30.03	\$29.66	\$29.77	\$27.82

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

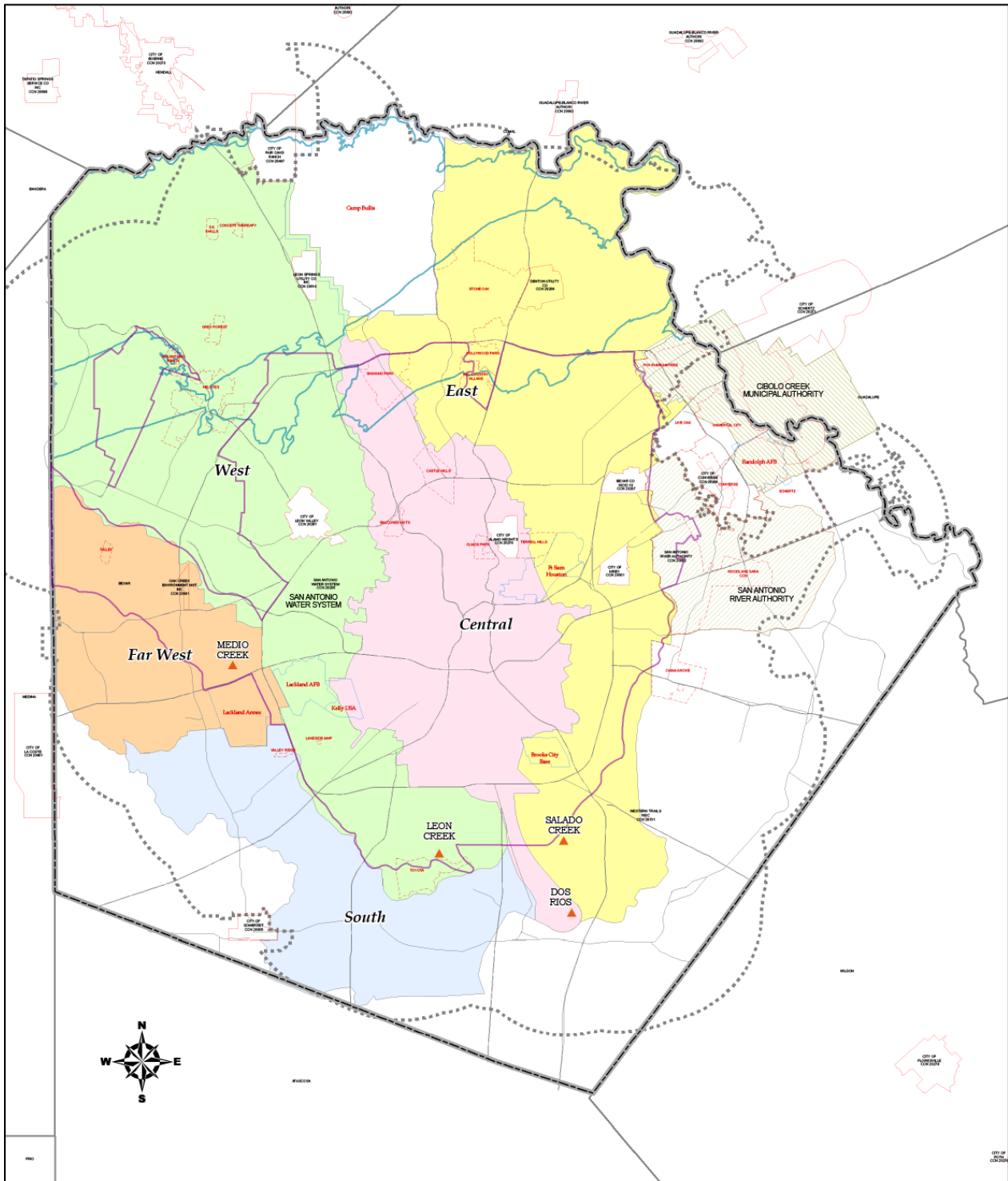
Note - Most charges are for a 5/8" meter; Arlington, Lubbock, and Plano charges are for a 3/4" meter.

¹ Includes Raw Water Pass Through Charge of \$1.071 per 1,000 gallons.

² Assumes Standard rates and includes Water Supply Fee.

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

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



<p>BOUNDARIES</p> <ul style="list-style-type: none"> Bexar County Line Incorporated Towns and Cities City San Antonio's ETJ Line Edwards Recharge Zone 	<p>SEWERSHEDS SERVICE AREAS</p> <ul style="list-style-type: none"> Central East Far West South West 	<p>RECYCLE WATER TREATMENT PLANTS</p> <ul style="list-style-type: none"> Recycle Water Treatment Plants By Others By SAWS SAN ANTONIO RIVER AUTHORITY(SARA) CIBOLO CREEK MUNICIPAL AUTHORITY 	<p>SAN ANTONIO WATER SYSTEM'S WASTEWATER CCN</p> <p>INFRASTRUCTURE PLANNING DEPARTMENT GIS MAPPING DIVISION 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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Customers/Connections (a)	424,257	416,801	412,275	405,119	400,096	395,161	389,894	379,962	368,401	354,878
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	85.20	78.47	79.04	74.97	86.47	74.37	76.53	93.34	64.00	59.58
Maximum Monthly Average Flow	91.19	86.78	87.01	76.63	103.66	89.36	81.43	131.98	74.37	73.98
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)	28.98	37.68	38.62	35.07	38.83	34.99	34.71	40.26	32.63	34.48
Maximum Monthly Average Flow (two outfalls)	39.03	44.16	43.77	36.46	45.30	64.74	38.62	55.49	34.28	41.79
Medio Creek										
Permit Flow	16.00	16.00	16.00	16.00	16.00	16.00	16.00	8.50	8.50	8.50
Average Annual Flow	7.08	7.76	7.29	6.83	7.53	6.32	5.87	6.94	5.13	5.21
Maximum Monthly Average Flow	7.49	8.45	8.14	6.97	8.71	7.45	6.57	10.51	5.63	6.58
Salado (b)										
Permit Flow	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	46.00	46.00
Average Annual Flow	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11.38	33.80
Maximum Monthly Average Flow	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	21.11	40.40
Total										
Permit Flow	187.00	187.00	187.00	187.00	187.00	187.00	187.00	179.50	225.50	225.50
Average Annual Flow	121.26	124.26	124.95	116.87	132.83	115.68	117.11	140.54	113.14	133.07
Maximum Monthly Average Flow	137.71	139.40	138.92	120.06	157.67	161.55	126.62	197.98	135.39	162.75
Amount Treated Annually (millions of gallons)	50,689	50,076	49,055	49,918	48,151	51,987	50,347	49,218	53,268	49,287
Amount Treated Peak Day (millions of gallons)	196	221	199	160	258	194	174	294	169	212
Miles of Sewer Main Installed	45	37	38	45	33	84	125	137	132	74
Miles of Sewer Main In Place	5,247	5,238	5,200	5,163	5,118	5,085	5,001	4,877	4,739	4,607
Number of Manholes Installed	980	901	856	1,080	659	1,514	2,922	2,775	2,661	1,538
Number of Manholes in Place	100,017	99,037	98,136	97,280	96,200	95,541	94,027	91,105	88,330	85,669
Number of Lift Stations	156	155	159	159	158	164	162	167	164	150

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

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

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

CITY	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Arlington										
6000 Gallons	\$30.26	\$28.03	\$28.03	\$27.37	\$26.89	\$25.97	\$25.29	\$23.10	\$22.41	\$19.52
9000 Gallons	\$41.24	\$38.02	\$38.02	\$37.03	\$36.31	\$35.03	\$34.05	\$31.05	\$30.15	\$26.78
Austin										
6000 Gallons	\$55.84	\$54.40	\$54.30	\$50.35	\$48.77	\$46.28	\$44.34	\$42.18	\$37.19	\$31.72
9000 Gallons	\$83.23	\$81.22	\$81.06	\$75.49	\$73.22	\$69.47	\$66.66	\$63.72	\$56.18	\$48.79
Corpus Christi										
6000 Gallons	\$52.23	\$46.96	\$43.21	\$43.21	\$40.80	\$35.95	\$34.15	\$28.91	\$27.35	\$26.77
9000 Gallons	\$69.48	\$62.71	\$57.69	\$57.69	\$54.47	\$48.01	\$45.60	\$38.61	\$36.52	\$35.75
Dallas										
6000 Gallons	\$34.15	\$33.80	\$33.00	\$31.70	\$29.99	\$29.33	\$28.63	\$27.07	\$25.55	\$22.19
9000 Gallons	\$49.00	\$48.50	\$47.40	\$45.50	\$43.01	\$42.11	\$41.20	\$38.86	\$36.71	\$31.67
El Paso										
6000 Gallons	\$16.48	\$16.48	\$15.68	\$15.22	\$15.22	\$15.22	\$15.22	\$14.21	\$13.65	\$12.76
9000 Gallons	\$22.01	\$22.01	\$20.93	\$20.31	\$20.31	\$20.31	\$20.31	\$18.97	\$18.21	\$16.87
Ft. Worth										
6000 Gallons	\$27.96	\$27.96	\$26.84	\$26.27	\$26.27	\$25.67	\$25.67	\$24.63	\$24.63	\$24.63
9000 Gallons	\$39.39	\$39.39	\$37.70	\$36.86	\$36.86	\$36.26	\$36.26	\$34.70	\$34.70	\$34.70
Houston										
6000 Gallons	\$37.65	\$37.20	\$34.15	\$31.38	\$29.09	\$24.84	\$22.67	\$22.29	\$21.70	\$21.22
9000 Gallons	\$59.97	\$59.25	\$54.40	\$49.98	\$46.34	\$36.69	\$33.95	\$33.39	\$32.50	\$31.33
Lubbock										
6000 Gallons	\$27.50	\$27.50	\$27.50	\$24.30	\$24.30	\$22.10	\$15.97	\$14.76	\$13.96	\$13.96
9000 Gallons	\$34.25	\$34.50	\$34.25	\$30.45	\$30.45	\$28.25	\$21.46	\$19.83	\$18.97	\$18.97
Plano										
6000 Gallons	\$34.40	\$33.54	\$33.54	\$33.54	\$33.54	\$33.54	\$27.95	\$27.10	\$25.30	\$24.11
9000 Gallons	\$47.51	\$46.32	\$46.32	\$46.32	\$46.32	\$46.32	\$38.60	\$37.24	\$34.96	\$33.32
San Antonio										
6000 Gallons	\$26.24	\$25.26	\$21.70	\$19.12	\$19.10	\$17.02	\$16.17	\$16.17	\$16.17	\$16.08
9000 Gallons	\$35.73	\$34.40	\$29.54	\$26.02	\$26.00	\$23.20	\$22.03	\$22.03	\$22.03	\$21.91

