


Comprehensive Annual Financial Report

For the Years Ended December 31, 2011 and 2010 | San Antonio Water System | A Component Unit of the City of San Antonio, Texas



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MOST RESOURCEFUL CITY

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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, 2011 and 2010***

*Prepared by:
Financial Services Department*

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

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Controller*

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INTRODUCTION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SAN ANTONIO WATER SYSTEM

TABLE OF CONTENTS

Page

INTRODUCTION

Title Page	
Table of Contents	
Letter of Transmittal	A1-A13
Members of the San Antonio Water System Board of Trustees	B
Organizational Structure	C
Certificate of Achievement for Excellence in Financial Reporting	D

FINANCIAL SECTION

Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 15

Basic Financial Statements:

San Antonio Water System:	
Balance Sheets	16 - 17
Statements of Revenues, Expenses and Changes in Equity	18
Statements of Cash Flows	19 - 20
San Antonio Water System Retirement Plan:	
Statements of Net Plan Assets	21
Statements of Changes in Net Plan Assets	21
Notes to Financial Statements	22 - 57

Required Supplemental Information:

Post Employment Benefit Plans - Schedules of Funding Progress	58
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Other Supplemental Information

Description of Funds and Combining Schedules:

Description of Funds	59 - 60
Combining Balance Sheet	61 - 64
Combining Schedule of Revenues, Expenses and Changes in Equity	65 - 68
Combining Schedule of Cash Flows	69 - 70

Supplemental Schedules:

Schedule of Revenues and Other Financial Sources and Their Disposition	71
Schedule of Revenues and Their Disposition Compared to Annual Budget	72
Schedule of Operation and Maintenance Expenses By Account (System Fund)	73 - 74
Notes to Supplemental Schedules	75 - 76

Statistical Section:

Table of Contents	77
Financial Trends	
Schedule 1 - Fund Equity	78
Schedule 2 - Changes in Equity	79
Schedule 3 - Equity in System	80
Revenue Capacity	
Schedule 4 - Water Production, Water Usage and Wastewater Treated	81
Schedule 5 - Sales by Source	82
Schedule 6 - Sales in Gallons	83
Schedule 7 - Number of Customer Connections	83
Schedule 8 - Residential Class Rates (Inside City Limits)	84
Schedule 9 - Residential Class Rates (Outside City Limits)	85
Schedule 10 - General Class Rates	86
Schedule 11 - Wholesale Class Rates	87
Schedule 12 - Irrigation Class Rates	88
Schedule 13 - Other Fees	89
Schedule 14 - Recycled Water Rates	90
Schedule 15 - Impact Fees	91
Schedule 16 - Ten Largest Customers - Water	92
Schedule 17 - Ten Largest Customers - Wastewater	93
Schedule 18 - Ten Largest Customers - Wholesale Wastewater	94

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SAN ANTONIO WATER SYSTEM

TABLE OF CONTENTS

Continued

Debt Capacity	
Schedule 19 - Ratios of Total Outstanding Debt by Type	95
Schedule 20 - Pledged Revenue Coverage	96
Demographic and Economic Information	
Schedule 21 - Demographic and Economic Statistics	97
Schedule 22 - Principal Employers	98
Operating Information	
Schedule 23 - Number of Employees by Functional Group	99
Schedule 24 - Capital Assets	100
Map 1 - Map of Water Service Area	101
Schedule 25 - Operating and Capital Indicators - Water	102
Schedule 26 - Monthly Residential Service Charges for Ten Major Texas Cities - Water	103
Map 2 - Map of Wastewater Service Area	104
Schedule 27 - Operating and Capital Indicators - Wastewater	105
Schedule 28 - Monthly Residential Service Charges for Ten Major Texas Cities - Wastewater	106
Bonded Debt Schedules and Analyses:	
Analysis of Changes in Bonded Debt	107 - 143
Water System Revenue Bonds - Total Debt Service to Maturity	144 - 145
Water System Senior Lien Revenue Bonds - Total Debt Service to Maturity	146
Water System Revenue and Refunding Bonds - Series 2002	147
Water System Revenue Bonds - Series 2002-A	148
Water System Revenue and Refunding Bonds - Series 2004	149
Water System Revenue Refunding Bonds - Series 2005	150
Water System Revenue Refunding Bonds - Series 2007	151
Water System Revenue and Refunding Bonds - Series 2009	152
Water System Revenue Bonds - Series 2009A	153
Water System Revenue Taxable Bonds - Series 2009B	154
Water System Revenue Taxable Bonds - Series 2010B	155
Water System Revenue Refunding Bonds - Series 2011	156
Water System Revenue Refunding Bonds - Series 2011A	157
Water System Junior Lien Revenue Bonds - Total Debt Service to Maturity	158
Water System Junior Lien Revenue Bonds - Series 2001	159
Water System Junior Lien Revenue and Refunding Bonds - Series 2001-A	160
Water System Junior Lien Revenue Bonds - Series 2002	161
Water System Junior Lien Revenue Bonds - Series 2002-A	162
Water System Junior Lien Revenue Bonds - Series 2003	163
Water System Junior Lien Revenue and Refunding Bonds - Series 2004	164
Water System Junior Lien Revenue and Refunding Bonds - Series 2004-A	165
Water System Junior Lien Revenue and Refunding Bonds - Series 2007	166
Water System Junior Lien Revenue and Refunding Bonds - Series 2007-A	167
Water System Junior Lien Revenue Bonds - Series 2008	168
Water System Junior Lien Revenue and Refunding Bonds - Series 2008-A	169
Water System Junior Lien Revenue Bonds - Series 2009	170
Water System Junior Lien Revenue and Refunding Bonds - Series 2009-A	171
Water System Junior Lien Revenue and Refunding Bonds - Series 2010	172
Water System Junior Lien Revenue and Refunding Bonds - Series 2010-A	173
Water System Junior Lien Revenue Bonds - Series 2011	174
Water System Junior Lien Revenue and Refunding Bonds - Series 2011-A	175
Revenue Bond Debt Coverage Ratio	176
FEDERAL AWARD SECTION	
Independent Auditors' 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	177 - 178
Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	179 - 180
Schedule of Findings and Questioned Costs	181
Schedule of Expenditures of Federal Awards	182
Notes to the Schedule of Expenditures of Federal Awards	183

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March 20, 2012

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

Trustees:

In accordance with the requirements of City Ordinance No. 75686, we are pleased to submit herewith the Comprehensive Annual Financial Report (CAFR) of the San Antonio Water System (SAWS) for the year ended December 31, 2011. 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 are 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 2011 CAFR. Their report expresses an unqualified opinion as to the fairness of the presentation of our financial statements. As a part of SAWS' audit, tests are made to determine the adequacy of the internal control structure, as well as to determine that SAWS has complied with applicable laws, regulations, and ordinances. The results of the audit of SAWS for the year ended December 31, 2011, provided no instances of material weaknesses in the internal control structure.

The Management Discussion and Analysis (MD&A) beginning on page 3 provides a narrative introduction, overview, and analysis of the basic financial statements. This transmittal letter complements the MD&A and should be read in conjunction with it.

PROFILE OF SAN ANTONIO WATER SYSTEM

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

Final City Council approval for such consolidation was given on April 30, 1992 with the approval of Ordinance No. 75686 which effectuated the consolidation of all city owned utilities related to water including the water, wastewater, and water reuse systems as SAWS. Simultaneously with the creation of SAWS, the City defeased all outstanding debt related to the consolidated entities through the issuance of Water System Revenue Refunding Bonds, Series 1992.

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 City's Planning Department estimated the City's population to be 1,326,539 as of 2011 and the U.S. Census Bureau estimated Bexar County's population at 1,723,780 as of 2010. 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. The average high temperature in August is 96 degrees Fahrenheit, with the average low temperature in January of 41 degrees. Annual precipitation for the City averages 32.92 inches.

SAWS includes all water resources, properties, facilities, and plants owned, operated and maintained by the City relating to supply, storage, treatment, transmission, and distribution of treated potable water; collection and treatment of wastewater; and treatment and recycling of wastewater. Additionally, SAWS owns and operates six thermal energy facilities providing chilled water and steam services to governmental and private entities. In 2011, SAWS provided potable water service to more than 360,000 customer connections which represents about 80% of the water utility customers in Bexar County, while providing wastewater services to more than 405,000 customer connections representing approximately 93% of the wastewater customers in Bexar County. As of December 31, 2011 SAWS employs 1,669 personnel and provides maintenance of over 10,000 miles of water and sewer mains.

The complete management and control of SAWS has been vested in a board of trustees known as the "San Antonio Water System Board of Trustees." The Board of Trustees consists of the Mayor and six Trustees who are residents of the City of San Antonio or reside within the area serviced by SAWS. With the exception of the Mayor, all other trustees are appointed by the City Council for four year staggered terms and are eligible for reappointment for one additional four-year term. Four Board members must be appointed from four different quadrants in the City and two Board members are appointed from the north and south sides of the City.

The general operations of SAWS are under the supervision of the President/Chief Executive Officer who is employed by the Board of Trustees.

The financial statements of SAWS are presented in the CAFR of the City of San Antonio as a major discretely presented component unit. The 2011 CAFR for SAWS includes all activities and functions for which the Board of Trustees exercises management and control. As the City Council has placed absolute and complete authority and power in the Board of Trustees with respect to the control, management, and operation of

SAWS, except for fixing rates and charges for service rendered by SAWS and approval of debt issuances, it is the practice of SAWS to prepare its CAFR on a comprehensive basis.

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 Budgeting function at SAWS analyzes the monthly spending requirements in view of other corporate obligations, such as ordinance requirements and obligations to bond holders.

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

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

The Annual Budget is prepared on a comprehensive basis and as such includes an Operating Budget that includes all water, wastewater, chilled water and steam, and recycle operations as well as a Capital Budget. The Annual Budget is prepared in such a manner that expenses may be controlled on a line-item basis. Encumbrances are not formally recorded in the accounting system, however, SAWS monitors and controls spending by utilizing variance reports for each of its cost centers. Variance justifications are prepared and reviewed monthly by the Chief Financial Officer and quarterly by the entire executive management team, including the President/CEO. SAWS' Board of Trustees approved the Annual Budget for 2012 in November 2011.

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. The rate of this growth peaked during 2006 when SAWS experienced customer growth in excess of 3.5%. Since the latter half of 2007, the effects of the downturn in the national economy were felt in the San Antonio area with the level of customer growth slowing to 2.7% in 2007, to 2.0% in 2008, and 1.1% in 2009. In 2010 and 2011, customer growth rose slightly and leveled off at rates of 1.3% and 1.2%, respectively. While not immune to the challenges being faced within the global economy, the diversity of the San Antonio economy does provide some stability through economic cycles. Specifically, San Antonio's strategic positions in key growth 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 2011 the local unemployment rate was 6.8% (preliminary estimate), while the nation's was 8.5%.

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									
	2011 *	2010	2009	2008	2007	2006	2005	2004	2003	2002
Natural Resources, Mining and Construction	45,500	45,000	48,400	55,200	55,800	50,600	49,300	46,100	44,600	44,500
Manufacturing	46,300	44,800	43,500	45,600	49,000	49,800	47,400	45,700	46,000	48,400
Trade, Transportation and Utilities	149,900	145,000	146,400	152,600	155,600	152,700	145,500	141,200	139,900	141,200
Information	17,100	17,900	18,300	20,600	21,500	21,900	21,100	21,000	22,500	22,400
Financial Activities	63,500	65,600	65,300	66,500	65,800	64,900	63,700	61,800	61,100	61,200
Professional and Business Services	97,500	101,900	102,300	104,400	107,300	104,000	101,100	89,400	88,400	87,800
Educational and Health Services	138,200	131,200	125,900	122,200	116,900	112,100	110,200	105,600	101,800	99,500
Leisure and Hospitality	101,300	100,400	97,300	99,100	95,700	91,300	87,200	84,200	81,400	80,000
Other Services	32,000	31,500	30,900	30,700	30,200	28,500	26,900	26,900	27,700	28,600
Government	159,000	164,100	161,900	158,200	154,100	150,000	146,900	144,300	144,000	144,600
Total Non-Farm Employment	850,300	847,400	840,200	855,100	851,900	825,800	799,300	766,200	757,400	758,200

Source: U.S. Bureau of Labor Statistics

* Preliminary

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

	San Antonio MSA New Housing Units									
	2011 *	2010	2009	2008	2007	2006	2005	2004	2003	2002
MSA New Residential Housing Units Authorized (Single & Multi-Family)	6,876	6,865	5,924	10,574	13,295	19,761	22,305	17,539	13,375	12,772
MSA Average Value of Each New Residential Housing Unit (Single & Multi-Family)	\$ 146,487	\$ 154,353	\$ 177,851	\$ 136,740	\$ 154,958	\$ 137,100	\$ 125,942	\$ 120,246	\$ 123,778	\$ 83,428

Source: U.S. Census Bureau

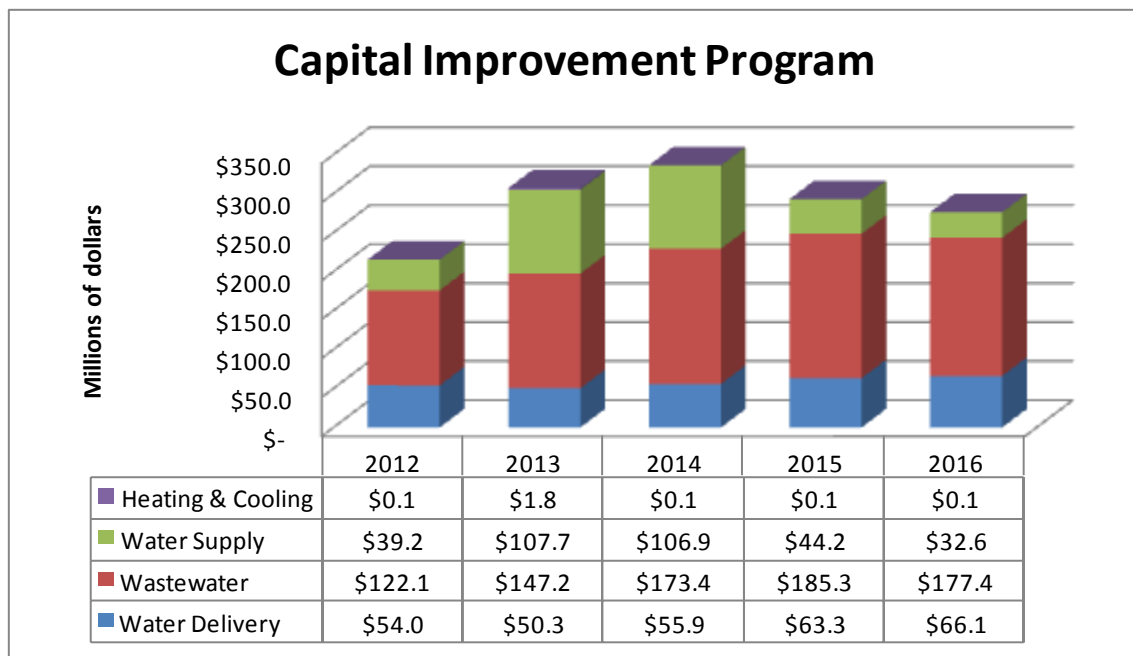
* Preliminary

Additional information regarding demographic and economic conditions for San Antonio can be found in the Statistical Section of this report on pages 97 and 98.

LONG-TERM FINANCIAL PLANNING

Capital Improvement Program

Capital spending associated with the acquisition and integration of additional water supplies as well as capital requirements associated with maintaining and replacing existing infrastructure will necessitate future rate adjustments. Over the next five years it is currently projected that SAWS will expend more than \$330 million in procuring and developing additional water resources, while over this same time period it is projected that an additional \$1.1 billion will be spent on maintaining, replacing, expanding and upgrading our water and wastewater infrastructure. A graphic depiction of SAWS' projected capital spending requirements by core business follows:



The projected capital spending requirements over this five year time horizon include:

Integration Pipeline & Pump Station (\$108.9M) – Design services and construction for pump station facilities and pipelines necessary to integrate water supplies originating south and east of San Antonio, including water treated at the Aquifer Storage and Recovery facility, into the western portion of SAWS' service area. Total cost of this project is projected to be \$173.6 million including work already in progress.

Brackish Water Desalination (\$103.4M) – Development of a brackish water desalination plant is being planned for installation in southern Bexar County. Brackish groundwater could provide SAWS with a potential new source of water that can be developed close to San Antonio. The initial phase of the project is projected to treat 11,800 acre-feet per year. The treatment plant will be designed to accommodate additional upgrades and technologies. Future phases could develop additional brackish resources in Bexar County, bringing the total yield of the project up to 26,000 acre-feet annually. Total cost of this project is projected to be \$192.1 million including work already in progress.

Wastewater Collection System Growth and Rehabilitation (\$382.7M) – Growth projects include replacing existing pipe with larger pipe to increase the capacity of the system, and extending pipe to areas currently underserved by a centralized sewer system. Rehabilitation projects rehabilitate or replace aging sewer pipes that are nearing the end of their useful life.

Treatment Plant Repair and Rehabilitation (\$57.7M) - Repair and rehabilitation work at all three of SAWS treatment plants to replace or rehabilitate aging infrastructure. Much of the work is at Dos Rios, rehabilitating sludge digesters to improve operating efficiency and increase the ability to capture sewer gas and reuse it as an energy source. Several projects at Leon Creek will be improvements to the infrastructure, including nutrient removal to improve the quality of the recycled water that is reused.

Dos Rios Re-rating (\$114.8M) – This project consists of eight phases to re-rate the Dos Rios water recycling center from its currently permitted rated capacity of 125 mgd (million gallons per day) to 217 mgd. The re-rating is necessary to address future increased flows to the plant due to growth in the San Antonio metropolitan area. The first phase is in construction and will improve the Dos Rios treatment process by focusing on the preliminary treatment part of the plant. Future phases will construct improvements to primary and secondary settling tanks and aeration tanks. The total cost of all eight phases of this project is projected to be \$252 million over the course of the next ten years.

Water and Wastewater Main Replacements (\$192.9M) – Planned and emergency replacement of water and wastewater mains throughout SAWS' service area. Planned replacements are determined based on a combination of factors such as age, level of deterioration and estimated failure rate.

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

Rate Adjustments

The adoption of the fiscal year 2012 operating and capital budget included an average rate increase of 7.9% for services provided by SAWS. This rate increase is effective for usage beginning in January 2012. The increase in rates was driven largely by increased debt service costs associated with the 2012 portion of the capital spending discussed above. In addition to the 7.9% rate increase implemented for 2012, SAWS' current five year projections show the need for additional rate adjustments ranging from 6.0% to 9.8% over the time period 2013 – 2016 excluding increases attributable to the pass through fees assessed by the Edwards Aquifer Authority (EAA) and the Texas Commission on Environmental Quality (TCEQ). While SAWS' rate structure as of January 2012, which is 26% lower than the average of the other six largest Texas cities for SAWS average residential customer, is well placed to absorb these additional rate increases, SAWS is aggressively trying to identify additional opportunities to mitigate at least a portion of these increases.

FINANCIAL POLICIES

Rates and Charges

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

- 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. As a result of lower than normal rainfall during 2011 and the resulting increase in water usage, operating revenues exceeded the budget by \$17.6 million.

Capital Financing

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

SAWS' goal is to fund approximately 30%-35% of annual capital expenditures with pay as you go financing. This level will vary based on the availability of funds. During 2011, SAWS' capital expenditures totaled \$237.8 million with 23% or \$55.7 million of those expenditures having been funded with pay as you go sources. While the percentage of 2011 cash funding fell slightly below our stated goal, pay as you go financing in future years will likely increase as we complete several key water supply projects.

MAJOR INITIATIVES

Conservation

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

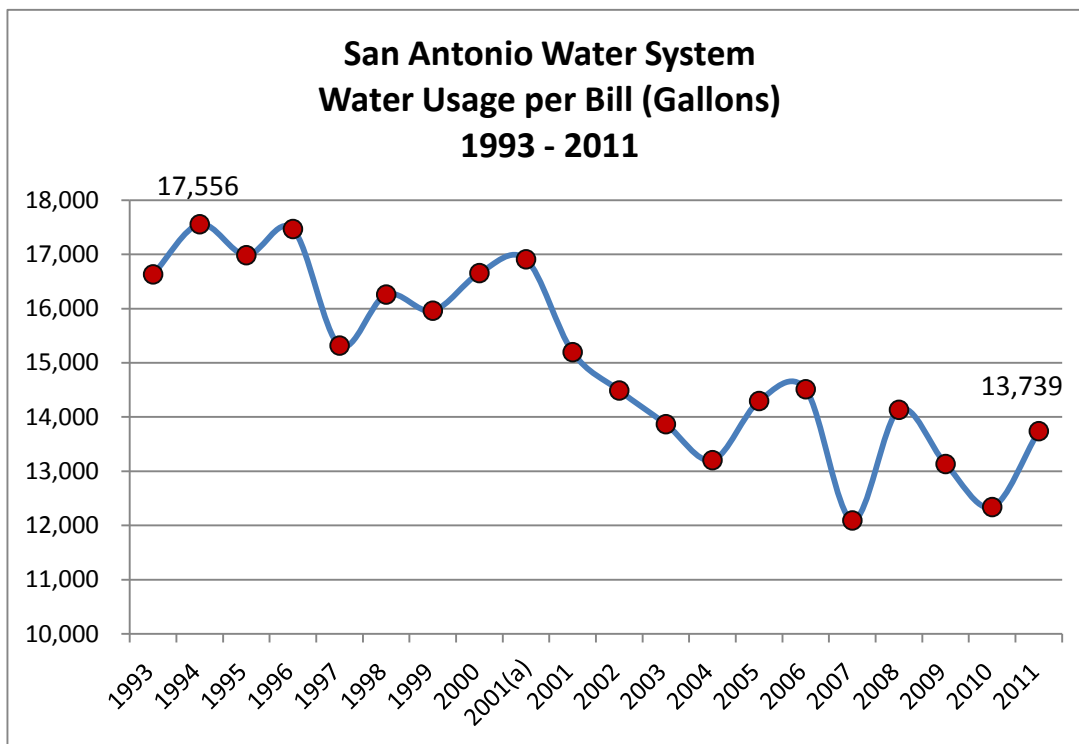
Residential programs include the distribution of high-efficiency toilets, providing leak repairs and retrofits to qualified low-income customers and providing free irrigation system reviews for ratepayers to determine maintenance needs and make suggestions for improving efficiency. Commercial programs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

Some highlights of SAWS' conservation initiatives during 2011 included:

- total annual water savings of approximately 2,838 acre feet
- retrofit of 6,441 residential high efficiency toilets
- retrofit of 4,640 commercial high-efficiency toilets

- conducted 2,365 indoor and outdoor audits for customers
- conducted 50 commercial consultations
- publication of a weekly WaterSaver e-newsletter currently reaching 11,000 people each week
- issued 577 commercial Washright rebates in the final year of the commercial program
- performed 408 Plumbers to People visits
- performed 355 home makeover visits and retrofits

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 the trend in gallons used per bill has been steadily declining. This decline translates into a significant reduction in the amount of water supplies SAWS will need to obtain to meet future demands for water.



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

Water Management Plan

In May 2009, the Board of Trustees approved, and the City Council endorsed, a *Water Management Plan Update*. This plan reflects the continuing efforts of the organization to update and revise its water resources planning efforts as conditions warrant. Specifically, SAWS evaluated its existing water supply projects and refined a series of conservation and water resource strategies that will enable it to provide adequate water supplies, even during critical drought periods, over a fifty-year planning horizon. The objectives of the planning efforts are to postpone dependence on more costly resources, when possible; to promote greater use of non-Edwards Aquifer supplies in the long-term; and to recognize the reality that future water supplies must be affordable.

The strategies outlined in the *2009 Water Management Plan Update* build on the process that began in 1996 to maintain a fifty-year plan with the feedback of various stakeholder groups in both the community and region at large. In 2000, the City Council created a permanent funding mechanism (known as the Water Supply Fee) for water supply development and water quality protection through Ordinance No. 92753. The Water Supply Fee provides a specific funding source for the development of water resources.

The *2009 Water Management Plan Update* outlines a diversified portfolio of San Antonio's current and future water supplies. While the Edwards Aquifer will always be the cornerstone of San Antonio's water supply, SAWS has already successfully developed several alternative water sources, such as Canyon Lake, the Trinity Aquifer, and the Carrizo Aquifer. SAWS recycled water program provides highly treated wastewater to CPS Energy and other industrial, commercial, and irrigation customers who would otherwise use potable water. Additionally, SAWS underground Aquifer Storage and Recovery (ASR) reservoir allows for the collection and storage of Edwards Aquifer water during above average rainfall periods to be provided to our customers during times of drought. Funded by SAWS customers through the Water Supply Fee, these successful projects represent an investment of more than \$730 million over the last 11 years.

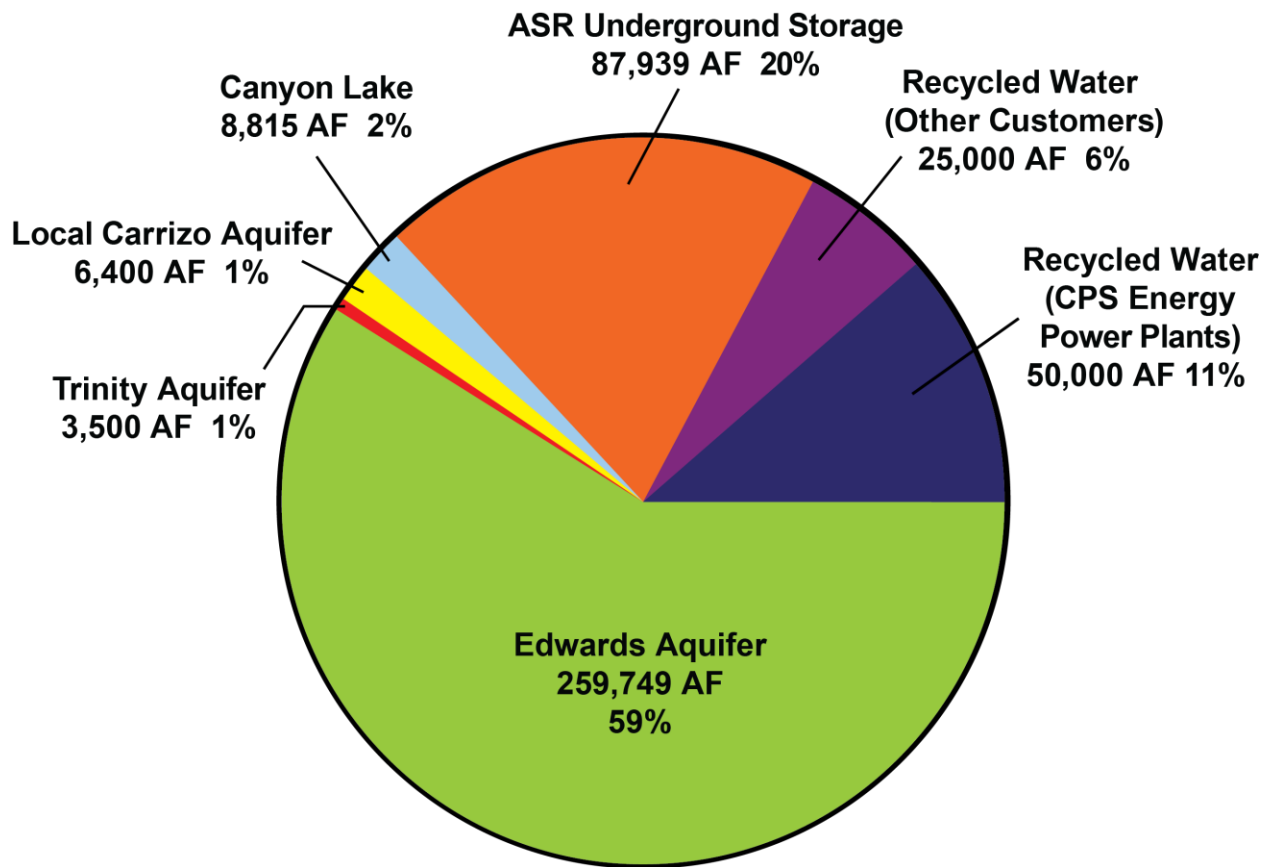
As of December 31, 2011, SAWS total inventory of Edwards Aquifer permitted water rights stands at 259,749 acre-feet, with more than 226,000 acre-feet of this inventory owned and the remainder leased. While no additional Edwards rights were purchased in 2011; SAWS maintained the inventory of leased Edwards rights in 2011 by renewing 5,734 acre-feet of previously-held leases and leasing an additional 763 acre-feet of new water rights.

Due to the record drought conditions throughout most of Texas and particularly South-Central Texas and the resulting impact on the level of water in the Edwards Aquifer, the Edwards Aquifer Authority (EAA) imposed pumping cut-backs on permit holders averaging 19.2% during 2011. SAWS utilized a combination of water obtained from non-Edwards sources, water recovered from ASR and outdoor water restrictions to manage to the EAA cut-backs. Even though SAWS recovered over 13,000 acre feet of water from ASR during the year, nearly 88,000 acre-feet of water remained stored in ASR as of December 31, 2011 as amounts stored during the first and last quarters of the year helped to replenish water recovered during the hot, dry summer months.

In 2010, SAWS Regional Carrizo Project took a major step forward with the Gonzales County Underground Water Conservation District Board of Directors approving production and transport permits for 11,688 acre-feet of water from the Carrizo Aquifer. SAWS also finalized negotiations on a Mutual Regional Water Supply Contract (Contract) with the cities of Schertz and Seguin, and the Schertz-Seguin Local Government Corporation (SSLGC), to utilize excess capacity in an existing pipeline to transport Carrizo Aquifer water. This Contract was subsequently approved by the Schertz and Seguin City Councils, the SSLGC Board and the SAWS Board of Trustees in January and February 2011. In addition to the treatment and transportation of the 11,688 acre feet of SAWS permitted water, the pipeline-sharing agreement allows SAWS the option to purchase an average of 3,400 additional acre-feet per year of water already permitted to SSLGC and surplus to Schertz, Seguin and their wholesale customers. SAWS also reached agreement with the Gonzales County Water Supply Corporation to purchase approximately 1,000 acre-feet per year of Carrizo Aquifer water. Finally, a mitigation settlement agreement was also reached with the City of Nixon in 2010. Well Drilling began in late 2011 and design of the delivery pipelines and pump station system was approved in February 2011. SAWS expects to begin receiving water from this project in 2014.

The Brackish Groundwater Desalination (BGD) Program began over 6 years ago in 2005. Currently the feasibility work has been completed and SAWS is transitioning into the design phase of the Program, which will be completed utilizing a Program Manager. Phase 1 of the Program is estimated to be completed late 2016 and will deliver 11,200 acre feet of water to San Antonio.

The following pie chart illustrates SAWS' available sources of water supply as of December 2011 under non-drought conditions:



Edwards Aquifer Recovery Implementation Program

In 1993, the Texas Legislature created the Edwards Aquifer Authority (EAA) as a conservation and reclamation district. The EAA was given broad powers to manage, conserve, preserve and protect the Edwards Aquifer and to increase the recharge of, and prevent the waste or pollution of water in the Edwards Aquifer. Among other charges, the EAA was directed to limit groundwater withdrawals from the Edwards Aquifer through a permitting system. The EAA was also directed by the Texas legislature to ensure that, not later than December 31, 2012, the continuous minimum spring flows of the Comal Springs (in New Braunfels) and the San Marcos Springs (in San Marcos) are maintained to protect endangered and threatened species. In connection with this directive, the Edwards Aquifer Recovery Implementation Program (EARIP) was established in 2007. The Legislature called for the EARIP to be developed through a consensus-based process that involved input from the U.S. Fish and Wildlife Service (USFWS), other appropriate federal agencies, and all interested stakeholders in the Edwards region.

The primary parties to the EARIP included the EAA, SAWS, the City of New Braunfels, the City of San Marcos and Texas State University. These parties worked through this process along with USFWS and other stakeholders through an EARIP Steering Committee over the past four years to develop a Habitat Conservation Plan (HCP). The HCP will be used by the USFWS as the basis for issuing an Incidental Take Permit which will protect San Antonio and the region from the threat of future environmental lawsuits and

federal control of the aquifer. The EARIP Steering Committee approved the HCP along with the implementing and financing agreements in November 2011. The SAWS Board of Trustees also approved these documents in November 2011. Approval by all other parties culminated with EAA adoption of the program documents in December 2011.

A critical issue associated with the HCP has been funding. Annual HCP implementation costs are estimated to average \$17.5 million over the 15 year term of the plan. The EARIP Steering Committee sought first to obtain authorization from the Texas Legislature in 2011 for a regional election to consider a sales tax to support the program. This effort was unsuccessful and it is expected that EARIP participants will try again to seek approval during the 2013 session of the Texas Legislature. The next funding option was to ask the EAA to impose an additional fee on pumpers of Edwards Aquifer groundwater.

For 2012, the baseline EAA pumping fee for municipal and industrial pumpers supporting normal EAA operations was originally set at \$47 per acre-foot. To support \$15.3 million in HCP start-up costs in 2012, the EAA approved an additional \$37 per acre-foot fee in February 2012 bringing the total EAA pumping fee to \$84 per acre foot for municipal and industrial pumpers. The HCP portion of the EAA pumping fee will be effective for SAWS customers in April 2012. It is expected that the monthly volumetric pass-through charge for the EAA fee for the average SAWS residential customer will increase from \$1.34 to \$3.04. A full year of EARIP costs starting in 2013 will likely require the EAA to raise the EARIP component of the 2013 pumping fee from \$37 to \$50 per acre-foot which may require further adjustments to the volumetric pass-through charge for SAWS customers.

Meter Replacement Program

In 2011, SAWS also implemented a program to begin replacing water meters that may be under registering water usage. Based on a sample testing of meters in service, SAWS determined that the accuracy of meters generally diminished after 15 - 20 years. Using meter age as a criteria, SAWS crews and a third party contractor began replacing potentially inaccurate meters. During 2011, 38,819 water meters were replaced. In an effort to accurately account for water used by customers, SAWS plans to continue this meter replacement program going forward.

Sanitary Sewer Collection System

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

- Annual pipeline cleaning: SAWS has been steadily increasing the number of miles of sewer line cleaned each year. In 2008, over 500 miles were cleaned while almost 1,200 miles of sewer line were cleaned in 2011. SAWS projects that approximately 1,300 miles of sewer line will be cleaned in 2012.
- Implementation of a Fats, Oil and Grease (FOG) program: In May 2011, the City Council adopted a program intended to reduce the damaging effects to the sewer system from the discharge of FOG by food service establishments (FSE) by changing the requirements for evaluating grease traps, and by encouraging the use of best management practices (BMP's) in the control and disposal of grease. Beginning in 2012, the use of BMP's will be encouraged by the assessment of a lower monthly fee for FSE's who comply with BMP's and a higher fee for those that elect not to comply. Additionally, under the program all FSE's will be inspected by SAWS on a more frequent basis.
- Video monitoring and smoke testing of sewer lines: In 2011, SAWS conducted video monitoring of 236 miles of sewer lines and smoke tested 671 miles of sewer lines.

Integrated Software System

In 2006, SAWS initiated a program to implement an integrated software system, called Enterprise Resource Software System (ERSS). The ERSS program is composed of various third-party developed information systems applications. The total budget to implement all applications within the ERSS program is currently \$31.1 million. In 2007 and 2008 the Finance, Procurement, Human Resources, Payroll, Budgeting, Asset Management, Work Order and phase one of Permitting applications were implemented. Phase two of the Permitting application was implemented in the fourth quarter of 2011. The final component of the Program is the Customer Information System. SAWS is actively working with the third party software vendor to develop a system that will meet SAWS' functional requirements. It is expected that it will take another 18 to 24 months to finish developing, testing and implementing the Customer Information System. As a result of the additional time necessary for this implementation, SAWS projects that the total budget for the ERSS will likely increase by approximately \$5 million.

Integration of Bexar Metropolitan Water District Assets and Operations

On November 8, 2011, 74% of voters in the Bexar Metropolitan Water District voted in favor of dissolving the utility and for transferring the responsibility for its assets and operations to SAWS. The election was authorized by the Texas Legislature through Senate Bill (SB) 341, adopted in May 2011. In accordance with SB 341, final assumption of control of BexarMet operations by SAWS was predicated on preclearance of the election results by the U.S. Department of Justice (DOJ), which was received on January 28, 2012. During 2011, SAWS worked to develop a plan to integrate of BexarMet customers, employees, operations and assets. The execution of that plan commenced immediately upon receipt of the DOJ notification. As authorized by SB 341 and San Antonio City Council ordinance, the former BexarMet assets will be operated as a separate component unit of SAWS until full integration occurs over a period lasting up to five years. During this period, the separate component unit will be referred to as the San Antonio Water System District Special Project (DSP). DSP customers will be provided water service under a rate structure separate from SAWS' water rates until full integration with SAWS is able to occur. See Note L to the financial statements for additional information about the SAWS assumption of BexarMet.

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, 2010. 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 eighteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to GFOA.

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

The timely preparation of the CAFR for the year ended December 31, 2011 could not have been accomplished without the cooperation and dedicated services of the Accounting Department under the direction of Mrs. Mary Bailey. We also wish to express sincere appreciation to each member of the Board of Trustees for the interest and support provided in conducting the financial affairs of SAWS in a sound and progressive manner.

Respectfully submitted,



Robert R. Puente
President/Chief Executive Officer



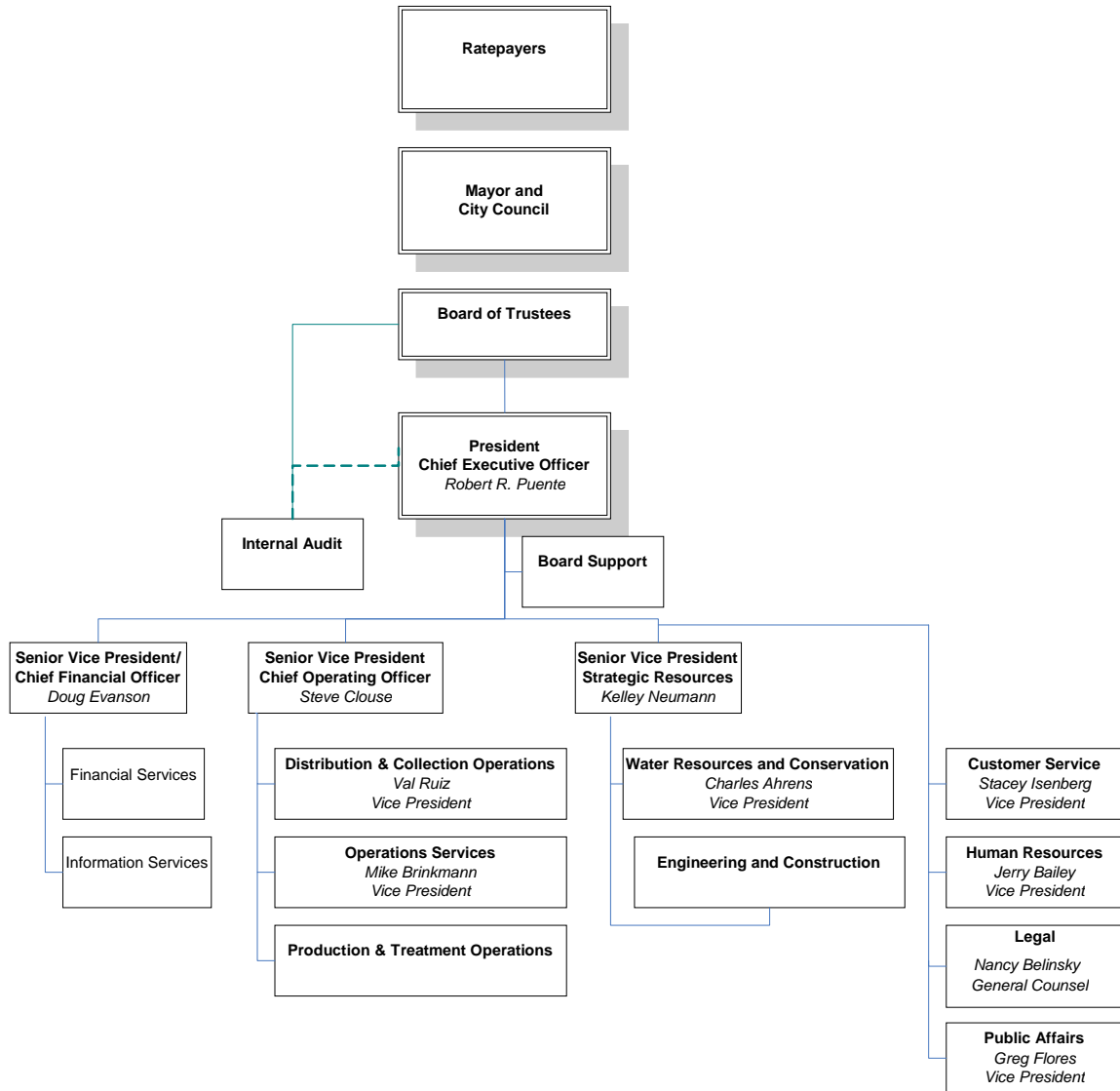
Douglas P. Evanson
Sr. Vice President/Chief Financial Officer

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

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

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

SAN ANTONIO WATER SYSTEM ORGANIZATION CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Antonio Water System
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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



Linda C. Dandson

President

Jeffrey R. Enos

Executive Director

FINANCIAL SECTION

Independent Auditors' Report

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

We have audited the accompanying balance sheets of San Antonio Water System ("SAWS"), a component unit of the City of San Antonio, Texas, as of December 31, 2011 and 2010, and the related statements of revenues, expenses, and changes in equity and cash flows for the years then ended and the statements of net plan assets and statements of changes in net plan assets as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the management of SAWS. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SAWS' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SAWS as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended and the financial position of its net plan assets and changes in net plan assets as of and for the years ended December 31, 2011 and 2010, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2012, on our consideration of 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Post Employment Benefit Plans – Schedules of Funding Progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise SAWS' basic financial statements. The Description of Funds and Combining Schedules, and Supplemental Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of SAWS. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Schedule of Expenditure of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SAWS' basic financial statements. The Introductory Section, Statistical Section, and Bonded Debt Schedules and Analyses, as listed in the table of contents, are presented for additional analysis and are not a required part of the basic financial statements. Such information has 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.