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

BONDED DEBT SCHEDULES AND ANALYSES

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates	Balances	Transactions		Balances
								Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014
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	-	-	-	-
	1,980	NONE	2299	2694	Serial	5.000	2014	1,980	-	1,980	-
	2,085	(1)	2695	3111	Serial	5.250	2015	-	-	-	-
	2,195	(1)	3112	3550	Serial	5.250	2016	-	-	-	-
	2,315	(1)	3551	4013	Serial	5.250	2017	-	-	-	-
	2,440	(1)	4014	4501	Serial	5.250	2018	-	-	-	-
	2,570	(1)	4502	5015	Serial	5.250	2019	-	-	-	-
	2,710	(1)	5016	5557	Serial	5.250	2020	-	-	-	-
	2,855	(1)	5558	6128	Serial	5.250	2021	-	-	-	-
	3,010	(1)	6129	6730	Serial	5.250	2022	-	-	-	-
	3,170	(1)	6731	7364	Serial	5.000	2023	-	-	-	-
	3,330	(1)	7365	8030	Serial	5.000	2024	-	-	-	-
	3,500	(1)	8031	8730	Serial	5.000	2025	-	-	-	-
	3,685	(1)	8731	9467	Serial	5.125	2026	-	-	-	-
	3,875	(1)(31)	9468	10242	Term	5.125	2027	-	-	-	-
	4,080	(1)(31)	10243	11058	Term	5.125	2028	-	-	-	-
	4,295	(1)(31)	11059	11917	Term	5.125	2029	-	-	-	-
	4,520	(1)(31)	11918	12821	Term	5.125	2030	-	-	-	-
	4,760	(1)(31)	12822	13773	Term	5.125	2031	-	-	-	-
	5,010	(1)(31)	13774	14775	Term	5.125	2032	-	-	-	-
	5,275	(1)(31)	14776	15830	Term	5.125	2033	-	-	-	-
	5,550	(1)(31)	15831	16940	Term	5.125	2034	-	-	-	-
	<u>\$ 84,700</u>							<u>\$ 1,980</u>	<u>\$ -</u>	<u>\$ 1,980</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances	Transactions		Balances
							Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014
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	-	-	-	-
	2,925	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	-	1,540	515
	2,650	(2)	1671 2200	Serial	5.000	2017	2,650	-	1,990	660
	3,020	(2)	2201 2804	Serial	5.000	2018	3,020	-	2,265	755
	6,170	(2)	2805 4038	Serial	5.000	2019	6,170	-	4,630	1,540
	6,295	(2)	4039 5297	Serial	5.000	2020	6,295	-	4,720	1,575
	6,625	(2)	5298 6622	Serial	5.000	2021	6,625	-	4,970	1,655
	6,965	(2)	6623 8015	Serial	5.000	2022	6,965	-	5,225	1,740
	7,330	(2)	8016 9481	Serial	5.000	2023	7,330	-	5,500	1,830
	7,705	(2)	9482 11022	Serial	5.000	2024	7,705	-	5,780	1,925
	8,105	(2)	11023 12643	Serial	5.000	2025	8,105	-	6,080	2,025
	8,530	(2)	12644 14349	Serial	5.000	2026	8,530	-	6,400	2,130
	-				-	2027	-	-	-	-
	-				-	2028	-	-	-	-
	-				-	2029	-	-	-	-
	-				-	2030	-	-	-	-
	-				-	2031	-	-	-	-
	-				-	2032	-	-	-	-
	-				-	2033	-	-	-	-
	-				-	2034	-	-	-	-
	33,265	(2)(32)	14350 21002	Term	5.000	2035	33,265	-	-	33,265
	34,970	(2)(32)	21003 27996	Term	5.000	2036	34,970	-	-	34,970
	36,715	(2)(32)	27997 35339	Serial	4.750	2037	36,715	-	-	36,715
	25,000	(2)(32)	35340 40339	Serial	4.750	2038	25,000	-	-	25,000
	13,520	(2)(32)	40340 43043	Term	5.000	2038	13,520	-	-	13,520
	40,465	(2)(32)	43044 51136	Term	5.000	2039	40,465	-	-	40,465
	42,540	(2)(32)	51137 59644	Term	5.000	2040	42,540	-	-	42,540
	<u>\$ 298,220</u>						<u>\$ 295,585</u>	<u>\$ -</u>	<u>\$ 52,025</u>	<u>\$ 243,560</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances
							Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014	
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	-	-	-	-	-
	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)(33)	30879 34271	Term	4.500	2030	16,965	-	-	-	16,965
	17,730	(3)(33)	34272 37817	Term	4.500	2031	17,730	-	-	-	17,730
	18,525	(3)(33)	37818 41522	Term	4.500	2032	18,525	-	-	-	18,525
	28,645	(3)(33)	41523 47251	Term	4.500	2033	28,645	-	-	-	28,645
	37,530	(3)(33)	47252 54757	Term	4.500	2034	37,530	-	-	-	37,530
	11,900	(3)(33)	54758 57137	Term	4.500	2035	11,900	-	-	-	11,900
	12,450	(3)(33)	57138 59627	Term	4.500	2036	12,450	-	-	-	12,450
	13,025	(3)(33)	59628 62232	Term	4.500	2037	13,025	-	-	-	13,025
	<u>\$ 311,160</u>						<u>\$ 261,915</u>	<u>\$ -</u>	<u>\$ 8,280</u>	<u>\$ 253,635</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE REFUNDING BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances	Transactions		Balances
									Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014
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	-	-	-	-
	2,970	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)(34)	11222	12118	Term	5.125		2025	4,485	-	-	4,485
	5,140	(4)(34)	12119	13146	Term	5.125		2026	5,140	-	-	5,140
	5,410	(4)(34)	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)(34)	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)(34)	15700	16564	Term	5.125		2029	4,325	-	-	4,325
	6,305	(4)(34)	16565	17825	Term	5.250		2030	6,305	-	-	6,305
	6,645	(4)(34)	17826	19154	Term	5.250		2031	6,645	-	-	6,645
	7,005	(4)(34)	19155	20555	Term	5.250		2032	7,005	-	-	7,005
	7,385	(4)(34)	20556	22032	Term	5.250		2033	7,385	-	-	7,385
	7,780	(4)(34)	22033	23588	Term	5.250		2034	7,780	-	-	7,780
	8,205	(4)(34)	23589	25229	Term	5.375		2035	8,205	-	-	8,205
	8,660	(4)(34)	25230	26961	Term	5.375		2036	8,660	-	-	8,660
	9,135	(4)(34)	26962	28788	Term	5.375		2037	9,135	-	-	9,135
	9,640	(4)(34)	28789	30716	Term	5.375		2038	9,640	-	-	9,640
	10,175	(4)(34)	30717	32751	Term	5.375		2039	10,175	-	-	10,175
	<u>\$ 163,755</u>								<u>\$ 148,855</u>	<u>\$ -</u>	<u>\$ 2,970</u>	<u>\$ 145,885</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, 2014
(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, 2014	Issued	Retired	December 31, 2014
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	-	-	-	-
	2,595	NONE	1932	2450	5.000	2014	2,595	-	2,595	-
	<u>\$ 12,250</u>						<u>\$ 2,595</u>	<u>\$ -</u>	<u>\$ 2,595</u>	<u>\$ -</u>

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances	Transactions		Balances
							Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014
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)(35)	6134	6863	5.502	2025	3,650	-	-	3,650
	4,995	(5)(35)	6864	7862	5.502	2026	4,995	-	-	4,995
	3,965	(5)(35)	7863	8655	5.502	2027	3,965	-	-	3,965
	3,300	(5)(35)	8656	9315	5.502	2028	3,300	-	-	3,300
	4,230	(5)(35)	9316	10161	5.502	2029	4,230	-	-	4,230
	4,385	(5)(35)	10162	11038	5.602	2030	4,385	-	-	4,385
	4,550	(5)(35)	11039	11948	5.602	2031	4,550	-	-	4,550
	4,715	(5)(35)	11949	12891	5.602	2032	4,715	-	-	4,715
	4,890	(5)(35)	12892	13869	5.602	2033	4,890	-	-	4,890
	5,075	(5)(35)	13870	14884	5.602	2034	5,075	-	-	5,075
	5,260	(5)(35)	14885	15936	5.602	2035	5,260	-	-	5,260
	5,455	(5)(35)	15937	17027	5.602	2036	5,455	-	-	5,455
	5,660	(5)(35)	17028	18159	5.602	2037	5,660	-	-	5,660
	5,870	(5)(35)	18160	19333	5.602	2038	5,870	-	-	5,870
	6,085	(5)(35)	19334	20550	5.602	2039	6,085	-	-	6,085
	<u>\$ 102,750</u>						<u>\$ 102,750</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances
							Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014	
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	-	-	-	-	-
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)(36)	5166	5616	6.170	2026	2,255	-	-	-	2,255
	2,350	(6)(36)	5617	6086	6.170	2027	2,350	-	-	-	2,350
	2,445	(6)(36)	6087	6575	6.170	2028	2,445	-	-	-	2,445
	2,545	(6)(36)	6576	7084	6.170	2029	2,545	-	-	-	2,545
	2,650	(6)(36)	7085	7614	6.170	2030	2,650	-	-	-	2,650
	2,760	(6)(36)	7615	8166	6.170	2031	2,760	-	-	-	2,760
	2,870	(6)(36)	8167	8740	6.170	2032	2,870	-	-	-	2,870
	2,990	(6)(36)	8741	9338	6.220	2033	2,990	-	-	-	2,990
	33,560	(6)(36)	9339	16050	6.220	2034	33,560	-	-	-	33,560
	4,495	(6)(36)	16051	16949	5.920	2035	4,495	-	-	-	4,495
	4,670	(6)(36)	16950	17883	5.920	2036	4,670	-	-	-	4,670
	4,855	(6)(36)	17884	18854	5.920	2037	4,855	-	-	-	4,855
	5,045	(6)(36)	18855	19863	5.920	2038	5,045	-	-	-	5,045
	5,240	(6)(36)	19864	20911	5.920	2039	5,240	-	-	-	5,240
	5,445	(6)(36)	20912	22000	5.920	2040	5,445	-	-	-	5,445
	<u>\$ 110,000</u>						<u>\$ 106,720</u>	<u>\$ -</u>	<u>\$ 1,665</u>	<u>\$ -</u>	<u>\$ 105,055</u>