Pudgett, Stratemann + Co., LLP

Certified Public Accountants
March 20, 2012

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, 2011. 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' total equity increased by \$83.4 million during 2011.
- Total revenues increased from \$372.5 million in 2010 to \$424 million in 2011 largely as a result of a 12.5% increase in water usage combined with rate increases that went into effect in November 2010.
- Operating expenses decreased \$26.8 million from 2010 to \$307.4 million largely as a result of recording certain non-cash charges in 2010 associated with capital asset impairments and eliminations.
- Cash flows from operating activities reached an all time high of \$222.1 million in 2011.
- Taking advantage of the historically low interest rate environment and SAWS strong credit ratings, SAWS refunded over \$165 million of outstanding bonds, reducing future debt service payments by more than \$21 million.
- At the end of 2011, SAWS maintained unrestricted cash and investments of \$188 million with an additional \$35.2 million cash and investments restricted as a reserve equal to two months of budgeted operation and maintenance expenses.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- *Balance sheets* - present information on all of SAWS' assets and liabilities as of the end of each calendar year, with the difference between the two reported as equity. Over time, increases or decreases in equity may serve as a useful indicator of whether the financial position of SAWS is improving or deteriorating.
- *Statements of revenues, expenses and changes in equity* - present information showing how equity 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 Retirement Plan Statements of Net Plan Assets* - present information on SAWS single-employer retirement plan's assets and liabilities, with the difference between the two reported at net assets available for benefits.
- *San Antonio Water System Retirement Plan Statements of Changes in Net Plan Assets* - present information showing how net plan assets 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 post employment benefits to its employees.

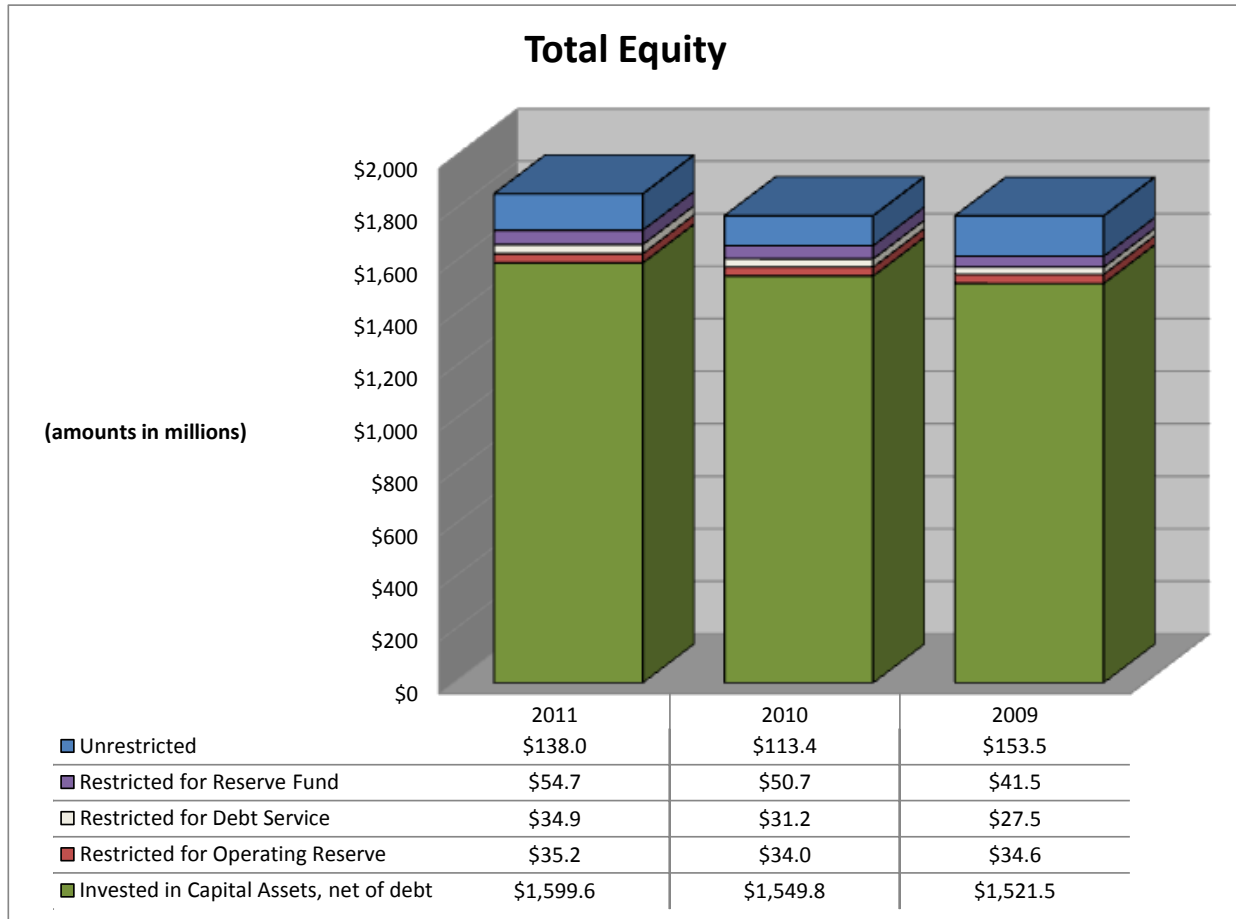
Other supplemental information is presented for additional analysis and is not a required part of the basic financial statements.

- *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, budgetary information, and more detailed information on SAWS’ capital assets and allowance for depreciation.
- *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 BALANCE SHEETS				2011-2010		2010-2009	
<i>(amounts in thousands)</i>	As of December 31,			Increase	%	Increase	%
	2011	2010	2009	(Decrease)	Change	(Decrease)	Change
Current assets	\$ 371,150	\$ 317,419	\$ 321,640	\$ 53,731	17%	\$ (4,221)	(1%)
Capital assets, net	3,553,065	3,362,867	3,174,264	190,198	6%	188,603	6%
Other non-current assets	257,329	339,363	329,835	(82,034)	(24%)	9,528	3%
Total Assets	<u>\$ 4,181,544</u>	<u>\$ 4,019,649</u>	<u>\$ 3,825,739</u>	<u>\$ 161,895</u>	4%	<u>\$ 193,910</u>	5%
Current liabilities	\$ 152,150	\$ 132,205	\$ 117,064	\$ 19,945	15%	\$ 15,141	13%
Non-current liabilities	2,166,954	2,108,383	1,930,067	58,571	3%	178,316	9%
Total Liabilities	2,319,104	2,240,588	2,047,131	78,516	4%	193,457	9%
Equity:							
Invested in capital assets, net							
of related debt	1,599,612	1,549,777	1,521,466	49,835	3%	28,311	2%
Restricted equity	124,785	115,865	103,639	8,920	8%	12,226	12%
Unrestricted equity	138,043	113,419	153,503	24,624	22%	(40,084)	(26%)
Total Equity	<u>1,862,440</u>	<u>1,779,061</u>	<u>1,778,608</u>	<u>83,379</u>	5%	<u>453</u>	0%
Total Liabilities and Equity	<u>\$ 4,181,544</u>	<u>\$ 4,019,649</u>	<u>\$ 3,825,739</u>	<u>\$ 161,895</u>	4%	<u>\$ 193,910</u>	5%

Equity: Over time, increases or decreases in equity may serve as a useful indicator of whether the financial position of SAWS is improving or deteriorating. SAWS' equity increased \$83.4 million from 2010 to 2011 and increased \$.5 million from 2009 to 2010.



The largest portion of SAWS' equity reflects its investment in capital assets, less the related debt to acquire those assets. The capital assets reflected in this category represent the utility plant assets that SAWS utilizes to generate revenues to service the debt obligations and pay the operating costs of the organization. Any cash and investment amounts restricted for construction purposes are also reflected in these totals. The \$49.8 million increase from 2010 to 2011 reflects \$59.5 million of capital contributions from developers as well as the funding of 2011 capital expenditures with renewal and replacement funds offset by the depreciation expense for the year. The \$28.3 million increase from 2009 to 2010 reflects \$53.3 million of capital contributions from developers and funding of capital expenditures with non-debt sources offset by 2010 depreciation expense.

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

As of December 31, 2011, \$35.2 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 of two months of the annual maintenance and operations budget. The amount of cash and investments restricted for this purpose will vary from year to year with any changes in the budgeted level of maintenance and operations expense.

Additionally, \$34.9 million of cash and investments was restricted for debt service purposes at December 31, 2011. The cash and investments, net of restricted liabilities that was restricted for debt purposes increased over 2010 and 2009 levels of \$31.2 million and \$27.5 million, respectively, as a result of increases in the annual debt service requirements occurring during the years 2010-2012.

The requirements of Ordinance 75686 stipulate that SAWS must accumulate and maintain a reserve equal to 100% of the maximum annual debt service requirements for senior lien debt obligations. 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 during 2008-2011 without surety policies. SAWS made cash deposits to the Reserve Fund totaling \$30.3 million in 2009, \$9.2 million in 2010 and \$3.7 million in 2011. Bond proceeds were also used to deposit an additional \$5.9 million in 2009, \$.4 million in 2010 and \$5.4 million in 2011. 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, 2011 additional deposits to the Reserve Fund of \$13 million will be required over the next four years related to debt currently outstanding. SAWS does not believe that funding these reserve deposits will have a material adverse impact on its operations or financial condition.

The remaining balance of SAWS' equity represents unrestricted equity and may be used for any allowable purpose as outlined in Ordinance 75686. Unrestricted equity increased \$24.6 million from 2010 to 2011 as funds provided by operations more than offset transfers to the Reserve Fund and funding of capital expenditures with renewal and replacement funds. The \$40.1 million decrease in unrestricted equity from 2009 to 2010 was the result of transfers to the Reserve Fund and funding of capital expenditures with non-debt sources, partially offset by funds provided by operations.

FINANCIAL ANALYSIS – REVENUES, EXPENSES AND CHANGES IN EQUITY

During 2011, SAWS' equity increased by \$83.4 million which consisted of income before capital contributions of \$23.9 million and capital contributions of \$59.5 million. In 2010, SAWS' equity increased by \$.5 million. Capital contributions of \$53.3 million in 2010 were almost entirely offset by a \$52.8 million loss before capital contributions.

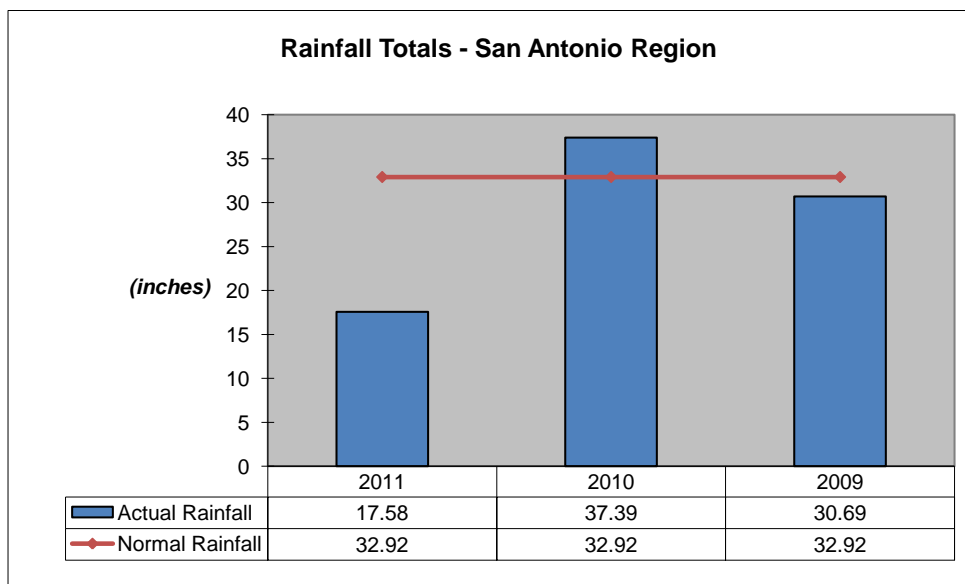
CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN EQUITY								
(amounts in thousands)	Year-ended December 31,			2011-2010		2010-2009		
	2011	2010	2009	Increase (Decrease)	% Change	Increase (Decrease)	% Change	
Operating revenues								
Water delivery system	\$ 125,188	\$ 106,864	\$ 105,204	\$ 18,324	17%	\$ 1,660	2%	
Water supply system	130,755	117,402	113,783	13,353	11%	3,619	3%	
Wastewater system	150,295	132,291	133,641	18,004	14%	(1,350)	(1%)	
Chilled water and steam system	11,631	12,223	12,714	(592)	(5%)	(491)	(4%)	
Total operating revenues	417,869	368,780	365,342	49,089	13%	3,438	1%	
Non-operating revenues	6,180	3,742	4,511	2,438	65%	(769)	(17%)	
Total Revenues	424,049	372,522	369,853	51,527	14%	2,669	1%	
Operating expenses								
Salaries and fringe benefits	\$ 127,816	\$ 121,523	\$ 115,177	\$ 6,293	5%	\$ 6,346	6%	
Contractual services	66,900	82,708	89,112	(15,808)	(19%)	(6,404)	(7%)	
Materials and supplies	24,868	20,320	22,768	4,548	22%	(2,448)	(11%)	
Other charges	21,756	36,883	24,398	(15,127)	(41%)	12,485	51%	
Less costs capitalized to construction in progress	(32,282)	(34,945)	(35,643)	2,663	(8%)	698	(2%)	
Depreciation expense	98,374	107,761	86,535	(9,387)	(9%)	21,226	25%	
Total operating expenses	307,432	334,250	302,347	(26,818)	(8%)	31,903	11%	
Non-operating expenses								
Amortization of debt issuance costs	1,809	2,081	1,465	(272)	(13%)	616	42%	
Other finance charges	2,881	2,936	2,508	(55)	(2%)	428	17%	
Interest expense	77,751	76,805	67,686	946	1%	9,119	13%	
(Gain)/Loss on sale of capital assets	(773)	(392)	104	(381)	97%	(496)	(477%)	
Payments to City of San Antonio	10,926	9,565	9,740	1,361	14%	(175)	(2%)	
Payments to other entities	124	124	119	-	0%	5	4%	
Total non-operating expenses	92,718	91,119	81,622	1,599	2%	9,497	12%	
Total Expenses	400,150	425,369	383,969	(25,219)	(6%)	41,400	11%	
Increase/(decrease) in equity before capital contributions								
	23,899	(52,847)	(14,116)	76,746	(145%)	(38,731)	274%	
Capital Contributions	59,480	53,300	66,875	6,180	12%	(13,575)	(20%)	
Change in Equity	83,379	453	52,759	82,926	18306%	(52,306)	(99%)	
Equity, beginning of year	1,779,061	1,778,608	1,725,849	453	0%	52,759	3%	
Equity, end of year	\$ 1,862,440	\$ 1,779,061	\$ 1,778,608	\$ 83,379	5%	\$ 453	0%	

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 \$368.8 million in 2010 to \$417.9 million in 2011. During 2011, Texas experienced one of the worst drought years in its recorded history. Lack of rainfall and extremely high temperatures during the summer months resulted in a 12.5% increase in water usage between 2010 and 2011. This increased water usage, average customer growth of 1.2% and the impact of rate increases that went into effect in November 2010 contributed to the increase in operating revenues from 2010. Rate increases that went into effect in November 2010 averaged 6.5% for SAWS' average residential customer. At the same time the rate increase was approved, the San Antonio City Council also approved a restructuring of the rates charged for water usage. The restructuring is expected to encourage conservation by sending a price signal to high landscape water users, while keeping essential indoor and business use reasonably priced.

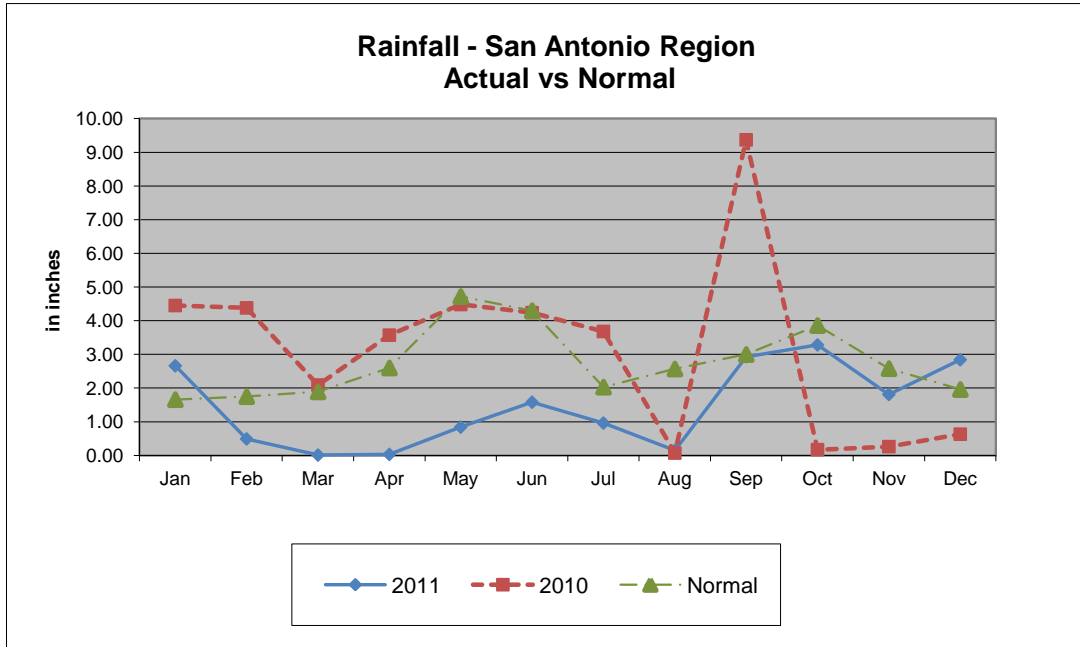
Operating revenues increased in 2010 to \$368.8 million from \$365.3 million in 2009. In addition to the rate increase and restructuring that was implemented in November 2010, SAWS began charging a monthly pass-

through fee to its water and wastewater customers in 2010 in order to recoup an increase in fees levied by the Texas Commission on Environmental Quality (TCEQ). The impact from these two initiatives, combined with an increase in the EAA pass-through fee and average customer growth of 1.2%, served to offset a decrease in metered water usage of 4.9% from 2009.

The Water Delivery core business is responsible for the actual distribution of water from its source to the customer’s premises. Operating revenues for this business are derived through a combination of a monthly service charge that is dependent upon the size of the customer’s water meter and a volume charge that relates to the customer’s actual water usage. Water Delivery operating revenues increased \$18.3 million or 17% to \$125.2 million in 2011 as a result of increased water usage, customer growth and the November 2010 increase of 2.2% in water delivery rates. Even though restrictions were imposed on outdoor water use during much of the year as a result of the drought, SAWS sold a record amount of water during 2011. Water Delivery operating revenues increased \$1.7 million or 2% to \$106.9 million in 2010. The decreased water usage between 2009 and 2010 was more than offset by revenue associated with customer growth, the nearly \$1 million generated from the newly implemented TCEQ pass-through fee, and the impact of the rate increase and restructuring that went into effect in November 2010.



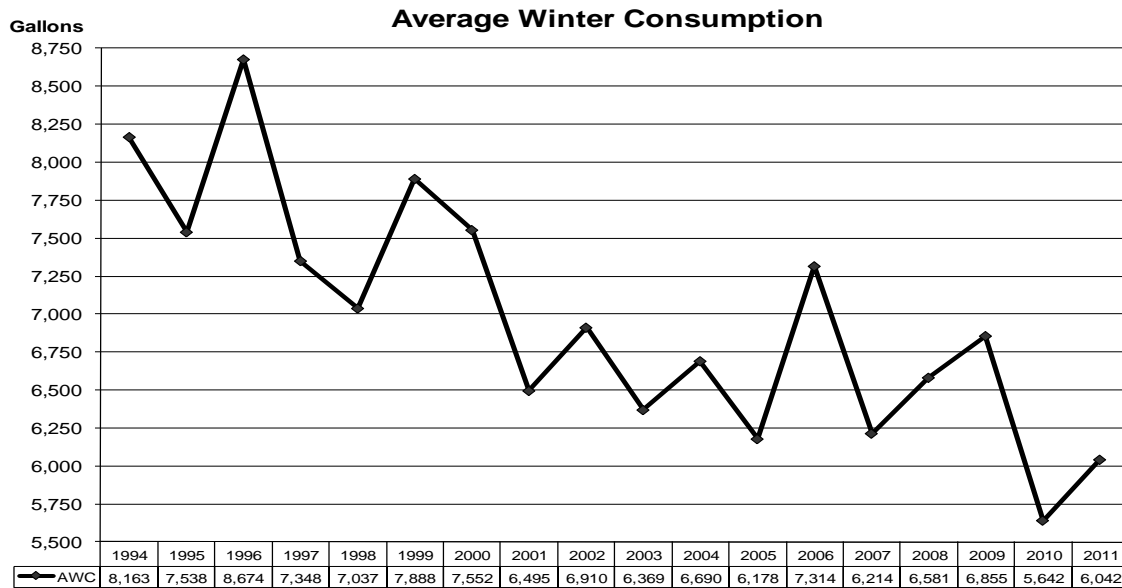
Rainfall for 2011 was just slightly more than half the normal amount for the year. Through the first eight months of 2011 only 7.4 inches had fallen, which was 70% below normal for that period. This contrasts with 2010, when rainfall was almost 14% higher than normal. Most of the rain in 2010 occurred during the first nine months, with just an inch of rain falling in the last three months of the year. As noted in the following table, rainfall during much of 2011 was significantly lower than both normal and 2010 rainfall amounts, contributing to the increase in water usage from 2010 to 2011.



The Water Supply core business is responsible for all functions related to the development and provision of additional water resources. In order to support the costs associated with these initiatives, in 2000, SAWS implemented a separate funding mechanism, known as the Water Supply Fee, for water supply development and water quality protection. Also included in Water Supply operating revenues are a pass-through fee designed to recoup the annual fees paid to the Edwards Aquifer Authority (EAA) for permitted water rights, meter fees and volumetric charges to customers utilizing recycled water for industrial or irrigation purposes, and allocated portions of water delivery revenues designed to fund residential and commercial conservation programs and debt service associated with water and supply and recycle projects in progress prior to implementation of a separate water supply fee. In 2011, Water Supply operating revenues increased \$13.4 million or 11% to \$130.8 million. The impact of increased water usage, customer growth and the November 2010 increase of 2.9% in water supply rates more than offset the \$1.6 million decrease in the EAA pass-through fee. In 2010, Water Supply operating revenues were \$117.4 million, or 3% higher than 2010. An additional \$3.4 million provided by the EAA pass-through fee, customer growth and the impact of the November 2010 rate increase and restructuring more than offset the impact of the decrease in water usage in 2010.

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

The following chart depicts SAWS AWC since 1994. While periods of extremely dry weather lead to spikes in the AWC, water conservation efforts have resulted in an overall downward trend in the AWC over the past 17 years.

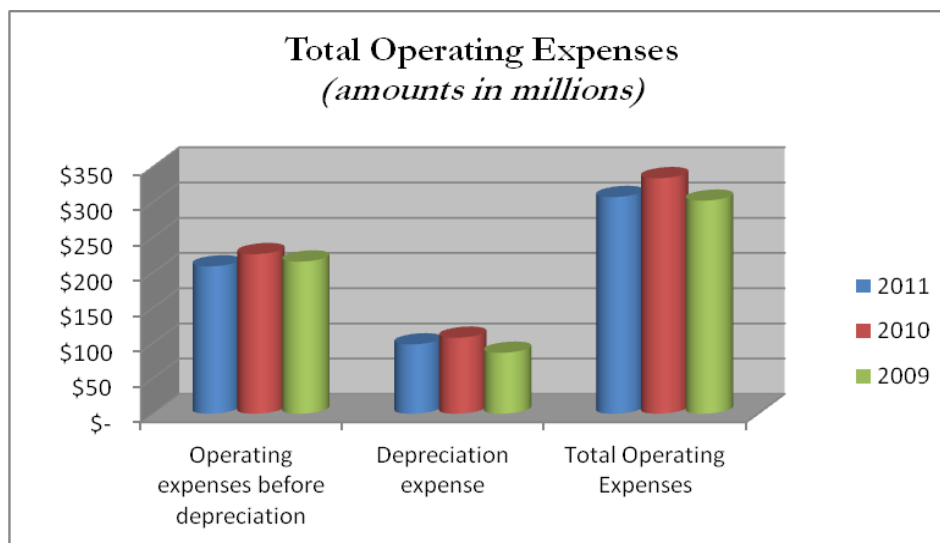


Wastewater operating revenues were \$150.3 million for 2011, an increase of \$18 million or 14% from 2010. Due to below normal rainfall during the winter averaging period, the AWC that went into effect in April 2011 increased 7% from the 2010 AWC. The impact of the increase in the AWC, customer growth and the 11.9% wastewater rate increase that went into effect in November 2010 contributed to the growth in operating revenue in 2011. During 2010, Wastewater operating revenues of \$132.3 million were \$1.4 million or 1% lower than 2009. Due to the above normal rainfall during the winter averaging period, the AWC that went into effect in April 2010 decreased nearly 18% from the 2009 AWC and was more than 500 gallons or 8% lower than the lowest level previously ever recorded by SAWS. The impact of this decrease in the AWC was partially offset by the impact of customer growth, the November 2010 rate increase and the \$.3 million of revenue generated by the new TCEQ pass-through fee.

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 declined \$.6 million or 5% from 2010 and \$.5 million or 4% from 2009 levels due to the loss of the Brooks City Base contract, which was discontinued in 2010.

Non-operating revenues: Non-operating revenues, which primarily represent interest income earned on investments and the federal interest subsidy on SAWS Build America Bonds (BABs), increased \$2.4 million during 2011 primarily due to the federal subsidy related to the BABs issued in November 2010. The increase in the BABs subsidy more than offset lower average yields on investments. The average investment balance decreased slightly from \$513 million in 2010 to \$511.1 million in 2011 while the average yield on SAWS's portfolio decreased from .33% in 2010 to .28% in 2011. During 2010, non-operating revenues decreased \$.8 million from 2009 as the \$1.8 million federal subsidy received on the BABs issued in 2009 partially offset lower average yields on investments. While the average investment balance increased from \$452.2 million in 2009 to \$513 million in 2010, the average yield on SAWS's portfolio decreased from .82% in 2009 to .33% in 2010.

Operating Expenses: Total 2011 operating expenses of \$307.4 million decreased by \$26.8 million or 8% from 2010 levels. This decrease primarily consists of decreases in depreciation and write-offs associated with asset impairments as well as the settlement of SAWS lawsuit with Lower Colorado River Authority (LCRA).



During 2011, SAWS’ salary and benefit related costs increased \$6.3 million or 5% over the prior year. This increase is driven primarily by increased in SAWS medical and retirement benefit costs as well as an increase in overtime pay. The increase in medical benefit costs, which accounted for \$2.3 million of the total increase, reflects the ongoing trend of rising medical expenses being experienced across the country. Certain steps were implemented during the course of 2011 in an effort to reduce the level of these increases going forward. SAWS retirement costs increased \$1.8 million during 2011 as a result of some changes made in the actuarial assumptions associated with these plans as well as the final “phase-in” of the significant decline in the market value of plan assets experienced in 2008. SAWS’ salary expense including overtime, on-call and incentive pay increased by approximately \$1.3 million or 1.6% during 2011. The primary cause of this increase was the \$9 million increase in overtime costs which resulted from the increased number of water main breaks experienced during the summer as well as a significant ice storm which affected the San Antonio region in February 2011.

Certain contractual services, materials and supplies related to the production of water and maintenance of the system increased in 2011 primarily as a result of the extreme drought conditions. Maintenance related costs increased \$8.9 million from 2010 while utility costs associated with increased production grew \$2.5 million. More than offsetting these cost increases were several significant expense reductions during 2011. In November 2011, SAWS settled its lawsuit with LCRA related to a joint water supply project and recorded a \$28.1 million credit to contractual services. This settlement is discussed in more detail in Note D to the financial statements. Additionally, other charges decreased \$15.1 million due to a decrease in write offs of impaired capital assets and a decrease in the retiree healthcare costs. Write offs related to capital asset impairments were \$3.8 million in 2011 and \$13.3 million in 2010. Further discussion of these impairments is found in Note E. Due to changes made in cost sharing and eligibility requirements for SAWS’ post-retirement healthcare (OPEB) plan as well as the adoption of a plan to begin funding the OPEB obligation, the annual required contribution for this plan decreased \$5 million in 2011. Further discussion of changes to the OPEB plan is found in Note K.

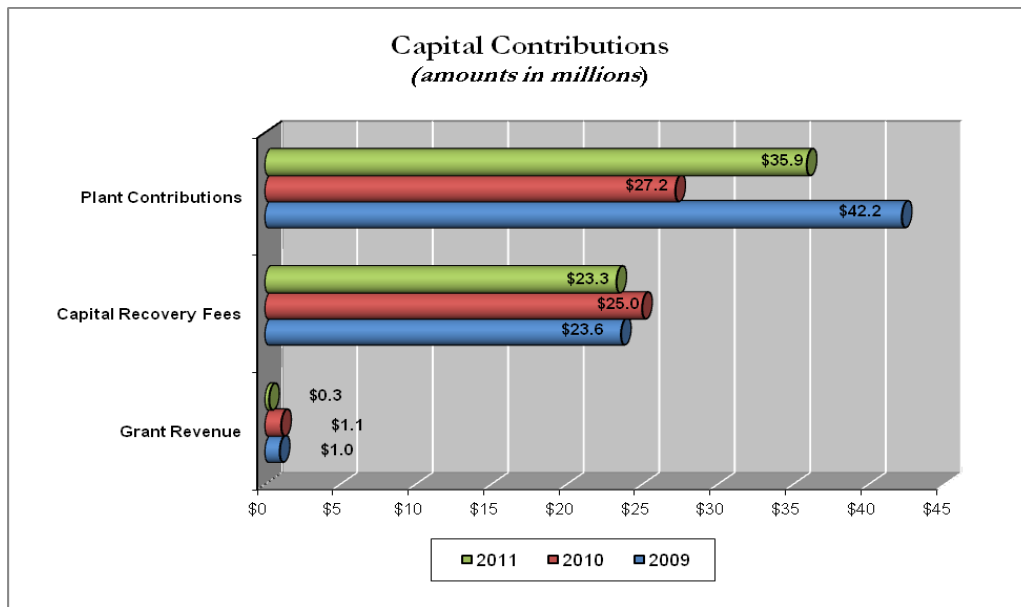
In 2011, depreciation expense was \$98.4 million, a decrease of \$9.4 million or 9% from 2010. While \$171 million in depreciable assets were added during 2011 to utility plant in service, 2010 depreciation expense

included a \$13.4 million one-time adjustment to fully depreciate assets eliminated due to a closure of SAWS' Salado Creek Treatment Plant. Further discussion of this adjustment to depreciation is found in Note E.

Total operating expenses were \$334.3 million in 2010, an increase of \$31.9 million or 11% from 2009. Increases in salary and benefit related costs and depreciation expense as well as write offs due to capital asset impairments were partially offset by aggressive efforts to reduce operating expenses during 2010. SAWS' salary and benefit related costs increased \$6.3 million or 6% from 2009. Although merit increases were not given to employees in 2010, the full year impact of merit increases and other market wage adjustments granted in 2009 contributed approximately \$2.3 million of the increase in salaries and benefits during 2010. Increasing pension and healthcare costs and lower employer turnover also contributed to the increase. Contractual Services and Material and Supplies decreased \$8.9 million from 2009 due to efforts to reduce costs and mitigate the impact of higher than normal rainfall on operating revenues. As previously discussed, write-offs related to capital asset impairments were \$13.3 million, an increase of \$12.6 million from 2009. Depreciation expense for 2010 increased by \$21.2 million or 25% to \$107.8 million. This increase reflects the adjustment related to the Salado Creek Treatment Plant closure as well as the \$256 million in depreciable assets added to utility plant in service over the course of 2010.

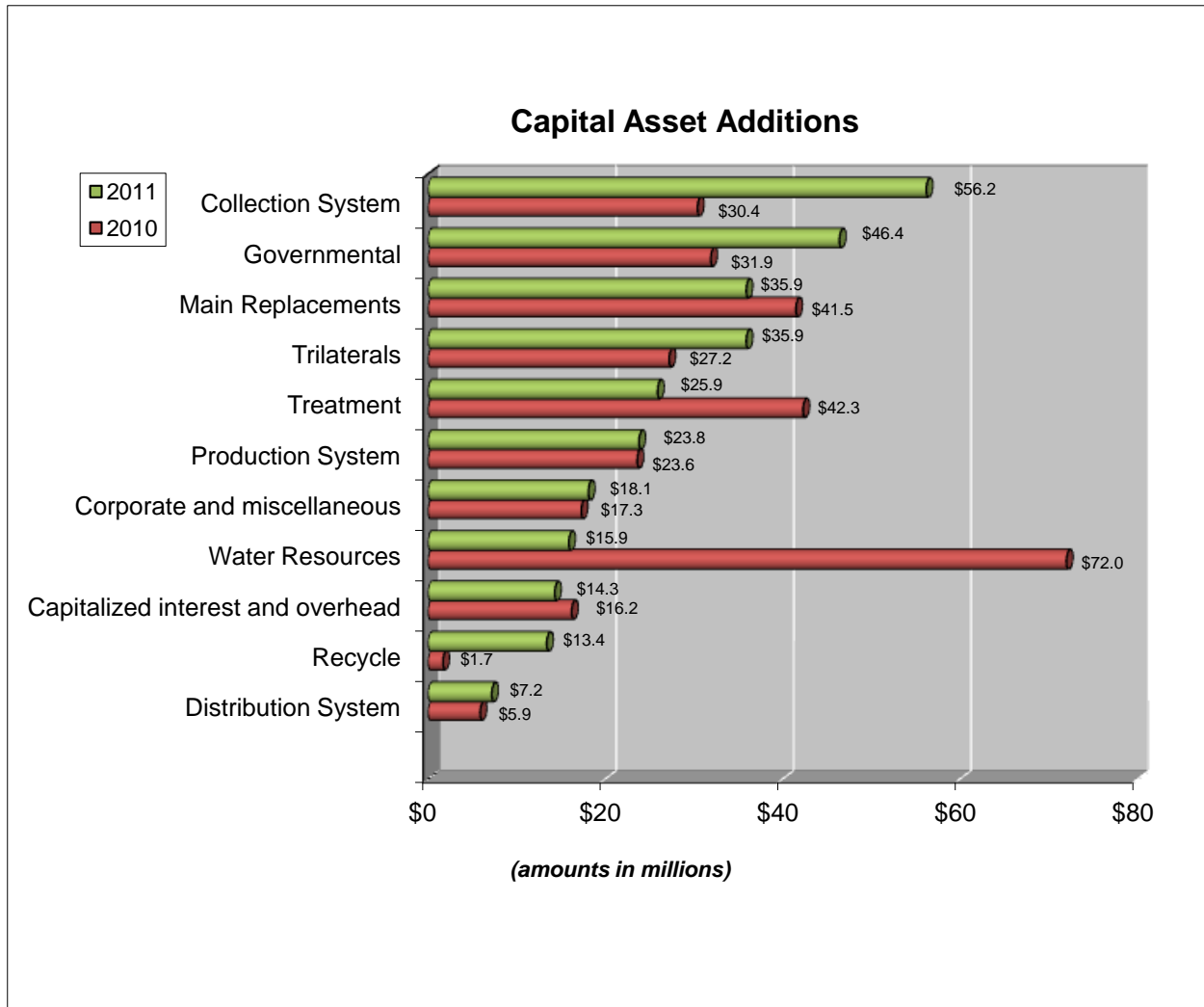
Non-operating Expenses: 2011 non-operating expenses increased \$1.6 million or 2% from 2010 primarily due to increases in interest expense and payments to the City of San Antonio. Interest expense increased \$0.9 million or 1% as an increase in average debt outstanding was partially offset by debt savings achieved through the refunding of more than \$165 million in bonds and an increase in interest capitalized during the year. Payments to the City of San Antonio increased in 2011 as a result of the increase in revenues. During 2010, non-operating expenses increased \$9.5 million or 12% from 2009 primarily due to an increase in interest expense. Interest expense increased \$9.1 million or 13% due to an increase in average debt outstanding.

Capital Contributions: Capital contributions for 2011 totaled \$59.5 million and represent an increase of \$6.2 million from 2010. In contrast, capital contributions of \$53.3 million in 2010 declined \$13.6 million from 2009. Both the increase in capital contributions during 2011 and the decrease during 2010 was due to changes in the amount of infrastructure donated by developers. Development activity picked up in 2011 as the economy began to recover and tight credit markets began to ease. Capital recovery fees decreased slightly in 2011, despite an increase in the fees charged to new customers that went into effect in June 2011 due to a slight reduction in customer growth.



CAPITAL ASSET ACTIVITY

During 2011 SAWS' total capital assets (net of accumulated depreciation) grew from \$3.4 billion to \$3.6 billion, while during 2009, net capital assets increased from \$3.2 billion to \$3.4 billion. Capital asset additions were \$293 million in 2011 and \$310 million in 2010. 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 \$240 million as of December 31, 2011. For further detail information on capital assets, refer to Note E.

LONG-TERM DEBT ACTIVITY

In April 2011, SAWS issued \$46.6 million of senior lien revenue refunding bonds. The proceeds of these bonds were used to refund \$50.2 million of the outstanding Series 2001 bonds and pay the cost of issuance. In August 2011, SAWS issued \$24.6 million of junior lien revenue bonds and \$18.1 million of junior lien revenue and refunding bonds under Texas Water Development Board programs. The proceeds of these bonds were used to pay the cost of issuance, refund \$2 million of outstanding commercial paper and finance capital improvements. In October 2011, SAWS issued \$165.1 million of revenue refunding bond. The proceeds of these bonds were used to pay the cost of issuance and refund \$34.6 million of the Series 2002 bonds, \$80.5 million of the Series 2002-A bonds and \$60 million of outstanding commercial paper. During the course of the year, SAWS also issued \$35 million in new commercial paper notes which were used to finance capital improvements. SAWS intends to reissue maturing commercial paper and ultimately refund such maturities with proceeds from the issuance of long-term revenue bonds. Consistent with this intent, SAWS classifies outstanding commercial paper notes as long-term debt.

In March 2010, SAWS issued \$59.1 million of junior lien revenue and refunding bonds. The proceeds of these bonds were used to refund \$63.2 million of the outstanding Series 1999 and 1999-A junior lien bonds and pay the cost of issuance. In November 2010, SAWS issued \$110 million in senior lien revenue bonds. The proceeds of these bonds were used to finance capital improvements and pay issuance costs. In December 2010, SAWS issued another \$17.9 million in junior lien revenue and refunding bonds under the Texas Water Development Board program. The proceeds of these bonds were used to refund \$3.4 million in outstanding commercial paper notes, pay the cost of issuance and finance capital improvements. SAWS also issued \$77 million in new commercial paper notes which were used to finance capital improvements. Additional information about SAWS' long-term debt can be found in Note H and Note L.

In April 2010, Fitch Ratings and Moody's Investors Service, Inc., released their recalibration ratings of all Texas local municipalities from US Municipal Ratings to the Global Scale Ratings. As a result, SAWS' credit ratings were recalibrated to "AA+" and "Aa1" respectively on its senior lien obligations and "AA" and "Aa2" respectively on its junior lien obligations. In September 2011, the rating agencies reaffirmed SAWS' credit ratings as indicated below. SAWS' high quality credit ratings are based on its large and diverse service area, sound financial management, long-term planning of water supply and infrastructure needs, and competitive water and sewer rates. SAWS' commercial paper ratings also remained unchanged during 2010 and 2011.

BOND AND COMMERCIAL PAPER RATINGS			
	Senior Lien Debt	Junior Lien Debt	Tax-Exempt Commercial Paper
Fitch Ratings	AA+	AA	F1+
Moody's Investors Service, Inc	Aa1	Aa2	P-1
Standard & Poor's Ratings Service	AA	AA-	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, 2011 and 2010, SAWS was in compliance with the terms and provisions of the ordinances and documents related to its outstanding bonds and commercial paper.

FINANCIAL RATIOS			
	2011	2010	2009
Current Year Debt Coverage‡:			
Senior Lien Debt	2.28x	1.60x	1.80x
All Debt	1.74x	1.22x	1.41x
Maximum Annual Debt Coverage‡:			
Senior Lien Debt	1.85x	1.30x	1.48x
All Debt	1.57x	1.11x	1.24x
Equity (<i>equity/ total liabilities + equity</i>)	44.5%	44.3%	46.5%
‡ Debt service is net of federal interest subsidy.			

ECONOMIC OUTLOOK FOR THE FUTURE

Effective beginning in January 2012, the San Antonio City Council approved an average rate increase of 7.9% for most services provided by SAWS. This rate adjustment was needed to provide additional funding to address aging infrastructure issues, support continued development of additional water supplies, and meet operational requirements. Customer growth has been somewhat steady during the last three years despite a weak economy and high unemployment levels. During 2011 customer connections grew 1.2% compared to 1.3% during 2010 and 1.1% during 2009. The San Antonio region is positioned to continue to grow at least moderately during the next few years. While continued customer growth can help offset increasing operating costs, the development of additional water supplies to service the growth in customers as well as the continuing costs to address infrastructure issues will require future rate adjustments.

CONTACTING SAWS' FINANCIAL MANAGEMENT

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

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

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

BASIC FINANCIAL STATEMENTS

San Antonio Water System
BALANCE SHEETS
(amounts in thousands)

	December 31,	
	2011	2010
CURRENT ASSETS		
Unrestricted Current Assets		
Cash and cash equivalents	\$ 53,636	\$ 48,393
Investments	134,413	95,013
Accounts receivable, net of allowances for uncollectible accounts of \$2,305 and \$2,334, respectively	46,356	47,104
Other current assets	9,317	9,457
Total unrestricted current assets	243,722	199,967
Restricted Current Assets:		
Cash and cash equivalents	11,698	-
Investments	115,730	117,452
Total restricted current assets	127,428	117,452
Total Current Assets	371,150	317,419
NONCURRENT ASSETS		
Unrestricted Noncurrent Assets		
Unamortized debt issuance costs	17,680	19,017
Deferred outflows - derivative instrument	18,380	5,575
Accounts receivable, non current	7,985	-
Restricted Noncurrent Assets:		
Cash and cash equivalents	26,983	41,336
Investments	186,301	273,435
Capital Assets:		
Utility plant in service	4,001,854	3,845,768
Less allowance for depreciation	1,271,438	1,187,662
	2,730,416	2,658,106
Land, water rights and other intangible assets	300,211	288,951
Construction in progress	522,438	415,810
Total capital assets (net of accumulated depreciation)	3,553,065	3,362,867
Total Noncurrent Assets	3,810,394	3,702,230
TOTAL ASSETS	\$ 4,181,544	\$ 4,019,649

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

San Antonio Water System
BALANCE SHEETS (continued)
(amounts in thousands)

	December 31,	
	2011	2010
LIABILITIES		
Current Liabilities To Be Paid From Unrestricted Assets		
Accounts payable	\$ 29,156	\$ 20,450
Accrued vacation payable	4,576	5,830
Accrued payroll and benefits	1,556	1,250
Accrued claims payable	10,565	8,526
Sundry payables and accruals	1,338	1,424
Total unrestricted current liabilities	47,191	37,480
Current Liabilities To Be Paid From Restricted Assets		
Accrued interest payable	12,871	11,106
Payables under construction contracts	35,767	32,570
Customers' deposits	8,701	8,599
Commercial paper notes	2,840	2,720
Revenue bonds payable within one year	44,780	39,730
Total restricted current liabilities	104,959	94,725
Total Current Liabilities	152,150	132,205
Noncurrent Liabilities		
Accrued vacation payable	2,919	783
Unfunded postemployment benefits	81,234	67,302
Derivative instrument	24,171	11,754
Commercial paper notes	212,090	241,930
Revenue bonds payable after one year, net of unamortized premiums, discounts and deferred losses on refunding	1,846,540	1,786,614
Total Noncurrent Liabilities	2,166,954	2,108,383
TOTAL LIABILITIES	2,319,104	2,240,588
EQUITY		
Restricted for operating reserve	35,227	33,955
Restricted for debt service fund	34,862	31,222
Restricted for reserve fund	54,696	50,688
Invested in capital assets, net of related debt	1,599,612	1,549,777
Unrestricted	138,043	113,419
TOTAL EQUITY	1,862,440	1,779,061
TOTAL LIABILITIES AND EQUITY	\$ 4,181,544	\$ 4,019,649

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

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

OPERATING REVENUES	2011	2010
Water delivery system	\$ 125,188	\$ 106,864
Water supply system	130,755	117,402
Wastewater system	150,295	132,291
Chilled water and steam system	11,631	12,223
Total operating revenues	417,869	368,780
OPERATING EXPENSES		
Salaries and fringe benefits	127,816	121,523
Contractual services	66,900	82,708
Material and supplies	24,868	20,320
Other charges	21,756	36,883
Less costs capitalized to construction in progress	(32,282)	(34,945)
Total operating expenses before depreciation	209,058	226,489
Depreciation expense	98,374	107,761
Total operating expenses	307,432	334,250
Operating income	110,437	34,530
NONOPERATING REVENUES		
Interest earned and miscellaneous	6,180	3,742
NONOPERATING EXPENSES		
Amortization of debt issuance costs	1,809	2,081
Other finance charges	2,881	2,936
Interest expense	77,751	76,805
Gain on sale of capital assets	(773)	(392)
Payments to the City of San Antonio	10,926	9,565
Payments to other entities	124	124
Total nonoperating expenses	92,718	91,119
Increase/(Decrease) in equity, before capital contributions	23,899	(52,847)
Capital contributions	59,480	53,300
 CHANGE IN EQUITY	 83,379	 453
 EQUITY, BEGINNING OF YEAR	 1,779,061	 1,778,608
 EQUITY, END OF YEAR	 \$ 1,862,440	 \$ 1,779,061

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

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

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 416,656	\$ 360,635
Cash paid to vendors for operations	(94,613)	(100,819)
Cash paid to employees for services	(99,977)	(92,734)
Net cash provided by operating activities	222,066	167,082
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to the City of San Antonio	(8,003)	(6,713)
Payments to other entities	(126)	(154)
Net cash used for noncapital financing activities	(8,129)	(6,867)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	1,175	790
Proceeds from developers for plant construction	23,263	25,038
Proceeds from grants	741	1,272
Payment to employees for construction of plant	(19,524)	(21,435)
Payment to vendors for construction of plant	(12,758)	(13,510)
Payments for acquisition of equipment and furniture	(14,224)	(8,176)
Payments for acquisition of property and plant	(191,322)	(219,116)
Proceeds from commercial paper	35,000	77,000
Payment for retirement of commercial paper	(2,720)	(2,600)
Proceeds from revenue bonds	45,499	125,459
Payment for retirement of revenue bonds	(39,730)	(38,590)
Payment of interest on commercial paper	(628)	(602)
Payment of interest on revenue bonds	(87,679)	(83,076)
Payment for bond related expenses	(2,345)	(2,984)
Payment for bank charges	(2,211)	(3,637)
Net cash used for capital and related financing activities	(267,463)	(164,167)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(730,955)	(778,762)
Maturity of investments	780,423	740,841
Interest income and other	6,646	3,130
Net cash provided by (used for) investing activities	56,114	(34,791)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,588	(38,743)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	89,729	128,472
CASH AND CASH EQUIVALENTS, AT END OF YEAR	\$ 92,317	\$ 89,729

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)

	2011	2010
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENTS OF CASH FLOWS TO THE BALANCE SHEETS		
Cash and Cash Equivalents		
Unrestricted	\$ 53,636	\$ 48,393
Restricted		
Current	11,698	-
Noncurrent	26,983	41,336
	\$ 92,317	\$ 89,729

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income	\$ 110,437	\$ 34,530
Adjustments to reconcile operating income to net cash provided by operating activities:		
Non-cash revenues from City of San Antonio	(2,923)	(2,852)
Provision for uncollectible accounts	2,811	3,463
Charge-off of prior year construction expenditures to operating expense	3,791	13,274
Depreciation expense	98,374	107,761
Change in assets and liabilities:		
Increase in accounts receivable	(10,444)	(9,160)
(Increase)/Decrease in other current assets	(337)	784
Increase/(Decrease) in accounts payable	3,180	(699)
Increase/(Decrease) in accrued vacation payable	882	(589)
Increase in accrued payroll and benefits	306	210
Increase in claims payables	2,039	305
Increase/(Decrease) in sundry payables and accruals	(84)	(559)
Increase in unfunded postemployment benefits	13,932	20,209
Increase in customers' deposits	102	405
Total adjustments	111,629	132,552
Net cash provided by operating activities	\$ 222,066	\$ 167,082

NONCASH CAPITAL AND FINANCING ACTIVITIES

Plant contributions received from developers	\$ 35,872	\$ 27,162
Bond proceeds deposited into an escrow account for purposes of refunding:		
Revenue Bonds	\$ 165,315	\$ 63,200
Commercial Paper	\$ 62,000	\$ 3,400

San Antonio Water System Retirement Plan
STATEMENTS OF NET PLAN ASSETS

<i>(amounts in thousands)</i>	December 31,	
	2011	2010
	<u> </u>	<u> </u>
Assets		
Unallocated separate accounts at fair value	\$ 92,010	\$ 83,538
Liabilities	-	-
Net assets available for benefits	<u>\$ 92,010</u>	<u>\$ 83,538</u>

STATEMENTS OF CHANGES IN NET PLAN ASSETS
For the years ended December 31,

<i>(amounts in thousands)</i>	2011	2010
	<u> </u>	<u> </u>
Additions		
Employer contributions	\$ 9,171	\$ 7,849
Investment income - net appreciation in fair value of investments	<u>2,713</u>	<u>9,369</u>
Total additions	11,884	17,218
Deductions		
Pension payments	3,412	2,897
Administrative expenses	<u>-</u>	<u>23</u>
Total deductions	<u>3,412</u>	<u>2,920</u>
Net increase	8,472	14,298
Net assets at beginning of year	83,538	69,240
Net assets at end of year	<u>\$ 92,010</u>	<u>\$ 83,538</u>

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

NOTES TO FINANCIAL STATEMENTS

A. Summary of Significant Accounting Policies	23
Reporting Entity	23
Basis of Accounting	23
Recognition of Revenues	24
Revenue and Expense Classification	24
Annual Budget	24
Fund Accounting	25
Core Businesses	25
Restricted Resources	25
Cash Equivalents	25
Investments	25
Accounts Receivable	25
Inventory	26
Unamortized Debt Issuance Costs	26
Restricted Noncurrent Assets	26
Capital Assets	26
Capitalized Interest	27
Capital Contributions	27
Compensated Absences	27
Self-Insurance	27
Derivative Instrument	27
Estimates	28
Reclassifications	28
B. City Ordinance No. 75686	28
Funds Flow	28
Payments to the City's General Fund	28
Reuse Contract	28
Pledged Revenues	28
No Free Service	28
C. Deposits and Investments	29
D. Accounts Receivable	32
E. Capital Assets	33
F. Other Liabilities	35
Accrued Vacation Payable	35
Risk Management	36
G. Derivative Instrument	36
H. Long-Term Debt	39
Revenue Bonds	39
Commercial Paper Program	42
Interest Expense	43
Other Debt Matters	43
I. Contingencies and Commitments	44
J. Pension and Retirement Plans	46
K. Other Post Employment Benefits	51
L. Subsequent Events	55

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The San Antonio Water System Retirement Plan (SAWSRP) is a single-employer defined benefit pension plan controlled by the provisions of Ordinance No. 75686. The plan is governed by the San Antonio Water System which may amend plan provisions, and which is responsible for the management of plan assets. SAWSRP is a pension trust fund and is included in the accompanying financial statements as a fiduciary fund. SAWSRP is not considered a major fund of SAWS.

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

Basis of Accounting: The financial statements of SAWS are prepared using the accrual basis of accounting with the economic resources measurement focus as prescribed by the Governmental Accounting Standards Board (GASB). In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, SAWS applies all applicable GASB pronouncements as well as any Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board opinions and Accounting Research Bulletin's issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. SAWS presents its financial statements in accordance with the GASB Codification of Governmental Accounting and Financial Reporting Standards. Under this approach, all assets and liabilities of SAWS are reported in the balance sheet, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

NOTES TO FINANCIAL STATEMENTS

In 2011, SAWS implemented the following new GASB pronouncements:

- GASB Statement No. 59, *Financial Instruments Omnibus*. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. The provisions of this Statement had no impact on SAWS in 2011.
- GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. In 2003, SAWS entered into an interest rate swap agreement, which qualifies as a derivative instrument. The replacement of the swap counterparty in 2009 had no effect on the effective hedging relationship of the swap. Further discussion of the interest rate swap agreement is found in Note G to the financial statements.

SAWSRP's policy is to prepare its financial statements on 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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

Revenue and Expense Classification: Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of SAWS are charges to customers for water supply, water delivery, wastewater, and chilled water and steam services. Operating expenses include costs of service, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

Investments: City Ordinance No. 75686, SAWS' Investment Policy, and Texas state law allow SAWS to invest in direct obligations of the United States or its agencies and instrumentalities. Other allowable investments include direct obligations of the State of Texas or its agencies and instrumentalities; secured certificates of deposit issued by depository institutions that have their main office or a branch office in the State of Texas; defined bankers acceptances and commercial paper; collateralized direct repurchase agreements, reverse repurchase agreements; no-load money market mutual funds; investment pools; and other types of secured or guaranteed investments. These investments are subject to market risk, interest rate risk, and credit risk which may affect the value at which these investments are recorded. Investments other than money market investments are reported at fair value. 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. SAWSRP's unallocated separate accounts are valued at fair value.

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 \$2.8 million in 2011 and \$3.5 million in 2010. A provision to increase the allowance for uncollectible accounts is recorded as an offset to operating revenue. The provision for uncollectible accounts was \$2.8 million in 2011 and \$3.5 million in 2010.

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

Capital Contributions: Capital Contributions consist of plant contributions from developers, capital recovery fees, and grant proceeds received from governmental agencies for facility expansion. Capital Contributions are recognized in the statement of revenues, expenses, and changes in equity, 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, 2011, SAWS had granted \$29.3 million in unused capital recovery fee credits to developers. The use of these capital recovery fee credits is conditional based on type of development and in certain instances, time requirements and geographic restrictions.

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

Self-Insurance: SAWS is self-insured for a portion of workers' compensation, employee's health, employer's liability, public officials' liability, property damage, and certain elements of general liability. A liability has been recorded for the estimated amount of eventual loss which will be incurred on claims arising prior to the end of the period including incurred but not reported claims.

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

NOTE B - CITY ORDINANCE NO. 75686

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

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

Reuse Contract: SAWS has a contract with CPS Energy, the city owned electricity and gas utility, for the provision of reuse water. According to the City Ordinance, the revenues derived from the contract have been restricted in use to only reuse activities and are excluded from gross revenue for purposes of calculating any transfers to the City's General Fund.

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

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

NOTES TO FINANCIAL STATEMENTS

NOTE C - DEPOSITS AND INVESTMENTS

San Antonio Water System:

The following is a reconciliation of deposits and investments disclosed in this note to the amounts presented for cash and investments in the balance sheets for 2011 and 2010:

<i>(amounts in thousands)</i>	December 31,	
	2011	2010
Reported amounts in note for:		
Deposits, including certificates of deposit	\$ 114,848	\$ 73,401
Investments	413,913	502,228
Total Deposits & Investments	<u>\$ 528,761</u>	<u>\$ 575,629</u>
Totals from Balance Sheets:		
Cash and Cash Equivalents:		
Unrestricted cash and cash equivalents	\$ 53,636	\$ 48,393
Restricted cash and cash equivalents:		
Current:		
Debt Service Fund	11,698	-
Noncurrent:		
Reserve Fund	364	275
Construction funds	26,619	41,061
	<u>26,983</u>	<u>41,336</u>
Total cash and cash equivalents	<u>92,317</u>	<u>89,729</u>
Investments:		
Unrestricted current investments	134,413	95,013
Restricted current investments:		
Customer deposits	8,701	8,599
Operating reserve	35,227	33,955
Debt Service Fund	36,035	42,328
Construction funds	35,767	32,570
	<u>115,730</u>	<u>117,452</u>
Restricted noncurrent investments:		
Reserve Fund	65,623	56,646
Construction funds	120,678	216,789
	<u>186,301</u>	<u>273,435</u>
Total investments	<u>436,444</u>	<u>485,900</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 528,761</u>	<u>\$ 575,629</u>

Deposits: As of December 31, 2011, SAWS' funds are deposited in demand and savings accounts or certificates of deposit at Frost National Bank, SAWS' general depository bank. Additionally, funds have been deposited in certificates of deposit at Bank of America, BBVA-Compass Bank and Lone Star National Bank. As required by state law, all SAWS' deposits are fully collateralized and/or are covered by federal depository insurance. At

NOTES TO FINANCIAL STATEMENTS

December 31, 2011, the collateral pledged is being held by the Federal Reserve Bank of Boston under SAWS' name so SAWS incurs no custodial credit risk. As of December 31, 2011, the bank balance of SAWS' demand and savings accounts was \$47,173,000 and the reported amount was \$34,848,000 which included \$30,000 of cash on hand. As of December 31, 2010, the bank balance of SAWS' demand and savings accounts was \$31,851,000 and the reported amount was \$29,401,000 which included \$30,000 of cash on hand. Certificates of deposits totaled \$80,000,000 at December 31, 2011 and \$44,000,000 at December 31, 2010.

Investments: As of December 31, 2011, investments include securities issued by the United States government and its agencies and instrumentalities along with funds held in escrow. Securities issued by the U.S. government and its agencies and instrumentalities are held in safekeeping by SAWS' depository bank, Frost National Bank and registered as accounts of SAWS. Funds held in escrow are Money Market Funds managed by Frost National Bank, U.S. Bank and Wells Fargo Bank and are invested in securities issued by the U.S. government or by U.S. Agencies.

SAWS had the following investments and remaining maturities at December 31, 2011 and 2010:

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

December 31, 2010 (amounts in thousands)						
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. Agency Discount Notes	\$ 49,159	\$ 90,748	\$ 22,470	\$ -	\$ 162,377	\$ 162,377
U.S. Agency Coupon Notes	123,043	116,861	69,748	13,839	323,491	323,523
Money Market Funds held in Escrow:						
Frost National Bank	274	-	-	-	274	274
Wells Fargo Bank	16,054	-	-	-	16,054	16,054
	<u>\$ 188,530</u>	<u>\$ 207,609</u>	<u>\$ 92,218</u>	<u>\$ 13,839</u>	<u>\$ 502,196</u>	<u>\$ 502,228</u>

NOTES TO FINANCIAL STATEMENTS

Interest Rate Risk: As a means of limiting its exposure to fair value losses due to rising interest rates, SAWS' investment policy limits its investments maturities to no more than five years. At December 31, 2011 and 2010 SAWS investment maturities as a percent of the portfolio were as follows:

Maturities	December 31,	
	2011	2010
Zero to 90 days	52%	38%
91 to 180 days	28%	41%
181 to 365 days	16%	18%
More than one year	4%	3%

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, 2011 and 2010, SAWS held no direct investments with a credit rating below "AA+".

Credit Rating	Rating	<i>(amount in thousands)</i>		Allocation	Investment Policy
	Agency	Carrying Value	Market Value		Limit
December 31, 2011					
A-1+/AAA	S&P	\$ 146,307	\$ 146,316	35.3%	Max. = 100%
AA+	S&P	267,606	267,586	64.7%	Max. = 100%
Total Portfolio		<u>\$ 413,913</u>	<u>\$ 413,902</u>	<u>100.0%</u>	
December 31, 2010					
A-1+/AAA	S&P	\$ 502,228	\$ 502,196	100.0%	Max. = 100%
Total Portfolio		<u>\$ 502,228</u>	<u>\$ 502,196</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 5% of the total investment portfolio on any non-government issuer unless it is fully collateralized.

At December 31, 2011 and 2010, the following investments in any one organization that represent more than five percent of total SAWS investments are:

	December 31,	
	2011	2010
Federal Home Loan Bank	26%	37%
Federal National Mortgage Association	21%	20%
Federal Home Loan Mortgage Corporation	21%	32%

NOTES TO FINANCIAL STATEMENTS

San Antonio Water System Retirement Plan (SAWSRP):

At December 31, 2010 and 2011 the SAWSRP held no deposits and had the following investments:

<i>(amounts in thousands)</i>	2011	2010
Principal Bond and Mortgage Separate Account	\$ 32,754	\$ 25,339
Large Cap S&P 500 Index Separate Account	59,256	58,199
	<u>\$ 92,010</u>	<u>\$ 83,538</u>

It is the policy of the SAWSRP to invest approximately 60% of its assets in equity securities and the remainder in fixed income securities. The SAWSRP investments are not automatically rebalanced, however, contributions to the plan are invested in a manner to adhere to the investment policy. The Principal Bond and Mortgage Separate Account is unrated. Its effective duration was 4.94 years at December 31, 2011 and 5.18 years at December 31, 2010.

NOTE D – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at December 31, 2011 and 2010:

<i>(amounts in thousands)</i>	2011	2010
Current:		
Receivable from customers	\$ 26,588	\$ 26,709
Unbilled revenue	20,294	21,811
Receivable from other governmental agencies	1,779	918
Less: Allowance for doubtful accounts	<u>(2,305)</u>	<u>(2,334)</u>
	46,356	47,104
Noncurrent:		
Receivable from other governmental agencies	<u>7,985</u>	<u>-</u>
Total accounts receivable	<u>\$ 54,341</u>	<u>\$ 47,104</u>

In November 2011, SAWS Board approved a settlement agreement with the Lower Colorado River Authority (LCRA) in connection with a lawsuit filed by SAWS in 2009. The terms of the settlement require LCRA to pay SAWS \$30 million and terminated the agreement between SAWS and LCRA to develop a water supply project. \$18.8 million of the settlement amount was paid in December 2011 and the remaining \$11.2 million is to be paid in eight annual installments of \$1.4 million each beginning November 1, 2012. Because the settlement payments represent a partial return of study period costs paid by SAWS during the period 2002 through 2009, SAWS recorded the present value of the total payments to be received of \$28.1 million as a credit to operating expense. The discounted value of the payments to be received from LCRA in the future is reported in accounts receivable, of which \$8 million is classified as noncurrent. Additionally, in connection with this settlement, SAWS wrote off \$2.7 million of capital assets impaired as a result of terminating this water supply project. This write off is discussed further in Note E.

NOTES TO FINANCIAL STATEMENTS

NOTE E – CAPITAL ASSETS

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

<i>(amounts in thousands)</i>	December 31, 2010	Increases	Transfers	Decreases	December 31, 2011
Capital Assets, not being depreciated:					
Land	\$ 82,055	\$ -	\$ 11,528	\$ 252	\$ 93,331
Water rights purchased	205,179	-	-	16	205,163
Other intangible assets	1,717	-	-	-	1,717
Construction in progress	415,810	279,660	(169,060)	3,972	522,438
Total capital assets, not being depreciated/amortized	704,761	279,660	(157,532)	4,240	822,649
Capital assets, being depreciated					
Structures and improvements	485,454	25	19,484	-	504,963
Pumping and purification equipment	143,187	68	3,121	-	146,376
Distribution and transmission system	1,620,288	2,532	47,156	2,726	1,667,250
Treatment facilities	1,444,176	-	80,650	-	1,524,826
Equipment and machinery	107,176	8,526	3,229	2,617	116,314
Furniture and fixtures	5,052	-	-	-	5,052
Computer equipment	20,557	1,896	71	9,231	13,293
Software	19,878	239	3,821	158	23,780
Total capital assets being depreciated/amortized	3,845,768	13,286	157,532	14,732	4,001,854
Less accumulated depreciation					
Intangibles	-	(101)	-	-	(101)
Structures and improvements	(109,866)	(10,271)	-	-	(120,137)
Pumping and purification equipment	(30,636)	(3,539)	-	-	(34,175)
Distribution and transmission system	(448,036)	(37,250)	-	(2,726)	(482,560)
Treatment facilities	(516,897)	(33,161)	-	-	(550,058)
Equipment and machinery	(50,752)	(8,748)	-	(2,535)	(56,965)
Furniture and fixtures	(4,124)	(214)	-	-	(4,338)
Computer equipment	(13,838)	(2,561)	-	(9,207)	(7,192)
Software	(13,513)	(2,529)	-	(130)	(15,912)
Total accumulated depreciation	(1,187,662)	(98,374)	-	(14,598)	(1,271,438)
Total capital assets, being depreciated/amortized	2,658,106	(85,088)	157,532	134	2,730,416
Capital assets, net	\$ 3,362,867	\$ 194,572	\$ -	\$ 4,374	\$ 3,553,065

NOTES TO FINANCIAL STATEMENTS

A summary of capital asset activity for the year ended December 31, 2010 is as follows:

<i>(amounts in thousands)</i>	December 31, 2009	Increases	Transfers	Decreases	December 31, 2010
Capital Assets, not being depreciated:					
Land	\$ 78,814	\$ -	\$ 3,307	\$ 66	\$ 82,055
Water rights purchased	156,704	-	48,475	-	205,179
Other intangible assets	388	1,329	-	-	1,717
Construction in progress	427,971	300,461	(299,348)	13,274	415,810
Total capital assets, not being depreciated/amortized	663,877	301,790	(247,566)	13,340	704,761
Capital assets, being depreciated					
Structures and improvements	444,000	79	41,375	-	485,454
Pumping and purification equipment	126,234	254	16,699	-	143,187
Distribution and transmission system	1,508,547	1,101	110,688	48	1,620,288
Treatment facilities	1,424,980	-	68,150	48,954	1,444,176
Equipment and machinery	102,624	4,348	8,229	8,025	107,176
Furniture and fixtures	5,048	-	7	3	5,052
Computer equipment	21,451	2,276	462	3,632	20,557
Software	17,735	187	1,956	-	19,878
Total capital assets being depreciated/amortized	3,650,619	8,245	247,566	60,662	3,845,768
Less accumulated depreciation					
Structures and improvements	(99,958)	(9,908)	-	-	(109,866)
Pumping and purification equipment	(27,183)	(3,453)	-	-	(30,636)
Distribution and transmission system	(412,334)	(35,750)	-	(48)	(448,036)
Treatment facilities	(519,499)	(46,352)	-	(48,954)	(516,897)
Equipment and machinery	(50,330)	(8,116)	-	(7,694)	(50,752)
Furniture and fixtures	(3,888)	(239)	-	(3)	(4,124)
Computer equipment	(15,122)	(2,348)	-	(3,632)	(13,838)
Software	(11,918)	(1,595)	-	-	(13,513)
Total accumulated depreciation	(1,140,232)	(107,761)	-	(60,331)	(1,187,662)
Total capital assets, being depreciated/amortized	2,510,387	(99,516)	247,566	331	2,658,106
Capital assets, net	\$ 3,174,264	\$ 202,274	\$ -	\$ 13,671	\$ 3,362,867

NOTES TO FINANCIAL STATEMENTS

In 2006, SAWS diverted all effluent flow from its Salado Creek Treatment Plant to its Dos Rios Treatment Plant in order to take advantage of the additional capacity and more efficient treatment process available at the Dos Rios Plant. At that time, SAWS began identifying and disposing of assets no longer utilized at the Salado Creek Plant. In 2010, SAWS completed the dismantling and closure of the portion of the Salado Creek Plant that was no longer in use. In connection with this effort, the \$13.4 million remaining book value of the assets eliminated was charged off to depreciation expense.

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 incurred design costs are charged off to operating expenses.

Design costs were charged off totaling \$4 million in 2011 and \$13.3 million in 2010. \$2.7 million of the amount charged off in 2011 related to the design of assets to be constructed in connection with a water project with the LCRA. In conjunction with a settlement of SAWS' lawsuit against LCRA, this water project was cancelled and the design costs were written off. \$12.4 million of the amount charged off in 2010 related to the design of a pipeline to transport water expected to be produced from the Carrizo Aquifer in Gonzales County to a SAWS facility in southeastern Bexar County. As a result of an agreement with the Schertz Seguin Local Government Corporation (SSLGC), which will enable SAWS to utilize SSLGC's existing pipeline to transport water from the Carrizo Aquifer to a SAWS facility in northeast Bexar County, SAWS wrote off the design costs related to the original proposed pipeline.

NOTE F – 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.

<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, 2011	\$ 6,613	\$ 5,458	\$ (4,576)	\$ 7,495	\$ 4,576	
Year Ended						
December 31, 2010	\$ 7,202	\$ 5,241	\$ (5,830)	\$ 6,613	\$ 5,830	

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 \$200,000 of medical claims per person during 2011 and \$150,000 during 2010.

Other Risks:

SAWS is exposed to various risks of financial loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. SAWS is self administered and self-insured for the first \$500,000 of each worker's compensation, general liability, automobile liability and public official's liability claim and for the first \$250,000 for each pollution remediation, legal liability and commercial property claim. Claims that exceed the self-insured retention limit are covered through SAWS' comprehensive commercial insurance program. For the years ended December 31, 2011 and 2010, there were no reductions in insurance coverage from the previous year. Settled claims during the last three years have not exceeded the insurance coverage in any year.

The claims liability for health care benefits and other risks, including incurred but not reported claims, is based on the estimated ultimate cost of settling the claims. Changes in the liability amount for the last two fiscal years were as follows:

<i>(amounts in thousands)</i>						
	Balance at Beginning of Year	Current-Year Accruals	Payments	Balance at End of Year	Estimated Due Within One Year	
Year Ended						
December 31, 2011	\$ 8,526	\$ 24,691	\$ (22,650)	\$ 10,565	\$ 10,565	
Year Ended						
December 31, 2010	\$ 8,221	\$ 24,997	\$ (21,692)	\$ 8,526	\$ 8,526	

NOTE G – DERIVATIVE INSTRUMENT

In 2003, SAWS entered into an interest rate swap agreement in connection with its City of San Antonio, Texas, Water System Subordinate Lien Revenue and Refunding Bonds, Series 2003-A and 2003-B (the "Series 2003 Bonds") issued in a variable interest rate mode. The Series 2003 Bonds were issued to provide funds for SAWS' Capital Improvements Program and to refund certain outstanding commercial paper notes.

NOTES TO FINANCIAL STATEMENTS

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, 2011 \$103,810,000 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 negative fair value of approximately \$24.2 million at December 31, 2011 and \$11.8 million at December 31, 2010. This value was calculated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net

NOTES TO FINANCIAL STATEMENTS

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 and included in unrestricted non-current assets. At the time the 2003 Bonds were redeemed in 2008, the fair value of the swap was \$6.2 million. The deferred outflow at the time of redemption was included in the carrying value of the 2003 Bonds and resulted in a loss on redemption of \$6.2 million. This loss is being amortized over the remaining life of the 2003 Bonds.

Credit Risk: SAWS was not exposed to credit risk on its outstanding swap at December 31, 2010 and 2011 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 Aa1 by Moody's Investors Services, A+ by Standard and Poor's, and AA- by Fitch Ratings as of December 31, 2011. The amended swap agreement contains a credit support annex which will become effective upon the release of MBIA from the swap insurance policy. Collateralization would be required by either party should the fair market value of the swap reach applicable thresholds as stated in the amended swap agreement.

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

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

Market-access Risk: SAWS is subject to market-access risk as \$103,810,000 of variable-rate debt hedged by the swap is outstanding in commercial paper notes with current maturities less than 38 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, 2011, 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

NOTES TO FINANCIAL STATEMENTS

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

(amounts in thousands)

Year	Principal	Interest Paid on Debt	Interest Rate Swap, Net	Total
2012	\$ 2,840	\$ 188	\$ 4,158	\$ 7,186
2013	2,970	183	4,039	7,192
2014	3,105	177	3,914	7,196
2015	3,245	171	3,783	7,199
2016	3,395	165	3,647	7,207
2017 - 2021	19,435	723	15,960	36,118
2022 - 2026	24,300	520	11,484	36,304
2027 - 2031	30,355	267	5,890	36,512
2032 - 2033	14,165	22	488	14,675
Total	<u>\$ 103,810</u>	<u>\$ 2,416</u>	<u>\$ 53,363</u>	<u>\$ 159,589</u>

NOTE H – LONG TERM DEBT

REVENUE BONDS

On April 27, 2011, SAWS issued \$46,555,000 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2011. The proceeds from the sale of the bonds were used to (i) refund \$50,235,000 City of San Antonio, Texas Water System Revenue and Refunding Bonds, Series 2001 (the “Series 2001 Bond”), and (ii) pay the cost of issuance. The refunding of the Series 2001 Bonds reduced total debt service payments over the next sixteen years by approximately \$5.8 million and resulted in an economic gain (difference between the present values of the old and new debt service payments) of approximately \$4.3 million. The bonds are secured together with other currently outstanding Senior Lien Obligations solely by a lien on a pledge of net revenues.

On August 18, 2011, SAWS issued \$24,550,000 City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2011 through the Texas Water Development Board. The bonds were sold under the Water Infrastructure Fund Loan Program (the “WIF”). The proceeds from the sale of the bonds were used to (i) finance portions of the Brackish Groundwater Desalination Project, and (ii) pay the cost of issuance. The bonds are secured together with other currently outstanding Junior Lien Obligations solely by a lien on a pledge of net revenues and are subordinate to outstanding Senior Lien Obligations.

NOTES TO FINANCIAL STATEMENTS

On August 18, 2011, SAWS issued \$18,095,000 City of San Antonio, Texas Water System Junior Lien Revenue and Refunding Bonds, Series 2011A through the Texas Water Development Board. The bonds were sold under the State Revolving Fund (SRF) Program. The proceeds from the sale of the bonds were used to (i) finance capital improvement projects which qualify under the Texas Water Development Board program, (ii) refund \$2,000,000 in outstanding commercial paper notes, 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

On October 6, 2011, SAWS issued \$165,090,000 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2011A. The proceeds from the sale of the bonds were used to (i) refund \$34,625,000 City of San Antonio, Texas Water System Revenue Refunding Bonds, Series 2002 (the "Series 2002 Bond"), (ii) refund \$80,455,000 City of San Antonio, Texas Water System Revenue Bonds, Series 2002-A (the "Series 2002-A Bonds"), (iii) refund \$60,000,000 in outstanding commercial paper notes, and (iv) pay the cost of issuance. The refunding of the Series 2002 Bonds and Series 2002-A Bonds reduced total debt service payments over the next twenty-two years by approximately \$15.7 million and resulted in an economic gain of approximately \$10.5 million. The bonds are secured together with other currently outstanding Senior Lien Obligations solely by a lien on a pledge of net revenues.

Senior Lien Water System Revenue Bonds, comprised of Series 2002, Series 2002-A, Series 2004, Series 2005, Series 2007, Series 2009, Series 2009A, Series 2009B, Series 2010B, Series 2011, and Series 2011-A outstanding in the amount of \$1,507,950,000 at December 31, 2011, are collateralized by a senior lien and pledge of the gross revenues of SAWS after deducting and paying the current expenses of operation and maintenance of SAWS and maintaining a two-month operating reserve for such expenses. Interest rates range from 1.109% to 6.220%, exclusive of any federal interest subsidy on the Series 2009B and 2010B Build America Bonds.

Junior Lien Water System Revenue Bonds, comprised of Series 2001, Series 2001-A, Series 2002, Series 2002-A, Series 2003, Series 2004, Series 2004-A, Series 2007, Series 2007A, Series 2008, Series 2008A, Series 2009, Series 2009A, Series 2010, Series 2010A, Series 2011, and Series 2011A outstanding in the amount of \$386,280,000 at December 31, 2011, are collateralized by a junior lien and pledge of the gross revenues of SAWS after deducting the current expenses of operation and maintenance of SAWS, maintaining a two-month operating reserve for such expenses, and paying debt service on senior lien debt. Interest rates range from 0.000% to 5.000%.

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. A liability is recorded once payment appears to be probable. As of December 31, 2011, SAWS had a recorded arbitrage liability

NOTES TO FINANCIAL STATEMENTS

of \$258,000 related to the Series 2007A junior lien bonds.

The following summarizes transactions of the revenue bonds for the years ended December 31, 2011 and 2010:

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

<i>(amounts in thousands)</i>	Balance		Reductions/ Amortization	Balance		Due Within One Year
	Jan. 1, 2010	Additions		Dec. 31, 2010		
Bonds Payable	\$ 1,759,700	\$ 187,075	\$ 101,790	\$ 1,844,985	\$ 39,730	
Less Deferred Amounts:						
Unamortized premium	17,990	5,124	3,331	19,783		
Unamortized discount	(29,063)	552	(602)	(27,909)		
Unamortized losses	(11,117)	(1,212)	(1,814)	(10,515)		
Total deferred amounts	(22,190)	4,464	915	(18,641)	-	
Total Bonds Payable, Net	\$ 1,737,510	\$ 191,539	\$ 102,705	\$ 1,826,344	\$ 39,730	

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>Year Ended</u> <u>December 31,</u>	<u>Annual Debt Service Requirements</u> <u>Revenue and Refunding Bonds</u> <i>(amounts in thousands)</i>					
	<u>Senior Lien</u>				<u>Junior Lien</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy</u> ‡	<u>Net Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 25,590	\$ 75,386	\$ 4,014	\$ 71,372	\$ 19,190	\$ 8,111
2013	26,830	73,464	4,006	69,458	19,895	10,555
2014	27,990	72,270	3,997	68,273	20,430	10,032
2015	29,285	70,945	3,969	66,976	21,005	9,802
2016	30,615	69,538	3,920	65,618	23,895	9,524
2017 - 2021	203,005	320,987	18,612	302,375	114,460	36,667
2022 - 2026	302,905	257,840	16,424	241,416	70,010	22,711
2027 - 2031	279,405	178,899	13,336	165,563	43,900	14,122
2032 - 2036	327,225	109,341	7,857	101,484	31,605	7,728
2037 - 2041	255,100	25,023	1,400	23,623	21,890	1,449
	\$ 1,507,950	\$ 1,253,693	\$ 77,535	\$ 1,176,158	\$ 386,280	\$ 130,701

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

NOTES TO FINANCIAL STATEMENTS

COMMERCIAL PAPER PROGRAM

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

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

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

- Dealer Agreements with Goldman, Sachs & Co., J.P. Morgan Securities Inc., and Ramirez & Co., Inc.
- Revolving Credit Agreement with Bank of America, N.A., State Street Bank and Trust Company, and U.S. Bank National Association
- 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 revolving credit agreement is \$350 million and the agreement expires in July 2013.

Commercial paper notes of \$214,930,000 are outstanding as of December 31, 2011. Of this balance, \$103,810,000 relates to the refunding of the Series 2003 Bonds while the remaining \$111,120,000 proceeds were used solely for financing of capital improvements. Interest rates on the notes outstanding at December 31, 2011 range from 0.15% to 0.22% and maturities range from 27 to 69 days. The outstanding notes had an average rate of 0.19% and averaged 39 days to maturity.

SAWS intends to reissue maturing commercial paper, in accordance with the terms of the revolving credit agreement, and ultimately refund such maturities with proceeds from the issuance of long-term revenue bonds. Consistent with this intent, and since SAWS has the available \$350 million revolving credit agreement described above, SAWS has classified nearly all outstanding commercial paper notes as long-term debt. In accordance with the amortization schedule of the interest rate swap agreement discussed in Note G, SAWS intends to redeem \$2,840,000 of commercial paper in 2012. Therefore, this portion of the commercial paper is classified as a current liability.

NOTES TO FINANCIAL STATEMENTS

The following table summarizes transactions of the commercial paper program for the years ended December 31, 2011 and 2010:

<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, 2011	<u>\$ 244,650</u>	<u>\$ 35,000</u>	<u>\$ 64,720</u>	<u>\$ 214,930</u>	<u>\$ 2,840</u>
Year Ended December 31, 2010	<u>\$ 173,650</u>	<u>\$ 77,000</u>	<u>\$ 6,000</u>	<u>\$ 244,650</u>	<u>\$ 2,720</u>

INTEREST EXPENSE

The following table shows the amount of interest incurred on bonds and commercial paper, interest capitalized in connection with SAWS' capital improvement program, amortization of discounts, premiums and losses on bond refundings and net interest expense for the years ended December 31, 2011 and 2010:

	Interest on Bonds and Commercial Paper	Interest Capitalized	Amortization of Discount/Premium/ Losses	Net Interest Expense
Year Ended December 31, 2011	<u>\$ 89,696</u>	<u>\$ (11,024)</u>	<u>\$ (921)</u>	<u>\$ 77,751</u>
Year Ended December 31, 2010	<u>\$ 85,298</u>	<u>\$ (7,578)</u>	<u>\$ (915)</u>	<u>\$ 76,805</u>

OTHER DEBT MATTERS

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

Defeasance of Debt: In current and prior years, SAWS legally defeased certain revenue bonds by placing revenues or proceeds of new bond issues in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in SAWS' financial statements. At December 31, 2011, \$147,515,000 of bonds outstanding were considered legally defeased.

NOTES TO FINANCIAL STATEMENTS

NOTE I - CONTINGENCIES AND COMMITMENTS

As of December 31, 2010, 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 2012 and others continuing until 2021. Some of the leases include price escalations and the average annual cost per acre foot ranges from \$119 to \$143. The future commitments under these leases are as follows:

<i>(dollars in thousands)</i>	2012	2013	2014	2015	2016	Thereafter
Edwards Aquifer - lease payments	\$ 4,674	\$ 2,917	\$ 2,168	\$ 2,182	\$ 2,097	\$ 7,237
Edwards Aquifer - acre feet leased	35,336	24,419	17,625	17,425	15,794	51,588

SAWS also has various commitments relating to the purchase of water supplies. A summary of these commitments is provided in the following table. As with any estimates, the actual amounts paid could differ materially.

<i>(dollars in thousands)</i>	2012	2013	2014	2015	2016	Thereafter
Purchased water payments - firm	\$ 4,924	\$ 5,021	\$ 5,119	\$ 5,218	\$ 5,558	\$ 115,722
Acre feet purchased - firm	6,700	6,700	6,700	6,700	6,700	94,800
Purchased water payments - variable	\$ 3,696	\$ 3,598	\$ 3,492	\$ 3,092	\$ 6,919	\$ 90,848
Acre feet purchased - variable	4,507	4,267	4,027	3,423	7,726	83,802

These firm and variable purchased water obligations relate to the contractual commitments made in connection with SAWS' wholesale water contracts with the Guadalupe Blanco River Authority (GBRA) and two wholesale agreements for the supply of raw water from the Trinity Aquifer. All water provided under these contracts is subject to availability. Under the contract with GBRA, SAWS will receive between 4,000 and 11,000 acre feet of water annually during the years 2012-2037 at prices ranging from \$891 to approximately \$1,509 per acre foot. SAWS has an option to extend this contract until 2077 under new payment terms.