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

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances	Transactions		Balances
							Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014
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	-	-	-	-
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>\$ 42,925</u>	<u>\$ -</u>	<u>\$ 2,060</u>	<u>\$ 40,865</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances
							Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014	
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	-	-	-	-	-
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)(37)	27553	28045	5.000	2033	2,465	-	-	-	2,465
	2,590	(8)(37)	28046	28563	5.000	2034	2,590	-	-	-	2,590
	2,725	(8)(37)	28564	29108	5.000	2035	2,725	-	-	-	2,725
	2,865	(8)(37)	29109	29681	5.000	2036	2,865	-	-	-	2,865
	3,010	(8)(37)	29682	30283	5.000	2037	3,010	-	-	-	3,010
	3,165	(8)(37)	30284	30916	5.000	2038	3,165	-	-	-	3,165
	3,330	(8)(37)	30917	31582	5.000	2039	3,330	-	-	-	3,330
	3,500	(8)(37)	31583	32282	5.000	2040	3,500	-	-	-	3,500
	3,680	(8)(37)	32283	33018	5.000	2041	3,680	-	-	-	3,680
	<u>\$ 165,090</u>						<u>\$ 159,025</u>	<u>\$ -</u>	<u>\$ 1,385</u>	<u>\$ -</u>	<u>\$ 157,640</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding January 1, 2014	Transactions		Balances Outstanding December 31, 2014
								Issued	Retired	
Water System Revenue	\$ -				- %	15-May 2012	\$ -	\$ -	\$ -	-
Refunding Bonds, Series 2012	2,610	NONE	1 522	Serial	2.000	2013	-	-	-	-
Paying Agent: USBank	2,650	NONE	523 1052	Serial	3.000	2014	2,650	-	2,650	-
Bonds Dated: 02-29-12	2,720	NONE	1053 1596	Serial	4.000	2015	2,720	-	-	2,720
	2,795	NONE	1597 2155	Serial	4.000	2016	2,795	-	-	2,795
	7,085	NONE	2156 3572	Serial	5.000	2017	7,085	-	-	7,085
	7,360	NONE	3573 5044	Serial	4.000	2018	7,360	-	-	7,360
	4,345	NONE	5045 5913	Serial	4.000	2019	4,345	-	-	4,345
	12,910	NONE	5914 8495	Serial	5.000	2020	12,910	-	-	12,910
	13,510	NONE	8496 11197	Serial	5.000	2021	13,510	-	-	13,510
	16,050	NONE	11198 14407	Serial	5.000	2022	16,050	-	-	16,050
	16,840	(9)	14408 17775	Serial	5.000	2023	16,840	-	-	16,840
	17,675	(9)	17776 21310	Serial	5.000	2024	17,675	-	-	17,675
	18,540	(9)	21311 25018	Serial	5.000	2025	18,540	-	-	18,540
	19,450	(9)	25019 28908	Serial	5.000	2026	19,450	-	-	19,450
	39,450	(9)	28909 36798	Serial	5.000	2027	39,450	-	-	39,450
	41,265	(9)	36799 45051	Serial	4.000	2028	41,265	-	-	41,265
	<u>\$ 225,255</u>						<u>\$ 222,645</u>	<u>\$ -</u>	<u>\$ 2,650</u>	<u>\$ 219,995</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances
							Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014	
Water System Revenue	\$ -				- %	15-May 2012	\$ -	\$ -	\$ -	\$ -	-
Refunding Bonds, Series 2012A	1,705	NONE	1 341	Serial	2.000	2013	-	-	-	-	-
Paying Agent: USBank	2,655	NONE	342 872	Serial	3.000	2014	2,655	-	2,655	-	-
Bonds Dated: 10-02-12	2,750	NONE	873 1422	Serial	2.000	2015	2,750	-	-	-	2,750
	2,880	NONE	1423 1998	Serial	3.000	2016	2,880	-	-	-	2,880
	3,025	NONE	1999 2603	Serial	3.000	2017	3,025	-	-	-	3,025
	3,180	NONE	2604 3239	Serial	5.000	2018	3,180	-	-	-	3,180
	3,345	NONE	3240 3908	Serial	5.000	2019	3,345	-	-	-	3,345
	3,500	NONE	3909 4608	Serial	3.000	2020	3,500	-	-	-	3,500
	3,660	NONE	4609 5340	Serial	4.000	2021	3,660	-	-	-	3,660
	3,850	NONE	5341 6110	Serial	5.000	2022	3,850	-	-	-	3,850
	4,045	(10)	6111 6919	Serial	4.000	2023	4,045	-	-	-	4,045
	4,255	(10)	6920 7770	Serial	5.000	2024	4,255	-	-	-	4,255
	4,470	(10)	7771 8664	Serial	3.250	2025	4,470	-	-	-	4,470
	4,700	(10)	8665 9604	Serial	5.000	2026	4,700	-	-	-	4,700
	4,940	(10)	9605 10592	Serial	5.000	2027	4,940	-	-	-	4,940
	5,195	(10)	10593 11631	Serial	5.000	2028	5,195	-	-	-	5,195
	5,460	(10)	11632 12723	Serial	5.000	2029	5,460	-	-	-	5,460
	5,740	(10)	12724 13871	Serial	5.000	2030	5,740	-	-	-	5,740
	6,035	(10)	13872 15078	Serial	5.000	2031	6,035	-	-	-	6,035
	6,310	(10)(38)	15079 16340	Term	5.000	2032	6,310	-	-	-	6,310
	6,570	(10)(38)	16341 17654	Term	5.000	2033	6,570	-	-	-	6,570
	6,840	(10)(38)	17655 19022	Term	5.000	2034	6,840	-	-	-	6,840
	7,155	(10)	19023 20453	Serial	5.000	2035	7,155	-	-	-	7,155
	7,520	(10)	20454 21957	Serial	5.000	2036	7,520	-	-	-	7,520
	4,140	(10)	21958 22785	Serial	5.000	2037	4,140	-	-	-	4,140
	3,765	(10)(38)	22786 23538	Term	5.000	2037	3,765	-	-	-	3,765
	8,310	(10)(38)	23539 25200	Term	5.000	2038	8,310	-	-	-	8,310
	8,740	(10)(38)	25201 26948	Term	5.000	2039	8,740	-	-	-	8,740
	9,185	(10)(38)	26949 28785	Term	5.000	2040	9,185	-	-	-	9,185
	9,585	(10)(38)	28786 30702	Term	5.000	2041	9,585	-	-	-	9,585
	9,925	(10)(38)	30703 32687	Term	5.000	2042	9,925	-	-	-	9,925
	<u>\$ 163,435</u>						<u>\$ 161,730</u>	<u>\$ -</u>	<u>\$ 2,655</u>	<u>\$ -</u>	<u>\$ 159,075</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2014	Transactions		Balances Outstanding December 31, 2014
										Issued	Retired	
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	-	-	-	-
	645	NONE	496	624	Serial	2.350		2014	645	-	645	-
	660	(11)	625	756	Serial	2.450		2015	660	-	-	660
	680	(11)	757	892	Serial	2.550		2016	680	-	-	680
	695	(11)	893	1031	Serial	2.650		2017	695	-	-	695
	715	(11)	1032	1174	Serial	2.750		2018	715	-	-	715
	735	(11)	1175	1321	Serial	2.800		2019	735	-	-	735
	760	(11)	1322	1473	Serial	2.900		2020	760	-	-	760
	780	(11)	1474	1629	Serial	2.950		2021	780	-	-	780
	805	(11)	1630	1790	Serial	3.050		2022	805	-	-	805
	830	(11)	1791	1956	Serial	3.100		2023	830	-	-	830
	855	(11)	1957	2127	Serial	3.200		2024	125	-	-	125
	<u>\$ 10,635</u>								<u>\$ 7,430</u>	<u>\$ -</u>	<u>\$ 645</u>	<u>\$ 6,785</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2014	Transactions		Balances Outstanding December 31, 2014
										Issued	Retired	
Water System Junior Lien Revenue and Refunding Bonds, Series 2004-A Paying Agent: USBank Bonds Dated: 07-01-04	\$ -					- %	15-May	2004	\$ -	\$ -	\$ -	\$ -
	5	NONE	1		Serial	0.750		2005	-	-	-	-
	5	NONE	2		Serial	1.300		2006	-	-	-	-
	5	NONE	3		Serial	1.750		2007	-	-	-	-
	5	NONE	4		Serial	2.100		2008	-	-	-	-
	5	NONE	5		Serial	2.450		2009	-	-	-	-
	1,370	NONE	6	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	-	-	-	-
	1,550	NONE	1151	1460	Serial	3.350		2014	1,550	-	1,550	-
	1,600	(12)	1461	1780	Serial	3.450		2015	1,600	-	-	1,600
	1,660	(12)	1781	2112	Serial	3.550		2016	1,660	-	-	1,660
	1,720	(12)	2113	2456	Serial	3.650		2017	1,720	-	-	1,720
	1,785	(12)	2457	2813	Serial	3.750		2018	1,785	-	-	1,785
	1,855	(12)	2814	3184	Serial	3.800		2019	1,855	-	-	1,855
	1,925	(12)	3185	3569	Serial	3.900		2020	1,925	-	-	1,925
	2,000	(12)	3570	3969	Serial	3.950		2021	2,000	-	-	2,000
	2,085	(12)	3970	4386	Serial	4.050		2022	2,085	-	-	2,085
	2,170	(12)	4387	4820	Serial	4.100		2023	2,170	-	-	2,170
	2,265	(12)	4821	5273	Serial	4.200		2024	2,035	-	-	2,035
	<u>\$ 26,365</u>								<u>\$ 20,385</u>	<u>\$ -</u>	<u>\$ 1,550</u>	<u>\$ 18,835</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2014	Transactions		Balances Outstanding December 31, 2014
										Issued	Retired	
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	-	-	-	-
	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	(13)	728	807	Serial	2.000		2018	400	-	-	400
	410	(13)	808	889	Serial	2.050		2019	410	-	-	410
	420	(13)	890	973	Serial	2.100		2020	420	-	-	420
	430	(13)	974	1059	Serial	2.150		2021	430	-	-	430
	435	(13)	1060	1146	Serial	2.200		2022	435	-	-	435
	445	(13)	1147	1235	Serial	2.250		2023	445	-	-	445
	455	(13)	1236	1326	Serial	2.250		2024	455	-	-	455
	470	(13)	1327	1420	Serial	2.300		2025	470	-	-	470
	480	(13)	1421	1516	Serial	2.300		2026	480	-	-	480
	490	(13)	1517	1614	Serial	2.400		2027	490	-	-	490
	<u>\$ 8,070</u>								<u>\$ 5,965</u>	<u>\$ -</u>	<u>\$ 370</u>	<u>\$ 5,595</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances	Transactions		Balances
							Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014
Water System Junior Lien Revenue and Refunding Bonds, Series 2007A Paying Agent: USBank Bonds Dated: 01-23-07	\$ -				- %	15-May 2007	\$ -	\$ -	\$ -	\$ -
	1,330	NONE	1	266	2.700	2008	-	-	-	-
	1,365	NONE	267	539	2.700	2009	-	-	-	-
	1,400	NONE	540	819	2.700	2010	-	-	-	-
	1,440	NONE	820	1107	2.700	2011	-	-	-	-
	1,480	NONE	1108	1403	2.700	2012	-	-	-	-
	1,520	NONE	1404	1707	2.750	2013	-	-	-	-
	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	(14)	3015	3365	3.000	2018	1,755	-	-	1,755
	1,810	(14)	3366	3727	3.050	2019	1,810	-	-	1,810
	1,865	(14)	3728	4100	3.100	2020	1,865	-	-	1,865
	1,925	(14)	4101	4485	3.150	2021	1,925	-	-	1,925
	1,985	(14)	4486	4882	3.200	2022	1,985	-	-	1,985
	2,050	(14)	4883	5292	3.250	2023	2,050	-	-	2,050
	2,120	(14)	5293	5716	3.250	2024	2,120	-	-	2,120
	2,190	(14)	5717	6154	3.300	2025	2,190	-	-	2,190
	2,265	(14)	6155	6607	3.300	2026	2,265	-	-	2,265
	2,340	(14)	6608	7075	3.400	2027	350	-	-	350
	<u>\$ 35,375</u>						<u>\$ 24,850</u>	<u>\$ -</u>	<u>\$ 1,565</u>	<u>\$ 23,285</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances
							Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014	
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	-	-	-	-	-
	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	(15)	1467	1626	2.700	2019	800	-	-	-	800
	825	(15)	1627	1791	2.900	2020	825	-	-	-	825
	850	(15)	1792	1961	3.050	2021	850	-	-	-	850
	875	(15)	1962	2136	3.200	2022	875	-	-	-	875
	905	(15)	2137	2317	3.250	2023	905	-	-	-	905
	935	(15)	2318	2504	3.450	2024	935	-	-	-	935
	970	(15)	2505	2698	3.550	2025	970	-	-	-	970
	1,005	(15)	2699	2899	3.600	2026	1,005	-	-	-	1,005
	1,040	(15)	2900	3107	3.650	2027	1,040	-	-	-	1,040
	1,080	(15)	3108	3323	3.650	2028	1,080	-	-	-	1,080
	1,120	(15)	3324	3547	3.750	2029	1,120	-	-	-	1,120
	1,165	(15)	3548	3780	3.800	2030	1,165	-	-	-	1,165
	1,210	(15)	3781	4022	3.800	2031	1,210	-	-	-	1,210
	1,255	(15)	4023	4273	3.850	2032	1,255	-	-	-	1,255
	1,305	(15)	4274	4534	3.850	2033	1,305	-	-	-	1,305
	1,355	(15)	4535	4805	3.850	2034	1,355	-	-	-	1,355
	1,410	(15)	4806	5087	3.850	2035	1,410	-	-	-	1,410
	1,465	(15)	5088	5380	3.850	2036	1,465	-	-	-	1,465
	1,520	(15)	5381	5684	3.850	2037	1,520	-	-	-	1,520
	1,580	(15)	5685	6000	3.950	2038	1,580	-	-	-	1,580
	<u>\$ 30,000</u>						<u>\$ 26,405</u>	<u>\$ -</u>	<u>\$ 720</u>		<u>\$ 25,685</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances
							Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014	
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	-	-	-	-	-
	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	(16)	1011	1126	3.700	2019	580	-	-	-	580
	600	(16)	1127	1246	3.900	2020	600	-	-	-	600
	625	(16)	1247	1371	4.050	2021	625	-	-	-	625
	650	(16)	1372	1501	4.200	2022	650	-	-	-	650
	680	(16)	1502	1637	4.250	2023	680	-	-	-	680
	710	(16)	1638	1779	4.450	2024	710	-	-	-	710
	740	(16)	1780	1927	4.550	2025	740	-	-	-	740
	775	(16)	1928	2082	4.600	2026	775	-	-	-	775
	815	(16)	2083	2245	4.650	2027	815	-	-	-	815
	850	(16)	2246	2415	4.650	2028	850	-	-	-	850
	890	(16)	2416	2593	4.750	2029	890	-	-	-	890
	935	(16)	2594	2780	4.800	2030	935	-	-	-	935
	980	(16)	2781	2976	4.800	2031	980	-	-	-	980
	1,030	(16)	2977	3182	4.850	2032	1,030	-	-	-	1,030
	1,080	(16)	3183	3398	4.850	2033	1,080	-	-	-	1,080
	1,135	(16)	3399	3625	4.850	2034	1,135	-	-	-	1,135
	1,190	(16)	3626	3863	4.850	2035	1,190	-	-	-	1,190
	1,250	(16)	3864	4113	4.850	2036	1,250	-	-	-	1,250
	1,315	(16)	4114	4376	4.850	2037	1,315	-	-	-	1,315
	1,380	(16)	4377	4652	4.950	2038	1,255	-	-	-	1,255
	<u>\$ 23,260</u>						<u>\$ 20,700</u>	<u>\$ -</u>	<u>\$ 495</u>	<u>\$ 20,205</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding January 1, 2014	Transactions		Balances Outstanding December 31, 2014
								Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May 2009	\$ -	\$ -	\$ -	-
Revenue Bonds, Series 2009	1,455	NONE	1	291	-	2010	-	-	-	-
Paying Agent: Wells Fargo	1,235	NONE	292	538	0.300	2011	-	-	-	-
Bonds Dated: 11-01-09	1,240	NONE	539	786	0.600	2012	-	-	-	-
	1,250	NONE	787	1036	0.950	2013	-	-	-	-
	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	(17)	2619	2902	2.750	2020	1,420	-	-	1,420
	1,460	(17)	2903	3194	2.950	2021	1,460	-	-	1,460
	1,505	(17)	3195	3495	3.100	2022	1,505	-	-	1,505
	1,555	(17)	3496	3806	3.250	2023	1,555	-	-	1,555
	1,605	(17)	3807	4127	3.350	2024	1,605	-	-	1,605
	1,665	(17)	4128	4460	3.700	2025	1,665	-	-	1,665
	1,730	(17)	4461	4806	3.800	2026	1,730	-	-	1,730
	1,795	(17)	4807	5165	3.900	2027	1,795	-	-	1,795
	1,870	(17)	5166	5539	4.000	2028	1,870	-	-	1,870
	1,945	(17)	5540	5928	4.000	2029	1,945	-	-	1,945
	2,025	(17)	5929	6333	4.050	2030	2,025	-	-	2,025
	2,105	(17)	6334	6754	4.100	2031	2,105	-	-	2,105
	2,200	(17)	6755	7194	4.150	2032	2,200	-	-	2,200
	2,300	(17)	7195	7654	4.200	2033	2,300	-	-	2,300
	2,395	(17)	7655	8133	4.250	2034	2,395	-	-	2,395
	2,500	(17)	8134	8633	4.250	2035	2,500	-	-	2,500
	2,610	(17)	8634	9155	4.250	2036	2,610	-	-	2,610
	2,720	(17)	9156	9699	4.250	2037	2,720	-	-	2,720
	2,840	(17)	9700	10267	4.250	2038	2,840	-	-	2,840
	2,965	(17)	10268	10860	4.350	2039	2,965	-	-	2,965
	<u>\$ 54,300</u>						<u>\$ 49,120</u>	<u>\$ -</u>	<u>\$ 1,265</u>	<u>\$ 47,855</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances	Transactions		Balances
							Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014
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	(18)	1816	2283	1.642	2020	2,340	-	-	2,340
	2,385	(18)	2284	2760	1.947	2021	2,385	-	-	2,385
	2,430	(18)	2761	3246	2.131	2022	2,430	-	-	2,430
	2,485	(18)	3247	3743	2.280	2023	2,485	-	-	2,485
	2,545	(18)	3744	4252	2.351	2024	2,545	-	-	2,545
	2,605	(18)	4253	4773	2.532	2025	2,605	-	-	2,605
	2,675	(18)	4774	5308	2.463	2026	2,675	-	-	2,675
	2,745	(18)	5309	5857	2.706	2027	2,745	-	-	2,745
	2,820	(18)	5858	6421	2.661	2028	2,820	-	-	2,820
	2,895	(18)	6422	7000	2.815	2029	2,895	-	-	2,895
	<u>\$ 35,000</u>						<u>\$ 35,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,000</u>