In 2000, SAWS entered into a wholesale contract with the Massah Development Corporation to deliver raw water from the Lower Glen Rose/Cow Creek formations of the Trinity Aquifer in northern Bexar County. This agreement expired in February, 2010. During 2010, a new Water Supply Agreement was negotiated with Massah Development Corporation for a term of 15-years beginning July 1, 2010. The minimum take or pay commitment for the new contract is 100 acre-feet per month or 1,200 acre-feet per year. The initial price is \$550 per acre-foot with an escalator based on the Producers Price Index. SAWS has an option at the end of the primary term to extend the contract for 10-years.

In 2006, SAWS renegotiated the terms of a contract with Sneckner Partners, Ltd. to supply raw water from the

NOTES TO FINANCIAL STATEMENTS

Trinity Aquifer. Under this contract, SAWS is required to take or pay for 1,500 acre-feet annually at a minimum annual cost of \$225 per acre-foot through 2020. SAWS has an option to extend the contract through 2026, if it desires. As part of this contract, SAWS agreed to make defined payments quarterly for any residential customers that are connected to the system within a defined, currently undeveloped geographical area that begin taking water service from SAWS. 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 2010, SAWS was granted a permit by the Gonzales County Underground Water Conservation District (the District) to pump 11,688 acre feet from the Carrizo Aquifer. In December 2010, opponents filed an appeal from the District's decision in the Judicial District Court of Gonzales County. Resolution of the appeal could take from one to four years. SAWS has entered into 20 separate agreements to pump water from the Carrizo Aquifer. SAWS makes minimum water payments under the terms of these agreements until such time as the necessary infrastructure to produce and transport the water has been completed. Minimum water payments are required under these three agreements through 2029 even if no water is produced. The table below summarizes both the required minimum water payments under these agreements as well as the projected additional payments under the agreements assuming that full water production begins in 2014.

<i>(dollars in thousands)</i>	2012	2013	2014	2015	2016	Thereafter
Required minimum water payments	\$ 700	\$ 824	\$ 865	\$ 891	\$ 918	\$ 15,736
Projected additional payments	\$ -	\$ -	\$ 319	\$ 328	\$ 338	\$ 4,471
Acre feet produced	-	-	11,688	11,688	11,688	151,944

SAWS is also committed under various contracts for completion of construction or acquisition of utility plant totaling approximately \$240 million as of December 31, 2011. Funding of this amount will come from excess revenues, contributions from developers, restricted assets and available commercial paper capacity.

In March 2007, SAWS was orally notified by Region 6 of the EPA of alleged failures to comply with the Clean Water Act due to the occurrence of sanitary sewer overflows. The EPA subsequently referred the matter to the United States Department of Justice (the "DOJ") for an enforcement action. In October 2007 EPA/DOJ and SAWS entered into a tolling agreement that precludes the running of any applicable statutes of limitation that might otherwise bar a claim in anticipation that the parties would engage in settlement negotiations. The tolling agreement has been extended on eight occasions, with the Ninth Tolling Agreement currently set to expire on April 30, 2012. Since 2007, SAWS has engaged in settlement negotiations with the EPA and the DOJ to resolve the allegations. SAWS met with EPA/DOJ representatives in November 2011 to discuss resolution of the enforcement action. Additional negotiations are anticipated. While these negotiations are ongoing, SAWS expects

NOTES TO FINANCIAL STATEMENTS

that any settlement, consent decree, or enforcement action will result in required capital improvements and increased annual maintenance and operating expenses that will be phased in over the term of any settlement agreement or consent decree between SAWS and EPA/DOJ. SAWS’ very preliminary estimates of the cost of capital improvements and other actions that may be required to settle this matter range from approximately \$250 million to approximately \$1 billion; however, the total final costs may significantly exceed SAWS preliminary estimates, and will depend on the course of action ultimately agreed upon between SAWS and EPA/DOJ or ordered by a Federal District Court if the parties are unable to settle the matter. SAWS currently expects that negotiations with the EPA and DOJ may conclude during calendar year 2012. Since 2007, SAWS has spent approximately \$159.8 million in capital projects to address and prevent sanitary sewer overflows.

NOTE J - PENSION AND RETIREMENT PLANS

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

Plan Descriptions

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

Benefits provided under the plan depend upon the sum of the employee’s contributions to the plan, with interest, and SAWS financed monetary credits, with interest. At retirement, the benefit is calculated as if the sum of the employee’s accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity. 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 2010 and 2011 plan years were as follows:

Employee deposit rate	3.0%
Matching ratio (SAWS to employee)	1 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated Service Credit	100% Repeating
Annuity Increase (to retirees)	70% of CPI Repeating

NOTES TO FINANCIAL STATEMENTS

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

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

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

SAWSRP membership consisted of:

	January 1,	
	2011	2010
Active employees	1,609	1,635
Retirees and beneficiaries currently receiving benefits ¹	517	469
Terminated employees entitled to benefits but not yet receiving them	403	395
Total	2,529	2,499

¹Does not include retirees whose benefits have been purchased.

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:

NOTES TO FINANCIAL STATEMENTS

1. 1.20% of the Average Compensation, times years of credited service not in excess of 25 years, plus
2. 0.75% of the Average Compensation, times years of credited service in excess of 25 years but not in excess of 35 years, plus
3. 0.375% of the Average Compensation, times years of credited service in excess of 35 years.

Upon retirement, an employee must select from one of seven alternative payment plans. Each payment plan provides for monthly payments as long as the retired employee lives. The options available address how plan benefits are to be distributed to the designated beneficiary of the retired employee. The program also provides death and disability benefits.

San Antonio Water System Deferred Compensation Plan: SAWS has a deferred compensation plan for its employees, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular employees, permits them to defer a portion of their salary until future years. The compensation deferred under this plan is not available to employees until termination, retirement, death, or qualifying unforeseeable emergency. Participation in the plan is voluntary, and SAWS does not make any contributions. SAWS has no liability for losses under this plan but does have the usual fiduciary responsibilities of a plan sponsor.

Funding Policies

TMRS: Under the state law governing TMRS, SAWS' contribution rate is determined annually by the actuary using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percentage of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually. The prior service contribution rate amortizes the unfunded actuarial liability over the applicable period for SAWS. Both the normal costs and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

SAWS contributes to the TMRS Plan at the actuarially determined rate. Both the employees and SAWS make monthly contributions. These rates are provided on an annual basis, following the completion of the actuarial valuation. There is a delay in the valuation and when the rate becomes effective – for example the 2011 contribution rate is based on the December 31, 2009 valuation results.

Beginning with the December 31, 2007 actuarial valuation, a change was made in the funding method and the amortization period used in the valuation. To assist in this transition to higher rates, TMRS approved an eight-year phase-in period beginning in 2009, which allows governments the opportunity to increase their contributions gradually (approximately 12.5% each year) to their full rate (or their required contribution rate). SAWS elected to transition the increase in its contribution rate over the eight-year phase-in period. As a result of these changes, SAWS' actuarially required contribution for 2011 was 5.87% while the phased-in rate for 2011 was 4.64% of salary.

NOTES TO FINANCIAL STATEMENTS

The current contribution rate for employees is 3% of salary.

SAWSRP: The funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits when due. Contribution requirements are established and may be amended by SAWS. Active members do not make contributions to the plan. Any obligation with respect to SAWSRP shall be paid by SAWS. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions.

Annual Pension Cost and Actuarial Methods and Assumptions

The following tables summarize SAWS' annual pension cost for the years ended December 31, 2011 and 2010 and provide three year trend information for each of SAWS' defined benefit plans.

Annual Pension Cost

(amounts in thousands)

	Year Ended December 31,			
	2011		2010	
	<u>TMRS</u>	<u>SAWSRP</u>	<u>TMRS</u>	<u>SAWSRP</u>
Annual required contributions:				
SAWS	\$ 4,967	\$ 9,171	\$ 4,703	\$ 7,849
Plan members	2,538	-	2,510	-
Interest on net pension obligation	173	-	80	-
Adjustment to annual required contribution	(143)	-	(64)	-
Total annual pension cost	7,535	9,171	7,229	7,849
Contributions made	6,464	9,171	5,982	7,849
Increase in net pension obligation	1,071	-	1,247	-
Net pension obligation beginning of year	2,313	-	1,066	-
Net pension obligation end of year	<u>\$ 3,384</u>	<u>\$ -</u>	<u>\$ 2,313</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS

Three Year Trend Information

Plan	Year Ended December 31,	Annual Pension Cost (APC) (in thousands)	Percentage of APC Contributed	Net Pension Obligation (in thousands)
TMRS	2011	\$ 7,535	86%	\$ 3,384
	2010	\$ 7,229	83%	\$ 2,313
	2009	6,828	84%	1,066
SAWSRP	2011	\$ 9,171	100%	\$ -
	2010	\$ 7,849	100%	-
	2009	6,035	100%	-

The following table summarizes the actuarial methods and assumptions used in the most recent actuarial valuation for each of SAWS' defined benefit plans.

Actuarial Methods and Assumptions

	TMRS	SAWSRP
Actuarial Valuation Date	12/31/2010	1/1/2011
Actuarial Cost Method	Projected Unit Credit	Entry Age Normal - Frozen Initial Liability
Amortization Method	Level Percent of Payroll	Level Dollar
Remaining Amortization Period	30 Years - Closed	30 Years - Closed
Asset Valuation Method	10 year Smoothed Market	Smoothed Market Value (4 years)
Actuarial Assumptions:		
Investment Rate of Return	7.0%	7.5%
Inflation Rate	3.0%	n/a
Cost of Living Adjustments	2.1%	n/a
Projected Salary Increases	Varies by age and service	Table S-5 from the Actuary's Pension Handbook plus 3.4%

NOTES TO FINANCIAL STATEMENTS

Funded Status and Funding Progress

In June 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS contribution rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report.

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, 2010	\$ 116,123	\$ 140,565	\$ 24,442	83%	\$ 83,660	29%
SAWSRP	January 1, 2011	\$ 83,320	\$ 128,700	\$ 45,380	65%	\$ 83,505	54%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and projected salary increases. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

NOTE K – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: In addition to providing pension benefits described in Note J, SAWS provides certain health care and life insurance benefits for eligible retirees, their spouses, and their dependents through a single-employer defined benefit plan administered by SAWS. The authority to establish and amend the OPEB provisions is vested in the SAWS Board of Trustees.

NOTES TO FINANCIAL STATEMENTS

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

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

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

Funding Policy: The contribution requirements of plan members and SAWS are established and may be amended by the SAWS Board of Trustees. To date, SAWS has funded all obligations arising under these plans on a pay-as-you-go basis. Going forward, SAWS' actual contribution will be based on a projected pay-as-you-go financing requirement, with an additional amount, if any, to prefund benefits as determined annually by SAWS' Board of Trustees. No contributions were made in 2010 or 2011 to prefund benefits. In December 2011, SAWS Board of Trustees declared its intent to establish a trust fund for SAWS' post retirement medical plan (OPEB Trust), contribute \$12 million to the OPEB Trust by March 31, 2012, and make subsequent annual contributions to the OPEB Trust in accordance with a plan that results in fully funding the actuarially determined annual required contributions for the OPEB Plan over a period of time.

Plan members' required contributions vary depending on the health plan selected by the retiree as well as the number of years of service at the time of retirement. For the year ended December 31, 2011, plan members receiving benefits contributed \$395,000 while SAWS contributed the remainder of the pay-as-you-go cost of \$6,840,000. For the year ended December 31, 2010, plan members receiving benefits contributed \$246,000 while SAWS contributed the remainder of the pay-as-you-go cost of \$6,162,000. During 2011, the SAWS Board of Trustees approved increases in the required contributions by plan members beginning in 2012. These increases will be phased in over eight years. The expected long-term impact of these increases will result in the plan members eventually contributing one-third of the annual premiums for retiree health insurance.

Annual OPEB Cost and Net OPEB Obligation: SAWS' annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a 30 year open period. The following table shows the components of SAWS' annual OPEB cost, the amount actually contributed to the plan and changes in the net OPEB obligation for the years ended December 31, 2011 and 2010:

NOTES TO FINANCIAL STATEMENTS

<i>(amounts in thousands)</i>	Year Ended December 31,	
	2011	2010
Annual Required Contribution (ARC)	\$ 20,722	\$ 25,759
Interest on net OPEB obligation	3,087	2,189
Adjustment to ARC	<u>(4,108)</u>	<u>(2,824)</u>
Annual OPEB costs	19,701	25,124
Contributions made	<u>\$ (6,840)</u>	<u>\$ (6,162)</u>
Increase in net OPEB obligation	12,861	18,962
Net OPEB obligation at beginning of year	<u>64,989</u>	<u>46,027</u>
Net OPEB obligation at end of year	<u><u>\$ 77,850</u></u>	<u><u>\$ 64,989</u></u>

SAWS' annual OPEB cost and the percentage cost contributed to the plan for the three years ended December 31, 2011, 2010 and 2009 were as follows:

Year Ended December 31,	Annual OPEB Cost <i>(amounts in thousands)</i>	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 19,701	34.7%	\$ 77,850
2010	\$ 25,124	24.5%	\$ 64,989
2009	\$ 25,365	23.2%	\$ 46,027

Funded Status

The funded status of SAWS' OPEB plan as of the actuarial valuation performed as of January 1, 2011 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, 2011	\$ -	\$ 242,388	\$ 242,388	-	\$ 83,505	290%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are

NOTES TO FINANCIAL STATEMENTS

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.

Since no portion of SAWS' OPEB obligation has been funded in a separate trust as of December 31, 2011, SAWS does not issue a separate financial report for its OPEB plan.

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 each of SAWS' defined benefit plans.

Actuarial Methods and Assumptions

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

NOTES TO FINANCIAL STATEMENTS

Health care cost trend rates are used to anticipate increases in medical benefit costs expected to be experienced by the retiree health plan in each future year. The trend rates used are as follows:

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

NOTE L – SUBSEQUENT EVENTS

On January 28, 2012 SAWS assumed the operational control and management of the Bexar Metropolitan Water District (BexarMet). BexarMet was created by the 49th Texas Legislature in 1945, to serve anticipated growth in Bexar County. From an initial account base of 4,765 primarily residential accounts, it grew to more than 92,000 residential and commercial accounts served in 2011. Over the past few years, repeated customer complaints about inadequate service, alleged mismanagement, and excessive rates resulted in the passage of Senate Bill 341 (SB 341) by the Texas Legislature in May 2011. The primary component of SB 341 required the conduct of an election (Election) by BexarMet ratepayers to vote on the dissolution of BexarMet and consolidation with SAWS. The Election was held on November 8, 2011 and the BexarMet ratepayers voted in favor of dissolution. The last prerequisite to the assumption of operational control and management of BexarMet by SAWS was preclearance of the Election results by the United States Department of Justice, which was received on January 27, 2012.

NOTES TO FINANCIAL STATEMENTS

SAWS, acting by and through the City of San Antonio (City), has taken action to accommodate the assumption of BexarMet in accordance with the requirements and specifications of SB 341. On October 20, 2011, the City Council adopted an ordinance creating a “special project”, as authorized by SB 341 and pursuant to SAWS senior lien bond ordinances, where the assumed BexarMet will be treated as a component unit of SAWS, to be known as the San Antonio Water System District Special Project (SAWS DSP). In accordance with this ordinance, SAWS DSP will not materially and adversely interfere with the operation of SAWS but will be fully integrated into SAWS’ system within the timeframe specified by SB 341.

Upon SAWS’ assumption of BexarMet, SAWS DSP assumed responsibility for all contracts to which BexarMet was a party. These contracts include two long-term water supply agreements with Water Exploration Company, Ltd. (WECO). These agreements collectively call for the production and sale of up to 17,543 acre-feet of groundwater by WECO to BexarMet on a take or pay basis from the Trinity Aquifer in northern Bexar County. Under the terms of these agreements, BexarMet is required to pay for the amount of water taken, but must annually pay for at least 75% of the 17,543 acre feet of the production capacity, regardless if taken. SAWS is conducting an on-going analysis of these agreements and contractual duties, rights, and obligations of both parties thereto. SAWS has numerous concerns about the terms of these agreements including the manner in which they were negotiated, approved and entered into by BexarMet and the BexarMet Board. If SAWS determines that these agreements are not valid, binding, and/or enforceable, or there is a different interpretation as to the duties, rights, and obligations of the parties thereto, those determinations or interpretations may result in litigation.

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

On March 8, 2012, the San Antonio City Council approved an ordinance authorizing SAWS to issue junior lien bonds in an amount not to exceed \$40 million. The proceeds of the bond are to be used to refund the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2001, the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2001-A, the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2002, the City of San Antonio, Texas Water System Junior Lien Revenue Bonds, Series 2002-A, and pay the cost of issuance. The refunding is projected to reduce SAWS’ total debt service payment over the next eleven years by approximately \$3.9 million. The bonds are expected to be issued in April 2012.

On March 7, 2012, SAWS contributed \$12 million to the San Antonio Water System Retiree Health Trust (OPEB Trust). The OPEB Trust was established under the provisions of the Internal Revenue Code of 1986 Section 115.

NOTES TO FINANCIAL STATEMENTS

Funds in the trust must be used for the exclusive purpose of providing benefits to eligible retirees and their dependents. As discussed in Note K, SAWS intends to make subsequent annual contributions to the OPEB Trust in accordance with a plan that results in fully funding the actuarially determined annual required contributions for the OPEB Plan over a period of time.

REQUIRED SUPPLEMENTAL INFORMATION

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

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

Actuarial Valuation Date	Actuarial Value of Assets (in thousands) (a)	Actuarial Accrued 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)
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Texas Municipal Retirement System:

December 31, 2010	\$ 116,123	\$ 140,565	\$ 24,442	83%	\$ 83,660	29%
December 31, 2009	68,756	107,311	38,555	64%	81,821	47%
December 31, 2008	63,674	96,539	32,865	66%	74,448	44%

San Antonio Water System Retirement Plan:

January 1, 2011	\$ 83,320	\$ 128,700	\$ 45,380	65%	\$ 83,505	54%
January 1, 2010	77,365	112,263	34,898	69%	82,923	42%
January 1, 2009	74,611	99,144	24,533	75%	70,252	35%

Other Post Employment Benefit Plan:

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

Year Ended December 31,	Annual Pension Cost (APC) (in thousands)	Percentage of APC Contributed	Net Pension Obligation (in thousands)
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San Antonio Water System Retirement Plan:

2011	\$ 9,171	100%	\$ -
2010	7,849	100%	-
2009	6,035	100%	-
2008	4,891	100%	-
2007	4,710	100%	-
2006	4,575	100%	-

OTHER SUPPLEMENTAL INFORMATION

DESCRIPTION OF FUNDS AND COMBINING SCHEDULES

**San Antonio Water System
DESCRIPTION OF FUNDS
For the Year Ended December 31, 2011**

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, 2011

- (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 BALANCE SHEET
December 31, 2011
(amounts in thousands)

	System Fund	Debt Service Fund
CURRENT ASSETS		
<i>Unrestricted Current Assets</i>		
Cash and cash equivalents	\$ 53,621	\$ -
Investments	-	-
Accounts receivable	45,922	-
Other current assets	7,985	-
Interfund receivables	15,831	-
Total current assets	123,359	-
<i>Restricted Current Assets</i>		
Cash and cash equivalents	-	11,698
Investments	43,928	36,035
Total restricted current assets	43,928	47,733
Total Current Assets	167,287	47,733
NONCURRENT ASSETS		
<i>Unrestricted Noncurrent Assets</i>		
Unamortized debt issuance costs	17,680	-
Deferred outflows-derivative instrument	18,380	-
Accounts receivable, non current	7,985	-
<i>Restricted Noncurrent Assets</i>		
Cash and cash equivalents	-	-
Investments	-	-
Interfund receivables	-	-
Capital Assets:		
Utility plant in service	4,001,854	-
Less allowance for depreciation	1,271,438	-
	2,730,416	-
Land, water rights and other intangible assets	300,211	-
Construction in progress	522,438	-
Total capital assets (net of accumulated depreciation)	3,553,065	-
Total Noncurrent Assets	3,597,110	-
TOTAL ASSETS	\$ 3,764,397	\$ 47,733

<u>Reserve Fund</u>	<u>Renewal and Replacement Fund</u>	<u>Project Fund</u>	<u>Combined Total</u>
\$ -	\$ 15	\$ -	\$ 53,636
-	134,413	-	134,413
-	434	-	46,356
-	1,332	-	9,317
-	(15,831)	-	-
-	120,363	-	243,722
-	-	-	11,698
-	14,552	21,215	115,730
-	14,552	21,215	127,428
-	134,915	21,215	371,150
-	-	-	17,680
-	-	-	18,380
-	-	-	7,985
364	-	26,619	26,983
65,623	98,816	21,862	186,301
361	(361)	-	-
-	-	-	4,001,854
-	-	-	1,271,438
-	-	-	2,730,416
-	-	-	300,211
-	-	-	522,438
-	-	-	3,553,065
66,348	98,455	48,481	3,810,394
<u>\$ 66,348</u>	<u>\$ 233,370</u>	<u>\$ 69,696</u>	<u>\$ 4,181,544</u>

San Antonio Water System
COMBINING BALANCE SHEET
December 31, 2011
(amounts in thousands)

	System Fund	Debt Service Fund
LIABILITIES		
Current Liabilities To Be Paid From Unrestricted Assets		
Accounts payable	\$ 29,156	\$ -
Accrued vacation payable	4,576	-
Accrued payroll and benefits	1,556	-
Accrued claims payable	10,565	-
Sundry payables and accruals	1,338	-
Total current liabilities	47,191	-
Current Liabilities To Be Paid From Restricted Assets		
Accrued interest payable	-	12,871
Payables under construction contracts	-	-
Customers' deposits	8,701	-
Commercial paper notes	2,840	-
Revenue bonds payable within one year	44,780	-
Total restricted current liabilities	56,321	12,871
Total Current Liabilities	103,512	12,871
Noncurrent Liabilities		
Accrued vacation payable	2,919	-
Unfunded postemployment benefits	81,234	-
Derivative instrument	24,171	-
Commercial paper notes	212,090	-
Revenue bonds payable after one year, net of unamortized premiums, discounts and deferred losses on refunding	1,834,888	-
Total Noncurrent Liabilities	2,155,302	-
TOTAL LIABILITIES	2,258,814	12,871
EQUITY		
Restricted for operations	35,227	-
Restricted for debt service	-	34,862
Restricted for reserve fund	-	-
Invested in capital assets, net of related debt	1,452,676	-
Unrestricted	17,680	-
TOTAL EQUITY	1,505,583	34,862
TOTAL LIABILITIES AND EQUITY	\$ 3,764,397	\$ 47,733

<u>Reserve Fund</u>	<u>Renewal and Replacement Fund</u>	<u>Project Fund</u>	<u>Combined Total</u>
\$ -	\$ -	\$ -	\$ 29,156
-	-	-	4,576
-	-	-	1,556
-	-	-	10,565
-	-	-	1,338
<u>-</u>	<u>-</u>	<u>-</u>	<u>47,191</u>
-	-	-	12,871
-	14,552	21,215	35,767
-	-	-	8,701
-	-	-	2,840
<u>-</u>	<u>-</u>	<u>-</u>	<u>44,780</u>
<u>-</u>	<u>14,552</u>	<u>21,215</u>	<u>104,959</u>
-	14,552	21,215	152,150
-	-	-	2,919
-	-	-	81,234
-	-	-	24,171
-	-	-	212,090
<u>11,652</u>	<u>-</u>	<u>-</u>	<u>1,846,540</u>
<u>11,652</u>	<u>-</u>	<u>-</u>	<u>2,166,954</u>
11,652	14,552	21,215	2,319,104
-	-	-	35,227
-	-	-	34,862
54,696	-	-	54,696
-	98,455	48,481	1,599,612
<u>-</u>	<u>120,363</u>	<u>-</u>	<u>138,043</u>
<u>54,696</u>	<u>218,818</u>	<u>48,481</u>	<u>1,862,440</u>
<u>\$ 66,348</u>	<u>\$ 233,370</u>	<u>\$ 69,696</u>	<u>\$ 4,181,544</u>

San Antonio Water System
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN EQUITY
For the Year Ended December 31, 2011
(amounts in thousands)

	System Fund	Debt Service Fund
OPERATING REVENUES		
Water delivery system	\$ 125,188	\$ -
Water supply system	130,755	-
Wastewater system	150,295	-
Chilled water and steam system	11,631	-
Total operating revenues	417,869	-
OPERATING EXPENSE		
Salaries and fringe benefits	127,816	-
Contractual services	66,900	-
Materials and supplies	24,868	-
Other charges	21,756	-
Less: Costs capitalized to Construction in Progress	(32,282)	-
Total operating expenses before depreciation	209,058	-
Depreciation expense	98,374	-
Total operating expenses	307,432	-
Operating income	110,437	-
NONOPERATING REVENUES:		
Interest earned and miscellaneous	894	4,202
NONOPERATING EXPENSES:		
Amortization of debt issuance costs	1,809	-
Other finance charges	2,881	-
Interest expense	(11,931)	89,682
Gain on sale of capital assets	(773)	-
Payments to the City of San Antonio	10,926	-
Payments to other entities	124	-
Total nonoperating expenses	3,036	89,682
Increase/(Decrease) in equity, before capital contributions	108,295	(85,480)
Capital contributions	35,872	-
CHANGE IN EQUITY - carried forward	\$ 144,167	\$ (85,480)

Reserve Fund	Renewal and Replacement Fund	Project Fund	Combined Total
\$ -	\$ -	\$ -	\$ 125,188
-	-	-	130,755
-	-	-	150,295
-	-	-	11,631
<u>-</u>	<u>-</u>	<u>-</u>	<u>417,869</u>
-	-	-	127,816
-	-	-	66,900
-	-	-	24,868
-	-	-	21,756
-	-	-	(32,282)
<u>-</u>	<u>-</u>	<u>-</u>	<u>209,058</u>
-	-	-	98,374
<u>-</u>	<u>-</u>	<u>-</u>	<u>307,432</u>
-	-	-	110,437
334	581	169	6,180
-	-	-	1,809
-	-	-	2,881
-	-	-	77,751
-	-	-	(773)
-	-	-	10,926
-	-	-	124
<u>-</u>	<u>-</u>	<u>-</u>	<u>92,718</u>
334	581	169	23,899
<u>-</u>	<u>23,608</u>	<u>-</u>	<u>59,480</u>
<u>\$ 334</u>	<u>\$ 24,189</u>	<u>\$ 169</u>	<u>\$ 83,379</u>

San Antonio Water System
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN EQUITY
For the Year Ended December 31, 2011
(amounts in thousands)

	<u>System Fund</u>	<u>Debt Service Fund</u>
CHANGE IN EQUITY - brought forward	\$ 144,167	\$ (85,480)
Equity, December 31, 2010	1,344,940	31,222
Residual equity transfers in (out)	(199,247)	131,570
Commercial paper issued	(35,000)	-
Proceeds from Bond Issue	(267,437)	-
Bond issuance costs	2,345	-
Repayment of commercial paper	64,720	(2,720)
Retirement of bonds	205,045	(39,730)
Expenditures for plant additions	<u>246,050</u>	<u>-</u>
Equity, December 31, 2011	<u>\$ 1,505,583</u>	<u>\$ 34,862</u>

Reserve Fund	Renewal and Replacement Fund	Project Fund	Combined Total
\$ 334	\$ 24,189	\$ 169	\$ 83,379
50,688	192,957	159,254	1,779,061
3,674	64,003	-	-
-	-	35,000	-
-	-	267,437	-
-	-	(2,345)	-
-	-	(62,000)	-
-	-	(165,315)	-
-	(62,331)	(183,719)	-
<u>\$ 54,696</u>	<u>\$ 218,818</u>	<u>\$ 48,481</u>	<u>\$ 1,862,440</u>

San Antonio Water System
COMBINING SCHEDULE OF CASH FLOWS
For the Year Ended December 31, 2011
(amounts in thousands)

	System Fund	Debt Service Fund
	Fund	Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 416,656	\$ -
Cash paid to vendors for operations	(94,613)	-
Cash paid to employees for services	(99,977)	-
Net cash provided by operating activities	222,066	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to the City of San Antonio	(8,003)	-
Transfers to other entities	(126)	-
Transfers in (out)	10,895	389
Equity transfers	(199,247)	131,570
Net cash provided by/(used for) noncapital financing activities	(196,481)	131,959
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of capital assets	1,175	-
Proceeds from developers for plant construction	-	-
Proceeds from grants	-	-
Payments to employees for construction of plant	-	-
Payments to vendors for construction of plant	-	-
Payments for acquisition of equipment and furniture	-	-
Payments for acquisition of property and plant	-	-
Proceeds from commercial paper	-	-
Payment on the retirement of commercial paper	-	(2,720)
Proceeds from revenue bonds	-	-
Payment for retirement of revenue bonds	-	(39,730)
Payment of interest on commercial paper	-	(628)
Payment of interest on revenue bonds	-	(87,679)
Payment for bond related expenses	-	-
Payment for bank charges	(2,211)	-
Net cash provided by/(used for) capital and related financing	(1,036)	(130,757)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(19,995)	(94,240)
Maturity of investments	18,620	100,534
Interest income	1,062	4,202
Net cash provided by/(used for) investing activities	(313)	10,496
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	24,236	11,698
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	29,385	-
CASH AND CASH EQUIVALENTS, AT END OF YEAR	\$ 53,621	\$ 11,698

Reserve Fund	Renewal and Replacement Fund	Project Fund	Combined Total
\$ -	\$ -	\$ -	\$ 416,656
-	-	-	(94,613)
-	-	-	(99,977)
-	-	-	222,066
-	-	-	(8,003)
-	-	-	(126)
(143)	(11,149)	8	-
3,674	64,003	-	-
3,531	52,854	8	(8,129)
-	-	-	1,175
-	23,263	-	23,263
-	741	-	741
-	(19,524)	-	(19,524)
-	(12,758)	-	(12,758)
-	(14,224)	-	(14,224)
-	(9,208)	(182,114)	(191,322)
-	-	35,000	35,000
-	-	-	(2,720)
5,378	-	40,121	45,499
-	-	-	(39,730)
-	-	-	(628)
-	-	-	(87,679)
-	-	(2,345)	(2,345)
-	-	-	(2,211)
5,378	(31,710)	(109,338)	(267,463)
(55,243)	(483,974)	(77,503)	(730,955)
46,272	442,768	172,229	780,423
151	1,069	162	6,646
(8,820)	(40,137)	94,888	56,114
89	(18,993)	(14,442)	2,588
275	19,008	41,061	89,729
\$ 364	\$ 15	\$ 26,619	\$ 92,317

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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>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>
SOURCES OF FUNDS			
OPERATING REVENUES			
Water delivery system	\$ 125,188	\$ 106,864	\$ 18,324
Water supply system	130,755	117,402	13,353
Wastewater System	150,295	132,291	18,004
Chilled water and steam system	<u>11,631</u>	<u>12,223</u>	<u>(592)</u>
Total operating revenues	<u>417,869</u>	<u>368,780</u>	<u>49,089</u>
NONOPERATING REVENUES			
Interest earned and miscellaneous	6,180	3,742	2,438
Other financing sources (draw on equity)	-	1,751	<u>(1,751)</u>
Total nonoperating revenues	<u>6,180</u>	<u>5,493</u>	<u>687</u>
CAPITAL CONTRIBUTIONS			
Capital Recovery Fees	23,263	25,038	(1,775)
Grant Revenue	<u>345</u>	<u>1,100</u>	<u>(755)</u>
Total capital contributions	<u>23,608</u>	<u>26,138</u>	<u>(2,530)</u>
TOTAL SOURCES OF FUNDS	<u>\$ 447,657</u>	<u>\$ 400,411</u>	<u>\$ 47,246</u>
USES OF FUNDS			
OPERATION AND MAINTENANCE			
Salaries and fringe benefits	\$ 120,690	\$ 107,229	\$ 13,461
Contractual services	66,900	82,708	(15,808)
Materials and supplies	24,868	20,320	4,548
Other charges	11,159	17,694	(6,535)
Less: Costs capitalized to Construction in Progress	<u>(30,362)</u>	<u>(32,035)</u>	<u>1,673</u>
Total operation and maintenance	<u>193,255</u>	<u>195,916</u>	<u>(2,661)</u>
OPERATING RESERVE REQUIREMENT	1,272	(694)	1,966
DEBT REQUIREMENTS			
Revenue Bonds:			
Interest costs	85,335	80,432	4,903
Retirement of bonds	42,854	41,657	1,197
Subordinate Lien Debt:			
Interest costs	4,036	4,205	(169)
Retirement of bonds	2,800	2,680	120
Commercial Paper Notes	325	647	(322)
Other Debt Expense	<u>2,881</u>	<u>2,949</u>	<u>(68)</u>
Total debt requirements	<u>138,231</u>	<u>132,570</u>	<u>5,661</u>
TRANSFER TO THE CITY'S GENERAL FUND	10,926	9,565	1,361
AMOUNT AVAILABLE FOR TRANSFER TO			
THE RENEWAL AND REPLACEMENT FUND:			
CAPITAL CONTRIBUTIONS	23,608	26,138	(2,530)
GENERAL	<u>80,365</u>	<u>36,916</u>	<u>43,449</u>
Total amount available for Renewal and Replacement Funds	<u>103,973</u>	<u>63,054</u>	<u>40,919</u>
TOTAL USES OF FUNDS	<u>\$ 447,657</u>	<u>\$ 400,411</u>	<u>\$ 47,246</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, 2011

SOURCES OF FUNDS	<u>Actual</u>	<u>Annual Budget</u>	<u>Variance</u>
OPERATING REVENUES			
Water delivery system	\$ 125,188	\$ 116,417	\$ 8,771
Water supply system	130,755	122,427	8,328
Wastewater System	150,295	149,644	651
Chilled water and steam system	11,631	11,816	(185)
Total operating revenues	<u>417,869</u>	<u>400,304</u>	<u>17,565</u>
NONOPERATING REVENUES			
Interest earned and miscellaneous	6,180	5,194	986
CAPITAL CONTRIBUTIONS			
Capital Recovery Fees	23,263	32,000	(8,737)
Grant Revenue	345	-	345
Total capital contributions	<u>23,608</u>	<u>32,000</u>	<u>(8,392)</u>
TOTAL SOURCES OF FUNDS	<u>\$ 447,657</u>	<u>\$ 437,498</u>	<u>\$ 10,159</u>
USES OF FUNDS			
OPERATION AND MAINTENANCE			
Salaries and fringe benefits	\$ 120,690	\$ 120,133	\$ (557)
Contractual services	66,900	93,177	26,277
Materials and supplies	24,868	21,568	(3,300)
Other charges	11,159	11,249	90
Less: Costs capitalized to Construction in Progress	(30,362)	(34,764)	(4,402)
Total operation and maintenance	<u>193,255</u>	<u>211,363</u>	<u>18,108</u>
OPERATING RESERVE REQUIREMENT	1,272	1,261	(11)
DEBT REQUIREMENTS			
Revenue Bonds:			
Interest costs	85,335	88,288	2,953
Retirement of bonds	42,854	43,962	1,108
Subordinate Lien Debt:			
Interest costs	4,036	4,377	341
Retirement of bonds	2,800	2,800	-
Commercial Paper Notes	325	1,020	695
Other Debt Expense	2,881	3,940	1,059
Total debt requirements	<u>138,231</u>	<u>144,387</u>	<u>6,156</u>
TRANSFER TO THE CITY'S GENERAL FUND	10,926	10,401	(525)
AMOUNT AVAILABLE FOR TRANSFER TO THE RENEWAL AND REPLACEMENT FUND:			
CAPITAL CONTRIBUTIONS	23,608	32,000	8,392
GENERAL	<u>80,365</u>	<u>38,086</u>	<u>(42,279)</u>
Total amount available for Renewal and Replacement Funds	<u>103,973</u>	<u>70,086</u>	<u>(33,887)</u>
TOTAL USES OF FUNDS	<u>\$ 447,657</u>	<u>\$ 437,498</u>	<u>\$ (10,159)</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, 2011

		<i>(amounts in thousands)</i>			
Account Code	Classification	Actual	Budget	Variance Over/(Under)	%
SALARIES AND FRINGE BENEFITS					
511100	Salaries	\$ 79,872	\$ 78,944	\$ (928)	-1.2%
511140	Overtime Pay	3,222	2,504	(718)	-28.7%
511150	On-Call Pay	332	504	172	34.1%
511160	Employee Insurance	15,450	16,299	849	5.2%
511162	Employee Retirement	19,439	17,851	(1,588)	-8.9%
511164	Compensation for Unused Sick Leave	29	74	45	60.8%
511166	Personal Leave Bonus	851	805	(46)	-5.7%
511168	Vacation Pay	1,176	913	(263)	-28.8%
511170	Incentive Pay	319	239	(80)	-33.5%
511175	Other postemployment benefits	-	2,000	2,000	100.0%
	Total Salaries and Fringe Benefits	120,690	120,133	(557)	-0.5%
CONTRACTUAL SERVICES					
511210	Operating Expense	1,954	2,017	63	3.1%
511211	Rental of Facilities	336	327	(9)	-2.8%
511212	Alarm and Security	1,838	1,545	(293)	-19.0%
511213	Collection Expense	189	337	148	43.9%
511214	Shoe Reimbursement	62	95	33	34.7%
511216	Catering Services	113	151	38	25.2%
511219	Program Rebates	400	1,109	709	63.9%
511220	Maintenance Expense	10,141	8,534	(1,607)	-18.8%
511221	Street Cut Permit	692	1,086	394	36.3%
511222	Street Pavement Repair Fees	4,652	2,196	(2,456)	-111.8%
511223	Preventative Maintenance	61	67	6	9.0%
511224	Corrective Maintenance	1,120	1,025	(95)	-9.3%
511225	Damage Repair	227	115	(112)	-97.4%
511230	Outside Equipment Rental	535	462	(73)	-15.8%
511240	Travel	184	187	3	1.6%
511245	Training	639	639	-	0.0%
511247	Conferences	55	91	36	39.6%
511250	Memberships and Subscriptions	416	399	(17)	-4.3%
511260	Utilities	24,930	22,696	(2,234)	-9.8%
511261	Water Options & Payments	15,069	15,041	(28)	-0.2%
511265	Groundwater District Payments	7,261	10,480	3,219	30.7%
511270	Postage	2,000	1,970	(30)	-1.5%
511280	Telemetry Charges	46	50	4	8.0%
511309	Educational Assistance - Books	15	20	5	25.0%
511310	Educational Assistance - Tuition	207	150	(57)	-38.0%
511312	Contractual Professional Services	(14,644)	13,042	27,686	212.3%
511313	Inspection and Assessment Fees	1,466	1,607	141	8.8%
511315	Temporary Employees	615	582	(33)	-5.7%
511320	Legal Services	2,162	3,294	1,132	34.4%
511370	Communications	1,014	1,217	203	16.7%
511381	Software and Hardware Maintenance	3,145	2,646	(499)	-18.9%
	Total Contractual Services	66,900	93,177	26,277	28.2%

San Antonio Water System
SCHEDULE OF OPERATION AND MAINTENANCE EXPENSE BY ACCOUNT (SYSTEM FUND)
For the year ended December 31, 2011

		<i>(amounts in thousands)</i>			
Account Code	Classification	Actual	Budget	Variance Over/(Under)	%
MATERIALS AND SUPPLIES					
511410	Small Tools	850	555	(295)	-53.2%
511417	Copy and Printing Expense	19	35	16	45.7%
511420	Operating Materials and Supplies	3,071	2,299	(772)	-33.6%
511421	Heating Fuel	80	77	(3)	-3.9%
511422	Chemicals	6,314	6,388	74	1.2%
511425	Education of School Children	34	25	(9)	-36.0%
511426	Public Awareness	1	1	-	0.0%
511427	Enforcement	34	20	(14)	-70.0%
511428	Program Materials	1,620	1,766	146	8.3%
511430	Maintenance Materials and Supplies	7,834	6,766	(1,068)	-15.8%
511440	Safety Materials and Supplies	914	781	(133)	-17.0%
511441	SRT Inventory Variances	(8)	30	38	126.7%
511450	Tires and Tubes	572	231	(341)	-147.6%
511451	Motor Fuel and Lubricants	3,533	2,594	(939)	-36.2%
	Total Materials and Supplies	<u>24,868</u>	<u>21,568</u>	<u>(3,300)</u>	<u>-15.3%</u>
OTHER CHARGES					
511510	Judgment and Claim Settlements	685	500	(185)	-37.0%
511511	AL/GL Claims - Contingent Liability	492	75	(417)	-556.0%
511520	Bank Charges	830	981	151	15.4%
511525	Cash Short/(Over)	1	-	(1)	-
511530	Employee Relations	310	305	(5)	-1.6%
511540	Dependent & Retiree Med Coverage	6,839	6,738	(101)	-1.5%
511570	General Liability & Fire Insurance	1,147	1,305	158	12.1%
511580	Unemployment Compensation	50	30	(20)	-66.7%
511590	Workers' Compensation - Medical Payments	813	1,000	187	18.7%
511600	Workers' Compensation - Contingent Liability	(288)	-	288	-
511610	Workers' Compensation - Benefits and Payments	253	275	22	8.0%
511620	Workers' Compensation - Misc. Claims Expenditures	27	40	13	32.5%
	Total Other Charges	<u>11,159</u>	<u>11,249</u>	<u>90</u>	<u>0.8%</u>
	Subtotal before Transfers	223,617	246,127	22,510	9.1%
511720	Interfund Transfers	(30,362)	(34,764)	(4,402)	12.7%
	Total Interfund Transfers	<u>(30,362)</u>	<u>(34,764)</u>	<u>(4,402)</u>	<u>12.7%</u>
	Total Operation and Maintenance	<u>\$ 193,255</u>	<u>\$ 211,363</u>	<u>\$ 18,108</u>	<u>8.6%</u>

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

San Antonio Water System
Notes to Supplemental Schedules
For the years ended December 31, 2011 and 2010

Note 1 - Basis for Presentation

The Schedule of Revenues and Other Financial Sources and Their Disposition, the Schedule of Revenues and Their Disposition Compared to Annual Budget and the Schedule of Operation and Maintenance Expense by Account (System Funds) have all been prepared in accordance with City Ordinance No. 75686 (“the Ordinance”). The Ordinance requires that gross revenues of SAWS be applied in sequence to: (1) System Fund for payment of current maintenance and operating expenses including a two-month reserve amount based upon the budgeted amount of maintenance and operating expenses for the current Fiscal year; (2) Debt Service Fund requirements of Senior Lien Obligations; (3) Reserve Fund requirements of Senior Lien Obligations; (4) Interest and Sinking Fund and Reserve Fund requirements of Junior Lien Obligations; (5) Interest and Sinking Fund and Reserve Fund requirements of Subordinate Lien Obligations; (6) Payment of amounts required on Inferior Lien Obligations, and (7) Transfers to the City's General Fund and to the Renewal and Replacement Fund. Further, the Ordinance stipulates that the annual budget shall reflect an estimate of Gross Revenues and an estimate of the disposition of these revenues in accordance with the funds flow requirements of the Ordinance.

Note 2 – Reconciliation to Basic Financial Statements

In 2007, SAWS implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for the measurement, recognition, and disclosure of expenses and related liabilities associated with postemployment benefits other than pensions (OPEB's). SAWS provides certain health care and life insurance benefits for retired employees. Prior to the adoption of this Statement, the cost of providing these benefits was recognized on a pay-as-you-go basis by expensing the annual premiums for this coverage. Beginning in 2007, in accordance with GASB 45 SAWS has recorded a net OPEB obligation in addition to the pay-as-you-go cost of these benefits. This additional OPEB cost was unfunded at December 31, 2011 and 2010.

SAWS provides pension benefits for its eligible employees through the Texas Municipal Retirement System (TMRS). Beginning with the December 31, 2007 actuarial valuation, TMRS made a change in the funding method and the amortization period. To assist in this transition to higher rates, TMRS approved an eight-year phase-in period beginning in 2009, which allows governments the opportunity to increase their contributions gradually. SAWS elected to transition the increase in its contribution rate over the eight-year phase-in period. As a result of these changes, SAWS' actuarially required contribution as a percent of salary was 5.87% for 2011 and 5.62% for 2010 while the phased-in rate was 4.64% for 2011 and 4.15% for 2010.

San Antonio Water System
Notes to Supplemental Schedules
For the years ended December 31, 2011 and 2010

Unfunded benefit expense does not meet the definition of operating and maintenance costs of SAWS in accordance with the Ordinance. As a result, this expense was not included in SAWS' Annual Budget for 2010 and 2011 and has been excluded from the Supplemental Schedules.

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

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

	<i>(amounts in thousands)</i>	
	Year Ended December 31,	
	2011	2010
Operating and maintenance costs	\$ 193,255	\$ 195,916
Unfunded benefit expense	13,932	20,209
Write-off of asset impairments	3,791	13,274
Less portion of unfunded benefits capitalized to Construction in Progress	(1,920)	(2,910)
Operating expenses before depreciation per Statement of Revenues, Expenses and Changes in Equity	\$ 209,058	\$ 226,489

STATISTICAL SECTION

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

This part of the S.A.W.S 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 S.A.W.S' overall financial health.

	Page
Financial Trends	
<i>These schedules contain trend information to help the reader understand how S.A.W.S' financial performance and well-being have changed over time.</i>	
Schedule 1 Fund Equity	78
Schedule 2 Change in Equity	79
Schedule 3 Equity in System	80
Revenue Capacity	
<i>These schedules contain information to help the reader assess S.A.W.S' primary revenue sources.</i>	
Schedule 4 Water Production, Water Usage and Wastewater Treated	81
Schedule 5 Sales by Source	82
Schedule 6 Sales in Gallons	83
Schedule 7 Number of Customer Connections	83
Schedule 8 Residential Class Rates (Inside City Limits)	84
Schedule 9 Residential Class Rates (Outside City Limits)	85
Schedule 10 General Class Rates	86
Schedule 11 Wholesale Class Rates	87
Schedule 12 Irrigation Class Rates	88
Schedule 13 Other Fees	89
Schedule 14 Recycled Water Rates	90
Schedule 15 Impact Fees	91
Schedule 16 Ten Largest Customers - Water	92
Schedule 17 Ten Largest Customers - Wastewater	93
Schedule 18 Ten Largest Customers - Wholesale Wastewater	94
Debt Capacity	
<i>These schedules present information to help the reader assess the affordability of S.A.W.S' current levels of outstanding debt and S.A.W.S' ability to issue additional debt in the future.</i>	
Schedule 19 Ratios of Total Outstanding Debt by Type	95
Schedule 20 Pledged Revenue Coverage	96
Demographic and Economic Information	
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which S.A.W.S' financial activities take place and to help make comparisons over time and with other water utilities.</i>	
Schedule 21 Demographic and Economic Statistics	97
Schedule 22 Principal Employers	98
Operating Information	
<i>These schedules contain information about S.A.W.S' operations and resources to help the reader understand how S.A.W.S' financial information relates to the services provided by S.A.W.S and the activities it performs.</i>	
Schedule 23 Number of Employees by Functional Group	99
Schedule 24 Capital Assets	100
Map 1 Map of Water Service Area	101
Schedule 25 Operating and Capital Indicators - Water	102
Schedule 26 Monthly Residential Service Charges for Ten Major Texas Cities - Water	103
Map 2 Map of Wastewater Service Area	104
Schedule 27 Operating and Capital Indicators - Wastewater	105
Schedule 28 Monthly Residential Service Charges for Ten Major Texas Cities - Wastewater	106

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

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

	Fiscal Year								
	2011	2010	2009	2008	2007	2006	2005	2004	2003
System Fund:									
Invested in capital assets, net of related debt	\$ 1,452,676	\$ 1,291,968	\$ 1,262,840	\$ 1,297,893	\$ 1,104,726	\$ 971,355	\$ 887,192	\$ 792,641	\$ 703,854
Restricted	35,227	33,955	34,649	32,257	29,567	28,380	32,870	27,844	25,621
Unrestricted	17,680	19,017	19,407	17,937	19,475	27,649	30,849	81,920	48,963
Total equity - System Fund	<u>1,505,583</u>	<u>1,344,940</u>	<u>1,316,896</u>	<u>1,348,087</u>	<u>1,153,768</u>	<u>1,027,384</u>	<u>950,911</u>	<u>902,405</u>	<u>778,438</u>
Internal Service Fund (a):									
Invested in capital assets, net of related debt	-	-	-	-	-	496	822	1,043	1,802
Unrestricted	-	-	-	-	-	9,371	9,475	10,232	10,421
Total equity - Internal Service Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,867</u>	<u>10,297</u>	<u>11,275</u>	<u>12,223</u>
Debt Service Fund:									
Restricted	34,862	31,222	27,511	25,790	21,324	18,350	15,978	11,706	5,156
Total equity - Debt Service Fund	<u>34,862</u>	<u>31,222</u>	<u>27,511</u>	<u>25,790</u>	<u>21,324</u>	<u>18,350</u>	<u>15,978</u>	<u>11,706</u>	<u>5,156</u>
Reserve Fund:									
Restricted	54,696	50,688	41,479	11,222	-	-	-	-	-
Total equity - Reserve Fund	<u>54,696</u>	<u>50,688</u>	<u>41,479</u>	<u>11,222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Renewal & Replacement Fund:									
Invested in capital assets, net of related debt	98,455	98,555	89,888	85,191	116,344	114,701	73,733	77,767	47,552
Unrestricted	120,363	94,402	134,096	171,992	185,220	171,037	105,273	23,484	75,326
Total equity - Renewal & Replacement Fund	<u>218,818</u>	<u>192,957</u>	<u>223,984</u>	<u>257,183</u>	<u>301,564</u>	<u>285,738</u>	<u>179,006</u>	<u>101,251</u>	<u>122,878</u>
Project Fund:									
Invested in capital assets, net of related debt	48,481	159,254	168,738	83,567	93,273	75,673	78,910	91,430	134,781
Total equity - Project Fund	<u>48,481</u>	<u>159,254</u>	<u>168,738</u>	<u>83,567</u>	<u>93,273</u>	<u>75,673</u>	<u>78,910</u>	<u>91,430</u>	<u>134,781</u>
Total - All Funds:									
Invested in capital assets, net of related debt	1,599,612	1,549,777	1,521,466	1,466,651	1,314,343	1,162,225	1,040,657	962,881	887,989
Restricted	124,785	115,865	103,639	69,269	50,891	46,730	48,848	39,550	30,777
Unrestricted	138,043	113,419	153,503	189,929	204,695	208,057	145,597	115,636	134,710
Total Equity	<u>\$ 1,862,440</u>	<u>\$ 1,779,061</u>	<u>\$ 1,778,608</u>	<u>\$ 1,725,849</u>	<u>\$ 1,569,929</u>	<u>\$ 1,417,012</u>	<u>\$ 1,235,102</u>	<u>\$ 1,118,067</u>	<u>\$ 1,053,476</u>

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

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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating revenues:										
Water delivery	\$ 125,188	\$ 106,864	\$ 105,204	\$ 111,379	\$ 89,991	\$ 104,104	\$ 92,954	\$ 72,495	\$ 64,823	\$ 58,624
Water supply	130,755	117,402	113,783	123,167	101,550	117,626	107,506	78,123	75,647	75,845
Wastewater	150,295	132,291	133,641	127,400	123,180	123,780	112,769	98,691	87,226	88,935
Chilled water & steam	11,631	12,223	12,714	12,675	12,997	13,146	13,304	11,963	12,130	10,811
	<u>417,869</u>	<u>368,780</u>	<u>365,342</u>	<u>374,621</u>	<u>327,718</u>	<u>358,656</u>	<u>326,533</u>	<u>261,272</u>	<u>239,826</u>	<u>234,215</u>
Operating expenses before depreciation:										
Salaries and fringe benefits	127,816	121,523	115,177	103,556	95,821	90,857	81,752	80,403	75,631	71,437
Contractual services	66,900	82,708	89,112	89,894	83,243	82,121	87,272	69,127	71,085	64,568
Materials and supplies	24,868	20,320	22,768	22,438	17,947	16,330	15,035	14,144	13,753	12,554
Other charges	21,756	36,883	24,398	20,735	17,884	11,201	9,804	8,074	8,771	3,670
Less: Costs capitalized to										
Construction in Progress	(32,282)	(34,945)	(35,643)	(31,137)	(29,334)	(23,244)	(22,714)	(19,053)	(19,312)	(15,638)
Internal Service Fund - net (gain)/loss			-	-	-	-	704	(249)	1,555	(2,607)
Operating expense before depreciation	<u>209,058</u>	<u>226,489</u>	<u>215,812</u>	<u>205,486</u>	<u>185,561</u>	<u>177,265</u>	<u>171,853</u>	<u>152,446</u>	<u>151,483</u>	<u>133,984</u>
Depreciation	98,374	107,761	86,535	83,494	78,307	71,312	67,958	60,646	57,005	55,467
Total operating expenses	<u>307,432</u>	<u>334,250</u>	<u>302,347</u>	<u>288,980</u>	<u>263,868</u>	<u>248,577</u>	<u>239,811</u>	<u>213,092</u>	<u>208,488</u>	<u>189,451</u>
Operating Income	110,437	34,530	62,995	85,641	63,850	110,079	86,722	48,180	31,338	44,764
Non-operating revenues:										
Interest and miscellaneous	6,180	3,742	4,511	14,382	24,442	20,716	10,120	6,703	7,188	7,547
Gain/(Loss) from fair value of investments	-	-	-	-	-	-	(113)	357	121	1,948
	<u>6,180</u>	<u>3,742</u>	<u>4,511</u>	<u>14,382</u>	<u>24,442</u>	<u>20,716</u>	<u>10,007</u>	<u>7,060</u>	<u>7,309</u>	<u>9,495</u>
Non-operating expenses:										
Amortization of debt issuance costs	1,809	2,081	1,465	1,521	1,015	645	537	500	430	380
Other finance charges	2,881	2,936	2,508	1,418	880	1,081	931	1,144	1,031	-
Interest expense	77,751	76,805	67,686	63,556	63,672	60,612	46,788	41,592	40,895	41,144
(Gain)/Loss on sale of capital assets	(773)	(392)	104	(4,014)	4	(2,266)	1,227	(131)	199	2,388
Payments to City of San Antonio	10,926	9,565	9,740	10,448	9,376	10,026	8,983	7,102	6,608	6,227
Payments to other entities	124	124	119	119	192	211	213	184	-	-
Total non-operating expense	<u>92,718</u>	<u>91,119</u>	<u>81,622</u>	<u>73,048</u>	<u>75,139</u>	<u>70,309</u>	<u>58,679</u>	<u>50,391</u>	<u>49,163</u>	<u>50,139</u>
Special Items	-	-	-	-	-	(4,999)	(3,584)	(9,786)	-	-
Increases (decreases) in equity, before capital contributions	23,899	(52,847)	(14,116)	26,975	13,153	55,487	34,466	(4,937)	(10,516)	4,120
Capital contributions										
Plant Contributions	23,263	27,162	42,190	91,827	104,795	81,208	48,238	45,302	52,055	53,764
Capital Recovery Fees	35,872	25,038	23,636	36,842	32,926	45,112	33,171	24,226	14,236	23,164
Grant Revenue	345	1,100	1,049	276	2,043	103	1,160	-	-	-
Total contributions	<u>59,480</u>	<u>53,300</u>	<u>66,875</u>	<u>128,945</u>	<u>139,764</u>	<u>126,423</u>	<u>82,569</u>	<u>69,528</u>	<u>66,291</u>	<u>76,928</u>
Change in net assets	\$ 83,379	\$ 453	\$ 52,759	\$ 155,920	\$ 152,917	\$ 181,910	\$ 117,035	\$ 64,591	\$ 55,775	\$ 81,048

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

	Fiscal Year									
	2011	2010	2009 (a)	2008 (a)	2007	2006	2005	2004	2003	2002
Assets:										
Capital Assets, net of accumulated depreciation	\$ 3,553,065	\$ 3,362,867	\$ 3,174,264	\$ 2,967,190	\$ 2,697,592	\$ 2,471,129	\$ 2,338,280	\$ 2,180,021	\$ 2,016,140	\$ 1,771,556
Cash and Investments	528,761	575,629	576,652	478,919	480,240	435,543	337,322	307,769	331,657	354,756
Other Assets	99,718	81,153	74,823	71,110	72,796	65,482	64,828	59,691	45,896	36,883
Total Assets	4,181,544	4,019,649	3,825,739	3,517,219	3,250,628	2,972,154	2,740,430	2,547,481	2,393,693	2,163,195
Liabilities:										
Revenue Bonds Payable (net)	1,891,320	1,832,523	1,743,689	1,408,182	1,492,865	1,257,642	1,348,054	1,134,379	1,018,643	866,714
Commercial Paper Notes	214,930	244,650	173,650	261,115	100,000	237,360	98,000	238,400	269,000	255,000
Other Liabilities	212,854	163,415	129,792	122,073	87,834	60,140	59,274	56,635	52,574	43,781
Total Liabilities	2,319,104	2,240,588	2,047,131	1,791,370	1,680,699	1,555,142	1,505,328	1,429,414	1,340,217	1,165,495
Equity in System	\$ 1,862,440	\$ 1,779,061	\$ 1,778,608	\$ 1,725,849	\$ 1,569,929	\$ 1,417,012	\$ 1,235,102	\$ 1,118,067	\$ 1,053,476	\$ 997,700
Percentage Equity in System	44.5%	44.3%	46.5%	49.1%	48.3%	47.7%	45.1%	43.9%	44.0%	46.1%

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

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

Fiscal Year	Gallons of Water Production (b)	Gallons of Water Usage	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated	Total Direct Rate			
						Water		Sewer	
						Base Rate (c)	Usage Rate (d)	Base Rate (e)	Usage Rate (f)
2011	70,701	59,133	11,568	16.36%	49,918	\$ 7.10	\$ 18.10	\$ 8.73	\$ 10.78
2010 (a)	60,428	52,578	7,850	12.99%	48,152	7.10	18.10	8.73	10.78
2009	60,646	55,295	5,351	8.82%	51,987	6.77	20.04	7.76	9.63
2008	67,523	58,828	8,695	12.88%	50,347	6.56	19.92	7.37	9.14
2007	55,043	49,511	5,532	10.05%	49,217	6.56	19.59	7.37	9.14
2006	63,388	57,724	5,664	8.94%	53,270	6.56	19.69	7.37	9.14
2005	58,990	55,005	3,985	6.76%	49,287	6.11	18.42	7.33	9.10
2004	51,231	49,367	1,864	3.64%	49,592	5.61	15.47	6.60	8.19
2003	55,039	50,575	4,464	8.11%	49,669	5.61	13.20	5.70	7.14
2002	52,691	51,850	841	1.60%	52,181	5.61	11.97	5.70	7.14

- (a) Reflects rate increase and rate restructuring for water usage beginning in November 2010. Prior to November, Water Base Rate (including TCEQ fees) was \$6.96, Water Usage Rate was \$20.52, Sewer Base Rate (including TCEQ fees) was \$7.81 and Sewer Usage Rate was \$9.63.
- (b) Pumpage is total potable water production less Aquifer Storage and Recovery recharge
- (c) Rate shown is for 5/8" meters. See Schedule 8 for the rates of other meter sizes.
- (d) Represents standard (non-seasonal) usage charge for monthly residential water usage of 7,788 gallons per month. Includes water supply and EAA fees.
- (e) Minimum service availability charge (includes charge for first 1,496 gallons)
- (f) 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)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Water Sales:										
Residential Class	\$79,332	\$66,410	\$65,333	\$68,516	\$56,096	\$65,927	\$58,351	\$44,829	\$45,147	\$45,414
General Class	33,571	32,326	32,943	32,330	29,313	31,606	28,613	24,006	23,219	23,682
Wholesale Class	234	136	204	179	120	145	182	114	143	173
Irrigation Class (a)	11,722	12,909	12,176	16,124	10,659	12,541	11,723	8,210	8,666	8,535
Total Water	124,859	111,781	110,656	117,149	96,188	110,219	98,869	77,159	77,175	77,804
Water Supply Fees (b)										
Residential Class	51,696	45,312	45,909	49,042	39,081	48,403	42,283	28,623	23,290	20,266
General Class	31,586	29,764	30,403	30,140	28,105	29,531	27,036	19,945	16,410	14,471
Wholesale Class	202	158	178	160	132	166	165	104	116	124
Irrigation Class	13,029	7,154	6,288	8,016	5,285	6,154	5,741	3,559	2,824	2,366
Total Water Supply Fees	96,513	82,388	82,778	87,358	72,603	84,254	75,225	52,231	42,640	37,227
EAA Pass-through fees (c)										
Residential Class	4,767	5,423	3,605	5,893	3,561	4,925	4,818	3,304	3,247	2,682
General Class	2,930	3,648	2,387	3,622	2,560	3,005	3,080	2,303	2,288	1,915
Wholesale Class	18	19	14	19	12	17	19	12	16	16
Irrigation Class	540	765	494	963	481	626	654	411	394	313
Total Pass-through fees	8,255	9,855	6,500	10,497	6,614	8,573	8,571	6,030	5,945	4,926
Conservation Fees:										
Residential Class	3,682	2,814	2,962	3,663	1,986	4,112	3,291	2,411	2,411	2,507
General Class	6,702	4,461	4,008	3,938	3,957	3,637	3,968	3,558	3,519	3,599
Total Conservation	10,384	7,275	6,970	7,601	5,943	7,749	7,259	5,969	5,930	6,106
Wastewater Sales:										
Residential Class	88,702	79,118	81,202	75,752	72,212	72,901	63,605	55,763	48,649	48,877
General Class	48,271	41,768	41,343	40,034	38,554	38,325	37,342	31,622	28,410	30,540
Wholesale Class	6,105	5,044	5,225	5,281	6,469	6,704	6,435	5,695	4,693	4,752
Surcharge	4,815	4,861	4,648	4,614	4,409	4,271	4,081	4,019	4,075	3,526
Total Wastewater	147,893	130,791	132,418	125,681	121,644	122,201	111,463	97,099	85,827	87,695
TCEQ Pass-through fees (d)										
Water customers	1,178	964	-	-	-	-	-	-	-	-
Wastewater customers	464	280	-	-	-	-	-	-	-	-
	1,642	1,244	-	-	-	-	-	-	-	-
Recycled Water Sales	5,068	3,955	4,393	4,287	3,244	3,795	3,100	2,669	2,455	2,444
Stormwater Fees	4,158	3,745	3,358	3,037	3,056	3,056	2,938	2,746	2,400	2,133
Chilled Water & Steam	11,715	12,337	12,714	12,758	13,101	13,243	13,371	12,028	12,193	10,857
Miscellaneous Fees and Charges	10,193	8,872	9,266	9,541	7,944	8,204	7,374	6,756	6,519	6,016
Provision for Uncollectible Accounts	(2,811)	(3,463)	(3,711)	(3,288)	(2,619)	(2,638)	(1,637)	(1,415)	(1,260)	(993)
Total Operating Revenue	\$417,869	\$368,780	\$365,342	\$374,621	\$327,718	\$358,656	\$326,533	\$261,272	\$239,824	\$234,215

(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)**

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Water Sales (a):										
Residential Class	34,153	28,932	30,667	33,025	26,651	33,162	30,917	27,054	27,624	28,227
General Class	20,986	19,465	20,309	20,297	19,166	20,232	19,769	18,851	19,464	20,155
Wholesale Class	128	101	119	108	90	114	121	98	137	173
Irrigation Class	3,866	4,080	4,200	5,398	3,604	4,216	4,198	3,364	3,350	3,295
Total Water	59,133	52,578	55,295	58,828	49,511	57,724	55,005	49,367	50,575	51,850
Wastewater Sales:										
Residential Class	27,371	26,746	29,825	28,148	27,383	28,859	25,293	25,421	24,860	25,565
General Class	20,134	20,002	20,338	20,352	19,634	21,967	22,262	21,800	22,249	23,195
Wholesale Class	2,413	1,404	1,824	1,847	2,200	2,444	1,732	2,371	2,560	3,421
Total Wastewater	49,918	48,152	51,987	50,347	49,217	53,270	49,287	49,592	49,669	52,181
Conservation - Residential Class (b)	4,106	2,935	3,469	3,948	2,432	4,276	3,613	2,634	2,636	2,742
Recycled Water Sales	18,990	14,968	16,321	16,559	14,148	14,836	14,048	13,626	13,643	13,762

(a) Water Supply and EAA fees are billed based on the gallons billed for water sales.

(b) Gallons billed for conservation are included in the gallons billed for water sales.

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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Water Sales (a):										
Residential Class	335,280	331,853	327,610	323,754	318,270	308,807	298,271	289,458	282,016	276,340
General Class	23,369	23,225	23,242	23,104	22,943	22,662	22,384	22,092	21,894	21,869
Wholesale Class	7	7	7	7	7	7	6	6	7	7
Total Water	358,656	355,085	350,859	346,865	341,220	331,476	320,661	311,556	303,917	298,216
Irrigation Class (b)	8,479	8,350	8,202	7,940	7,602	7,232	6,883	6,522	6,283	6,125
Wastewater Sales:										
Residential Class	378,380	373,755	368,948	361,966	352,038	338,693	326,516	316,498	313,042	310,842
General Class	24,550	24,407	24,285	23,999	23,604	23,408	23,016	22,590	22,386	22,548
Wholesale Class	12	7	12	13	11	12	12	12	11	13
Total Wastewater	402,942	398,169	393,245	385,978	375,653	362,113	349,544	339,100	335,439	333,403
Conservation - Residential Class (c)	33,708	21,791	26,665	29,973	15,548	31,716	27,963	18,754	22,177	24,137
Recycled Water Sales	80	81	86	76	71	69	56	51	33	26

(a) Water Supply and EAA fees are billed to a water customers with water usage.

(b) Represents the number of customers included in Residential, General and Wholesale Classes which also have irrigation meters.

(c) The residential class rate applied to monthly residential usage in excess of 17,205 gallons is designated as Conservation Fees. These customers are included in the residential class for water sales.

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

	Fiscal Year									
	2011	2010 (c)	2009	2008	2007	2006	2005	2004	2003	2002
Water										
Service Availability Charge by meter size:										
5/8"	\$6.91	\$6.91	\$6.77	\$6.56	\$6.56	\$6.56	\$6.11	\$5.61	\$5.61	\$5.61
3/4"	9.68	9.68	8.59	8.32	8.32	8.32	7.75	7.12	6.85	6.85
1"	15.23	15.23	12.49	12.10	12.10	12.10	11.28	10.36	8.22	8.22
1-1/2"	29.10	29.10	22.25	21.56	21.56	21.56	20.09	18.46	11.45	11.45
2"	45.73	45.73	33.95	32.90	32.90	32.90	30.66	28.18	16.68	16.68
3"	84.56	84.56	61.27	59.37	59.37	59.37	55.33	50.85	47.94	47.94
4"	140.02	140.02	100.30	97.19	97.19	97.19	90.58	83.25	64.75	64.75
6"	278.69	278.69	197.89	191.75	191.75	191.75	178.70	164.24	117.90	117.90
8"	445.09	445.09	314.96	305.19	305.19	305.19	284.43	261.42	167.34	167.34
10"	639.22	639.22	451.57	437.57	437.57	437.57	407.80	374.81	251.76	251.76
12"	1,193.88	1,193.88	841.86	815.76	815.76	815.76	760.26	698.76	554.30	554.30
Usage (per 100 gallons)										
Standard:										
First 7,481 gallons			0.0906	0.0878	0.0878	0.0878	0.0818	0.0751	0.0722	0.0722
Next 5,236 gallons			0.1309	0.1268	0.1268	0.1268	0.1182	0.1086	0.1038	0.1038
Next 4,488 gallons			0.2058	0.1994	0.1994	0.1994	0.1858	0.1707	0.1288	0.1288
Over 17,205 gallons (a)			0.3288	0.3186	0.3186	0.3186	0.2969	0.2728	0.2703	0.2703
Seasonal (b):										
First 7,481 gallons			0.0906	0.0878	0.0878	0.0878	0.0818	0.0751	0.0722	0.0722
Next 5,236 gallons			0.1423	0.1379	0.1379	0.1379	0.1285	0.1181	0.1128	0.1128
Next 4,488 gallons			0.2217	0.2148	0.2148	0.2148	0.2002	0.1840	0.1388	0.1388
Over 17,205 gallons (a)			0.4246	0.4114	0.4114	0.4114	0.3834	0.3523	0.3490	0.3490
Standard:										
First 5,985 gallons	0.0917	0.0917								
Next 6,732 gallons	0.1327	0.1327								
Next 4,488 gallons	0.1871	0.1871								
Over 17,205 gallons (a)	0.3277	0.3277								
Seasonal (d):										
First 5,985 gallons	0.0917	0.0917								
Next 6,732 gallons	0.1443	0.1443								
Next 4,488 gallons	0.2146	0.2146								
Over 17,205 gallons (a)	0.4446	0.4446								
Sewer (e)										
Service Availability Charge (f)	8.68	8.68	7.76	7.37	7.37	7.37	7.33	6.60	5.70	5.70
Usage (per 100 gallons)	0.2302	0.2302	0.2057	0.1953	0.1953	0.1953	0.1943	0.1750	0.1526	0.1526

- (a) Includes \$.09 per 100 gallons billed as conservation fees.
- (b) Rate was applied to all billings beginning July 1 and ending on or about October 31 of each year. At all other times the Standard rate was utilized.
- (c) Applies to water billed after November 2010.
- (d) Rate is applied to all billings beginning May 1 and ending on or about September 30 of each year. At all other times the Standard rate is utilized.
- (e) Residential sewer charges are computed on the basis of average winter usage for 90 days during three consecutive billings periods beginning after November 15 and ending on or before March 15 of each year.
- (f) Includes the first 1,496 gallons. 2010 Rate applies to wastewater services billed in December 2010. 2009 rate applies to water services for January 2010 through November 2010.

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

	Fiscal Year									
	2011	2010 (c)	2009	2008	2007	2006	2005	2004	2003	2002
Water										
Service Availability Charge by meter size:										
5/8"	8.98	8.98	8.78	8.51	8.51	8.51	7.93	7.28	7.28	7.28
3/4"	12.59	12.59	11.16	10.81	10.81	10.81	10.07	9.25	8.92	8.92
1"	19.80	19.80	16.23	15.73	15.73	15.73	14.66	13.47	10.68	10.68
1-1/2"	37.83	37.83	28.92	28.02	28.02	28.02	26.11	23.99	14.89	14.89
2"	59.46	59.46	44.14	42.77	42.77	42.77	39.86	36.63	21.70	21.70
3"	109.94	109.94	79.65	77.18	77.18	77.18	71.93	66.11	62.31	62.31
4"	182.04	182.04	130.39	126.35	126.35	126.35	117.75	108.22	84.16	84.16
6"	362.30	362.30	257.24	249.26	249.26	249.26	232.30	213.51	153.27	153.27
8"	578.63	578.63	409.45	396.75	396.75	396.75	369.76	339.85	217.54	217.54
10"	830.99	830.99	587.03	568.83	568.83	568.83	530.13	487.25	327.29	327.29
12"	1,552.05	1,552.05	1,094.42	1,060.48	1,060.48	1,060.48	988.33	908.39	720.59	720.59
Usage (per 100 gallons)										
Standard:										
First 7,481 gallons			0.1176	0.1140	0.1140	0.1140	0.1062	0.0976	0.0940	0.0940
Next 5,236 gallons			0.1702	0.1649	0.1649	0.1649	0.1537	0.1412	0.1350	0.1350
Next 4,488 gallons			0.2674	0.2591	0.2591	0.2591	0.2415	0.2219	0.1673	0.1673
Over 17,205 gallons (a)			0.4274	0.4141	0.4141	0.4141	0.3859	0.3546	0.3463	0.3463
Seasonal (b):										
First 7,481 gallons			0.1176	0.1140	0.1140	0.1140	0.1062	0.0976	0.0940	0.0940
Next 5,236 gallons			0.1850	0.1793	0.1793	0.1793	0.1671	0.1535	0.1466	0.1466
Next 4,488 gallons			0.2882	0.2793	0.2793	0.2793	0.2603	0.2392	0.1840	0.1840
Over 17,205 gallons (a)			0.5519	0.5348	0.5348	0.5348	0.4984	0.4580	0.4487	0.4487
Standard:										
First 5,985 gallons	0.1193	0.1193								
Next 6,732 gallons	0.1725	0.1725								
Next 4,488 gallons	0.2433	0.2433								
Over 17,205 gallons (a)	0.4260	0.4260								
Seasonal (d):										
First 5,985 gallons	0.1193	0.1193								
Next 6,732 gallons	0.1876	0.1876								
Next 4,488 gallons	0.2790	0.2790								
Over 17,205 gallons (a)	0.5779	0.5779								
Sewer (e)										
Service Availability Charge (f)	10.43	10.43	9.32	8.85	8.85	8.85	8.80	7.92	6.84	6.84
Usage (per 100 gallons)	0.2762	0.2762	0.2468	0.2343	0.2343	0.2343	0.2331	0.2100	0.1831	0.1831

- (a) Includes \$.09 per 100 gallons billed as conservation fees.
- (b) Rate was applied to all billings beginning July 1 and ending on or about October 31 of each year. At all other times the Standard rate was utilized.
- (c) Applies to water billed after November 2010.
- (d) Rate is applied to all billings beginning May 1 and ending on or about September 30 of each year. At all other times the Standard rate is utilized.
- (e) Residential sewer charges are computed on the basis of average winter usage for 90 days during three consecutive billings periods beginning after November 15 and ending on or before March 15 of each year.
- (f) Includes the first 1,496 gallons. 2010 Rate applies to wastewater services billed in December 2010. 2009 rate applies to water services for January 2010 through November 2010.

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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Water - Inside City Limits										
Service Availability Charge by meter size (a):										
5/8"	\$9.59	\$9.59	\$9.81	\$9.51	\$9.51	\$9.51	\$8.86	\$8.14	\$8.74	\$8.74
3/4"	13.71	13.71	13.16	12.75	12.75	12.75	11.88	10.91	11.37	11.37
1"	21.93	21.93	19.21	18.61	18.61	18.61	17.34	15.93	14.81	14.81
1-1/2"	42.50	42.50	35.03	33.94	33.94	33.94	31.63	29.07	23.55	23.55
2"	67.20	67.20	52.83	51.19	51.19	51.19	47.71	46.85	34.44	34.44
3"	124.80	124.80	106.92	103.60	103.60	103.60	96.55	88.74	91.60	91.60
4"	207.09	207.09	176.40	170.93	170.93	170.93	159.30	146.41	136.14	136.14
6"	412.82	412.82	350.03	339.18	339.18	339.18	316.10	290.53	259.71	259.71
8"	659.69	659.69	543.20	526.36	526.36	526.36	490.55	450.87	391.47	391.47
10"	947.71	947.71	755.89	732.45	732.45	732.45	682.62	627.40	536.79	536.79
12"	1,770.63	1,770.63	1,191.85	1,154.89	1,154.89	1,154.89	1,076.32	989.26	662.31	662.31
Usage (per 100 gallons)										
Below base (b)			0.1086	0.1052	0.1052	0.1052	0.0980	0.0900	0.0900	0.0900
100-125% of base			0.1257	0.1218	0.1218	0.1218	0.1135	0.1043	0.0975	0.0975
125-150% of base			0.1633	0.1582	0.1582	0.1582	0.1474	0.1354	0.1050	0.1050
150-200% of base			0.2138	0.2072	0.2072	0.2072	0.1931	0.1774	0.1150	0.1150
Over 200% of base			0.3160	0.3062	0.3062	0.3062	0.2854	0.2623	0.2590	0.2590
Usage (per 100 gallons)										
Base (d)	0.1110	0.1110								
100-125% of base	0.1327	0.1327								
125-175% of base	0.1861	0.1861								
Over 175% of base	0.2725	0.2725								
Water - Outside City Limits										
Service Availability Charge by meter size (a):										
5/8"	12.47	12.47	11.83	11.46	11.46	11.46	10.68	9.81	10.57	10.57
3/4"	17.82	17.82	15.72	15.23	15.23	15.23	14.19	13.04	13.60	13.60
1"	28.51	28.51	22.94	22.23	22.23	22.23	20.72	19.04	17.53	17.53
1-1/2"	55.26	55.26	41.69	40.40	40.40	40.40	37.65	34.60	27.43	27.43
2"	87.36	87.36	63.01	61.06	61.06	61.06	56.71	52.30	39.92	39.92
3"	162.24	162.24	125.31	121.42	121.42	121.42	113.16	104.00	107.34	107.34
4"	269.22	269.22	206.48	200.08	200.08	200.08	186.47	171.38	157.40	157.40
6"	536.66	536.66	409.39	396.70	396.70	396.70	369.71	339.80	298.12	298.12
8"	857.60	857.60	637.69	617.92	617.92	617.92	575.88	529.30	450.40	450.40
10"	1,232.03	1,232.03	891.35	863.71	863.71	863.71	804.95	739.84	619.47	619.47
12"	2,301.82	2,301.82	1,444.41	1,399.62	1,399.62	1,399.62	1,304.40	1,198.89	770.88	770.88
Usage (per 100 gallons)										
Below base (b)			0.1410	0.1366	0.1366	0.1366	0.1273	0.1170	0.1170	0.1170
100-125% of base			0.1635	0.1584	0.1584	0.1584	0.1476	0.1356	0.1268	0.1268
125-150% of base			0.2121	0.2055	0.2055	0.2055	0.1915	0.1760	0.1365	0.1365
150-200% of base			0.2778	0.2692	0.2692	0.2692	0.2509	0.2306	0.1495	0.1495
Over 200% of base			0.4109	0.3982	0.3982	0.3982	0.3711	0.3410	0.3367	0.3367
Usage (per 100 gallons)										
Base (d)	0.1443	0.1443								
100-125% of base	0.1724	0.1724								
125-175% of base	0.2419	0.2419								
Over 175% of base	0.3542	0.3542								
Sewer - Inside City Limits										
Service Availability Charge (e)	8.68	8.68	7.76	7.37	7.37	7.37	7.33	6.60	6.40	6.40
Usage (per 100 gallons)	0.2302	0.2302	0.2057	0.1953	0.1953	0.1953	0.1943	0.1750	0.1489	0.1489
Sewer - Outside City Limits										
Service Availability Charge (e)	10.43	10.43	9.32	8.85	8.85	8.85	8.80	7.92	7.68	7.68
Usage (per 100 gallons)	0.2762	0.2762	0.2468	0.2343	0.2343	0.2343	0.2331	0.2100	0.1787	0.1787

- (a) A portion of the meter charge is billed as conservation fees.
- (b) Base is defined as 90% of the previous average annual usage. Effective for water billed through November 2010.
- (c) Effective for water billed beginning December 2010.
- (d) Base is defined as 100% of the previous average annual usage.
- (e) Includes the first 1,496 gallons. 2010 Rate applies to wastewater services billed in December 2010. 2009 rate applies to water services for January 2010 through November 2010.

San Antonio Water System
Schedule 11 - Wholesale Class Rates

	Fiscal Year									
	2011	2010 (c)	2009	2008	2007	2006	2005	2004	2003	2002
Water - Inside City Limits										
Service Availability Charge by meter size:										
6"	\$278.69	\$278.69	\$197.89	\$191.75	\$191.75	\$191.75	\$178.70	\$164.24	\$247.60	\$247.60
8"	445.09	445.09	314.96	305.19	305.19	305.19	284.43	261.42	371.40	371.40
10"	639.22	639.22	451.57	437.57	437.57	437.57	407.80	374.81	495.22	495.22
12"	1,193.88	1,193.88	841.86	815.76	815.76	815.76	760.26	698.76	705.65	705.65
Usage (per 100 gallons)										
Below base (a)			0.0788	0.0764	0.0764	0.0764	0.0712	0.0654	0.0615	0.0615
100-125% of base			0.0983	0.0953	0.0953	0.0953	0.0888	0.0816	0.0710	0.0710
125-150% of base			0.1353	0.1310	0.1310	0.1310	0.1222	0.1123	0.0769	0.0769
150-200% of base			0.1804	0.1748	0.1748	0.1748	0.1629	0.1497	0.0828	0.0828
Over 200% of base			0.2365	0.2292	0.2292	0.2292	0.2136	0.1963	0.0888	0.0888
Usage (per 100 gallons)										
Base (b)	0.0770	0.0770								
100-125% of base	0.1157	0.1157								
125-175% of base	0.1670	0.1670								
Over 175% of base	0.2362	0.2362								
Water - Outside City Limits										
Service Availability Charge by meter size:										
6"	362.30	362.30	257.24	249.26	249.26	249.26	232.30	213.51	321.88	321.88
8"	578.63	578.63	409.45	396.75	396.75	396.75	369.76	339.85	482.82	482.82
10"	830.99	830.99	587.03	568.83	568.83	568.83	530.13	487.25	643.77	643.77
12"	1,552.05	1,552.05	1,094.42	1,060.48	1,060.48	1,060.48	988.33	908.39	917.34	917.34
Usage (per 100 gallons)										
Below base (a)			0.1025	0.0993	0.0993	0.0993	0.0925	0.0850	0.0800	0.0800
100-125% of base			0.1279	0.1239	0.1239	0.1239	0.1155	0.1061	0.0923	0.0923
125-150% of base			0.1760	0.1705	0.1705	0.1705	0.1589	0.1460	0.1000	0.1000
150-200% of base			0.2346	0.2273	0.2273	0.2273	0.2118	0.1946	0.1077	0.1077
Over 200% of base			0.3075	0.2980	0.2980	0.2980	0.2777	0.2552	0.1154	0.1154
Usage (per 100 gallons)										
Base (b)	0.1001	0.1001								
100-125% of base	0.1504	0.1504								
125-175% of base	0.2171	0.2171								
Over 175% of base	0.3070	0.3070								
Sewer - Inside City Limits										
Usage (per 100 gallons)	0.2075	0.2075	0.1854	0.1760	0.1760	0.1760	0.1751	0.1577	0.1362	0.1362
Sewer - Outside City Limits										
Service Availability Charge	101.95	101.95	91.11	86.50	86.50	86.50	86.07	77.54	67.00	67.00
Usage (per 100 gallons)	0.2491	0.2491	0.2226	0.2113	0.2113	0.2113	0.2102	0.1893	0.1467	0.1467

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

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

(c) Effective for water billed beginning December 2010.