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

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances	Transactions		Balances
							Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014
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	-	-	-	-
	6,240	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>\$ 41,520</u>	<u>\$ -</u>	<u>\$ 6,240</u>	<u>\$ 35,280</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances
							Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014	
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	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	(19)	971	1072	1.890	2021	510	-	-	-	510
	520	(19)	1073	1176	2.020	2022	520	-	-	-	520
	530	(19)	1177	1282	2.110	2023	530	-	-	-	530
	540	(19)	1283	1390	2.210	2024	540	-	-	-	540
	555	(19)	1391	1501	2.300	2025	555	-	-	-	555
	565	(19)	1502	1614	2.430	2026	565	-	-	-	565
	580	(19)	1615	1730	2.540	2027	580	-	-	-	580
	595	(19)	1731	1849	2.630	2028	595	-	-	-	595
	615	(19)	1850	1972	2.670	2029	615	-	-	-	615
	630	(19)	1973	2098	2.750	2030	630	-	-	-	630
	650	(19)	2099	2228	2.860	2031	650	-	-	-	650
	665	(19)	2229	2361	2.900	2032	665	-	-	-	665
	685	(19)	2362	2498	2.970	2033	685	-	-	-	685
	705	(19)	2499	2639	3.060	2034	705	-	-	-	705
	730	(19)	2640	2785	3.110	2035	730	-	-	-	730
	750	(19)	2786	2935	3.110	2036	750	-	-	-	750
	775	(19)	2936	3090	3.110	2037	775	-	-	-	775
	800	(19)	3091	3250	3.110	2038	800	-	-	-	800
	825	(19)	3251	3415	3.110	2039	825	-	-	-	825
	855	(19)	3416	3586	3.310	2040	855	-	-	-	855
	<u>\$ 17,930</u>						<u>\$ 16,470</u>	<u>\$ -</u>	<u>\$ 475</u>	<u>\$ -</u>	<u>\$ 15,995</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances
							Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014	
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	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	(20)	2344	2583	0.980	2022	1,200	-	-	-	1,200
	1,215	(20)	2584	2826	1.150	2023	1,215	-	-	-	1,215
	1,230	(20)	2827	3072	1.320	2024	1,230	-	-	-	1,230
	1,245	(20)	3073	3321	1.490	2025	1,245	-	-	-	1,245
	1,265	(20)	3322	3574	1.620	2026	1,265	-	-	-	1,265
	1,285	(20)	3575	3831	1.720	2027	1,285	-	-	-	1,285
	1,310	(20)	3832	4093	1.820	2028	1,310	-	-	-	1,310
	1,335	(20)	4094	4360	1.920	2029	1,335	-	-	-	1,335
	1,360	(20)	4361	4632	2.070	2030	1,360	-	-	-	1,360
	1,390	(20)	4633	4910	2.070	2031	1,390	-	-	-	1,390
	<u>\$ 24,550</u>						<u>\$ 22,255</u>	<u>\$ -</u>	<u>\$ 1,175</u>	<u>\$ 21,080</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances
							Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014	
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	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	(21)	906	1005	Serial	2022	500	-	-	-	500
	510	(21)	1006	1107	Serial	2023	510	-	-	-	510
	525	(21)	1108	1212	Serial	2024	525	-	-	-	525
	540	(21)	1213	1320	Serial	2025	540	-	-	-	540
	555	(21)	1321	1431	Serial	2026	555	-	-	-	555
	570	(21)	1432	1545	Serial	2027	570	-	-	-	570
	590	(21)	1546	1663	Serial	2028	590	-	-	-	590
	605	(21)	1664	1784	Serial	2029	605	-	-	-	605
	625	(21)	1785	1909	Serial	2030	625	-	-	-	625
	645	(21)	1910	2038	Serial	2031	645	-	-	-	645
	670	(21)	2039	2172	Serial	2032	670	-	-	-	670
	690	(21)	2173	2310	Serial	2033	690	-	-	-	690
	715	(21)	2311	2453	Serial	2034	715	-	-	-	715
	745	(21)	2454	2602	Serial	2035	745	-	-	-	745
	770	(21)	2603	2756	Serial	2036	770	-	-	-	770
	800	(21)	2757	2916	Serial	2037	800	-	-	-	800
	830	(21)	2917	3082	Serial	2038	830	-	-	-	830
	860	(21)	3083	3254	Serial	2039	860	-	-	-	860
	895	(21)	3255	3433	Serial	2040	895	-	-	-	895
	930	(21)	3434	3619	Serial	2041	930	-	-	-	930
	<u>\$ 18,095</u>						<u>\$ 17,305</u>	<u>\$ -</u>	<u>\$ 455</u>	<u>\$ -</u>	<u>\$ 16,850</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding January 1, 2014	Transactions		Balances Outstanding December 31, 2014
								Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May 2012	\$ -	\$ -	\$ -	-
Revenue Refunding Bonds, Series 2012 (No Reserve Fund)	2,895	NONE	1	579	2.000	2013	-	-	-	-
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>\$ 28,995</u>	<u>\$ -</u>	<u>\$ 2,965</u>	<u>\$ 26,030</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, 2014
(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		Transactions		Balances Outstanding December 31, 2014
							Outstanding January 1, 2014	Retired	Issued	Retired	
\$	-				- %	15-May 2012	\$ -	\$ -	\$ -	\$ -	-
	545	NONE	1	109	-	2013	-	-	-	-	-
	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	(22)	1176	1296	0.830	2023	605	-	-	-	605
	610	(22)	1297	1418	0.920	2024	610	-	-	-	610
	615	(22)	1419	1541	1.010	2025	615	-	-	-	615
	625	(22)	1542	1666	1.090	2026	625	-	-	-	625
	630	(22)	1667	1792	1.160	2027	630	-	-	-	630
	635	(22)	1793	1919	1.230	2028	635	-	-	-	635
	645	(22)	1920	2048	1.300	2029	645	-	-	-	645
	655	(22)	2049	2179	1.370	2030	655	-	-	-	655
	665	(22)	2180	2312	1.430	2031	665	-	-	-	665
	675	(22)	2313	2447	1.490	2032	675	-	-	-	675
	685	(22)	2448	2584	1.550	2033	685	-	-	-	685
	695	(22)	2585	2723	1.620	2034	695	-	-	-	695
	705	(22)	2724	2864	1.690	2035	705	-	-	-	705
	720	(22)	2865	3008	1.750	2036	720	-	-	-	720
	730	(22)	3009	3154	1.790	2037	730	-	-	-	730
	745	(22)	3155	3303	1.810	2038	745	-	-	-	745
	760	(22)	3304	3455	1.820	2039	760	-	-	-	760
	770	(22)	3456	3609	1.830	2040	770	-	-	-	770
	785	(22)	3610	3766	1.840	2041	785	-	-	-	785
	800	(22)	3767	3926	1.850	2042	800	-	-	-	800
\$	<u>19,630</u>						\$ <u>19,085</u>	\$ -	\$ <u>590</u>	\$ <u>18,495</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances	Transactions		Balances
									Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014
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	(23)	4805	5296	Serial	0.940		2024	2,460	-	-	2,460
	2,485	(23)	5297	5793	Serial	1.020		2025	2,485	-	-	2,485
	2,515	(23)	5794	6296	Serial	1.090		2026	2,515	-	-	2,515
	2,540	(23)	6297	6804	Serial	1.150		2027	2,540	-	-	2,540
	2,570	(23)	6805	7318	Serial	1.220		2028	2,570	-	-	2,570
	2,605	(23)	7319	7839	Serial	1.270		2029	2,605	-	-	2,605
	2,635	(23)	7840	8366	Serial	1.330		2030	2,635	-	-	2,635
	2,675	(23)	8367	8901	Serial	1.380		2031	2,675	-	-	2,675
	2,720	(23)	8902	9445	Serial	2.050		2032	2,720	-	-	2,720
	2,775	(23)	9446	10000	Serial	2.050		2033	2,775	-	-	2,775
	<u>\$ 50,000</u>								<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 2,395</u>	<u>\$ 47,605</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances	Transactions		Balances
							Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014
Water System Junior Lien	\$ -				- %	15-May 2013	\$ -	\$ -	\$ -	\$ -
Revenue Refunding Bonds, Series 2013B (No Reserve Fund)	1,875	NONE	1	375	2.000	2014	1,875	-	1,875	-
Paying Agent: US Bank	3,715	NONE	376	1118	4.000	2015	3,715	-	-	3,715
Bonds Dated: 06-06-13	3,870	NONE	1119	1892	4.000	2016	3,870	-	-	3,870
	4,030	NONE	1893	2698	4.000	2017	4,030	-	-	4,030
	4,200	NONE	2699	3538	5.000	2018	4,200	-	-	4,200
	4,410	NONE	3539	4420	5.000	2019	4,410	-	-	4,410
	4,640	NONE	4421	5348	5.000	2020	4,640	-	-	4,640
	4,875	NONE	5349	6323	5.000	2021	4,875	-	-	4,875
	5,125	NONE	6324	7348	5.000	2022	5,125	-	-	5,125
	3,620	NONE	7349	8072	5.000	2023	3,620	-	-	3,620
	2,970	(24)	8073	8666	5.000	2024	2,970	-	-	2,970
	3,120	(24)	8667	9290	5.000	2025	3,120	-	-	3,120