**San Antonio Water System
Schedule 12 - Irrigation Class Rates**

	Fiscal Year									
	2011	2010 (c)	2009	2008	2007	2006	2005	2004	2003	2002
Inside City Limits										
Service Availability Charge by meter size (a):										
5/8"	\$9.59	\$9.59	\$9.81	\$9.51	\$9.51	\$9.51	\$8.86	\$8.14	\$8.74	\$8.74
3/4"	13.71	13.71	13.16	12.75	12.75	12.75	11.88	10.91	11.37	11.37
1"	21.93	21.93	19.21	18.61	18.61	18.61	17.34	15.93	14.81	14.81
1-1/2"	42.50	42.50	35.03	33.94	33.94	33.94	31.63	29.07	23.55	23.55
2"	67.20	67.20	52.83	51.19	51.19	51.19	47.71	43.85	34.44	34.44
3"	124.80	124.80	106.92	103.60	103.60	103.60	96.55	88.74	91.60	91.60
4"	207.09	207.09	176.40	170.93	170.93	170.93	159.30	146.41	136.14	136.14
6"	412.82	412.82	350.03	339.18	339.18	339.18	316.10	290.53	259.71	259.71
8"	659.69	659.69	543.20	526.36	526.36	526.36	490.55	450.87	391.47	391.47
10"	947.71	947.71	755.89	732.45	732.45	732.45	682.62	627.40	536.79	536.79
12"	1,770.63	1,770.63	1,191.85	1,154.89	1,154.89	1,154.89	1,076.32	989.26	662.31	662.31
Usage (per 100 gallons) (b)										
First 12,717 gallons			0.1526	0.1479	0.1479	0.1479	0.1378	0.1266	0.1200	0.1200
Next 4,488 gallons			0.2290	0.2219	0.2219	0.2219	0.2068	0.1900	0.1900	0.1900
Over 17,205 gallons			0.3160	0.3062	0.3062	0.3062	0.2854	0.2623	0.2590	0.2590
Usage (per 100 gallons)										
Standard:										
Zero gallons	-	-								
Next 6,732 gallons	0.1560	0.1560								
Next 10,473 gallons	0.1871	0.1871								
Over 17,205 gallons (c)	0.3277	0.3277								
Usage (per 100 gallons)										
Seasonal (d):										
Zero gallons	-	-								
Next 6,732 gallons	0.1560	0.1560								
Next 10,473 gallons	0.2172	0.2172								
Over 17,205 gallons (e)	0.4497	0.4497								
Outside City Limits										
Service Availability Charge by meter size (a):										
5/8"	12.47	12.47	11.83	11.46	11.46	11.46	10.68	9.81	10.57	10.57
3/4"	17.82	17.82	15.72	15.23	15.23	15.23	14.19	13.04	13.60	13.60
1"	28.51	28.51	22.94	22.23	22.23	22.23	20.72	19.04	17.53	17.53
1-1/2"	55.26	55.26	41.69	40.40	40.40	40.40	37.65	34.60	27.43	27.43
2"	87.36	87.36	63.01	61.06	61.06	61.06	56.91	52.30	39.92	39.92
3"	162.24	162.24	125.31	121.42	121.42	121.42	113.16	104.00	107.34	107.34
4"	269.22	269.22	206.48	200.08	200.08	200.08	186.47	171.38	157.40	157.40
6"	536.66	536.66	409.39	396.70	396.70	396.70	369.71	339.80	298.12	298.12
8"	857.60	857.60	637.69	617.92	617.92	617.92	575.88	529.30	450.40	450.40
10"	1,232.03	1,232.03	891.35	863.71	863.71	863.71	804.95	739.84	619.47	619.47
12"	2,301.82	2,301.82	1,444.41	1,399.62	1,399.62	1,399.62	1,304.40	1,198.89	770.88	770.88
Usage (per 100 gallons) (b)										
First 12,717 gallons			0.1982	0.1921	0.1921	0.1921	0.1790	0.1645	0.1560	0.1560
Next 4,488 gallons			0.2976	0.2884	0.2884	0.2884	0.2688	0.2470	0.2470	0.2470
Over 17,205 gallons			0.4109	0.3982	0.3982	0.3982	0.3711	0.3410	0.3400	0.3400
Usage (per 100 gallons)										
Standard:										
Zero gallons	-	-								
Next 6,732 gallons	0.2028	0.2028								
Next 10,473 gallons	0.2432	0.2432								
Over 17,205 gallons (c)	0.4260	0.4260								
Usage (per 100 gallons)										
Seasonal (d):										
Zero gallons	-	-								
Next 6,732 gallons	0.2028	0.2028								
Next 10,473 gallons	0.2824	0.2824								
Over 17,205 gallons (e)	0.5846	0.5846								

- (a) A portion of the meter charge is billed as conservation fees.
- (b) Rate applies to water billed through November 2010.
- (c) Rate applies to water billed after November 2010.
- (d) Seasonal rate is applied to all billings beginning May 1 and ending on or about September 30 of each year.
At all other time the Standard rate is applied.
- (e) Includes \$.09 per 100 gallons billed as conservation fees.

San Antonio Water System
Schedule 13 - Other Fees

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Water Supply Fee (a):										
Residential Class			\$0.1529	\$0.1487	\$0.1487	\$0.1487	\$0.1378	\$0.1100	\$0.0844	\$0.0708
First 5,985 gallons	\$0.1023	\$0.1023								
Next 6,732 gallons	\$0.1480	\$0.1480								
Next 4,488 gallons	\$0.2087	\$0.2087								
Over 17,205 gallons	\$0.3653	\$0.3653								
General Class	\$0.1573	\$0.1573	\$0.1529	\$0.1487	\$0.1487	\$0.1487	\$0.1378	\$0.1100	\$0.0844	\$0.0708
Wholesale Class	\$0.1573	\$0.1573	\$0.1529	\$0.1487	\$0.1487	\$0.1487	\$0.1378	\$0.1100	\$0.0844	\$0.0708
Irrigation Class			\$0.1529	\$0.1487	\$0.1487	\$0.1487	\$0.1378	\$0.1100	\$0.0844	\$0.0708
First 6,732 gallons	\$0.1573	\$0.1573								
Next 10,473 gallons	\$0.2087	\$0.2087								
Over 17,205 gallons	\$0.3962	\$0.3962								
EAA Fee (b)	\$0.01407	\$0.01841	\$0.01222	\$0.01769	\$0.01352	\$0.01482	\$0.01549	\$0.01226	\$0.01167	\$0.00946
State-Imposed TCEQ Fees (c)										
Water Connection Fee	\$0.19	\$0.19	-	-	-	-	-	-	-	-
Wastewater Connection Fee	\$0.05	\$0.05	-	-	-	-	-	-	-	-

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

Schedule 14 - Recycled Water Rates

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Edwards Exchange Customers (a)										
Service Availability Charge by meter size:										
5/8"	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74
3/4"	11.37	11.37	11.37	11.37	11.37	11.37	11.37	11.37	11.37	11.37
1"	14.81	14.81	14.81	14.81	14.81	14.81	14.81	14.81	14.81	14.81
1-1/2"	23.55	23.55	23.55	23.55	23.55	23.55	23.55	23.55	23.55	23.55
2"	34.44	34.44	34.44	34.44	34.44	34.44	34.44	34.44	34.44	34.44
3"	91.60	91.60	91.60	91.60	91.60	91.60	91.60	91.60	91.60	91.60
4"	136.14	136.14	136.14	136.14	136.14	136.14	136.14	136.14	136.14	136.14
6"	259.71	259.71	259.71	259.71	259.71	259.71	259.71	259.71	259.71	259.71
8"	391.47	391.47	391.47	391.47	391.47	391.47	391.47	391.47	391.47	391.47
10"	536.79	536.79	536.79	536.79	536.79	536.79	536.79	536.79	536.79	536.79
12"	662.31	662.31	662.31	662.31	662.31	662.31	662.31	662.31	662.31	662.31
Usage (per 100 gallons)										
Standard:										
Transferred amount	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230
In excess of transferred amount	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863	0.0863
Seasonal (b):										
Transferred amount	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230	0.0230
In excess of transferred amount	0.0917	0.0917	0.0917	0.0917	0.0917	0.0917	0.0917	0.0917	0.0917	0.0917
Non-exchange Customers										
Service Availability Charge by meter size:										
5/8"	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74	\$8.74
3/4"	11.37	11.37	11.37	11.37	11.37	11.37	11.37	11.37	11.37	11.37
1"	14.81	14.81	14.81	14.81	14.81	14.81	14.81	14.81	14.81	14.81
1-1/2"	23.55	23.55	23.55	23.55	23.55	23.55	23.55	23.55	23.55	23.55
2"	34.44	34.44	34.44	34.44	34.44	34.44	34.44	34.44	34.44	34.44
3"	91.60	91.60	91.60	91.60	91.60	91.60	91.60	91.60	91.60	91.60
4"	136.14	136.14	136.14	136.14	136.14	136.14	136.14	136.14	136.14	136.14
6"	259.71	259.71	259.71	259.71	259.71	259.71	259.71	259.71	259.71	259.71
8"	391.47	391.47	391.47	391.47	391.47	391.47	391.47	391.47	391.47	391.47
10"	536.79	536.79	536.79	536.79	536.79	536.79	536.79	536.79	536.79	536.79
12"	662.31	662.31	662.31	662.31	662.31	662.31	662.31	662.31	662.31	662.31
Usage (per 100 gallons)										
Standard:										
First 748,000 gallons	0.0924	0.0924	0.0924	0.0924	0.0924	0.0924	0.0924	0.0924	0.0924	0.0924
Over 748,000 gallons	0.0943	0.0943	0.0943	0.0943	0.0943	0.0943	0.0943	0.0943	0.0943	0.0943
Seasonal (b):										
First 748,000 gallons	0.0992	0.0992	0.0992	0.0992	0.0992	0.0992	0.0992	0.0992	0.0992	0.0992
Over 748,000 gallons	0.1002	0.1002	0.1002	0.1002	0.1002	0.1002	0.1002	0.1002	0.1002	0.1002

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

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

San Antonio Water System
Schedule 15 - Impact Fees

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Water										
Flow - All Areas	\$1,247.00	\$1,098.00	\$1,098.00	\$1,098.00	\$1,098.00	\$1,098.00	\$362.00	\$362.00	\$362.00	\$362.00
System Development:										
Low Elevation Service Area	579.00	668.00	668.00	668.00	668.00	668.00				
Middle Elevation Service Area	774.00	591.00	591.00	591.00	591.00	591.00				
High Elevation Service Area	966.00	1,356.00	1,356.00	1,356.00	1,356.00	1,356.00				
Service Level:										
2							125.00	125.00	125.00	125.00
3							107.00	107.00	107.00	107.00
4							172.00	172.00	172.00	172.00
5							104.00	104.00	104.00	104.00
5A							100.00	100.00	100.00	100.00
6							149.00	149.00	149.00	149.00
7							249.00	249.00	249.00	249.00
8							411.00	411.00	411.00	411.00
9							490.00	490.00	490.00	490.00
10							428.00	428.00	428.00	428.00
11							569.00	569.00	569.00	569.00
11A							945.00	945.00	945.00	945.00
11B							1,094.00	1,094.00	1,094.00	1,094.00
11E							1,163.00	1,163.00	1,163.00	1,163.00
11F							523.00	523.00	523.00	523.00
12							743.00	743.00	743.00	743.00
14							791.00	791.00	791.00	791.00
Wastewater										
Treatment:										
Dos Rios/Leon Creek Service Area	552.00									
Medio Creek	1,379.00									
Upper and Lower Service Areas		453.00	453.00	453.00	453.00	453.00				
Far West-Medio Service Areas		901.00	901.00	901.00	901.00	901.00				
Inner Service Area							142.00	142.00	142.00	142.00
Outer Service Area							750.00	750.00	750.00	750.00
Far West - Medio Creek Service Area							1,200.00	750.00	750.00	750.00
Far West - Potranca Creek Service Area							1,200.00	750.00	750.00	750.00
Far West - Lucas Creek & Big Soss Service Area							1,200.00	750.00	750.00	750.00
Collection:										
Medio Creek	582.00									
Upper Medina	1,053.00									
Lower Medina	594.00									
Upper Collection	1,795.00									
Middle Collection	1,142.00									
Lower Collection	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 Soss, & Lucas Service Area		772.00	772.00	772.00	772.00	772.00				
Inner Service Area							366.00	366.00	366.00	366.00
Outer Service Area							366.00	366.00	366.00	366.00
Far West - Medio Creek Service Area							538.00	366.00	366.00	366.00
Far West - Potranca Creek Service Area							409.00	366.00	366.00	366.00
Far West - Lucas Creek & Big Soss Service Area							366.00	366.00	366.00	366.00
Lift Station:										
Far West - Potranca Creek Service Area							363.00			
Far West - Lucas Creek & Big Soss Service Area							363.00			
Water Supply - All Areas	1,297.00	1,242.00	1,242.00	1,242.00	1,242.00	1,242.00	852.00	352.00	352.00	352.00

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	1	1	1
1"	2	2	2	2	2	2	2	2	2	2
1-1/2"	5	5	5	5	5	5	5	5	5	5
2"	14	14	14	14	14	14	14	14	14	14
3"	30	30	30	30	30	30	30	30	30	30
4"	50	50	50	50	50	50	50	50	50	50
6"	105	105	105	105	105	105	105	105	105	105
8"	135	135	135	135	135	135	135	135	135	135
10"	190	190	190	190	190	190	190	190	190	190
12"	360	360	360	360	360	360	360	360	360	360

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

Customer	Principal Business	Usage (million gallons)	%	Total Revenue (a) (in thousands)	%
Fiscal Year Ended December 31, 2011:					
HEB GROCERY	Grocery	551	0.93	\$ 2,483	1.03
SAN ANTONIO HOUSING AUTHORITY	Public Housing	503	0.85	1,794	0.74
BEXAR COUNTY	County Government	462	0.78	1,615	0.67
L & H PACKING COMPANY	Beef Processor	322	0.54	1,277	0.53
CITY OF SAN ANTONIO	Municipal Entity	339	0.57	1,132	0.47
MAXIM INTEGRATED PRODUCT, INC.	Electronics	282	0.48	920	0.38
OAK FARMS DAIRY	Dairy Producer	203	0.34	819	0.34
FRITO LAY, INC.	Food Manufacturer	172	0.29	774	0.32
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	242	0.41	716	0.30
TOYOTA	Automobile Manufacturer	116	0.20	689	0.29
Subtotal (10 largest)		3,192	5.40	12,219	5.07
Balance from Other Customers		55,941	94.60	228,970	94.93
Total		59,133	100.00	\$ 241,189	100.00
Fiscal Year Ended December 31, 2002:					
CITY OF SAN ANTONIO	Municipal Entity	1,050	2.03	\$ 1,568	1.24
SAN ANTONIO HOUSING AUTHORITY	Public Housing	544	1.05	639	0.51
SONY SEMICONDUCTOR	Electronics	419	0.81	386	0.31
HEB GROCERY	Grocery	312	0.60	345	0.27
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	202	0.39	329	0.26
SAN ANTONIO INDEPENDENT SCHOOL DISTRICT	School System	203	0.39	328	0.26
PHILIPS SEMICONDUCTORS	Electronics	301	0.58	284	0.23
BROOKS AIR FORCE BASE	Military Installation	202	0.39	280	0.22
CPS ENERGY	Public Power Utility	250	0.48	252	0.20
TEXAS BEVERAGES, INC.	Retailer	146	0.28	162	0.13
Subtotal (10 largest)		3,629	7.00	4,573	3.63
Balance from Other Customers		48,221	93.00	121,490	96.37
Total		51,850	100.00	\$ 126,063	100.00

(a) Includes Conservation, Water Supply and pass-through water fees.

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

<u>Customer</u>	<u>Principal Business</u>	<u>Usage (million gallons)</u>	<u>%</u>	<u>Total Revenue (a) (in thousands)</u>	<u>%</u>
Fiscal Year Ended December 31, 2011:					
HEB GROCERY	Grocery	411	0.87	\$ 1,865	1.31
SAN ANTONIO HOUSING AUTHORITY	Public Housing	500	1.05	1,160	0.82
BEXAR COUNTY	County Government	282	0.59	723	0.51
L & H PACKING COMPANY	Beef Processor	166	0.35	676	0.48
CITY OF SAN ANTONIO	Municipal Entity	202	0.43	494	0.35
MAXIM INTEGRATED PRODUCT, INC.	Electronics	214	0.45	494	0.35
OAK FARMS DAIRY	Dairy Producer	54	0.11	474	0.33
FRITO LAY, INC.	Food Manufacturer	66	0.14	406	0.29
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	167	0.35	399	0.28
TOYOTA	Automobile Manufacturer	158	0.33	385	0.27
Subtotal (10 largest)		2,220	4.67	7,076	4.97
Balance from Other Customers		45,285	95.33	135,176	95.03
Total		47,505	100.00	\$ 142,252	100.00
Fiscal Year Ended December 31, 2002:					
SAN ANTONIO HOUSING AUTHORITY	Public Housing	544	1.12	\$ 813	0.98
SONY SEMICONDUCTOR	Electronics	377	0.77	561	0.68
HEB GROCERY	Grocery	191	0.39	440	0.53
SAN ANTONIO INDEPENDENT SCHOOL DISTRICT	School System	117	0.24	199	0.24
AMERICAN OPPORTUNITY FOR HOUSING	Housing Services	72	0.15	199	0.24
MARRIOTT CORPORATION	Hotel	70	0.14	189	0.23
NORTHSIDE INDEPENDENT SCHOOL DISTRICT	School System	78	0.16	175	0.21
BEXAR COUNTY	County Government	90	0.18	166	0.20
LEVI STRAUSS	Clothing Manufacturer	78	0.16	165	0.20
BAPTIST MEMORIAL HOSPITAL	Hospital	73	0.15	125	0.15
Subtotal (10 largest)		1,690	3.47	3,032	3.66
Balance from Other Customers		47,070	96.53	79,911	96.34
Total		48,760	100.00	\$ 82,943	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**

Customer	Principal Business	Total Revenue (in thousands)	%
Fiscal Year Ended December 31, 2011:			
Ft. Sam Houston	Military	\$ 1,078	17.66
Leon Valley	Municipal Government	999	16.36
Alamo Heights	Municipal Government	977	16.00
Lackland Air Force Base	Military	899	14.73
Bexar County WCID #10	County Government	555	9.09
Balcones Heights	Municipal Government	378	6.19
Kirby	Municipal Government	345	5.65
Olmos Park	Municipal Government	305	5.00
Lackland A.F.B./Annex @ Medina	Military	193	3.16
Air Force Village II	Municipal Government	178	2.92
Subtotal (10 largest)		5,907	96.76
Balance from Other Customers		198	3.24
Total		\$ 6,105	100.00

Fiscal Year Ended December 31, 2002:

Lackland Air Force Base	Military	\$ 835	17.57
Ft. Sam Houston	Military	573	12.06
Leon Valley	Municipal Government	572	12.04
Alamo Heights	Municipal Government	513	10.80
Terrell Hills	Municipal Government	379	7.98
Bexar County WCID #10	County Government	344	7.24
Castle Hills	Municipal Government	341	7.18
Kirby	Municipal Government	254	5.35
Balcones Heights	Municipal Government	242	5.09
Brooks Air Force Base	Military	199	4.19
Subtotal (10 largest)		4,252	89.48
Balance from Other Customers		500	10.52
Total		\$ 4,752	100.00

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

Year	Total Principal Balance Outstanding Debt by Type							Gross Revenues (b)	Ratio of Total Debt to Gross Revenue	Customers (c)	Debt Per Customer
	Revenue Bonds (a)			Commercial Paper Notes (a)	Notes Payable	Capital Leases Payable	Total				
	Senior Lien Bonds	Junior Lien Bonds	Subordinate Lien Bonds								
2011	\$ 1,507,950	\$ 386,280	\$ -	\$ 214,930	\$ -	\$ -	2,109,160	\$ 424,049	4.97	765,400	2,756
2010	1,483,980	361,005	-	244,650	-	-	2,089,635	372,522	5.61	756,642	2,762
2009	1,395,665	364,035	-	173,650	-	-	1,933,350	369,853	5.23	747,220	2,587
2008	1,138,430	288,095	1,000	261,115	119	-	1,688,759	389,003	4.34	738,728	2,286
2007	1,153,935	244,585	113,990	100,000	571	-	1,613,081	352,160	4.58	724,130	2,228
2006	958,255	208,990	116,265	237,360	991	36	1,521,897	379,372	4.01	704,835	2,159
2005	1,041,400	214,090	118,435	98,000	1,381	71	1,473,377	337,701	4.36	680,822	2,164
2004	822,860	219,035	120,515	238,400	1,697	319	1,402,826	268,333	5.23	657,813	2,133
2003	739,115	186,830	122,500	269,000	2,078	581	1,320,104	247,135	5.34	636,435	2,074
2002	739,980	157,480	-	255,000	2,389	412	1,155,261	246,965	4.68	635,176	1,819

- (a) Details regarding outstanding revenue bonds and commercial paper notes can be found in the notes to the financial statements. For presentation purposes, capital leases have been treated as debt.
- (b) Gross revenues are defined as operating revenues plus nonoperating revenues. 2009 and prior years have been restated to reclass provision for uncollectible accounts from operating expenses to operating revenues.
- (c) Customers 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)

Year	Gross Revenues (b)	Operating Expenses (c)	Net Available Revenue	Revenue Bond Debt Service (a)			Coverage	Maximum Annual Debt Service Requirements			
				Principal	Interest (d)	Total		Total Debt (e)		Senior Lien Debt (e)	
								Coverage	Coverage	Coverage	Coverage (f)
2011	\$ 417,077	\$ 209,058	208,019	\$ 39,730	\$ 79,534	119,264	1.74	132,226	1.57	\$ 112,715	1.85
2010	367,847	226,489	141,358	38,590	77,098	115,688	1.22	127,264	1.11	108,947	1.30
2009	366,753	215,812	150,941	34,900	71,824	106,724	1.41	121,367	1.24	101,917	1.48
2008	384,228	205,486	178,742	27,630	67,810	95,440	1.87	98,840	1.81	86,140	2.08
2007	344,772	185,561	159,211	24,880	69,693	94,573	1.68	102,880	1.55	86,138	1.85
2006	372,193	177,265	194,928	22,415	63,432	85,847	2.27	91,175	2.14	78,373	2.49
2005	331,032	171,853	159,179	16,505	55,542	72,047	2.21	94,992	1.68	78,373	2.03
2004	263,367	152,445	110,922	7,735	52,732	60,467	1.83	84,941	1.31	67,203	1.65
2003	241,228	151,483	89,745	5,515	48,512	54,027	1.66	76,075	1.18	61,511	1.46
2002	239,382	133,984	105,398	15,045	39,589	54,634	1.93	66,268	1.59	61,511	1.71

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

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

Year	Population (a)	Median Age (a)	Personal Income (a) (thousands of dollars)	Per Capita Personal Income (a)	School Enrollment (b)	Single Family Housing Permits (c)	Employment (d)	Unemployment Rate (d)
2011	1,326,539	32.8	\$ 28,421,098	\$ 21,425	392,897	4,033	925,503	6.8%
2010	1,319,492	32.1	28,260,879	21,418	387,343	4,896	916,219	7.3%
2009	1,340,549	32.6	28,750,754	21,447	296,328	5,291	901,279	6.7%
2008	1,328,984	32.8	27,653,499	20,808	295,673	5,761	898,320	4.7%
2007	1,312,286	32.6	26,093,495	19,884	291,873	8,707	884,049	4.1%
2006	1,322,900	33.2	26,603,519	20,110	283,393	13,142	872,518	4.6%
2005	1,299,200	32.2	25,386,368	19,540	279,756	14,047	852,165	5.0%
2004	1,278,300	32.2	24,248,073	18,969	273,560	11,920	834,039	5.6%
2003	1,262,800	32.0	25,205,488	19,960	275,796	10,407	820,022	6.1%
2002	1,241,100	31.8	23,953,230	19,300	270,025	10,063	810,917	5.7%

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

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

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

(d) Source: Texas Workforce Commission, Labor Market Career Information, LAUS MSA 2000-Present, San Antonio/New Braunfels Metropolitan Statistical Area 2000-present. 2011 data is for December only, annual data is presented for prior years.

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. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

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

Employer	2011			2002		
	Employees	Rank	Percentage of Total City Employment ¹	Employees	Rank	Percentage of Total City Employment ²
Lackland Air Force Base	52,561	1	6.32%			
Fort Sam Houston	32,000	2	3.85%	8,527	4	1.16%
Randolph Air Force Base	16,017	3	1.93%			
United Services Automobile Association	15,000	4	1.80%	16,267	1	2.21%
H.E.B. Food Stores	14,588	5	1.75%			
Northside Independent School District	12,244	6	1.47%	10,393	3	1.41%
City of San Antonio	12,211	7	1.47%	12,025	2	1.63%
Methodist Health Care System	7,747	8	0.93%			
Baptist Health Systems	6,310	9	0.76%	4,384	10	0.59%
University of Texas Health Science	6,153	10	0.74%	5,200	8	0.71%
San Antonio Independent School District				8,000	5	1.09%
North East Independent School District				7,600	6	1.03%
SBC Communications (A T & T)				6,500	7	0.88%
University Health Systems				4,408	9	0.60%
Total	174,831		21.02%	83,304		11.30%

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

¹ Percent based on an Employment Estimate of 831,900 of Non-Farm jobs in the San Antonio-New Braunfels Metropolitan Statistical Area as of January 2011. Figure provided by the Texas Workforce Commission.

² Percent based on an Employment Estimate of 737,200 of Non-Farm jobs in the San Antonio Metropolitan Statistical Area as of January 2002. Figure provided by the Texas Workforce Commission.

Table provided courtesy of City of San Antonio Finance Department

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

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

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

	Total Employees
2004	1,650
2003	1,610
2002	1,582

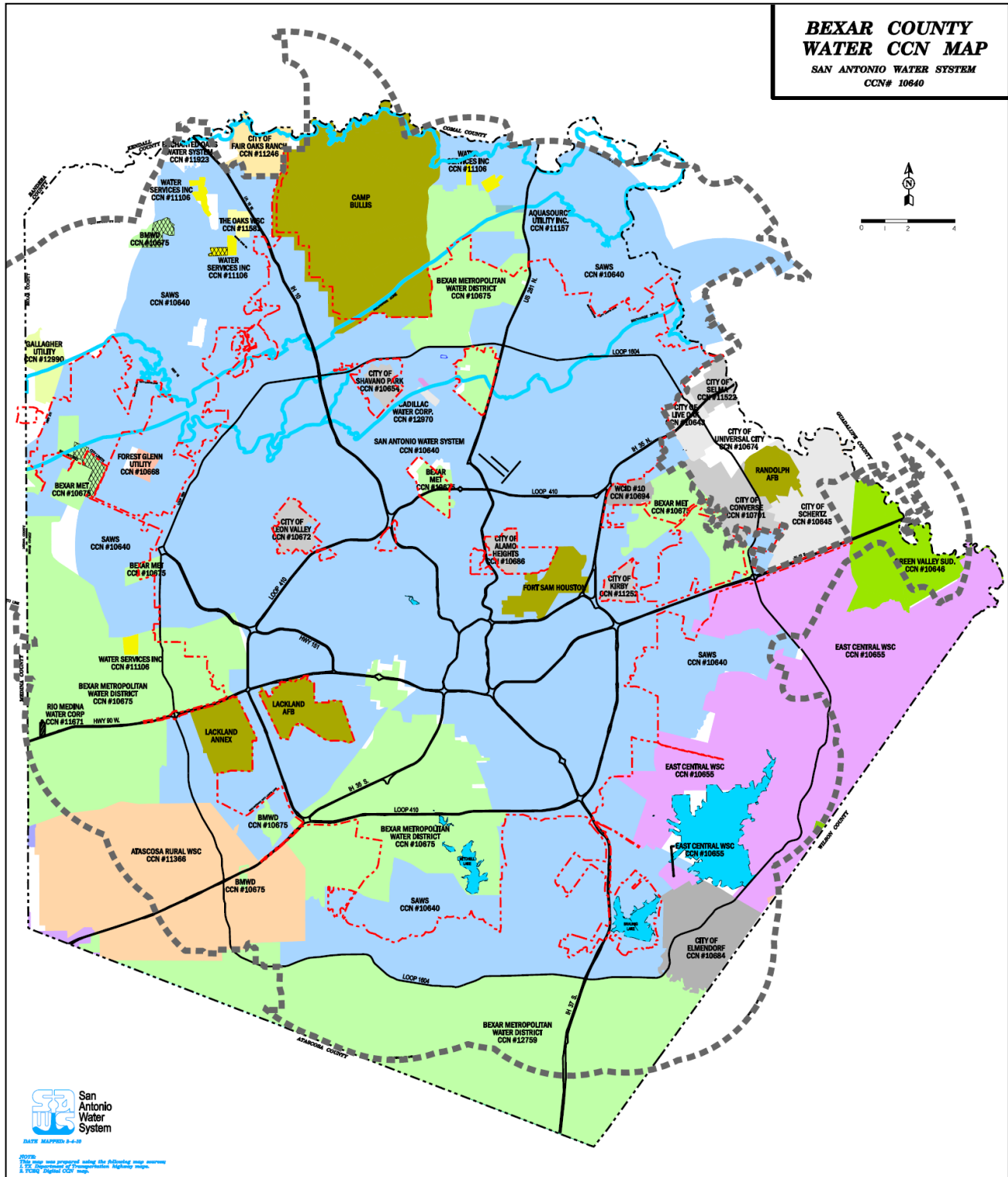
(a) In 2008, certain functional groups were restructured.

(b) In 2010, Contracting Department was moved from Legal to Financial Services.

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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Water Delivery	\$ 1,680,136	\$ 1,621,171	\$ 1,548,754	\$ 1,472,040	\$ 1,349,664	\$ 1,212,843	\$ 1,077,840	\$ 1,042,342	\$ 1,000,991	\$ 935,145
Water Supply:										
Water Resources	556,979	546,491	429,129	353,988	249,278	211,586	166,168	46,048	34,332	26,456
Recycle	152,993	151,640	151,184	149,308	164,414	137,009	126,905	120,114	100,175	65,496
Conservation	444	441	335	221	262	264	262	259	262	85
Stormwater	179	187	183	161	147	147	147	-	-	-
Wastewater	1,858,386	1,761,832	1,704,933	1,639,280	1,524,730	1,409,514	1,293,194	1,219,086	1,142,941	1,061,298
Chilled Water and Steam	52,948	52,957	52,007	50,303	50,169	50,109	47,865	47,137	46,046	32,706
Working Capital	-	-	-	-	-	3,310	3,861	3,907	6,858	33,217
Construction in Progress	522,438	415,810	427,971	372,607	361,192	372,598	483,201	499,585	428,226	305,235
Total assets before accumulated depreciation	4,824,503	4,550,529	4,314,496	4,037,908	3,699,856	3,397,380	3,199,443	2,978,478	2,759,831	2,459,638
Accumulated Depreciation	1,271,438	1,187,662	1,140,232	1,070,718	1,002,264	926,251	861,163	798,457	743,691	688,082
Net Capital Assets	\$ 3,553,065	\$ 3,362,867	\$ 3,174,264	\$ 2,967,190	\$ 2,697,592	\$ 2,471,129	\$ 2,338,280	\$ 2,180,021	\$ 2,016,140	\$ 1,771,556

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



Legend
San Antonio Water System
Bexar Metropolitan WD
Atascosa Rural WSC
East Central WSC
Various Municipalities
U.S. Federal Government

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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Rainfall (Inches)	17.58	37.39	30.69	13.76	47.25	21.34	16.45	45.34	28.45	46.27
Customers/Connections (a)	360,281	356,546	352,059	348,834	344,168	336,434	325,944	315,000	306,363	300,742
Water Pumpage (Million Gallons)										
Annual Water Pumped (d)	74,629	68,750	66,195	71,328	61,744	66,350	63,357	53,040	55,039	52,691
ASR Recharge (b) (d)	3,928	8,322	5,549	3,805	6,701	2,962	4,367	1,809	n/a	n/a
ASR Net Production (b) (d)	4,309	549	466	125	143	2,095	302	207	n/a	n/a
Annual Pumped for Usage (d)	70,701	60,428	60,646	67,523	55,043	63,388	58,990	51,231	55,039	52,691
Average Daily (d)	204.5	188.4	181.4	194.9	169.2	181.8	172.6	145.3	150.8	144.4
Maximum Daily (d)	265.6	266.0	243.5	299.1	224.0	269.0	278.1	197.9	304.8	229.5
Maximum Hour (Daily Rate) (d)	428.2	357.8	388.0	399.1	296.0	410.7	395.5	295.2	390.9	369.0
Metered Usage (Million Gallons)	59,133	52,578	55,295	58,828	49,511	57,724	55,005	49,366	50,576	51,850
Available Water Supply (Million Gallons)										
Permitted Edwards Aquifer rights (e)	84,640	85,035	81,923	71,738	69,505	69,505	65,007	67,799	n/a	n/a
Non-Edwards supply (f)	6,098	6,132	6,256	6,256	4,171	4,171	1,140	1,140	n/a	n/a
Stored in ASR (g)	28,655	29,244	21,832	16,772	13,092	6,534	5,667	1,602	n/a	n/a
Total water available for production	119,393	120,411	110,011	94,766	86,768	80,210	71,814	70,541	n/a	n/a
Number of Wells in Service	139	144	140	136	126	113	102	94	95	83
Overhead Storage Capacity (Million Gallons)	81.2	73.9	66.5	65.2	64.2	69.0	60.0	64.8	53.5	53.5
Total Storage Capacity (Million Gallons)	184.1	180.8	166.2	165.0	164.0	166.0	142.0	161.5	145.0	121.2
Miles of Water Main Installed	78	106	97	161	167	143	103	90	109	104
Miles of Water Main Replaced and Abandoned	26	36	34	32	19	22	23	17	20	17
Miles of Water Main in Place	4,988	4,936	4,866	4,802	4,673	4,525	4,404	4,324	4,251	4,162
Water Main Breaks (c)	3,397	1,475	3,212	2,594	1,392	3,073	2,577	1,305	1,480	1,395
New Services Installed	4,725	4,208	3,590	7,565	17,274	13,903	12,730	10,759	10,626	7,933
Fire Hydrants Installed (Net of Hydrants removed)	451	516	644	971	1,040	752	521	574	654	648
Fire Hydrants in Place	27,566	27,115	26,599	25,955	25,004	23,964	23,212	22,691	22,117	21,463

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

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

(c) Amount reported is for the calendar year.

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

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

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

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

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

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

Source: Based on rates effective on December 31st as posted on each respective city's website.

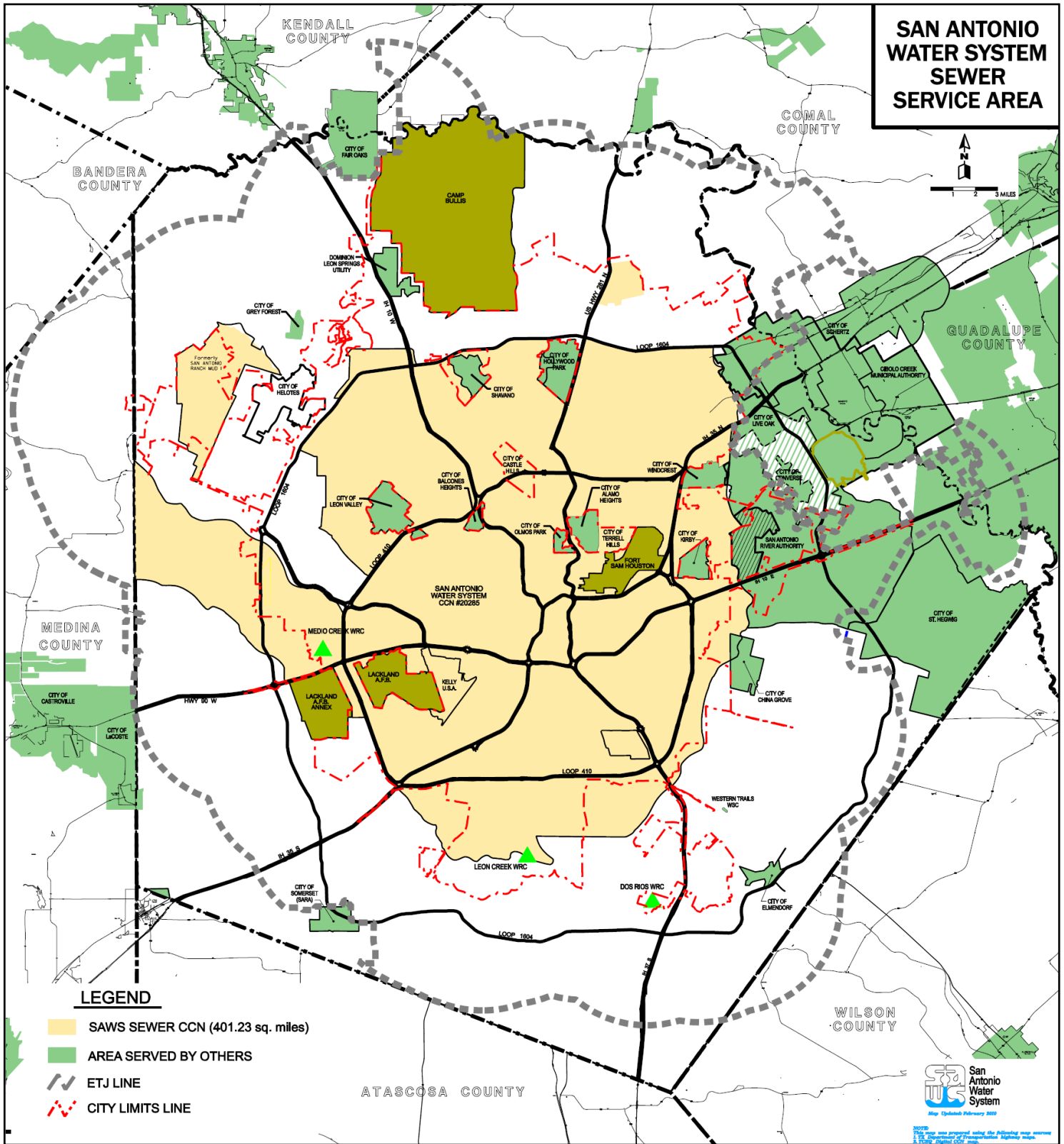
Note - Most charges are for a 5/8" meter; Arlington and Lubbock charges are for a 3/4" meter.