	3,285	(24)	9291	9947	5.000	2026	3,285	-	-	3,285
	3,450	(24)	9948	10637	5.000	2027	3,450	-	-	3,450
	3,630	(24)	10638	11363	5.000	2028	3,630	-	-	3,630
	3,815	(24)	11364	12126	5.000	2029	3,815	-	-	3,815
	4,015	(24)	12127	12929	5.000	2030	4,015	-	-	4,015
	4,220	(24)	12930	13773	5.000	2031	4,220	-	-	4,220
	4,440	(24)	13774	14661	5.000	2032	4,440	-	-	4,440
	4,670	(24)	14662	15595	5.000	2033	4,670	-	-	4,670
	4,910	(24)	15596	16577	5.000	2034	4,910	-	-	4,910
	<u>\$ 82,885</u>						<u>\$ 82,885</u>	<u>\$ -</u>	<u>\$ 1,875</u>	<u>\$ 81,010</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2014	Transactions		Balances Outstanding December 31, 2014
									Issued	Retired	
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	(25)	2448	2703	1.650		2024	1,280	-	-	1,280
	1,305	(25)	2704	2964	1.810		2025	1,305	-	-	1,305
	1,330	(25)	2965	3230	1.970		2026	1,330	-	-	1,330
	1,355	(25)	3231	3501	2.120		2027	1,355	-	-	1,355
	1,385	(25)	3502	3778	2.270		2028	1,385	-	-	1,385
	1,420	(25)	3779	4062	2.390		2029	1,420	-	-	1,420
	1,455	(25)	4063	4353	2.510		2030	1,455	-	-	1,455
	1,495	(25)	4354	4652	2.590		2031	1,495	-	-	1,495
	1,535	(25)	4653	4959	2.680		2032	1,535	-	-	1,535
	1,575	(25)	4960	5274	2.740		2033	1,575	-	-	1,575
	<u>\$ 26,370</u>							<u>\$ 26,370</u>	<u>\$ -</u>	<u>\$ 1,230</u>	<u>\$ 25,140</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2014	Transactions		Balances Outstanding December 31, 2014
									Issued	Retired	
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	(26)	3149	3484	1.960		2024	1,680	-	-	1,680
	1,715	(26)	3485	3827	2.150		2025	1,715	-	-	1,715
	1,755	(26)	3828	4178	2.340		2026	1,755	-	-	1,755
	1,800	(26)	4179	4538	2.470		2027	1,800	-	-	1,800
	1,845	(26)	4539	4907	2.590		2028	1,845	-	-	1,845
	1,895	(26)	4908	5286	2.710		2029	1,895	-	-	1,895
	1,950	(26)	5287	5676	2.820		2030	1,950	-	-	1,950
	2,005	(26)	5677	6077	2.900		2031	2,005	-	-	2,005
	2,065	(26)	6078	6490	2.980		2032	2,065	-	-	2,065
	2,130	(26)	6491	6916	3.050		2033	2,130	-	-	2,130
	2,195	(26)	6917	7355	3.110		2034	2,195	-	-	2,195
	2,265	(26)	7356	7808	3.170		2035	2,265	-	-	2,265
	2,340	(26)	7809	8276	3.220		2036	2,340	-	-	2,340
	2,415	(26)	8277	8759	3.260		2037	2,415	-	-	2,415
	2,495	(26)	8760	9258	3.300		2038	2,495	-	-	2,495
	2,580	(26)	9259	9774	3.330		2039	2,580	-	-	2,580
	2,665	(26)	9775	10307	3.350		2040	2,665	-	-	2,665
	2,760	(26)	10308	10859	3.370		2041	2,760	-	-	2,760
	2,855	(26)	10860	11430	3.380		2042	2,855	-	-	2,855
	2,950	(26)	11431	12020	3.390		2043	2,950	-	-	2,950
	<u>\$ 60,100</u>							<u>\$ 60,100</u>	<u>\$ -</u>	<u>\$ 1,495</u>	<u>\$ 58,605</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances	Transactions		Balances
									Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014
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	(27)	7931	8951	Serial	5.000		2024	5,105	-	-	5,105
	5,365	(27)	8952	10024	Serial	5.000		2025	5,365	-	-	5,365
	5,640	(27)	10025	11152	Serial	5.000		2026	5,640	-	-	5,640
	5,930	(27)	11153	12338	Serial	5.000		2027	5,930	-	-	5,930
	6,235	(27)	12339	13585	Serial	5.000		2028	6,235	-	-	6,235
	6,555	(27)	13586	14896	Serial	5.000		2029	6,555	-	-	6,555
	4,870	(27)	14897	15870	Serial	4.000		2030	4,870	-	-	4,870
	<u>\$ 79,350</u>								<u>\$ 79,350</u>	<u>\$ -</u>	<u>\$ 3,180</u>	<u>\$ 76,170</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates*	Maturity Dates		Balances Outstanding January 1, 2014	Transactions		Balances Outstanding December 31, 2014
						1-May	2013		Issued	Retired	
Water System Junior Lien	\$ -	NONE			%	1-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	(39)	1	392	Term	Variable	2030	1,960	-	-	1,960
	6,990	(39)	393	1790	Term	Variable	2031	6,990	-	-	6,990
	7,075	(39)	1791	3205	Term	Variable	2032	7,075	-	-	7,075
	7,165	(39)	3206	4638	Term	Variable	2033	7,165	-	-	7,165
	7,255	(39)	4639	6089	Term	Variable	2034	7,255	-	-	7,255
	7,345	(39)	6090	7558	Term	Variable	2035	7,345	-	-	7,345
	7,440	(39)	7559	9046	Term	Variable	2036	7,440	-	-	7,440
	7,535	(39)	9047	10553	Term	Variable	2037	7,535	-	-	7,535
	7,630	(39)	10554	12079	Term	Variable	2038	7,630	-	-	7,630
	7,725	(39)	12080	13624	Term	Variable	2039	7,725	-	-	7,725
	7,820	(39)	13625	15188	Term	Variable	2040	7,820	-	-	7,820
	7,920	(39)	15189	16772	Term	Variable	2041	7,920	-	-	7,920
	8,020	(39)	16773	18376	Term	Variable	2042	8,020	-	-	8,020
	8,120	(39)	18377	20000	Term	Variable	2043	8,120	-	-	8,120
	<u>\$ 100,000</u>							<u>\$ 100,000</u>	<u>\$ -</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
For the Year Ended December 31, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances
							Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014	
Water System Junior Lien	\$ -				- %	15-May 2014	\$ -	\$ -	\$ -	\$ -	
Revenue and Refunding Bonds, Series 2014A (No Reserve Fund)	3,140	NONE	1 628	Serial	2.000	2015	-	3,140	-	3,140	
Paying Agent: USBank	4,480	NONE	629 1524	Serial	3.000	2016	-	4,480	-	4,480	
Bonds Dated: 04-30-14	3,425	NONE	1525 2209	Serial	4.000	2017	-	3,425	-	3,425	
	3,655	NONE	2210 2940	Serial	3.000	2018	-	3,655	-	3,655	
	7,710	NONE	2941 4482	Serial	5.000	2019	-	7,710	-	7,710	
	7,960	NONE	4483 6074	Serial	5.000	2020	-	7,960	-	7,960	
	8,375	NONE	6075 7749	Serial	5.000	2021	-	8,375	-	8,375	
	8,800	NONE	7750 9509	Serial	5.000	2022	-	8,800	-	8,800	
	9,265	NONE	9510 11362	Serial	5.000	2023	-	9,265	-	9,265	
	9,735	(28)	11363 13309	Serial	5.000	2024	-	9,735	-	9,735	
	10,235	(28)	13310 15356	Serial	5.000	2025	-	10,235	-	10,235	
	10,770	(28)	15357 17510	Serial	5.000	2026	-	10,770	-	10,770	
	5,190	(28)	17511 18548	Serial	5.000	2027	-	5,190	-	5,190	
	5,455	(28)	18549 19639	Serial	5.000	2028	-	5,455	-	5,455	
	5,735	(28)	19640 20786	Serial	5.000	2029	-	5,735	-	5,735	
	<u>\$ 103,930</u>						<u>\$ -</u>	<u>\$ 103,930</u>	<u>\$ -</u>	<u>\$ 103,930</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates*	Maturity Dates	Balances	Transactions		Balances
							Outstanding January 1, 2014	Issued	Retired	Outstanding December 31, 2014
Water System Junior Lien	\$ -	NONE			- %	1-May 2014	\$ -	\$ -	\$ -	\$ -
Revenue and Refunding Bonds, Series 2014B (No Reserve Fund)	-	NONE				2015	-	-	-	-
Paying Agent: USBank	-	NONE				2016	-	-	-	-
Bonds Dated: 04-30-14	-	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	-	-	-	-
	5,990	(40)	1 1198	Term	Variable	2030	-	5,990	-	5,990
	6,080	(40)	1199 2414	Term	Variable	2031	-	6,080	-	6,080
	6,170	(40)	2415 3648	Term	Variable	2032	-	6,170	-	6,170
	6,265	(40)	3649 4901	Term	Variable	2033	-	6,265	-	6,265
	6,360	(40)	4902 6173	Term	Variable	2034	-	6,360	-	6,360
	6,455	(40)	6174 7464	Term	Variable	2035	-	6,455	-	6,455
	6,555	(40)	7465 8775	Term	Variable	2036	-	6,555	-	6,555
	6,650	(40)	8776 10105	Term	Variable	2037	-	6,650	-	6,650
	6,755	(40)	10106 11456	Term	Variable	2038	-	6,755	-	6,755
	6,855	(40)	11457 12827	Term	Variable	2039	-	6,855	-	6,855
	6,960	(40)	12828 14219	Term	Variable	2040	-	6,960	-	6,960
	7,065	(40)	14220 15632	Term	Variable	2041	-	7,065	-	7,065
	7,170	(40)	15633 17066	Term	Variable	2042	-	7,170	-	7,170
	7,280	(40)	17067 18522	Term	Variable	2043	-	7,280	-	7,280
	7,390	(40)	18523 20000	Term	Variable	2044	-	7,390	-	7,390
	<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 0.40%.

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2014	Transactions		Balances Outstanding December 31, 2014
									Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2014	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, Series 2014C	1,070	NONE	1	214	0.000		2015	-	1,070	-	1,070
Paying Agent: Bank of New York	1,070	NONE	215	428	0.000		2016	-	1,070	-	1,070
Bonds Dated: 06-18-14	1,070	NONE	429	642	0.000		2017	-	1,070	-	1,070
	1,070	NONE	643	856	0.000		2018	-	1,070	-	1,070
	1,070	NONE	857	1070	0.150		2019	-	1,070	-	1,070
	1,075	NONE	1071	1285	0.450		2020	-	1,075	-	1,075
	1,080	NONE	1286	1501	0.740		2021	-	1,080	-	1,080
	1,090	NONE	1502	1719	0.970		2022	-	1,090	-	1,090
	1,100	NONE	1720	1939	1.150		2023	-	1,100	-	1,100
	1,115	NONE	1940	2162	1.290		2024	-	1,115	-	1,115
	1,130	(29)	2163	2388	1.420		2025	-	1,130	-	1,130
	1,145	(29)	2389	2617	1.550		2026	-	1,145	-	1,145
	1,165	(29)	2618	2850	1.650		2027	-	1,165	-	1,165
	1,185	(29)	2851	3087	1.740		2028	-	1,185	-	1,185
	1,205	(29)	3088	3328	1.830		2029	-	1,205	-	1,205
	1,230	(29)	3329	3574	1.910		2030	-	1,230	-	1,230
	1,250	(29)	3575	3824	1.990		2031	-	1,250	-	1,250
	1,280	(29)	3825	4080	2.070		2032	-	1,280	-	1,280
	1,305	(29)	4081	4341	2.140		2033	-	1,305	-	1,305
	1,335	(29)	4342	4608	2.200		2034	-	1,335	-	1,335
	1,365	(29)	4609	4881	2.260		2035	-	1,365	-	1,365
	1,395	(29)	4882	5160	2.310		2036	-	1,395	-	1,395
	1,430	(29)	5161	5446	2.350		2037	-	1,430	-	1,430
	1,465	(29)	5447	5739	2.380		2038	-	1,465	-	1,465
	1,500	(29)	5740	6039	2.410		2039	-	1,500	-	1,500
	1,535	(29)	6040	6346	2.430		2040	-	1,535	-	1,535
	1,575	(29)	6347	6661	2.450		2041	-	1,575	-	1,575
	1,610	(29)	6662	6983	2.450		2042	-	1,610	-	1,610
	1,650	(29)	6984	7313	2.460		2043	-	1,650	-	1,650
	1,695	(29)	7314	7652	2.460		2044	-	1,695	-	1,695
	<u>\$ 38,260</u>							<u>\$ -</u>	<u>\$ 38,260</u>	<u>\$ -</u>	<u>\$ 38,260</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, 2014
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2014	Transactions		Balances Outstanding December 31, 2014
									Issued	Retired	
Water System Junior Lien	\$ -				- %	15-May	2014	\$ -	\$ -	\$ -	-
Revenue Bonds, Series 2014D	1,055	NONE	1	211	0.000		2015	-	1,055	-	1,055
Paying Agent: Bank of New York	1,050	NONE	212	421	0.000		2016	-	1,050	-	1,050
Bonds Dated: 06-19-14	1,050	NONE	422	631	0.000		2017	-	1,050	-	1,050
	1,050	NONE	632	841	0.000		2018	-	1,050	-	1,050
	1,055	NONE	842	1052	0.020		2019	-	1,055	-	1,055
	1,055	NONE	1053	1263	0.300		2020	-	1,055	-	1,055
	1,060	NONE	1264	1475	0.590		2021	-	1,060	-	1,060
	1,065	NONE	1476	1688	0.810		2022	-	1,065	-	1,065
	1,075	NONE	1689	1903	1.000		2023	-	1,075	-	1,075
	1,090	NONE	1904	2121	1.120		2024	-	1,090	-	1,090
	1,100	(30)	2122	2341	1.240		2025	-	1,100	-	1,100
	1,115	(30)	2342	2564	1.350		2026	-	1,115	-	1,115
	1,130	(30)	2565	2790	1.440		2027	-	1,130	-	1,130
	1,145	(30)	2791	3019	1.530		2028	-	1,145	-	1,145
	1,165	(30)	3020	3252	1.620		2029	-	1,165	-	1,165
	1,185	(30)	3253	3489	1.690		2030	-	1,185	-	1,185
	1,205	(30)	3490	3730	1.760		2031	-	1,205	-	1,205
	1,225	(30)	3731	3975	1.830		2032	-	1,225	-	1,225
	1,250	(30)	3976	4225	1.900		2033	-	1,250	-	1,250
	1,275	(30)	4226	4480	1.960		2034	-	1,275	-	1,275
	<u>\$ 22,400</u>							<u>\$ -</u>	<u>\$ 22,400</u>	<u>\$ -</u>	<u>\$ 22,400</u>

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

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

CALL OPTIONS:

Optional redemption:

- (1) Series 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 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.
- (12) 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.
- (13) 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.
- (14) 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.
- (15) 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.
- (16) 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.
- (17) 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.
- (18) 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.

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

- (19) 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.
- (20) 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.
- (21) 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.
- (22) 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.
- (23) 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.
- (24) 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.
- (25) 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.
- (26) 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 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 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

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

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 2014A 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 November 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.
- (29) Series 2014C Junior Lien, Serial Bonds stated to mature on and after May 15, 2025 shall be subject to redemption prior to Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on May 15, 2024, 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.
- (30) Series 2014D Junior Lien, Serial Bonds stated to mature on and after May 15, 2025 shall be subject to redemption prior to Stated Maturities, in inverse order of Stated Maturity, at the option of the City, on May 15, 2024, 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:

- (31) 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)

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

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

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

Term Bonds Stated to Mature <u>On May 15, 2032</u> <i>(amounts in thousands)</i>		Term Bonds Stated to Mature <u>On May 15, 2037</u> <i>(amounts in thousands)</i>	
<u>Year</u>	<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)

- (34) 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)

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

- (35) 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)

- (36) 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)				

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

- (37) 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:

<u>Term Bonds</u> <u>Stated to Mature</u> <u>On May 15, 2036</u> <i>(amounts in thousands)</i>		<u>Term Bonds</u> <u>Stated to Mature</u> <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)

- (38) 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:

<u>Term Bonds</u> <u>Stated to Mature</u> <u>On May 15, 2034</u> <i>(amounts in thousands)</i>		<u>Term Bonds</u> <u>Stated to Mature</u> <u>On May 15, 2040</u> <i>(amounts in thousands)</i>		<u>Term Bonds</u> <u>Stated to Mature</u> <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:

- (39) 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:

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

Term Bonds
Stated to Mature
On May 1
(amounts in thousands)

<u>Year</u>	<u>Principal Amount</u>
2030	\$ 1,960
2031	6,990
2032	7,075
2033	7,165
2034	7,255
2035	7,345
2036	7,440
2037	7,535
2038	7,630
2039	7,725
2040	7,820
2041	7,920
2042	8,020
2043	8,120 (1)

- (40) On November 1, 2017, the Series 2014B 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
On May 1
(amounts in thousands)

<u>Year</u>	<u>Principal Amount</u>
2030	\$ 5,990
2031	6,080
2032	6,170
2033	6,265
2034	6,360
2035	6,445

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

2036	6,555
2037	6,650
2038	6,755
2039	6,855
2040	6,960
2041	7,065
2042	7,170
2043	7,280
2044	7,390 (1)

(1) Payable at stated maturity

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

(amounts in thousands)

Page 1 of 2

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy</u>	<u>Net Interest</u>	<u>Total Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
01-May-2015	\$	\$	1,160	\$	\$	1,160	\$
15-May-2015	64,840	47,494	1,850	45,644	110,484		
15-Nov-2015		46,782	1,973	44,809	44,809	156,453	2,333,715
01-May-2016		1,160		1,160	1,160		
15-May-2016	68,975	46,782	1,973	44,809	113,784		
15-Nov-2016		45,632	1,947	43,685	43,685	158,629	2,264,740
01-May-2017		1,160		1,160	1,160		
15-May-2017	72,425	45,632	1,947	43,685	116,110		
15-Nov-2017		44,309	1,916	42,393	42,393	159,663	2,192,315
01-May-2018		1,160		1,160	1,160		
15-May-2018	74,960	44,309	1,916	42,393	117,353		
15-Nov-2018		42,939	1,882	41,057	41,057	159,570	2,117,355
01-May-2019		1,160		1,160	1,160		
15-May-2019	77,035	42,939	1,882	41,057	118,092		
15-Nov-2019		41,490	1,845	39,645	39,645	158,897	2,040,320
01-May-2020		1,160		1,160	1,160		
15-May-2020	80,715	41,490	1,845	39,645	120,360		
15-Nov-2020		39,882	1,807	38,075	38,075	159,595	1,959,605
01-May-2021		1,160		1,160	1,160		
15-May-2021	84,925	39,882	1,807	38,075	123,000		
15-Nov-2021		38,116	1,765	36,351	36,351	160,510	1,874,680
01-May-2022		1,160		1,160	1,160		
15-May-2022	88,075	38,116	1,765	36,351	124,426		
15-Nov-2022		36,222	1,720	34,502	34,502	160,088	1,786,605
01-May-2023		1,160		1,160	1,160		
15-May-2023	89,055	36,222	1,720	34,502	123,557		
15-Nov-2023		34,293	1,673	32,620	32,620	157,337	1,697,550
01-May-2024		1,160		1,160	1,160		
15-May-2024	91,340	34,293	1,673	32,620	123,960		
15-Nov-2024		32,290	1,622	30,668	30,668	155,788	1,606,210
01-May-2025		1,160		1,160	1,160		
15-May-2025	93,120	32,290	1,622	30,668	123,788		
15-Nov-2025		30,205	1,567	28,638	28,638	153,586	1,513,090
01-May-2026		1,160		1,160	1,160		
15-May-2026	98,500	30,205	1,567	28,638	127,138		
15-Nov-2026		27,990	1,495	26,495	26,495	154,793	1,414,590
01-May-2027		1,160		1,160	1,160		
15-May-2027	101,560	27,990	1,495	26,495	128,055		
15-Nov-2027		25,678	1,431	24,247	24,247	153,462	1,313,030
01-May-2028		1,160		1,160	1,160		
15-May-2028	105,540	25,678	1,431	24,247	129,787		
15-Nov-2028		23,447	1,373	22,074	22,074	153,021	1,207,490
01-May-2029		1,160		1,160	1,160		
15-May-2029	77,905	23,447	1,373	22,074	99,979		
15-Nov-2029		21,742	1,304	20,438	20,438	121,577	1,129,585
01-May-2030	7,950	1,133		1,133	9,083		
15-May-2030	70,230	21,742	1,304	20,438	90,668		
15-Nov-2030		20,206	1,233	18,973	18,973	118,724	1,051,405
01-May-2031	13,070	1,068		1,068	14,138		
15-May-2031	68,150	20,206	1,233	18,973	87,123		
15-Nov-2031		18,698	1,159	17,539	17,539	118,800	970,185
01-May-2032	13,245	990		990	14,235		
15-May-2032	69,630	18,698	1,159	17,539	87,169		
15-Nov-2032		17,151	1,081	16,070	16,070	117,474	887,310
01-May-2033	13,430	911		911	14,341		
15-May-2033	73,395	17,151	1,081	16,070	89,465		
15-Nov-2033		15,540	1,001	14,539	14,539	118,345	800,485
01-May-2034	13,615	831		831	14,446		
15-May-2034	110,090	15,540	1,001	14,539	124,629		
15-Nov-2034		12,786	586	12,200	12,200	151,275	676,780
01-May-2035	13,800	750		750	14,550		

**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	83,915	12,786	586	12,200	96,115		
15-Nov-2035		10,747	488	10,259	10,259	120,924	579,065
01-May-2036	13,995	668		668	14,663		
15-May-2036	87,890	10,747	488	10,259	98,149		
15-Nov-2036		8,608	386	8,222	8,222	121,034	477,180
01-May-2037	14,185	585		585	14,770		
15-May-2037	92,010	8,608	386	8,222	100,232		
15-Nov-2037		6,415	280	6,135	6,135	121,137	370,985
01-May-2038	14,385	501		501	14,886		
15-May-2038	82,560	6,415	280	6,135	88,695		
15-Nov-2038		4,407	171	4,236	4,236	107,817	274,040
01-May-2039	14,580	416		416	14,996		
15-May-2039	83,525	4,407	171	4,236	87,761		
15-Nov-2039		2,335	56	2,279	2,279	105,036	175,935
01-May-2040	14,780	329		329	15,109		
15-May-2040	67,390	2,335	56	2,279	69,669		
15-Nov-2040		691		691	691	85,469	93,765
01-May-2041	14,985	241		241	15,226		
15-May-2041	19,315	691		691	20,006		
15-Nov-2041		340		340	340	35,572	59,465
01-May-2042	15,190	152		152	15,342		
15-May-2042	15,190	340		340	15,530		
15-Nov-2042		91		91	91	30,963	29,085
01-May-2043	15,400	62		62	15,462		
15-May-2043	4,600	91		91	4,691		
15-Nov-2043		21		21	21	20,174	9,085
01-May-2044	7,390	11		11	7,401		
15-May-2044	1,695	21		21	1,716		
						9,117	-
	<u>\$ 2,398,555</u>	<u>\$ 1,371,647</u>	<u>\$ 65,372</u>	<u>\$ 1,306,275</u>	<u>\$ 3,704,830</u>	<u>\$ 3,704,830</u>	