¹ Includes Raw Water Pass Through Charge of \$0.870 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



San Antonio Water System
Schedule 27 - Operating and Capital Indicators - Wastewater

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Customers/Connections (a)	405,119	400,096	395,161	389,894	379,962	368,401	354,878	342,813	330,072	334,434
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	74.97	86.47	74.37	76.53	93.34	64.00	59.58	61.16	56.53	60.08
Maximum Monthly Average Flow	76.63	103.66	89.36	81.43	131.98	74.37	73.98	78.74	65.65	82.52
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)	35.07	38.83	34.99	34.71	40.26	32.63	34.48	35.34	33.81	37.56
Maximum Monthly Average Flow (two outfalls)	36.46	45.30	64.74	38.62	55.49	34.28	41.79	42.40	36.18	49.16
Medio Creek										
Permit Flow	16.00	16.00	16.00	16.00	8.50	8.50	8.50	8.50	8.50	8.50
Average Annual Flow	6.83	7.53	6.32	5.87	6.94	5.13	5.21	5.60	5.53	6.44
Maximum Monthly Average Flow	6.97	8.71	7.45	6.57	10.51	5.63	6.58	6.63	7.09	8.33
Salado (b)										
Permit Flow	n/a	n/a	n/a	n/a	n/a	46.00	46.00	46.00	46.00	46.00
Average Annual Flow	n/a	n/a	n/a	n/a	n/a	11.38	33.80	35.86	33.24	34.26
Maximum Monthly Average Flow	n/a	n/a	n/a	n/a	n/a	21.11	40.40	44.00	36.39	41.21
Total										
Permit Flow	187.00	187.00	187.00	187.00	179.50	225.50	225.50	225.50	225.50	225.50
Average Annual Flow	116.87	132.83	115.68	117.11	140.54	113.14	133.07	137.96	129.11	138.34
Maximum Monthly Average Flow	120.06	157.67	161.55	126.62	197.98	135.39	162.75	171.77	145.31	181.22
Amount Treated Annually (millions of gallons)	49,918	48,151	51,987	50,347	49,218	53,268	49,287	49,593	49,669	52,180
Amount Treated Peak Day (millions of gallons)	160	258	194	174	294	169	212	297	201	390
Miles of Sewer Main Installed	45	33	84	125	137	132	74	76	122	75
Miles of Sewer Main In Place (c)	5,163	5,118	5,085	5,001	4,877	4,739	4,607	4,533	5,088	4,967
Number of Manholes Installed	1,080	659	1,514	2,922	2,775	2,661	1,538	1,504	1,686	1,625
Number of Manholes in Place	97,280	96,200	95,541	94,027	91,105	88,330	85,669	84,131	67,277	65,591
Number of Lift Stations	159	158	164	162	167	164	150	150	150	150

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

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

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

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

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

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

BONDED DEBT SCHEDULES AND ANALYSES

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2011
(amounts in thousands)

<i>WATER SYSTEM REVENUE BONDS</i>	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding
							January 1, 2011	Issued	Retired	December 31, 2011	
Water System Revenue and Refunding Bonds - Series 2001 Paying Agent: USBank Bonds Dated: 03-01-01	\$ -				- %	15-May 2002	\$ -	\$ -	\$ -	\$ -	-
	315	NONE	1	63	Serial	4.750	-	-	-	-	-
	375	NONE	64	138	Serial	4.750	-	-	-	-	-
	390	NONE	139	216	Serial	4.750	-	-	-	-	-
	490	NONE	217	314	Serial	4.750	-	-	-	-	-
	1,140	NONE	315	542	Serial	6.250	-	-	-	-	-
	1,260	NONE	543	794	Serial	6.250	-	-	-	-	-
	1,390	NONE	795	1072	Serial	6.250	-	-	-	-	-
	1,505	NONE	1073	1373	Serial	6.250	-	-	-	-	-
	1,600	NONE	1374	1693	Serial	6.250	1,600	-	1,600	-	-
	1,745	(1)	1694	2042	Serial	5.000	1,745	-	1,745	-	-
	2,075	(1)	2043	2457	Serial	5.000	2,075	-	2,075	-	-
	2,215	(1)	2458	2900	Serial	5.000	2,215	-	2,215	-	-
	2,375	(1)	2901	3375	Serial	5.000	2,375	-	2,375	-	-
	2,535	(1)	3376	3882	Serial	5.000	2,535	-	2,535	-	-
	2,890	(1)	3883	4460	Serial	5.000	2,890	-	2,890	-	-
	3,080	(1)	4461	5076	Serial	5.000	3,080	-	3,080	-	-
	3,185	(1)	5077	5713	Serial	5.000	3,185	-	3,185	-	-
	3,575	(1)	5714	6428	Serial	5.000	3,575	-	3,575	-	-
	3,795	(1)	6429	7187	Serial	5.000	3,795	-	3,795	-	-
	4,030	(1)	7188	7993	Serial	5.000	4,030	-	4,030	-	-
	4,275	(1)	7994	8848	Serial	5.000	4,275	-	4,275	-	-
	4,535	(1)(28)	8849	9755	Term	5.000	4,535	-	4,535	-	-
	4,815	(1)(28)	9756	10718	Term	5.000	4,815	-	4,815	-	-
	5,110	(1)(28)	10719	11740	Term	5.000	5,110	-	5,110	-	-
	<u>\$ 58,700</u>						<u>\$ 51,835</u>	<u>\$ -</u>	<u>\$ 51,835</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, 2011
(amounts in thousands)

WATER SYSTEM REVENUE REFUNDING BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2011	Transactions		Balances Outstanding December 31, 2011
									Issued	Retired	
Water System Revenue	\$ -	NONE			- %	15-May	2002	\$ -	\$ -	\$ -	\$ -
Refunding Bonds - Series 2002	-	NONE			-		2003	-	-	-	-
Paying Agent: Bank of New York	-	NONE			-		2004	-	-	-	-
Bonds Dated: 02-01-02	-	NONE			-		2005	-	-	-	-
	-	NONE			-		2006	-	-	-	-
	-	NONE			-		2007	-	-	-	-
	-	NONE			-		2008	-	-	-	-
	-	NONE			-		2009	-	-	-	-
	-	NONE			-		2010	-	-	-	-
	-	NONE			-		2011	-	-	-	-
	-	NONE			-		2012	-	-	-	-
	4,445	(2)	1 889	Serial	5.500		2013	4,445	-	510	3,935
	4,670	(2)	890 1823	Serial	5.500		2014	4,670	-	540	4,130
	4,905	(2)	1824 2804	Serial	5.500		2015	4,905	-	565	4,340
	5,145	(2)	2805 3833	Serial	5.500		2016	5,145	-	595	4,550
	10,145	(2)	3834 5862	Serial	5.500		2017	10,145	-	1,170	8,975
	10,665	(2)	5863 7995	Serial	5.500		2018	10,665	-	1,230	9,435
	7,490	(2)	7996 9493	Serial	5.500		2019	7,490	-	865	6,625
	17,390	(2)	9494 12971	Serial	5.500		2020	17,390	-	2,005	15,385
	18,260	(2)	12972 16623	Serial	5.000		2021	18,260	-	2,105	16,155
	21,280	(2)	16624 20879	Serial	5.000		2022	21,280	-	2,450	18,830
	22,350	(2)	20880 25349	Serial	5.125		2023	22,350	-	2,575	19,775
	23,475	(2)(29)	25350 30044	Term	5.000		2024	23,475	-	2,705	20,770
	24,635	(2)(29)	30045 34971	Term	5.000		2025	24,635	-	2,840	21,795
	25,850	(2)(29)	34972 40141	Term	5.000		2026	25,850	-	2,975	22,875
	48,655	(2)(29)	40142 49872	Term	5.000		2027	48,655	-	5,605	43,050
	51,150	(2)(29)	49873 60102	Term	5.000		2028	51,150	-	5,890	45,260
	<u>\$ 300,510</u>							<u>\$ 300,510</u>	<u>\$ -</u>	<u>\$ 34,625</u>	<u>\$ 265,885</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, 2011
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2011	Transactions		Balances Outstanding December 31, 2011
						15-May	2002		Issued	Retired	
Water System Revenue Bonds	\$ -	NONE			- %	15-May	2002	\$ -	\$ -	\$ -	\$ -
Series 2002-A	-	NONE			-		2003	-	-	-	-
Paying Agent: Bank of New York	-	NONE			-		2004	-	-	-	-
Bonds Dated: 02-15-02	-	NONE			-		2005	-	-	-	-
	2,000	NONE	1	400	4.000		2006	-	-	-	-
	3,150	NONE	401	1030	5.000		2006	-	-	-	-
	2,095	NONE	1031	1449	4.000		2007	-	-	-	-
	2,000	NONE	1450	1849	4.000		2008	-	-	-	-
	3,270	NONE	1850	2503	5.250		2008	-	-	-	-
	2,000	NONE	2504	2903	4.000		2009	-	-	-	-
	3,375	NONE	2904	3578	5.250		2009	-	-	-	-
	1,300	NONE	3579	3838	4.000		2010	-	-	-	-
	3,755	NONE	3839	4589	5.250		2010	-	-	-	-
	4,365	NONE	4590	5462	4.125		2011	4,365	-	4,365	-
	2,000	NONE	5463	5862	4.250		2012	2,000	-	-	2,000
	2,280	NONE	5863	6318	5.500		2012	2,280	-	-	2,280
	4,000	(3)	6319	7118	5.500		2013	4,000	-	4,000	-
	4,000	(3)	7119	7918	5.500		2014	-	-	-	-
	6,575	(3)	7919	9233	5.500		2015	-	-	-	-
	5,640	(3)	9234	10361	5.500		2016	-	-	-	-
	5,140	(3)	10362	11389	5.500		2017	-	-	-	-
	4,420	(3)	11390	12273	5.500		2018	-	-	-	-
	2,185	(3)	12274	12710	5.000		2019	2,185	-	2,185	-
	2,460	(3)	12711	13202	5.000		2020	2,460	-	2,460	-
	3,515	(3)	13203	13905	5.000		2021	3,515	-	3,515	-
	3,285	(3)	13906	14562	5.000		2022	3,285	-	3,285	-
	4,275	(3)(30)	14563	15417	5.000		2023	4,275	-	4,275	-
	4,695	(3)(30)	15418	16356	5.000		2024	4,695	-	4,695	-
	4,940	(3)(30)	16357	17344	5.000		2025	4,940	-	4,940	-
	5,190	(3)(30)	17345	18382	5.000		2026	5,190	-	5,190	-
	5,730	(3)(30)	18383	19528	5.000		2027	5,730	-	5,730	-
	7,255	(3)(30)	19529	20979	5.000		2028	7,255	-	7,255	-
	7,625	(3)(30)	20980	22504	5.000		2029	7,625	-	7,625	-
	8,015	(3)(30)	22505	24107	5.000		2030	8,015	-	8,015	-
	8,425	(3)(30)	24108	25792	5.000		2031	8,425	-	8,425	-
	8,860	(3)(30)	25793	27564	5.000		2032	8,860	-	8,860	-
	<u>\$ 137,820</u>							<u>\$ 89,100</u>	<u>\$ -</u>	<u>\$ 84,820</u>	<u>\$ 4,280</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, 2011
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2011	Transactions		Balances Outstanding December 31, 2011
									Issued	Retired	
Water System Revenue and Refunding Bonds - Series 2004	\$ -	NONE			- %	15-May	2004	\$ -	\$ -	\$ -	\$ -
Paying Agent: USBank	-	NONE			-		2005	-	-	-	-
Bonds Dated: 05-15-04	-	NONE			-		2006	-	-	-	-
	1,445	NONE	1	289	3.000		2007	-	-	-	-
	1,495	NONE	290	588	3.500		2008	-	-	-	-
	1,550	NONE	589	898	4.000		2009	-	-	-	-
	1,620	NONE	899	1222	5.000		2010	-	-	-	-
	1,705	NONE	1223	1563	5.000		2011	1,705	-	1,705	-
	1,790	NONE	1564	1921	5.000		2012	1,790	-	-	1,790
	1,885	NONE	1922	2298	5.000		2013	1,885	-	-	1,885
	1,980	NONE	2299	2694	5.000		2014	1,980	-	-	1,980
	2,085	(4)	2695	3111	5.250		2015	2,085	-	-	2,085
	2,195	(4)	3112	3550	5.250		2016	2,195	-	-	2,195
	2,315	(4)	3551	4013	5.250		2017	2,315	-	-	2,315
	2,440	(4)	4014	4501	5.250		2018	2,440	-	-	2,440
	2,570	(4)	4502	5015	5.250		2019	2,570	-	-	2,570
	2,710	(4)	5016	5557	5.250		2020	2,710	-	-	2,710
	2,855	(4)	5558	6128	5.250		2021	2,855	-	-	2,855
	3,010	(4)	6129	6730	5.250		2022	3,010	-	-	3,010
	3,170	(4)	6731	7364	5.000		2023	3,170	-	-	3,170
	3,330	(4)	7365	8030	5.000		2024	3,330	-	-	3,330
	3,500	(4)	8031	8730	5.000		2025	3,500	-	-	3,500
	3,685	(4)	8731	9467	5.125		2026	3,685	-	-	3,685
	3,875	(4)(31)	9468	10242	5.125		2027	3,875	-	-	3,875
	4,080	(4)(31)	10243	11058	5.125		2028	4,080	-	-	4,080
	4,295	(4)(31)	11059	11917	5.125		2029	4,295	-	-	4,295
	4,520	(4)(31)	11918	12821	5.125		2030	4,520	-	-	4,520
	4,760	(4)(31)	12822	13773	5.125		2031	4,760	-	-	4,760
	5,010	(4)(31)	13774	14775	5.125		2032	5,010	-	-	5,010
	5,275	(4)(31)	14776	15830	5.125		2033	5,275	-	-	5,275
	5,550	(4)(31)	15831	16940	5.125		2034	5,550	-	-	5,550
	<u>\$ 84,700</u>							<u>\$ 78,590</u>	<u>\$ -</u>	<u>\$ 1,705</u>	<u>\$ 76,885</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, 2011
(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, 2011	Issued	Retired	December 31, 2011		
Water System Revenue	\$ -	NONE			- %	15-May	2005	\$ -	\$ -	\$ -	\$ -
Refunding Bonds - Series 2005	-	NONE			-		2006	-	-	-	-
Paying Agent: Bank of New York	-	NONE			-		2007	-	-	-	-
Bonds Dated: 11-15-05	-	NONE			-		2008	-	-	-	-
	-	NONE			-		2009	-	-	-	-
	-	NONE			-		2010	-	-	-	-
	-	NONE			-		2011	-	-	-	-
	-	NONE			-		2012	-	-	-	-
	2,635	NONE	1	527	5.000		2013	2,635	-	-	2,635
	2,925	NONE	528	1112	5.000		2014	2,925	-	-	2,925
	735	NONE	1113	1259	4.250		2015	735	-	-	735
	2,055	(5)	1260	1670	5.000		2016	2,055	-	-	2,055
	2,650	(5)	1671	2200	5.000		2017	2,650	-	-	2,650
	3,020	(5)	2201	2804	5.000		2018	3,020	-	-	3,020
	6,170	(5)	2805	4038	5.000		2019	6,170	-	-	6,170
	6,295	(5)	4039	5297	5.000		2020	6,295	-	-	6,295
	6,625	(5)	5298	6622	5.000		2021	6,625	-	-	6,625
	6,965	(5)	6623	8015	5.000		2022	6,965	-	-	6,965
	7,330	(5)	8016	9481	5.000		2023	7,330	-	-	7,330
	7,705	(5)	9482	11022	5.000		2024	7,705	-	-	7,705
	8,105	(5)	11023	12643	5.000		2025	8,105	-	-	8,105
	8,530	(5)	12644	14349	5.000		2026	8,530	-	-	8,530
	-	NONE			-		2027	-	-	-	-
	-	NONE			-		2028	-	-	-	-
	-	NONE			-		2029	-	-	-	-
	-	NONE			-		2030	-	-	-	-
	-	NONE			-		2031	-	-	-	-
	-	NONE			-		2032	-	-	-	-
	-	NONE			-		2033	-	-	-	-
	-	NONE			-		2034	-	-	-	-
	33,265	(5)(32)	14350	21002	5.000		2035	33,265	-	-	33,265
	34,970	(5)(32)	21003	27996	5.000		2036	34,970	-	-	34,970
	36,715	(5)	27997	35339	4.750		2037	36,715	-	-	36,715
	25,000	(5)	35340	40339	4.750		2038	25,000	-	-	25,000
	13,520	(5)(32)	40340	43043	5.000		2038	13,520	-	-	13,520
	40,465	(5)(32)	43044	51136	5.000		2039	40,465	-	-	40,465
	42,540	(5)(32)	51137	59644	5.000		2040	42,540	-	-	42,540
	<u>\$ 298,220</u>							<u>\$ 298,220</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 298,220</u>

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

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2011
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2011	Transactions		Balances Outstanding December 31, 2011
									Issued	Retired	
Water System Revenue	\$ -	NONE			- %	15-May	2007	\$ -	\$ -	\$ -	\$ -
Refunding Bonds - Series 2007	2,500	NONE	1	500	4.000		2008	-	-	-	-
Paying Agent: USBank	4,980	NONE	501	1496	4.500		2008	-	-	-	-
Bonds Dated: 01-15-07	4,050	NONE	1497	2306	4.000		2009	-	-	-	-
	5,290	NONE	2307	3364	5.000		2009	-	-	-	-
	2,500	NONE	3365	3864	4.000		2010	-	-	-	-
	5,855	NONE	3865	5035	5.000		2010	-	-	-	-
	1,800	NONE	5036	5395	4.000		2011	1,800	-	1,800	-
	7,870	NONE	5396	6969	5.000		2011	7,870	-	7,870	-
	1,890	NONE	6970	7347	4.000		2012	1,890	-	-	1,890
	8,490	NONE	7348	9045	5.000		2012	8,490	-	-	8,490
	4,020	NONE	9046	9849	5.000		2013	4,020	-	-	4,020
	8,280	NONE	9850	11505	5.500		2014	8,280	-	-	8,280
	11,065	NONE	11506	13718	5.500		2015	11,065	-	-	11,065
	10,375	NONE	13719	15793	5.500		2016	10,375	-	-	10,375
	2,500	NONE	15794	16293	4.000		2017	2,500	-	-	2,500
	5,870	NONE	16294	17467	5.000		2017	5,870	-	-	5,870
	8,540	(6)	17468	19175	5.000		2018	8,540	-	-	8,540
	4,430	(6)	19176	20061	5.000		2019	4,430	-	-	4,430
	4,655	(6)	20062	20992	5.000		2020	4,655	-	-	4,655
	4,880	(6)	20993	21968	4.300		2021	4,880	-	-	4,880
	5,110	(6)	21969	22990	5.000		2022	5,110	-	-	5,110
	5,375	(6)	22991	24065	5.000		2023	5,375	-	-	5,375
	5,650	(6)	24066	25195	5.000		2024	5,650	-	-	5,650
	5,940	(6)	25196	26383	5.000		2025	5,940	-	-	5,940
	6,230	(6)	26384	27629	4.500		2026	6,230	-	-	6,230
	-	NONE			-		2027	-	-	-	-
	-	NONE			-		2028	-	-	-	-
	16,245	(6)	27630	30878	4.375		2029	16,245	-	-	16,245
	16,965	(6)(33)	30879	34271	4.500		2030	16,965	-	-	16,965
	17,730	(6)(33)	34272	37817	4.500		2031	17,730	-	-	17,730
	18,525	(6)(33)	37818	41522	4.500		2032	18,525	-	-	18,525
	28,645	(6)(33)	41523	47251	4.500		2033	28,645	-	-	28,645
	37,530	(6)(33)	47252	54757	4.500		2034	37,530	-	-	37,530
	11,900	(6)(33)	54758	57137	4.500		2035	11,900	-	-	11,900
	12,450	(6)(33)	57138	59627	4.500		2036	12,450	-	-	12,450
	13,025	(6)(33)	59628	62232	4.500		2037	13,025	-	-	13,025
	<u>\$ 311,160</u>							<u>\$ 285,985</u>	<u>\$ -</u>	<u>\$ 9,670</u>	<u>\$ 276,315</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, 2011
(amounts in thousands)

<i>WATER SYSTEM REVENUE</i> <i>REFUNDING BONDS</i>	Original Issue	Call Options	Bond		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2011	Transactions		Balances Outstanding December 31, 2011
			Numbers							Issued	Retired	
Water System Revenue and Refunding Bonds - Series 2009	\$ 3,865	NONE	1	773	Serial	3.000 %	15-May	2009	\$ -	\$ -	\$ -	\$ -
Paying Agent: Wells Fargo	2,635	NONE	774	1300	Serial	3.000		2010	-	-	-	-
Bonds Dated: 01-15-09	2,715	NONE	1301	1843	Serial	3.000		2011	2,715	-	2,715	-
	2,800	NONE	1844	2403	Serial	3.000		2012	2,800	-	-	2,800
	2,885	NONE	2404	2980	Serial	3.000		2013	2,885	-	-	2,885
	2,970	NONE	2981	3574	Serial	3.000		2014	2,970	-	-	2,970
	3,060	NONE	3575	4186	Serial	3.000		2015	3,060	-	-	3,060
	3,170	NONE	4187	4820	Serial	4.000		2016	3,170	-	-	3,170
	3,315	NONE	4821	5483	Serial	5.000		2017	3,315	-	-	3,315
	1,930	NONE	5484	5869	Serial	5.000		2018	1,930	-	-	1,930
	1,550	NONE	5870	6179	Serial	4.000		2018	1,550	-	-	1,550
	3,095	(7)	6180	6798	Serial	5.000		2019	3,095	-	-	3,095
	550	(7)	6799	6908	Serial	4.000		2019	550	-	-	550
	3,430	(7)	6909	7594	Serial	5.000		2020	3,430	-	-	3,430
	400	(7)	7595	7674	Serial	4.000		2020	400	-	-	400
	4,025	(7)	7675	8479	Serial	5.000		2021	4,025	-	-	4,025
	3,525	(7)	8480	9184	Serial	5.000		2022	3,525	-	-	3,525
	700	(7)	9185	9324	Serial	4.000		2022	700	-	-	700
	3,080	(7)	9325	9940	Serial	5.000		2023	3,080	-	-	3,080
	1,355	(7)	9941	10211	Serial	4.200		2023	1,355	-	-	1,355
	2,935	(7)	10212	10798	Serial	5.000		2024	2,935	-	-	2,935
	1,715	(7)	10799	11141	Serial	4.300		2024	1,715	-	-	1,715
	400	(7)	11142	11221	Serial	4.500		2025	400	-	-	400
	4,485	(7)(34)	11222	12118	Term	5.125		2025	4,485	-	-	4,485
	5,140	(7)(34)	12119	13146	Term	5.125		2026	5,140	-	-	5,140
	5,410	(7)(34)	13147	14228	Term	5.125		2027	5,410	-	-	5,410
	2,995	(7)	14229	14827	Serial	5.000		2028	2,995	-	-	2,995
	2,695	(7)(34)	14828	15366	Term	5.125		2028	2,695	-	-	2,695
	1,665	(7)	15367	15699	Serial	5.000		2029	1,665	-	-	1,665
	4,325	(7)(34)	15700	16564	Term	5.125		2029	4,325	-	-	4,325
	6,305	(7)(34)	16565	17825	Term	5.250		2030	6,305	-	-	6,305
	6,645	(7)(34)	17826	19154	Term	5.250		2031	6,645	-	-	6,645
	7,005	(7)(34)	19155	20555	Term	5.250		2032	7,005	-	-	7,005
	7,385	(7)(34)	20556	22032	Term	5.250		2033	7,385	-	-	7,385
	7,780	(7)(34)	22033	23588	Term	5.250		2034	7,780	-	-	7,780
	8,205	(7)(34)	23589	25229	Term	5.375		2035	8,205	-	-	8,205
	8,660	(7)(34)	25230	26961	Term	5.375		2036	8,660	-	-	8,660
	9,135	(7)(34)	26962	28788	Term	5.375		2037	9,135	-	-	9,135
	9,640	(7)(34)	28789	30716	Term	5.375		2038	9,640	-	-	9,640
	10,175	(7)(34)	30717	32751	Term	5.375		2039	10,175	-	-	10,175
	<u>\$ 163,755</u>								<u>\$ 157,255</u>	<u>\$ -</u>	<u>\$ 2,715</u>	<u>\$ 154,540</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, 2011
(amounts in thousands)

WATER SYSTEM
REVENUE BONDS

Water System Revenue Bonds
Series 2009A
Paying Agent: Wells Fargo
Bonds Dated: 11-01-09

	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances	Transactions		Balances	
									Outstanding January 1, 2011	Issued	Retired	Outstanding December 31, 2011	
\$	-	NONE				- %	15-May 2009	\$	-	\$	-	\$	-
	2,515	NONE	1	503	Serial	3.000	2010		-		-		-
	2,305	NONE	504	964	Serial	2.500	2011	2,305	-	2,305	-		-
	2,370	NONE	965	1438	Serial	3.000	2012	2,370	-	-	-		2,370
	2,465	NONE	1439	1931	Serial	5.000	2013	2,465	-	-	-		2,465
	2,595	NONE	1932	2450	Serial	5.000	2014	2,595	-	-	-		2,595
\$	<u>12,250</u>							\$	<u>9,735</u>	\$	<u>2,305</u>	\$	<u>7,430</u>

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2011
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding January 1, 2011	Transactions		Balances Outstanding December 31, 2011
								Issued	Retired	
Water System Revenue Bonds	\$ -	NONE			- %	15-May 2009	\$ -	\$ -	\$ -	-
Taxable Series 2009B	-	NONE			-	2010	-	-	-	-
(Direct Subsidy - Build America Bonds)	-	NONE			-	2011	-	-	-	-
Paying Agent: Wells Fargo	-	NONE			-	2012	-	-	-	-
Bonds Dated: 11-01-09	-	NONE			-	2013	-	-	-	-
	-	NONE			-	2014	-	-	-	-
	2,690	(8)	1 538	Serial	3.319	2015	2,690	-	-	2,690
	2,755	(8)	539 1089	Serial	3.825	2016	2,755	-	-	2,755
	2,825	(8)	1090 1654	Serial	4.293	2017	2,825	-	-	2,825
	2,910	(8)	1655 2236	Serial	4.443	2018	2,910	-	-	2,910
	2,995	(8)	2237 2835	Serial	4.543	2019	2,995	-	-	2,995
	3,085	(8)	2836 3452	Serial	4.743	2020	3,085	-	-	3,085
	3,185	(8)	3453 4089	Serial	4.953	2021	3,185	-	-	3,185
	3,290	(8)	4090 4747	Serial	5.143	2022	3,290	-	-	3,290
	3,405	(8)	4748 5428	Serial	5.233	2023	3,405	-	-	3,405
	3,525	(8)	5429 6133	Serial	5.373	2024	3,525	-	-	3,525
	3,650	(8)(35)	6134 6863	Term	5.502	2025	3,650	-	-	3,650
	4,995	(8)(35)	6864 7862	Term	5.502	2026	4,995	-	-	4,995
	3,965	(8)(35)	7863 8655	Term	5.502	2027	3,965	-	-	3,965
	3,300	(8)(35)	8656 9315	Term	5.502	2028	3,300	-	-	3,300
	4,230	(8)(35)	9316 10161	Term	5.502	2029	4,230	-	-	4,230
	4,385	(8)(35)	10162 11038	Term	5.602	2030	4,385	-	-	4,385
	4,550	(8)(35)	11039 11948	Term	5.602	2031	4,550	-	-	4,550
	4,715	(8)(35)	11949 12891	Term	5.602	2032	4,715	-	-	4,715
	4,890	(8)(35)	12892 13869	Term	5.602	2033	4,890	-	-	4,890
	5,075	(8)(35)	13870 14884	Term	5.602	2034	5,075	-	-	5,075
	5,260	(8)(35)	14885 15936	Term	5.602	2035	5,260	-	-	5,260
	5,455	(8)(35)	15937 17027	Term	5.602	2036	5,455	-	-	5,455
	5,660	(8)(35)	17028 18159	Term	5.602	2037	5,660	-	-	5,660
	5,870	(8)(35)	18160 19333	Term	5.602	2038	5,870	-	-	5,870
	6,085	(8)(35)	19334 20550	Term	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, 2011
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2011	Transactions		Balances Outstanding December 31, 2011
										Issued	Retired	
Water System Revenue Bonds	\$ -	NONE				- %	15-May	2010	\$ -	\$ -	\$ -	\$ -
Taxable Series 2010B	-	NONE				-		2011	-	-	-	-
(Direct Subsidy - Build America Bonds)	1,635	(9)	1	327	Serial	1.109		2012	1,635	-	-	1,635
Paying Agent: USBank	1,645	(9)	328	656	Serial	1.457		2013	1,645	-	-	1,645
Bonds Dated: 11-15-10	1,665	(9)	657	989	Serial	1.933		2014	1,665	-	-	1,665
	1,685	(9)	990	1326	Serial	2.233		2015	1,685	-	-	1,685
	1,715	(9)	1327	1669	Serial	2.756		2016	1,715	-	-	1,715
	1,750	(9)	1670	2019	Serial	3.106		2017	1,750	-	-	1,750
	1,785	(9)	2020	2376	Serial	3.670		2018	1,785	-	-	1,785
	1,830	(9)	2377	2742	Serial	3.820		2019	1,830	-	-	1,830
	1,880	(9)	2743	3118	Serial	3.970		2020	1,880	-	-	1,880
	1,930	(9)	3119	3504	Serial	4.170		2021	1,930	-	-	1,930
	1,985	(9)	3505	3901	Serial	4.370		2022	1,985	-	-	1,985
	2,040	(9)	3902	4309	Serial	4.620		2023	2,040	-	-	2,040
	2,105	(9)	4310	4730	Serial	4.920		2024	2,105	-	-	2,105
	2,175	(9)	4731	5165	Serial	5.120		2025	2,175	-	-	2,175
	2,255	(9)(36)	5166	5616	Term	6.170		2026	2,255	-	-	2,255
	2,350	(9)(36)	5617	6086	Term	6.170		2027	2,350	-	-	2,350
	2,445	(9)(36)	6087	6575	Term	6.170		2028	2,445	-	-	2,445
	2,545	(9)(36)	6576	7084	Term	6.170		2029	2,545	-	-	2,545
	2,650	(9)(36)	7085	7614	Term	6.170		2030	2,650	-	-	2,650
	2,760	(9)(36)	7615	8166	Term	6.170		2031	2,760	-	-	2,760
	2,870	(9)(36)	8167	8740	Term	6.170		2032	2,870	-	-	2,870
	2,990	(9)(36)	8741	9338	Term	6.220		2033	2,990	-	-	2,990
	33,560	(9)(36)	9339	16050	Term	6.220		2034	33,560	-	-	33,560
	4,495	(9)(36)	16051	16949	Term	5.920		2035	4,495	-	-	4,495
	4,670	(9)(36)	16950	17883	Term	5.920		2036	4,670	-	-	4,670
	4,855	(9)(36)	17884	18854	Term	5.920		2037	4,855	-	-	4,855
	5,045	(9)(36)	18855	19863	Term	5.920		2038	5,045	-	-	5,045
	5,240	(9)(36)	19864	20911	Term	5.920		2039	5,240	-	-	5,240
	5,445	(9)(36)	20912	22000	Term	5.920		2040	5,445	-	-	5,445
	<u>\$ 110,000</u>								<u>\$ 110,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,000</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, 2011
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2011	Transactions		Balances Outstanding December 31, 2011
										Issued	Retired	
Water System Revenue	\$ -	NONE				- %	15-May	2011	\$ -	\$ -	\$ -	\$ -
Refunding Bonds - Series 2011	1,670	NONE	1	334	Serial	3.000		2012	-	1,670	-	1,670
Paying Agent: USBank	1,960	NONE	335	726	Serial	3.000		2013	-	1,960	-	1,960
Bonds Dated: 04-27-11	2,060	NONE	727	1138	Serial	4.000		2014	-	2,060	-	2,060
	2,205	NONE	1139	1579	Serial	5.000		2015	-	2,205	-	2,205
	2,340	NONE	1580	2047	Serial	4.000		2016	-	2,340	-	2,340
	2,675	NONE	2048	2582	Serial	5.000		2017	-	2,675	-	2,675
	2,855	NONE	2583	3153	Serial	5.000		2018	-	2,855	-	2,855
	1,350	NONE	3154	3423	Serial	3.000		2019	-	1,350	-	1,350
	1,585	NONE	3424	3740	Serial	5.000		2019	-	1,585	-	1,585
	3,295	NONE	3741	4399	Serial	5.000		2020	-	3,295	-	3,295
	3,505	NONE	4400	5100	Serial	5.000		2021	-	3,505	-	3,505
	3,720	(10)	5101	5844	Serial	5.000		2022	-	3,720	-	3,720
	3,950	(10)	5845	6634	Serial	5.000		2023	-	3,950	-	3,950
	4,195	(10)	6635	7473	Serial	5.000		2024	-	4,195	-	4,195
	4,455	(10)	7474	8364	Serial	5.000		2025	-	4,455	-	4,455
	4,735	(10)	8365	9311	Serial	5.000		2026	-	4,735	-	4,735
	<u>\$ 46,555</u>								<u>\$ -</u>	<u>\$ 46,555</u>	<u>\$ -</u>	<u>\$ 46,555</u>

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

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2011
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original	Call	Bond		Bond	Interest	Maturity Dates		Balances	Transactions		Balances
	Issue	Options	Numbers		Type	Rates			Outstanding	Issued	Retired	Outstanding
	\$					- %	15-May	2011	\$	\$	\$	\$
Water System Revenue	-	NONE							-	-	-	-
Refunding Bonds - Series 2011A	665	NONE	1	133	Serial	2.000		2012	-	665	-	665
Paying Agent: USBank	5,400	NONE	134	1213	Serial	3.000		2013	-	5,400	-	5,400
Bonds Dated: 10-06-11	1,385	NONE	1214	1490	Serial	2.000		2014	-	1,385	-	1,385
	1,420	NONE	1491	1774	Serial	3.000		2015	-	1,420	-	1,420
	1,460	NONE	1775	2066	Serial	3.000		2016	-	1,460	-	1,460
	2,060	NONE	2067	2478	Serial	5.000		2017	-	2,060	-	2,060
	1,600	NONE	2479	2798	Serial	5.000		2018	-	1,600	-	1,600
	550	NONE	2799	2908	Serial	3.000		2018	-	550	-	550
	3,985	NONE	2909	3705	Serial	4.000		2019	-	3,985	-	3,985
	1,695	NONE	3706	4044	Serial	5.000		2020	-	1,695	-	1,695
	3,705	NONE	4045	4785	Serial	4.000		2020	-	3,705	-	3,705
	5,575	(11)	4786	5900	Serial	5.000		2021	-	5,575	-	5,575
	1,000	(11)	5901	6100	Serial	3.250		2021	-	1,000	-	1,000
	6,730	(11)	6101	7446	Serial	5.000		2022	-	6,730	-	6,730
	7,890	(11)	7447	9024	Serial	5.000		2023	-	7,890	-	7,890
	8,490	(11)	9025	10722	Serial	5.000		2024	-	8,490	-	8,490
	8,930	(11)	10723	12508	Serial	5.000		2025	-	8,930	-	8,930
	9,370	(11)	12509	14382	Serial	5.000		2026	-	9,370	-	9,370
	5,585	(11)	14383	15499	Serial	5.000		2027	-	5,585	-	5,585
	7,000	(11)	15500	16899	Serial	4.500		2027	-	7,000	-	7,000
	14,445	(11)	16900	19788	Serial	5.000		2028	-	14,445	-	14,445
	8,990	(11)	19789	21586	Serial	5.000		2029	-	8,990	-	8,990
	9,450	(11)	21587	23476	Serial	5.000		2030	-	9,450	-	9,450
	9,935	(11)	23477	25463	Serial	5.000		2031	-	9,935	-	9,935
	10,445	(11)	25464	27552	Serial	5.000		2032	-	10,445	-	10,445
	2,465	(11)(37)	27553	28045	Term	5.000		2033	-	2,465	-	2,465
	2,590	(11)(37)	28046	28563	Term	5.000		2034	-	2,590	-	2,590
	2,725	(11)(37)	28564	29108	Term	5.000		2035	-	2,725	-	2,725
	2,865	(11)(37)	29109	29681	Term	5.000		2036	-	2,865	-	2,865
	3,010	(11)(37)	29682	30283	Term	5.000		2037	-	3,010	-	3,010
	3,165	(11)(37)	30284	30916	Term	5.000		2038	-	3,165	-	3,165
	3,330	(11)(37)	30917	31582	Term	5.000		2039	-	3,330	-	3,330
	3,500	(11)(37)	31583	32282	Term	5.000		2040	-	3,500	-	3,500
	3,680	(11)(37)	32283	33018	Term	5.000		2041	-	3,680	-	3,680
	<u>\$ 165,090</u>								<u>\$ -</u>	<u>\$ 165,090</u>	<u>\$ -</u>	<u>\$ 165,090</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, 2011
(amounts in thousands)

<i>WATER SYSTEM REVENUE BONDS</i>	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2011	Transactions		Balances Outstanding December 31, 2011
									Issued	Retired	
Water System Junior Lien	\$ 5	NONE	1	Serial	1.850 %	15-May	2002	\$ -	\$ -	\$ -	\$ -
Revenue Bonds-Series 2001	5	NONE	2	Serial	2.050		2003	-	-	-	-
Paying Agent: USBank	5	NONE	3	Serial	2.150		2004	-	-	-	-
Bonds Dated: 03-01-01	5	NONE	4	Serial	2.250		2005	-	-	-	-
	5	NONE	5	Serial	2.400		2006	-	-	-	-
	470	NONE	6	99	Serial	2.550	2007	-	-	-	-
	470	NONE	100	193	Serial	2.650	2008	-	-	-	-
	495	NONE	194	292	Serial	2.750	2009	-	-	-	-
	515	NONE	293	395	Serial	2.800	2010	-	-	-	-
	535	NONE	396	502	Serial	2.900	2011	535	-	535	-
	555	(12)	503	613	Serial	3.000	2012	555	-	-	555
	650	(12)	614	743	Serial	3.150	2013	650	-	-	650
	670	(12)	744	877	Serial	3.250	2014	670	-	-	670
	700	(12)	878	1017	Serial	3.350	2015	700	-	-	700
	730	(12)	1018	1163	Serial	3.450	2016	730	-	-	730
	555	(12)	1164	1274	Serial	3.500	2017	555	-	-	555
	585	(12)	1275	1391	Serial	3.550	2018	585	-	-	585
	1,400	(12)	1392	1671	Serial	3.600	2019	1,400	-	-	1,400
	670	(12)	1672	1805	Serial	3.650	2020	670	-	-	670
	690	(12)	1806	1943	Serial	3.700	2021	690	-	-	690
	<u>\$ 9,715</u>							<u>\$ 7,740</u>	<u>\$ -</u>	<u>\$ 535</u>	<u>\$ 7,205</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, 2011
(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, 2011	Issued	Retired	December 31, 2011	
Water System Junior Lien	\$ 5	NONE	1	Serial	2.350 %	15-May 2002	\$ -	\$ -	\$ -	\$ -	
Revenue Bonds-Series 2001-A	5	NONE	2	Serial	2.550	2003	-	-	-	-	
Paying Agent: USBank	5	NONE	3	Serial	2.650	2004	-	-	-	-	
Bonds Dated: 03-01-01	5	NONE	4	Serial	2.750	2005	-	-	-	-	
	5	NONE	5	Serial	2.900	2006	-	-	-	-	
	750	NONE	6 155	Serial	3.050	2007	-	-	-	-	
	785	NONE	156 312	Serial	3.150	2008	-	-	-	-	
	815	NONE	313 475	Serial	3.250	2009	-	-	-	-	
	845	NONE	476 644	Serial	3.300	2010	-	-	-	-	
	880	NONE	645 820	Serial	3.400	2011	880	-	880	-	
	920	(13)	821 1004	Serial	3.500	2012	920	-	-	920	
	965	(13)	1005 1197	Serial	3.650	2013	965	-	-	965	
	1,015	(13)	1198 1400	Serial	3.750	2014	1,015	-	-	1,015	
	1,050	(13)	1401 1610	Serial	3.850	2015	1,050	-	-	1,050	
	1,115	(13)	1611 1833	Serial	3.950	2016	1,115	-	-	1,115	
	1,155	(13)	1834 2064	Serial	4.000	2017	1,155	-	-	1,155	
	1,215	(13)	2065 2307	Serial	4.050	2018	1,215	-	-	1,215	
	1,315	(13)	2308 2570	Serial	4.100	2019	1,315	-	-	1,315	
	1,250	(13)	2571 2820	Serial	4.150	2020	1,250	-	-	1,250	
	1,335	(13)	2821 3087	Serial	4.200	2021	1,335	-	-	1,335	
	<u>\$ 15,435</u>						<u>\$ 12,215</u>	<u>\$ -</u>	<u>\$ 880</u>	<u>\$ 11,335</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, 2011
(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, 2011	Issued	Retired	December 31, 2011	
Water System Junior Lien	\$ -	NONE			- %	15-May 2002	\$ -	\$ -	\$ -	\$ -	-
Revenue Bonds - Series 2002	5	NONE	1	Serial	0.000	2003	-	-	-	-	-
Paying Agent: Bank of New York	5	NONE	2	Serial	0.550	2004	-	-	-	-	-
Bonds Dated: 03-01-02	5	NONE	3	Serial	1.000	2005	-	-	-	-	-
	5	NONE	4	Serial	1.350	2006	-	-	-	-	-
	805	NONE	5	165	Serial	1.700	2007	-	-	-	-
	820	NONE	165	329	Serial	1.900	2008	-	-	-	-
	835	NONE	330	496	Serial	2.100	2009	-	-	-	-
	855	NONE	497	667	Serial	2.250	2010	-	-	-	-
	875	NONE	668	842	Serial	2.350	2011	875	-	875	-
	895	NONE	843	1021	Serial	2.450	2012	895	-	-	895
	920	(14)	1022	1205	Serial	2.600	2013	920	-	-	920
	945	(14)	1206	1394	Serial	2.750	2014	945	-	-	945
	970	(14)	1395	1588	Serial	2.850	2015	970	-	-	970
	1,000	(14)	1589	1788	Serial	2.950	2016	1,000	-	-	1,000
	1,030	(14)	1789	1994	Serial	3.050	2017	1,030	-	-	1,030
	1,065	(14)	1995	2207	Serial	3.150	2018	1,065	-	-	1,065
	1,100	(14)	2208	2427	Serial	3.200	2019	1,100	-	-	1,100
	1,135	(14)	2428	2654	Serial	3.250	2020	1,135	-	-	1,135
	1,170	(14)	2655	2888	Serial	3.300	2021	1,170	-	-	1,170
	1,210	(14)	2889	3130	Serial	3.300	2022	1,210	-	-	1,210
	<u>\$ 15,650</u>						<u>\$ 12,315</u>	<u>\$ -</u>	<u>\$ 875</u>	<u>\$ 11,440</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, 2011
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2011	Transactions		Balances Outstanding December 31, 2011
									Issued	Retired	
Water System Junior Lien	\$ -	NONE			- %	15-May	2002	\$ -	\$ -	\$ -	\$ -
Revenue Bonds - Series 2002-A	5	NONE	1	Serial	0.850		2003	-	-	-	-
Paying Agent: Bank of New York	5	NONE	2	Serial	1.550		2004	-	-	-	-
Bonds Dated: 03-01-02	5	NONE	3	Serial	2.000		2005	-	-	-	-
	5	NONE	4	Serial	2.235		2006	-	-	-	-
	575	NONE	5	119	Serial	2.700	2007	-	-	-	-
	590	NONE	119	237	Serial	2.900	2008	-	-	-	-
	605	NONE	238	358	Serial	3.100	2009	-	-	-	-
	625	NONE	359	483	Serial	3.250	2010	-	-	-	-
	650	NONE	484	613	Serial	3.350	2011	650	-	650	-
	670	NONE	614	747	Serial	3.450	2012	670	-	-	670
	695	(15)	748	886	Serial	3.600	2013	695	-	-	695
	720	(15)	887	1030	Serial	3.750	2014	720	-	-	720
	750	(15)	1031	1180	Serial	3.850	2015	750	-	-	750
	780	(15)	1181	1336	Serial	3.950	2016	780	-	-	780
	810	(15)	1337	1498	Serial	4.050	2017	810	-	-	810
	845	(15)	1499	1667	Serial	4.150	2018	845	-	-	845
	880	(15)	1668	1843	Serial	4.200	2019	880	-	-	880
	915	(15)	1844	2026	Serial	4.250	2020	915	-	-	915
	960	(15)	2027	2218	Serial	4.300	2021	960	-	-	960
	1,000	(15)	2219	2418	Serial	4.300	2022	1,000	-	-	1,000
	<u>\$ 12,090</u>							<u>\$ 9,675</u>	<u>\$ -</u>	<u>\$ 650</u>	<u>\$ 9,025</u>