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

	<i>Principal</i>	<i>Interest</i>	<i>Interest Rate Subsidy</i>	<i>Net Interest</i>	<i>Total Semi-Annual Payment</i>	<i>Total Annual Payment</i>	<i>Total Debt Outstanding</i>
15-May-2015	\$ 28,330	\$ 35,080	\$ 1,850	\$ 33,230	61,560	\$ 94,051	\$ 1,400,130
15-Nov-2015		34,464	1,973	32,491	32,491	94,051	
15-May-2016	28,005	34,464	1,973	32,491	60,496		1,372,125
15-Nov-2016		33,832	1,947	31,885	31,885	92,381	
15-May-2017	31,765	33,832	1,947	31,885	63,650		1,340,360
15-Nov-2017		33,075	1,916	31,159	31,159	94,809	
15-May-2018	33,015	33,075	1,916	31,159	64,174		1,307,345
15-Nov-2018		32,319	1,882	30,437	30,437	94,611	
15-May-2019	29,050	32,319	1,882	30,437	59,487		1,278,295
15-Nov-2019		31,668	1,845	29,823	29,823	89,310	
15-May-2020	40,130	31,668	1,845	29,823	69,953		1,238,165
15-Nov-2020		30,717	1,807	28,910	28,910	98,863	
15-May-2021	42,925	30,717	1,807	28,910	71,835		1,195,240
15-Nov-2021		29,678	1,765	27,913	27,913	99,748	
15-May-2022	46,700	29,678	1,765	27,913	74,613		1,148,540
15-Nov-2022		28,518	1,720	26,798	26,798	101,411	
15-May-2023	49,810	28,518	1,720	26,798	76,608		1,098,730
15-Nov-2023		27,280	1,673	25,607	25,607	102,215	
15-May-2024	52,470	27,280	1,673	25,607	78,077		1,046,260
15-Nov-2024		25,968	1,622	24,346	24,346	102,423	
15-May-2025	55,070	25,968	1,622	24,346	79,416		991,190
15-Nov-2025		24,579	1,567	23,012	23,012	102,428	
15-May-2026	59,005	24,579	1,567	23,012	82,017		932,185
15-Nov-2026		23,090	1,495	21,595	21,595	103,612	
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		-
						10,099	
	\$ 1,428,460	\$ 1,072,604	\$ 65,372	\$ 1,007,232	\$ 2,435,692	\$ 2,435,692	

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-2015	\$ 735	\$ 6,009	\$ 6,744	\$
15-Nov-2015		5,993	5,993	12,737
15-May-2016	515	5,993	6,508	
15-Nov-2016		5,981	5,981	12,489
15-May-2017	660	5,981	6,641	
15-Nov-2017		5,964	5,964	12,605
15-May-2018	755	5,964	6,719	
15-Nov-2018		5,945	5,945	12,664
15-May-2019	1,540	5,945	7,485	
15-Nov-2019		5,907	5,907	13,392
15-May-2020	1,575	5,907	7,482	
15-Nov-2020		5,867	5,867	13,349
15-May-2021	1,655	5,867	7,522	
15-Nov-2021		5,826	5,826	13,348
15-May-2022	1,740	5,826	7,566	
15-Nov-2022		5,782	5,782	13,348
15-May-2023	1,830	5,782	7,612	
15-Nov-2023		5,737	5,737	13,349
15-May-2024	1,925	5,737	7,662	
15-Nov-2024		5,689	5,689	13,351
15-May-2025	2,025	5,689	7,714	
15-Nov-2025		5,638	5,638	13,352
15-May-2026	2,130	5,638	7,768	
15-Nov-2026		5,585	5,585	13,353
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
	\$ 243,560	\$ 264,753	\$ 508,313	\$ 508,313

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-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
	<u>\$ 253,635</u>	<u>\$</u>	<u>163,391</u>	<u>\$</u>	<u>417,026</u>	<u>\$</u>	<u>417,026</u>

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-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
	\$ 145,885	\$ 115,300	\$ 261,185	\$ 261,185

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-2015	\$ 2,690	\$ 2,720	\$ 883	\$ 1,837	\$ 4,527	\$
15-Nov-2015		2,675	936	1,739	1,739	6,266
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
	<u>\$ 102,750</u>	<u>\$ 80,874</u>	<u>\$ 28,235</u>	<u>\$ 52,639</u>	<u>\$ 155,389</u>	<u>\$ 155,389</u>

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-2015	\$ 1,685	\$ 2,982	\$ 967	\$ 2,015	\$ 3,700	\$
15-Nov-2015		2,963	1,037	1,926	1,926	5,626
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
	\$ 105,055	\$ 106,326	\$ 37,137	\$ 69,189	\$ 174,244	\$ 174,244

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-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
	\$ 40,865	\$	13,740	\$	54,605	\$	54,605

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-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
	\$ 157,640	\$ 104,250	\$ 261,890	\$ 261,890

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-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
	\$ 219,995	\$	100,287	\$	320,282	\$	320,282

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-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
	\$ 159,075	\$ 123,683	\$ 282,758	\$ 282,758

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-2015	\$	\$	1,160	\$ 1,160	\$
15-May-2015	36,510	12,414	48,924		
15-Nov-2015		12,318	12,318	62,402	933,585
01-May-2016		1,160	1,160		
15-May-2016	40,970	12,318	53,288		
15-Nov-2016		11,800	11,800	66,248	892,615
01-May-2017		1,160	1,160		
15-May-2017	40,660	11,800	52,460		
15-Nov-2017		11,234	11,234	64,854	851,955
01-May-2018		1,160	1,160		
15-May-2018	41,945	11,234	53,179		
15-Nov-2018		10,620	10,620	64,959	810,010
01-May-2019		1,160	1,160		
15-May-2019	47,985	10,620	58,605		
15-Nov-2019		9,822	9,822	69,587	762,025
01-May-2020		1,160	1,160		
15-May-2020	40,585	9,822	50,407		
15-Nov-2020		9,165	9,165	60,732	721,440
01-May-2021		1,160	1,160		
15-May-2021	42,000	9,165	51,165		
15-Nov-2021		8,438	8,438	60,762	679,440
01-May-2022		1,160	1,160		
15-May-2022	41,375	8,438	49,813		
15-Nov-2022		7,704	7,704	58,677	638,065
01-May-2023		1,160	1,160		
15-May-2023	39,245	7,704	46,949		
15-Nov-2023		7,013	7,013	55,122	598,820
01-May-2024		1,160	1,160		
15-May-2024	38,870	7,013	45,883		
15-Nov-2024		6,322	6,322	53,365	559,950
01-May-2025		1,160	1,160		
15-May-2025	38,050	6,322	44,372		
15-Nov-2025		5,626	5,626	51,158	521,900
01-May-2026		1,160	1,160		
15-May-2026	39,495	5,626	45,121		
15-Nov-2026		4,900	4,900	51,181	482,405
01-May-2027		1,160	1,160		
15-May-2027	32,860	4,900	37,760		
15-Nov-2027		4,314	4,314	43,234	449,545
01-May-2028		1,160	1,160		
15-May-2028	33,200	4,314	37,514		
15-Nov-2028		3,710	3,710	42,384	416,345
01-May-2029		1,160	1,160		
15-May-2029	34,445	3,710	38,155		
15-Nov-2029		3,069	3,069	42,384	381,900

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	7,950	1,133	9,083		
15-May-2030	24,735	3,069	27,804		
15-Nov-2030		2,664	2,664	39,551	349,215
01-May-2031	13,070	1,068	14,138		
15-May-2031	20,495	2,664	23,159		
15-Nov-2031		2,342	2,342	39,639	315,650
01-May-2032	13,245	990	14,235		
15-May-2032	19,760	2,342	22,102		
15-Nov-2032		2,004	2,004	38,341	282,645
01-May-2033	13,430	911	14,341		
15-May-2033	20,450	2,004	22,454		
15-Nov-2033		1,653	1,653	38,448	248,765
01-May-2034	13,615	831	14,446		
15-May-2034	16,715	1,653	18,368		
15-Nov-2034		1,335	1,335	34,149	218,435
01-May-2035	13,800	750	14,550		
15-May-2035	10,910	1,335	12,245		
15-Nov-2035		1,144	1,144	27,939	193,725
01-May-2036	13,995	668	14,663		
15-May-2036	11,300	1,144	12,444		
15-Nov-2036		944	944	28,051	168,430
01-May-2037	14,185	585	14,770		
15-May-2037	11,705	944	12,649		
15-Nov-2037		735	735	28,154	142,540
01-May-2038	14,385	501	14,886		
15-May-2038	12,010	735	12,745		
15-Nov-2038		520	520	28,151	116,145
01-May-2039	14,580	416	14,996		
15-May-2039	9,490	520	10,010		
15-Nov-2039		359	359	25,365	92,075
01-May-2040	14,780	329	15,109		
15-May-2040	6,720	359	7,079		
15-Nov-2040		258	258	22,446	70,575
01-May-2041	14,985	241	15,226		
15-May-2041	6,050	258	6,308		
15-Nov-2041		166	166	21,700	49,540
01-May-2042	15,190	152	15,342		
15-May-2042	5,265	166	5,431		
15-Nov-2042		91	91	20,864	29,085
01-May-2043	15,400	62	15,462		
15-May-2043	4,600	91	4,691		
15-Nov-2043		21	21	20,174	9,085
01-May-2044	7,390	11	7,401		
15-May-2044	1,695	21	1,716		
				9,117	-
	\$ 970,095	\$ 299,043	\$ 1,269,138	\$ 1,269,138	

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-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
	\$ 6,785	\$	956	\$	7,741	\$	7,741

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-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
	\$ 18,835	\$ 3,952	\$ 22,787	\$ 22,787

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-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
	\$ 5,595	\$	850	\$	6,445	\$	6,445

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-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
	\$ 23,285	\$	4,826	\$	28,111	\$	28,111

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-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
	\$ 25,685	\$	13,038	\$	38,723	\$	38,723

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-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
	\$ 20,205	\$	13,440	\$	33,645	\$	33,645

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-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
	\$ 47,855	\$	27,785	\$	75,640	\$	75,640

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-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-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
	\$ 35,280	\$	3,987	\$	39,267	\$	39,267

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-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
	\$ 15,995	\$ 6,533	\$ 22,528	\$ 22,528

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-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
	\$ 21,080	\$	2,787	\$	23,867	\$	23,867

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-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
	\$ 16,850	\$	8,708	\$	25,558	\$	25,558

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-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
	\$ 26,030	\$	4,440	\$	30,470	\$	30,470

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-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
	\$ 18,495	\$	4,128	\$	22,623	\$	22,623

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-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
	\$ 47,605	\$	5,672	\$	53,277	\$	53,277

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-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
	\$ 81,010	\$	40,659	\$	121,669	\$	121,669

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-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
	\$ 25,140	\$	5,197	\$	30,337	\$	30,337

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-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		
							3,000
	\$ 58,605	\$	28,433	\$	87,038	\$	87,038

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND 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-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
	\$ 76,170	\$	32,495	\$	108,665	\$	108,665

San Antonio Water System
WATER SYSTEM VARIABLE RATE JUNIOR LIEN
REVENUE AND 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>
2015	\$ -	\$ 720	\$ 720	\$ 100,000
2016	-	720	720	100,000
2017	-	720	720	100,000
2018	-	720	720	100,000
2019	-	720	720	100,000
2020	-	720	720	100,000
2021	-	720	720	100,000
2022	-	720	720	100,000
2023	-	720	720	100,000
2024	-	720	720	100,000
2025	-	720	720	100,000
2026	-	720	720	100,000
2027	-	720	720	100,000
2028	-	720	720	100,000
2029	-	720	720	100,000
2030	1,960	711	2,671	98,040
2031	6,990	672	7,662	91,050
2032	7,075	621	7,696	83,975
2033	7,165	570	7,735	76,810
2034	7,255	518	7,773	69,555
2035	7,345	465	7,810	62,210
2036	7,440	412	7,852	54,770
2037	7,535	358	7,893	47,235
2038	7,630	303	7,933	39,605
2039	7,725	248	7,973	31,880
2040	7,820	192	8,012	24,060
2041	7,920	135	8,055	16,140
2042	8,020	77	8,097	8,120
2043	8,120	19	8,139	-
	<u>\$ 100,000</u>	<u>\$ 16,101</u>	<u>\$ 116,101</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 0.72%. 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
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS
SERIES 2014A (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-2015	\$ 3,140	\$ 2,453	\$ 5,593	
15-Nov-2015		2,421	2,421	8,014
15-May-2016	4,480	2,421	6,901	
15-Nov-2016		2,354	2,354	9,255
15-May-2017	3,425	2,354	5,779	
15-Nov-2017		2,286	2,286	8,065
15-May-2018	3,655	2,286	5,941	
15-Nov-2018		2,231	2,231	8,172
15-May-2019	7,710	2,231	9,941	
15-Nov-2019		2,038	2,038	11,979
15-May-2020	7,960	2,038	9,998	
15-Nov-2020		1,839	1,839	11,837
15-May-2021	8,375	1,839	10,214	
15-Nov-2021		1,630	1,630	11,844
15-May-2022	8,800	1,630	10,430	
15-Nov-2022		1,410	1,410	11,840
15-May-2023	9,265	1,410	10,675	
15-Nov-2023		1,178	1,178	11,853
15-May-2024	9,735	1,178	10,913	
15-Nov-2024		935	935	11,848
15-May-2025	10,235	935	11,170	
15-Nov-2025		679	679	11,849
15-May-2026	10,770	679	11,449	
15-Nov-2026		410	410	11,859
15-May-2027	5,190	410	5,600	
15-Nov-2027		280	280	5,880
15-May-2028	5,455	280	5,735	
15-Nov-2028		143	143	5,878
15-May-2029	5,735	143	5,878	
				5,878
	\$ 103,930	\$ 42,121	\$ 146,051	\$ 146,051

San Antonio Water System
WATER SYSTEM VARIABLE RATE JUNIOR LIEN
REVENUE AND REFUNDING BONDS, SERIES 2014B (No Reserve Fund)*
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Annual Payment</u>		<u>Total Debt Outstanding</u>
2015	\$ -	\$	440	\$	440	\$	100,000
2016	-		440		440		100,000
2017	-		440		440		100,000
2018	-		440		440		100,000
2019	-		440		440		100,000
2020	-		440		440		100,000
2021	-		440		440		100,000
2022	-		440		440		100,000
2023	-		440		440		100,000
2024	-		440		440		100,000
2025	-		440		440		100,000
2026	-		440		440		100,000
2027	-		440		440		100,000
2028	-		440		440		100,000
2029	-		440		440		100,000
2030	5,990		422		6,412		94,010
2031	6,080		396		6,476		87,930
2032	6,170		369		6,539		81,760
2033	6,265		341		6,606		75,495
2034	6,360		313		6,673		69,135
2035	6,455		285		6,740		62,680
2036	6,555		256		6,811		56,125
2037	6,650		227		6,877		49,475
2038	6,755		198		6,953		42,720
2039	6,855		168		7,023		35,865
2040	6,960		137		7,097		28,905
2041	7,065		106		7,171		21,840
2042	7,170		75		7,245		14,670
2043	7,280		43		7,323		7,390
2044	7,390		11		7,401		-
	<u>\$ 100,000</u>	<u>\$</u>	<u>9,947</u>	<u>\$</u>	<u>109,947</u>		

* The Water System Junior Lien Revenue Refunding Bonds, Series 2014B (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 0.40%. Interest listed above is based on the interest rate as of December 31 of 0.44%. 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
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2014C
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi-Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2015	\$ 1,070	\$	323	\$	1,393	\$	
15-Nov-2015			323		323		1,716
15-May-2016	1,070		323		1,393		
15-Nov-2016			323		323		1,716
15-May-2017	1,070		323		1,393		
15-Nov-2017			323		323		1,716
15-May-2018	1,070		323		1,393		
15-Nov-2018			323		323		1,716
15-May-2019	1,070		323		1,393		
15-Nov-2019			322		322		1,715
15-May-2020	1,075		322		1,397		
15-Nov-2020			319		319		1,716
15-May-2021	1,080		319		1,399		
15-Nov-2021			315		315		1,714
15-May-2022	1,090		315		1,405		
15-Nov-2022			310		310		1,715
15-May-2023	1,100		310		1,410		
15-Nov-2023			304		304		1,714
15-May-2024	1,115		304		1,419		
15-Nov-2024			297		297		1,716
15-May-2025	1,130		297		1,427		
15-Nov-2025			289		289		1,716
15-May-2026	1,145		289		1,434		
15-Nov-2026			280		280		1,714
15-May-2027	1,165		280		1,445		
15-Nov-2027			270		270		1,715
15-May-2028	1,185		270		1,455		
15-Nov-2028			260		260		1,715
15-May-2029	1,205		260		1,465		
15-Nov-2029			249		249		1,714
15-May-2030	1,230		249		1,479		
15-Nov-2030			237		237		1,716
15-May-2031	1,250		237		1,487		
15-Nov-2031			225		225		1,712
15-May-2032	1,280		225		1,505		
15-Nov-2032			211		211		1,716
15-May-2033	1,305		211		1,516		
15-Nov-2033			197		197		1,713
15-May-2034	1,335		197		1,532		
15-Nov-2034			183		183		1,715
15-May-2035	1,365		183		1,548		
15-Nov-2035			167		167		1,715
15-May-2036	1,395		167		1,562		
15-Nov-2036			151		151		1,713
15-May-2037	1,430		151		1,581		
15-Nov-2037			134		134		1,715
15-May-2038	1,465		134		1,599		
15-Nov-2038			117		117		1,716
15-May-2039	1,500		117		1,617		
15-Nov-2039			99		99		1,716
15-May-2040	1,535		99		1,634		
15-Nov-2040			80		80		1,714
15-May-2041	1,575		80		1,655		
15-Nov-2041			61		61		1,716
15-May-2042	1,610		61		1,671		
15-Nov-2042			41		41		1,712
15-May-2043	1,650		41		1,691		
15-Nov-2043			21		21		1,712
15-May-2044	1,695		21		1,716		
					-		1,716
	\$ 38,260	\$	13,185	\$	51,445	\$	51,445

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2014D
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2015	\$ 1,055	\$ 117	\$ 1,172	\$
15-Nov-2015		117	117	1,289
15-May-2016	1,050	117	1,167	
15-Nov-2016		117	117	1,284
15-May-2017	1,050	117	1,167	
15-Nov-2017		117	117	1,284
15-May-2018	1,050	117	1,167	
15-Nov-2018		117	117	1,284
15-May-2019	1,055	117	1,172	
15-Nov-2019		117	117	1,289
15-May-2020	1,055	117	1,172	
15-Nov-2020		116	116	1,288
15-May-2021	1,060	116	1,176	
15-Nov-2021		113	113	1,289
15-May-2022	1,065	113	1,178	
15-Nov-2022		108	108	1,286
15-May-2023	1,075	108	1,183	
15-Nov-2023		103	103	1,286
15-May-2024	1,090	103	1,193	
15-Nov-2024		97	97	1,290
15-May-2025	1,100	97	1,197	
15-Nov-2025		90	90	1,287
15-May-2026	1,115	90	1,205	
15-Nov-2026		83	83	1,288
15-May-2027	1,130	83	1,213	
15-Nov-2027		74	74	1,287
15-May-2028	1,145	74	1,219	
15-Nov-2028		66	66	1,285
15-May-2029	1,165	66	1,231	
15-Nov-2029		56	56	1,287
15-May-2030	1,185	56	1,241	
15-Nov-2030		46	46	1,287
15-May-2031	1,205	46	1,251	
15-Nov-2031		36	36	1,287
15-May-2032	1,225	36	1,261	
15-Nov-2032		24	24	1,285
15-May-2033	1,250	24	1,274	
15-Nov-2033		12	12	1,286
15-May-2034	1,275	12	1,287	
			-	1,287
	\$ 22,400	\$ 3,335	\$ 25,735	\$ 25,735

San Antonio Water System
REVENUE BOND DEBT COVERAGE RATIO
For the Year Ended December 31, 2014
(\$ in thousands)

Operating Revenues	\$	499,643
Less Revenues from City Public Service Contract		3,245
		496,398
 Nonoperating Revenues		 5,792
Less: Federal Subsidy - Build America Bonds		3,714
Interest on Project Funds		142
		1,936
 Gross Revenues		 498,334
Maintenance & Operation Expense before Depreciation		245,055
		245,055
 Pledged Revenues	\$	253,279
 Current Annual Bond Debt service requirement for all Outstanding Bonds ¹	\$	149,554
Current Annual Combined Debt Coverage Ratio		1.69
 Maximum Annual Bond Debt service requirement for all Outstanding Bonds ¹	\$	160,510
Maximum Annual Combined Debt Coverage Ratio		1.58

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

FEDERAL AWARD SECTION



Padgett Stratemann

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the 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, 2014, and the related notes to the financial statements, which collectively comprise SAWS' basic financial statements, and have issued our report thereon dated April 2, 2015. Our report includes a reference to the fact SAWS implemented Governmental Accounting Standards Board ("GASB") Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective January 1, 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.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SAWS' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and the Public Funds Investment Act, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the Public Funds Investment Act.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Padgett, Statemann + Co., LLP

San Antonio, Texas

April 2, 2015



Padgett Stratemann

Independent Auditor's Report on Compliance for a 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 a 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 program for the year ended December 31, 2014. SAWS' major federal program is 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 SAWS' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about SAWS' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on a Major Federal Program

In our opinion, SAWS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.

Report on Internal Control Over Compliance

Management of SAWS is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SAWS' internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SAWS' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Padgett, Statemann + Co., LLP

San Antonio, Texas

April 2, 2015

San Antonio Water System

Schedule of Findings and Questioned Costs

Year Ended December 31, 2014

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>
66.468	Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$ 554,913

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
THROUGH DECEMBER 31, 2014**

<u>Federal Grantor/Pass-Through/Grantor/Program Title</u>	<u>Federal CFDA CFDA Number</u>	<u>Program/ Grant Number</u>	<u>Total Program/ Grant Award</u>	<u>Expenditures</u>
Environmental Protection Agency				
Pass Through:				
Texas Water Development Board				
Capitalization Grants for State Revolving Funds (Clean Water State Revolving Fund)				
Series 2010A Junior Lien Revenue and Refunding Bonds	66.458	L090013	17,930,000	69,185
Series 2012 Junior Lien Revenue Bonds	66.458	L110061	19,630,000	8,263,443
Capitalization Grants for State Revolving Funds (Drinking Water State Revolving Fund)				
Series 2013C Junior Lien Revenue Bonds	66.468	L1000196	26,370,000	9,512,259
Series 2014D Junior Lien Revenue Bonds	66.468	L1000303	22,400,000	592,259
Total Passed Through Texas Water Development Board				\$ 18,437,146
 Environmental Protection Agency				
Design & Construction of Water improvements Brooks City Base	66.602	XP-97678901-2	\$ 1,253,600	\$ 59,937
Total Environmental Protection Agency				\$ 59,937
 Total Federal Financial Assistance				\$ 18,497,083

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

DECEMBER 31, 2014

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, 2013C and 2014D. 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, 2014. The following table contains information about these bonds.

Bond	Federal CFDA CFDA Number	Interest Rate	Term - Annual Maturities Through	Outstanding Balance at December 31, 2014 (amounts in thousands)
Series 2004 Junior Lien Bonds	66.458	2.10% - 3.20%	May 15, 2024	\$6,785
Series 2007 Junior Lien Bonds	66.458	1.70% - 2.40%	May 15, 2027	\$5,595
Series 2008 Junior Lien Bonds	66.458	1.15% - 3.95%	May 15, 2038	\$25,685
Series 2010A Junior Lien Bonds	66.458	0.00% - 3.31%	May 15, 2040	\$15,995
Series 2012 Junior Lien Bonds	66.458	0.00% - 1.85%	May 15, 2042	\$18,495
Series 2013C Junior Lien Bonds	66.468	0.00% - 2.74%	May 15, 2033	\$25,140
Series 2014D Junior Lien Bonds	66.468	0.00% - 1.96%	May 15, 2034	\$22,400



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