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

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2011
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2011	Transactions		Balances Outstanding December 31, 2011
									Issued	Retired	
Water System Junior Lien	\$ -	NONE			- %	15-May	2003	\$ -	\$ -	\$ -	\$ -
Revenue Bonds - Series 2003	5	NONE	1	Serial	0.000		2004	-	-	-	-
Paying Agent: USBank	5	NONE	2	Serial	0.000		2005	-	-	-	-
Bonds Dated: 03-01-03	5	NONE	3	Serial	0.100		2006	-	-	-	-
	5	NONE	4	Serial	0.600		2007	-	-	-	-
	5	NONE	5	Serial	0.900		2008	-	-	-	-
	1,930	NONE	6	391	Serial	1.300	2009	-	-	-	-
	1,960	NONE	392	783	Serial	1.650	2010	-	-	-	-
	1,995	NONE	784	1182	Serial	1.900	2011	1,995	-	1,995	-
	2,035	NONE	1183	1589	Serial	2.050	2012	2,035	-	-	2,035
	2,075	NONE	1590	2004	Serial	2.200	2013	2,075	-	-	2,075
	2,125	(16)	2005	2429	Serial	2.300	2014	2,125	-	-	2,125
	2,175	(16)	2430	2864	Serial	2.400	2015	2,175	-	-	2,175
	2,230	(16)	2865	3310	Serial	2.500	2016	2,230	-	-	2,230
	2,285	(16)	3311	3767	Serial	2.650	2017	2,285	-	-	2,285
	2,350	(16)	3768	4237	Serial	2.750	2018	2,350	-	-	2,350
	2,415	(16)	4238	4720	Serial	2.800	2019	2,415	-	-	2,415
	2,485	(16)	4721	5217	Serial	2.900	2020	2,485	-	-	2,485
	2,560	(16)	5218	5729	Serial	2.950	2021	2,560	-	-	2,560
	2,635	(16)	5730	6256	Serial	3.050	2022	2,635	-	-	2,635
	2,720	(16)	6257	6800	Serial	3.100	2023	2,720	-	-	2,720
	<u>\$ 34,000</u>							<u>\$ 30,085</u>	<u>\$ -</u>	<u>\$ 1,995</u>	<u>\$ 28,090</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, 2011
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2011	Transactions		Balances Outstanding December 31, 2011
									Issued	Retired	
Water System Junior Lien	\$ -	NONE			- %	15-May	2004	\$ -	\$ -	\$ -	\$ -
Revenue and Refunding	5	NONE	1	Serial	0.000		2005	-	-	-	-
Bonds - Series 2004	5	NONE	2	Serial	0.300		2006	-	-	-	-
Paying Agent: USBank	5	NONE	3	Serial	0.750		2007	-	-	-	-
Bonds Dated: 07-01-04	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	605	-	605	-
	620	NONE	246	369	Serial	2.100	2012	620	-	-	620
	630	NONE	370	495	Serial	2.250	2013	630	-	-	630
	645	NONE	496	624	Serial	2.350	2014	645	-	-	645
	660	(17)	625	756	Serial	2.450	2015	660	-	-	660
	680	(17)	757	892	Serial	2.550	2016	680	-	-	680
	695	(17)	893	1031	Serial	2.650	2017	695	-	-	695
	715	(17)	1032	1174	Serial	2.750	2018	715	-	-	715
	735	(17)	1175	1321	Serial	2.800	2019	735	-	-	735
	760	(17)	1322	1473	Serial	2.900	2020	760	-	-	760
	780	(17)	1474	1629	Serial	2.950	2021	780	-	-	780
	805	(17)	1630	1790	Serial	3.050	2022	805	-	-	805
	830	(17)	1791	1956	Serial	3.100	2023	830	-	-	830
	855	(17)	1957	2127	Serial	3.200	2024	855	-	-	855
	<u>\$ 10,635</u>							<u>\$ 10,015</u>	<u>\$ -</u>	<u>\$ 605</u>	<u>\$ 9,410</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, 2011
(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, 2011	Issued	Retired	Outstanding December 31, 2011
Water System Junior Lien	\$ -	NONE				- %	15-May	2004	\$ -	\$ -	\$ -	\$ -
Revenue and Refunding	5	NONE	1		Serial	0.750		2005	-	-	-	-
Bonds - Series 2004-A	5	NONE	2		Serial	1.300		2006	-	-	-	-
Paying Agent: USBank	5	NONE	3		Serial	1.750		2007	-	-	-	-
Bonds Dated: 07-01-04	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	1,410	-	1,410	-
	1,450	NONE	562	851	Serial	3.100		2012	1,450	-	-	1,450
	1,495	NONE	852	1150	Serial	3.250		2013	1,495	-	-	1,495
	1,550	NONE	1151	1460	Serial	3.350		2014	1,550	-	-	1,550
	1,600	(18)	1461	1780	Serial	3.450		2015	1,600	-	-	1,600
	1,660	(18)	1781	2112	Serial	3.550		2016	1,660	-	-	1,660
	1,720	(18)	2113	2456	Serial	3.650		2017	1,720	-	-	1,720
	1,785	(18)	2457	2813	Serial	3.750		2018	1,785	-	-	1,785
	1,855	(18)	2814	3184	Serial	3.800		2019	1,855	-	-	1,855
	1,925	(18)	3185	3569	Serial	3.900		2020	1,925	-	-	1,925
	2,000	(18)	3570	3969	Serial	3.950		2021	2,000	-	-	2,000
	2,085	(18)	3970	4386	Serial	4.050		2022	2,085	-	-	2,085
	2,170	(18)	4387	4820	Serial	4.100		2023	2,170	-	-	2,170
	2,265	(18)	4821	5273	Serial	4.200		2024	2,265	-	-	2,265
	<u>\$ 26,365</u>								<u>\$ 24,970</u>	<u>\$ -</u>	<u>\$ 1,410</u>	<u>\$ 23,560</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, 2011
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding January 1, 2011		Transactions		Balances Outstanding December 31, 2011
							Issued	Retired			
Water System Junior Lien	\$ -	NONE			- %	15-May 2007	\$ -	\$ -	\$ -	\$ -	-
Revenue and Refunding	335	NONE	1	67	Serial	1.700					-
Bonds - Series 2007	340	NONE	68	135	Serial	1.700					-
Paying Agent: USBank	350	NONE	136	205	Serial	1.700					-
Bonds Dated: 01-23-07	355	NONE	206	276	Serial	1.700	355			355	-
	360	NONE	277	348	Serial	1.700	360				360
	365	NONE	349	421	Serial	1.750	365				365
	370	NONE	422	495	Serial	1.800	370				370
	380	NONE	496	571	Serial	1.850	380				380
	385	NONE	572	648	Serial	1.900	385				385
	395	NONE	649	727	Serial	1.950	395				395
	400	(19)	728	807	Serial	2.000	400				400
	410	(19)	808	889	Serial	2.050	410				410
	420	(19)	890	973	Serial	2.100	420				420
	430	(19)	974	1059	Serial	2.150	430				430
	435	(19)	1060	1146	Serial	2.200	435				435
	445	(19)	1147	1235	Serial	2.250	445				445
	455	(19)	1236	1326	Serial	2.250	455				455
	470	(19)	1327	1420	Serial	2.300	470				470
	480	(19)	1421	1516	Serial	2.300	480				480
	490	(19)	1517	1614	Serial	2.400	490				490
	<u>\$ 8,070</u>						<u>\$ 7,045</u>	<u>\$ -</u>	<u>\$ 355</u>	<u>\$ 6,690</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, 2011
(amounts in thousands)

WATER SYSTEM REVENUE BONDS	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2011	Transactions		Balances Outstanding December 31, 2011
										Issued	Retired	
Water System Junior Lien	\$ -	NONE				- %	15-May	2007	\$ -	\$ -	\$ -	\$ -
Revenue and Refunding	1,330	NONE	1	266	Serial	2.700		2008	-	-	-	-
Bonds - Series 2007A	1,365	NONE	267	539	Serial	2.700		2009	-	-	-	-
Paying Agent: USBank	1,400	NONE	540	819	Serial	2.700		2010	-	-	-	-
Bonds Dated: 01-23-07	1,440	NONE	820	1107	Serial	2.700		2011	1,440	-	1,440	-
	1,480	NONE	1108	1403	Serial	2.700		2012	1,480	-	-	1,480
	1,520	NONE	1404	1707	Serial	2.750		2013	1,520	-	-	1,520
	1,565	NONE	1708	2020	Serial	2.800		2014	1,565	-	-	1,565
	1,610	NONE	2021	2342	Serial	2.850		2015	1,610	-	-	1,610
	1,655	NONE	2343	2673	Serial	2.900		2016	1,655	-	-	1,655
	1,705	NONE	2674	3014	Serial	2.950		2017	1,705	-	-	1,705
	1,755	(20)	3015	3365	Serial	3.000		2018	1,755	-	-	1,755
	1,810	(20)	3366	3727	Serial	3.050		2019	1,810	-	-	1,810
	1,865	(20)	3728	4100	Serial	3.100		2020	1,865	-	-	1,865
	1,925	(20)	4101	4485	Serial	3.150		2021	1,925	-	-	1,925
	1,985	(20)	4486	4882	Serial	3.200		2022	1,985	-	-	1,985
	2,050	(20)	4883	5292	Serial	3.250		2023	2,050	-	-	2,050
	2,120	(20)	5293	5716	Serial	3.250		2024	2,120	-	-	2,120
	2,190	(20)	5717	6154	Serial	3.300		2025	2,190	-	-	2,190
	2,265	(20)	6155	6607	Serial	3.300		2026	2,265	-	-	2,265
	2,340	(20)	6608	7075	Serial	3.400		2027	2,340	-	-	2,340
	<u>\$ 35,375</u>								<u>\$ 31,280</u>	<u>\$ -</u>	<u>\$ 1,440</u>	<u>\$ 29,840</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, 2011
(amounts in thousands)

<i>WATER SYSTEM REVENUE BONDS</i>	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2011	Transactions		Balances Outstanding December 31, 2011
										Issued	Retired	
Water System Junior Lien	\$ -	NONE				- %	15-May	2008	\$ -	\$ -	\$ -	-
Revenue Bonds-Series 2008	800	NONE	1	160	Serial	0.100		2009	-	-	-	-
Paying Agent: Wells Fargo	690	NONE	161	298	Serial	0.550		2010	-	-	-	-
Bonds Dated: 12-04-08	695	NONE	299	437	Serial	0.850		2011	695	-	695	-
	700	NONE	438	577	Serial	1.150		2012	700	-	-	700
	710	NONE	578	719	Serial	1.350		2013	710	-	-	710
	720	NONE	720	863	Serial	1.650		2014	720	-	-	720
	730	NONE	864	1009	Serial	1.850		2015	730	-	-	730
	745	NONE	1010	1158	Serial	2.050		2016	745	-	-	745
	760	NONE	1159	1310	Serial	2.250		2017	760	-	-	760
	780	NONE	1311	1466	Serial	2.450		2018	780	-	-	780
	800	(21)	1467	1626	Serial	2.700		2019	800	-	-	800
	825	(21)	1627	1791	Serial	2.900		2020	825	-	-	825
	850	(21)	1792	1961	Serial	3.050		2021	850	-	-	850
	875	(21)	1962	2136	Serial	3.200		2022	875	-	-	875
	905	(21)	2137	2317	Serial	3.250		2023	905	-	-	905
	935	(21)	2318	2504	Serial	3.450		2024	935	-	-	935
	970	(21)	2505	2698	Serial	3.550		2025	970	-	-	970
	1,005	(21)	2699	2899	Serial	3.600		2026	1,005	-	-	1,005
	1,040	(21)	2900	3107	Serial	3.650		2027	1,040	-	-	1,040
	1,080	(21)	3108	3323	Serial	3.650		2028	1,080	-	-	1,080
	1,120	(21)	3324	3547	Serial	3.750		2029	1,120	-	-	1,120
	1,165	(21)	3548	3780	Serial	3.800		2030	1,165	-	-	1,165
	1,210	(21)	3781	4022	Serial	3.800		2031	1,210	-	-	1,210
	1,255	(21)	4023	4273	Serial	3.850		2032	1,255	-	-	1,255
	1,305	(21)	4274	4534	Serial	3.850		2033	1,305	-	-	1,305
	1,355	(21)	4535	4805	Serial	3.850		2034	1,355	-	-	1,355
	1,410	(21)	4806	5087	Serial	3.850		2035	1,410	-	-	1,410
	1,465	(21)	5088	5380	Serial	3.850		2036	1,465	-	-	1,465
	1,520	(21)	5381	5684	Serial	3.850		2037	1,520	-	-	1,520
	1,580	(21)	5685	6000	Serial	3.950		2038	1,580	-	-	1,580
	<u>\$ 30,000</u>								<u>\$ 28,510</u>	<u>\$ -</u>	<u>\$ 695</u>	<u>\$ 27,815</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, 2011
(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, 2011	Issued	Retired	Outstanding December 31, 2011
Water System Junior Lien	\$ -	NONE				- %	15-May	2008	\$ -	\$ -	\$ -	\$ -
Revenue and Refunding	570	NONE	1	114	Serial	1.100		2009	-	-	-	-
Bonds-Series 2008A	455	NONE	115	205	Serial	1.550		2010	-	-	-	-
Paying Agent: Wells Fargo	460	NONE	206	297	Serial	1.850		2011	460	-	460	-
Bonds Dated: 12-04-08	470	NONE	298	391	Serial	2.150		2012	470	-	-	470
	480	NONE	392	487	Serial	2.350		2013	480	-	-	480
	495	NONE	488	586	Serial	2.650		2014	495	-	-	495
	505	NONE	587	687	Serial	2.850		2015	505	-	-	505
	520	NONE	688	791	Serial	3.050		2016	520	-	-	520
	540	NONE	792	899	Serial	3.250		2017	540	-	-	540
	555	NONE	900	1010	Serial	3.450		2018	555	-	-	555
	580	(22)	1011	1126	Serial	3.700		2019	580	-	-	580
	600	(22)	1127	1246	Serial	3.900		2020	600	-	-	600
	625	(22)	1247	1371	Serial	4.050		2021	625	-	-	625
	650	(22)	1372	1501	Serial	4.200		2022	650	-	-	650
	680	(22)	1502	1637	Serial	4.250		2023	680	-	-	680
	710	(22)	1638	1779	Serial	4.450		2024	710	-	-	710
	740	(22)	1780	1927	Serial	4.550		2025	740	-	-	740
	775	(22)	1928	2082	Serial	4.600		2026	775	-	-	775
	815	(22)	2083	2245	Serial	4.650		2027	815	-	-	815
	850	(22)	2246	2415	Serial	4.650		2028	850	-	-	850
	890	(22)	2416	2593	Serial	4.750		2029	890	-	-	890
	935	(22)	2594	2780	Serial	4.800		2030	935	-	-	935
	980	(22)	2781	2976	Serial	4.800		2031	980	-	-	980
	1,030	(22)	2977	3182	Serial	4.850		2032	1,030	-	-	1,030
	1,080	(22)	3183	3398	Serial	4.850		2033	1,080	-	-	1,080
	1,135	(22)	3399	3625	Serial	4.850		2034	1,135	-	-	1,135
	1,190	(22)	3626	3863	Serial	4.850		2035	1,190	-	-	1,190
	1,250	(22)	3864	4113	Serial	4.850		2036	1,250	-	-	1,250
	1,315	(22)	4114	4376	Serial	4.850		2037	1,315	-	-	1,315
	1,380	(22)	4377	4652	Serial	4.950		2038	1,380	-	-	1,380
	<u>\$ 23,260</u>								<u>\$ 22,235</u>	<u>\$ -</u>	<u>\$ 460</u>	<u>\$ 21,775</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, 2011
(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, 2011	Outstanding December 31, 2011	Issued	Retired	
Water System Junior Lien	\$ -	NONE			- %	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	1,235	-	1,235	-	-
Bonds Dated: 11-01-09	1,240	NONE	539	786	0.600	2012	1,240	-	-	-	1,240
	1,250	NONE	787	1036	0.950	2013	1,250	-	-	-	1,250
	1,265	NONE	1037	1289	1.150	2014	1,265	-	-	-	1,265
	1,280	NONE	1290	1545	1.500	2015	1,280	-	-	-	1,280
	1,300	NONE	1546	1805	1.750	2016	1,300	-	-	-	1,300
	1,325	NONE	1806	2070	2.000	2017	1,325	-	-	-	1,325
	1,355	NONE	2071	2341	2.150	2018	1,355	-	-	-	1,355
	1,385	NONE	2342	2618	2.400	2019	1,385	-	-	-	1,385
	1,420	(23)	2619	2902	2.750	2020	1,420	-	-	-	1,420
	1,460	(23)	2903	3194	2.950	2021	1,460	-	-	-	1,460
	1,505	(23)	3195	3495	3.100	2022	1,505	-	-	-	1,505
	1,555	(23)	3496	3806	3.250	2023	1,555	-	-	-	1,555
	1,605	(23)	3807	4127	3.350	2024	1,605	-	-	-	1,605
	1,665	(23)	4128	4460	3.700	2025	1,665	-	-	-	1,665
	1,730	(23)	4461	4806	3.800	2026	1,730	-	-	-	1,730
	1,795	(23)	4807	5165	3.900	2027	1,795	-	-	-	1,795
	1,870	(23)	5166	5539	4.000	2028	1,870	-	-	-	1,870
	1,945	(23)	5540	5928	4.000	2029	1,945	-	-	-	1,945
	2,025	(23)	5929	6333	4.050	2030	2,025	-	-	-	2,025
	2,105	(23)	6334	6754	4.100	2031	2,105	-	-	-	2,105
	2,200	(23)	6755	7194	4.150	2032	2,200	-	-	-	2,200
	2,300	(23)	7195	7654	4.200	2033	2,300	-	-	-	2,300
	2,395	(23)	7655	8133	4.250	2034	2,395	-	-	-	2,395
	2,500	(23)	8134	8633	4.250	2035	2,500	-	-	-	2,500
	2,610	(23)	8634	9155	4.250	2036	2,610	-	-	-	2,610
	2,720	(23)	9156	9699	4.250	2037	2,720	-	-	-	2,720
	2,840	(23)	9700	10267	4.250	2038	2,840	-	-	-	2,840
	2,965	(23)	10268	10860	4.350	2039	2,965	-	-	-	2,965
	<u>\$ 54,300</u>						<u>\$ 52,845</u>	<u>\$ -</u>	<u>\$ 1,235</u>	<u>\$ -</u>	<u>\$ 51,610</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, 2011
(amounts in thousands)

<i>WATER SYSTEM REVENUE BONDS</i>	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances		Transactions		Balances
							Outstanding January 1, 2011	Retired	Issued	Retired	Outstanding December 31, 2011
Water System Junior Lien	\$ -	NONE			- %	15-May 2009	\$ -	\$ -	\$ -	\$ -	-
Revenue and Refunding	-	NONE			-	2010	-	-	-	-	-
Bonds-Series 2009A	-	NONE			-	2011	-	-	-	-	-
Paying Agent: Wells Fargo	-	NONE			-	2012	-	-	-	-	-
Bonds Dated: 11-01-09	-	NONE			-	2013	-	-	-	-	-
	-	NONE			-	2014	-	-	-	-	-
	-	NONE			-	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	(24)	1816	2283	1.642	2020	2,340	-	-	-	2,340
	2,385	(24)	2284	2760	1.947	2021	2,385	-	-	-	2,385
	2,430	(24)	2761	3246	2.131	2022	2,430	-	-	-	2,430
	2,485	(24)	3247	3743	2.280	2023	2,485	-	-	-	2,485
	2,545	(24)	3744	4252	2.351	2024	2,545	-	-	-	2,545
	2,605	(24)	4253	4773	2.532	2025	2,605	-	-	-	2,605
	2,675	(24)	4774	5308	2.463	2026	2,675	-	-	-	2,675
	2,745	(24)	5309	5857	2.706	2027	2,745	-	-	-	2,745
	2,820	(24)	5858	6421	2.661	2028	2,820	-	-	-	2,820
	2,895	(24)	6422	7000	2.815	2029	2,895	-	-	-	2,895
	<u>\$ 35,000</u>						<u>\$ 35,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,000</u>

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

San Antonio Water System
ANALYSIS OF CHANGES IN BONDED DEBT
For the Year Ended December 31, 2011
(amounts in thousands)

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

<i>WATER SYSTEM REVENUE BONDS</i>	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates	Balances Outstanding		Transactions		Balances Outstanding
							January 1, 2011	Issued	Retired	December 31, 2011	
Water System Junior Lien Revenue and Refunding Bonds-Series 2010A Paying Agent: US Bank N.A. Bonds Dated: 12-14-10	\$ -	NONE			- %	15-May 2010	\$ -	\$ -	\$ -	\$ -	\$ -
	510	NONE	1	102	-	2011	510	-	510	-	-
	475	NONE	103	197	-	2012	475	-	-	-	475
	475	NONE	198	292	-	2013	475	-	-	-	475
	475	NONE	293	387	-	2014	475	-	-	-	475
	475	NONE	388	482	-	2015	475	-	-	-	475
	480	NONE	483	578	0.590	2016	480	-	-	-	480
	480	NONE	579	674	0.900	2017	480	-	-	-	480
	485	NONE	675	771	1.150	2018	485	-	-	-	485
	495	NONE	772	870	1.370	2019	495	-	-	-	495
	500	NONE	871	970	1.660	2020	500	-	-	-	500
	510	(25)	971	1072	1.890	2021	510	-	-	-	510
	520	(25)	1073	1176	2.020	2022	520	-	-	-	520
	530	(25)	1177	1282	2.110	2023	530	-	-	-	530
	540	(25)	1283	1390	2.210	2024	540	-	-	-	540
	555	(25)	1391	1501	2.300	2025	555	-	-	-	555
	565	(25)	1502	1614	2.430	2026	565	-	-	-	565
	580	(25)	1615	1730	2.540	2027	580	-	-	-	580
	595	(25)	1731	1849	2.630	2028	595	-	-	-	595
	615	(25)	1850	1972	2.670	2029	615	-	-	-	615
	630	(25)	1973	2098	2.750	2030	630	-	-	-	630
	650	(25)	2099	2228	2.860	2031	650	-	-	-	650
	665	(25)	2229	2361	2.900	2032	665	-	-	-	665
	685	(25)	2362	2498	2.970	2033	685	-	-	-	685
	705	(25)	2499	2639	3.060	2034	705	-	-	-	705
	730	(25)	2640	2785	3.110	2035	730	-	-	-	730
	750	(25)	2786	2935	3.110	2036	750	-	-	-	750
	775	(25)	2936	3090	3.110	2037	775	-	-	-	775
	800	(25)	3091	3250	3.110	2038	800	-	-	-	800
	825	(25)	3251	3415	3.110	2039	825	-	-	-	825
	855	(25)	3416	3586	3.310	2040	855	-	-	-	855
	<u>\$ 17,930</u>						<u>\$ 17,930</u>	<u>\$ -</u>	<u>\$ 510</u>	<u>\$ -</u>	<u>\$ 17,420</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, 2011
(amounts in thousands)

<i>WATER SYSTEM REVENUE BONDS</i>	Original Issue	Call Options	Bond Numbers	Bond Type	Interest Rates	Maturity Dates		Balances Outstanding January 1, 2011	Transactions		Balances Outstanding December 31, 2011
									Issued	Retired	
Water System Junior Lien	\$ -	NONE			- %	15-May	2011	\$ -	\$ -	\$ -	\$ -
Revenue Bonds,	1,120	NONE	1	224	-		2012	-	1,120	-	1,120
Series 2011	1,175	NONE	225	459	-		2013	-	1,175	-	1,175
Paying Agent: US Bank N.A.	1,175	NONE	460	694	-		2014	-	1,175	-	1,175
Bonds Dated: 08-18-11	1,175	NONE	695	929	-		2015	-	1,175	-	1,175
	1,175	NONE	930	1164	-		2016	-	1,175	-	1,175
	1,175	NONE	1165	1399	-		2017	-	1,175	-	1,175
	1,175	NONE	1400	1634	0.060		2018	-	1,175	-	1,175
	1,175	NONE	1635	1869	0.360		2019	-	1,175	-	1,175
	1,180	NONE	1870	2105	0.590		2020	-	1,180	-	1,180
	1,190	NONE	2106	2343	0.790		2021	-	1,190	-	1,190
	1,200	(26)	2344	2583	0.980		2022	-	1,200	-	1,200
	1,215	(26)	2584	2826	1.150		2023	-	1,215	-	1,215
	1,230	(26)	2827	3072	1.320		2024	-	1,230	-	1,230
	1,245	(26)	3073	3321	1.490		2025	-	1,245	-	1,245
	1,265	(26)	3322	3574	1.620		2026	-	1,265	-	1,265
	1,285	(26)	3575	3831	1.720		2027	-	1,285	-	1,285
	1,310	(26)	3832	4093	1.820		2028	-	1,310	-	1,310
	1,335	(26)	4094	4360	1.920		2029	-	1,335	-	1,335
	1,360	(26)	4361	4632	2.070		2030	-	1,360	-	1,360
	1,390	(26)	4633	4910	2.070		2031	-	1,390	-	1,390
	<u>\$ 24,550</u>							<u>\$ -</u>	<u>\$ 24,550</u>	<u>\$ -</u>	<u>\$ 24,550</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, 2011
(amounts in thousands)

<i>WATER SYSTEM REVENUE BONDS</i>	Original Issue	Call Options	Bond Numbers		Bond Type	Interest Rates	Maturity Dates		Balances	Transactions		Balances
									Outstanding January 1, 2011	Issued	Retired	Outstanding December 31, 2011
Water System Junior Lien	\$ -	NONE				- %	15-May	2011	\$ -	\$ -	\$ -	\$ -
Revenue and Refunding	335	NONE	1	67	Serial	-		2012	-	335	-	335
Bonds-Series 2011A	455	NONE	68	158	Serial	-		2013	-	455	-	455
Paying Agent: US Bank N.A.	455	NONE	159	249	Serial	-		2014	-	455	-	455
Bonds Dated: 08-18-11	455	NONE	250	340	Serial	0.350		2015	-	455	-	455
	455	NONE	341	431	Serial	0.650		2016	-	455	-	455
	460	NONE	432	523	Serial	0.950		2017	-	460	-	460
	465	NONE	524	616	Serial	1.250		2018	-	465	-	465
	475	NONE	617	711	Serial	1.550		2019	-	475	-	475
	480	NONE	712	807	Serial	1.800		2020	-	480	-	480
	490	NONE	808	905	Serial	2.000		2021	-	490	-	490
	500	(27)	906	1005	Serial	2.200		2022	-	500	-	500
	510	(27)	1006	1107	Serial	2.400		2023	-	510	-	510
	525	(27)	1108	1212	Serial	2.550		2024	-	525	-	525
	540	(27)	1213	1320	Serial	2.700		2025	-	540	-	540
	555	(27)	1321	1431	Serial	2.850		2026	-	555	-	555
	570	(27)	1432	1545	Serial	2.950		2027	-	570	-	570
	590	(27)	1546	1663	Serial	3.050		2028	-	590	-	590
	605	(27)	1664	1784	Serial	3.150		2029	-	605	-	605
	625	(27)	1785	1909	Serial	3.250		2030	-	625	-	625
	645	(27)	1910	2038	Serial	3.300		2031	-	645	-	645
	670	(27)	2039	2172	Serial	3.400		2032	-	670	-	670
	690	(27)	2173	2310	Serial	3.500		2033	-	690	-	690
	715	(27)	2311	2453	Serial	3.550		2034	-	715	-	715
	745	(27)	2454	2602	Serial	3.650		2035	-	745	-	745
	770	(27)	2603	2756	Serial	3.700		2036	-	770	-	770
	800	(27)	2757	2916	Serial	3.700		2037	-	800	-	800
	830	(27)	2917	3082	Serial	3.700		2038	-	830	-	830
	860	(27)	3083	3254	Serial	3.700		2039	-	860	-	860
	895	(27)	3255	3433	Serial	3.700		2040	-	895	-	895
	930	(27)	3434	3619	Serial	3.900		2041	-	930	-	930
	<u>\$ 18,095</u>								<u>\$ -</u>	<u>\$ 18,095</u>	<u>\$ -</u>	<u>\$ 18,095</u>

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

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

CALL OPTIONS:

Optional redemption:

- (1) Series 2001 Senior Lien, Serial Bonds stated to mature on and after May 15, 2012 and the Term Bonds stated to mature on May 15, 2026, are subject to early redemption, at the option of the City, on May 15, 2011, or on any date thereafter, as a whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the par value thereof plus accrued interest to the redemption date. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (2) Series 2002 Senior Lien, Serial Bonds stated to mature on and after May 15, 2013 and the Term Bonds stated to mature on May 15, 2025 and May 15, 2028, are subject to early redemption, at the option of the City, on May 15, 2012, or on any date thereafter, as a 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 2002-A Senior Lien, Serial Bonds stated to mature on and after May 15, 2013 and the Term Bonds stated to mature on May 15, 2025 and May 15, 2032, are subject to early redemption, at the option of the City, on May 15, 2012, or on any date thereafter, as a 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 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, as a 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 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, as a whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the par value thereof plus accrued interest to the redemption date. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (6) Series 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, as a whole or in part, in principal amounts of \$5,000 or any integral multiple thereof at the par value thereof plus accrued interest to the redemption date. Bonds having the same maturity will be selected at random and by lot by the Paying Agent/ Registrar.
- (7) Series 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, as a 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 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, as a whole or in part, in principal amounts of \$5,000 or

San Antonio Water System Analysis of Changes in Bonded Debt

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, as a 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, as a 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.

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.

- (9) 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 as a 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.

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

- (11) Series 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, as a 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

San Antonio Water System
Analysis of Changes in Bonded Debt

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

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

San Antonio Water System
Analysis of Changes in Bonded Debt

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

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

- (27) 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.

Mandatory redemption:

- (28) Series 2001, 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 purposes and shall be redeemed in part, by lot or other customary method, at the principal amounts on May 15 in each of the years as follows:

Term Bonds Stated to Mature <u>On May 15, 2026</u> <i>(amounts in thousands)</i>	
<u>Year</u>	<u>Principal Amount</u>
2024	\$ 4,535
2025	4,815
2026	5,110 (1)

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

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

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

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

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

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

- (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

San Antonio Water System
Analysis of Changes in Bonded Debt

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)

- (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)

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

- (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:

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

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

(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>
15-May-2012	\$ 44,780	\$ 41,092	\$ 2,009	\$ 39,083	\$ 83,863	\$	\$
15-Nov-2012		42,405	2,005	40,400	40,400	124,263	1,849,450
15-May-2013	46,725	42,405	2,005	40,400	87,125		
15-Nov-2013		41,614	2,001	39,613	39,613	126,738	1,802,725
15-May-2014	48,420	41,614	2,001	39,613	88,033		
15-Nov-2014		40,688	1,996	38,692	38,692	126,725	1,754,305
15-May-2015	50,290	40,688	1,996	38,692	88,982		
15-Nov-2015		40,059	1,973	38,086	38,086	127,068	1,704,015
15-May-2016	54,510	40,059	1,973	38,086	92,596		
15-Nov-2016		39,003	1,947	37,056	37,056	129,652	1,649,505
15-May-2017	59,305	39,003	1,947	37,056	96,361		
15-Nov-2017		37,783	1,916	35,867	35,867	132,228	1,590,200
15-May-2018	61,765	37,783	1,916	35,867	97,632		
15-Nov-2018		36,462	1,882	34,580	34,580	132,212	1,528,435
15-May-2019	61,995	36,462	1,882	34,580	96,575		
15-Nov-2019		35,196	1,845	33,351	33,351	129,926	1,466,440
15-May-2020	65,305	35,196	1,845	33,351	98,656		
15-Nov-2020		33,756	1,807	31,949	31,949	130,605	1,401,135
15-May-2021	69,095	33,756	1,807	31,949	101,044		
15-Nov-2021		32,257	1,765	30,492	30,492	131,536	1,332,040
15-May-2022	71,700	32,257	1,765	30,492	102,192		
15-Nov-2022		30,647	1,720	28,927	28,927	131,119	1,260,340
15-May-2023	73,465	30,647	1,720	28,927	102,392		
15-Nov-2023		28,968	1,673	27,295	27,295	129,687	1,186,875
15-May-2024	74,205	28,968	1,673	27,295	101,500		
15-Nov-2024		27,246	1,622	25,624	25,624	127,124	1,112,670
15-May-2025	74,415	27,246	1,622	25,624	100,039		
15-Nov-2025		25,484	1,567	23,917	23,917	123,956	1,038,255
15-May-2026	79,130	25,484	1,567	23,917	103,047		
15-Nov-2026		23,604	1,495	22,109	22,109	125,156	959,125
15-May-2027	82,895	23,604	1,495	22,109	105,004		
15-Nov-2027		21,631	1,431	20,200	20,200	125,204	876,230
15-May-2028	84,335	21,631	1,431	20,200	104,535		
15-Nov-2028		19,579	1,373	18,206	18,206	122,741	791,895
15-May-2029	51,700	19,579	1,373	18,206	69,906		
15-Nov-2029		18,389	1,304	17,085	17,085	86,991	740,195
15-May-2030	51,015	18,389	1,304	17,085	68,100		
15-Nov-2030		17,166	1,233	15,933	15,933	84,033	689,180
15-May-2031	53,360	17,166	1,233	15,933	69,293		
15-Nov-2031		15,887	1,159	14,728	14,728	84,021	635,820
15-May-2032	54,390	15,887	1,159	14,728	69,118		
15-Nov-2032		14,558	1,081	13,477	13,477	82,595	581,430
15-May-2033	57,710	14,558	1,081	13,477	71,187		
15-Nov-2033		13,173	1,001	12,172	12,172	83,359	523,720
15-May-2034	98,390	13,173	1,001	12,172	110,562		
15-Nov-2034		10,604	586	10,018	10,018	120,580	425,330

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

(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy</u>	<u>Net Interest</u>	<u>Total Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
15-May-2035	72,425	10,604	586	10,018	82,443		
15-Nov-2035		8,801	488	8,313	8,313	90,756	352,905
15-May-2036	75,915	8,801	488	8,313	84,228		
15-Nov-2036		6,910	386	6,524	6,524	90,752	276,990
15-May-2037	79,530	6,910	386	6,524	86,054		
15-Nov-2037		4,978	280	4,698	4,698	90,752	197,460
15-May-2038	69,670	4,978	280	4,698	74,368		
15-Nov-2038		3,239	171	3,068	3,068	77,436	127,790
15-May-2039	69,945	3,239	171	3,068	73,013		
15-Nov-2039		1,454	56	1,398	1,398	74,411	57,845
15-May-2040	53,235	1,454	56	1,398	54,633		
15-Nov-2040		110	-	110	110	54,743	4,610
15-May-2041	4,610	110	-	110	4,720		
						4,720	-
	<u>\$ 1,894,230</u>	<u>\$ 1,384,394</u>	<u>\$ 77,535</u>	<u>\$ 1,306,859</u>	<u>\$ 3,201,089</u>	<u>\$ 3,201,089</u>	

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

(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate Subsidy</u>	<u>Net Interest</u>	<u>Total Semi-Annual Payment</u>	<u>Total Annual Payment</u>	<u>Total Debt Outstanding</u>
15-May-2012	25,590	38,379	2,009	36,370	61,960		1,482,360
15-Nov-2012		37,007	2,005	35,002	35,002	96,962	
15-May-2013	26,830	37,007	2,005	35,002	61,832		1,455,530
15-Nov-2013		36,457	2,001	34,456	34,456	96,288	
15-May-2014	27,990	36,457	2,001	34,456	62,446		1,427,540
15-Nov-2014		35,813	1,996	33,817	33,817	96,263	
15-May-2015	29,285	35,813	1,996	33,817	63,102		1,398,255
15-Nov-2015		35,132	1,973	33,159	33,159	96,261	
15-May-2016	30,615	35,132	1,973	33,159	63,774		1,367,640
15-Nov-2016		34,406	1,947	32,459	32,459	96,233	
15-May-2017	34,935	34,406	1,947	32,459	67,394		1,332,705
15-Nov-2017		33,545	1,916	31,629	31,629	99,023	
15-May-2018	36,615	33,545	1,916	31,629	68,244		1,296,090
15-Nov-2018		32,634	1,882	30,752	30,752	98,996	
15-May-2019	35,185	32,634	1,882	30,752	65,937		1,260,905
15-Nov-2019		31,789	1,845	29,944	29,944	95,881	
15-May-2020	46,535	31,789	1,845	29,944	76,479		1,214,370
15-Nov-2020		30,619	1,807	28,812	28,812	105,291	
15-May-2021	49,735	30,619	1,807	28,812	78,547		1,164,635
15-Nov-2021		29,407	1,765	27,642	27,642	106,189	
15-May-2022	53,865	29,407	1,765	27,642	81,507		1,110,770
15-Nov-2022		28,063	1,720	26,343	26,343	107,850	
15-May-2023	57,370	28,063	1,720	26,343	83,713		1,053,400
15-Nov-2023		26,624	1,673	24,951	24,951	108,664	
15-May-2024	60,420	26,624	1,673	24,951	85,371		992,980
15-Nov-2024		25,113	1,622	23,491	23,491	108,862	
15-May-2025	63,435	25,113	1,622	23,491	86,926		929,545
15-Nov-2025		23,515	1,567	21,948	21,948	108,874	
15-May-2026	67,815	23,515	1,567	21,948	89,763		861,730
15-Nov-2026		21,803	1,495	20,308	20,308	110,071	
15-May-2027	71,235	21,803	1,495	20,308	91,543		790,495
15-Nov-2027		20,012	1,431	18,581	18,581	110,124	
15-May-2028	75,220	20,012	1,431	18,581	93,801		715,275
15-Nov-2028		18,104	1,373	16,731	16,731	110,532	
15-May-2029	42,295	18,104	1,373	16,731	59,026		672,980
15-Nov-2029		17,066	1,304	15,762	15,762	74,788	
15-May-2030	44,275	17,066	1,304	15,762	60,037		628,705
15-Nov-2030		15,963	1,233	14,730	14,730	74,767	
15-May-2031	46,380	15,963	1,233	14,730	61,110		582,325
15-Nov-2031		14,806	1,159	13,647	13,647	74,757	
15-May-2032	48,570	14,806	1,159	13,647	62,217		533,755
15-Nov-2032		13,594	1,081	12,513	12,513	74,730	
15-May-2033	51,650	13,594	1,081	12,513	64,163		482,105
15-Nov-2033		12,330	1,001	11,329	11,329	75,492	
15-May-2034	92,085	12,330	1,001	11,329	103,414		390,020
15-Nov-2034		9,889	586	9,303	9,303	112,717	
15-May-2035	65,850	9,889	586	9,303	75,153		324,170
15-Nov-2035		8,220	488	7,732	7,732	82,885	
15-May-2036	69,070	8,220	488	7,732	76,802		255,100
15-Nov-2036		6,469	386	6,083	6,083	82,885	
15-May-2037	72,400	6,469	386	6,083	78,483		182,700
15-Nov-2037		4,683	280	4,403	4,403	82,886	
15-May-2038	62,240	4,683	280	4,403	66,643		120,460
15-Nov-2038		3,097	171	2,926	2,926	69,569	
15-May-2039	65,295	3,097	171	2,926	68,221		55,165
15-Nov-2039		1,405	56	1,349	1,349	69,570	
15-May-2040	51,485	1,405	56	1,349	52,834		3,680
15-Nov-2040		92	-	92	92	52,926	
15-May-2041	3,680	92	-	92	3,772		-
						3,772	
\$	1,507,950	\$ 1,253,693	\$ 77,535	\$ 1,176,158	\$ 2,684,108	\$ 2,684,108	

San Antonio Water System
WATER SYSTEM REVENUE AND REFUNDING BONDS
SERIES 2002
(amounts in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total Semi- Annual Payment</u>	<u>Total Annual Payment</u>
15-May-2012	-	6,803	6,803	
15-Nov-2012		6,803	6,803	13,606
15-May-2013	3,935	6,803	10,738	
15-Nov-2013		6,695	6,695	17,433
15-May-2014	4,130	6,695	10,825	
15-Nov-2014		6,581	6,581	17,406
15-May-2015	4,340	6,581	10,921	
15-Nov-2015		6,462	6,462	17,383
15-May-2016	4,550	6,462	11,012	
15-Nov-2016		6,337	6,337	17,349
15-May-2017	8,975	6,337	15,312	
15-Nov-2017		6,090	6,090	21,402
15-May-2018	9,435	6,090	15,525	
15-Nov-2018		5,830	5,830	21,355
15-May-2019	6,625	5,830	12,455	
15-Nov-2019		5,648	5,648	18,103
15-May-2020	15,385	5,648	21,033	
15-Nov-2020		5,225	5,225	26,258
15-May-2021	16,155	5,225	21,380	
15-Nov-2021		4,821	4,821	26,201
15-May-2022	18,830	4,821	23,651	
15-Nov-2022		4,350	4,350	28,001
15-May-2023	19,775	4,350	24,125	
15-Nov-2023		3,844	3,844	27,969
15-May-2024	20,770	3,844	24,614	
15-Nov-2024		3,325	3,325	27,939
15-May-2025	21,795	3,325	25,120	
15-Nov-2025		2,780	2,780	27,900
15-May-2026	22,875	2,780	25,655	
15-Nov-2026		2,208	2,208	27,863
15-May-2027	43,050	2,208	45,258	
15-Nov-2027		1,132	1,132	46,390
15-May-2028	45,260	1,132	46,392	
				46,392
	\$ 265,885	\$ 163,065	\$ 428,950	\$ 428,950

San Antonio Water System
WATER SYSTEM REVENUE BONDS
SERIES 2002-A
(amounts in thousands)

		<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2012	\$	4,280	\$	105	\$	4,385	\$	4,385
	\$	4,280	\$	105	\$	4,385	\$	4,385

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

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2012	\$ 1,790	\$	1,973	\$	3,763	\$	
15-Nov-2012			1,928		1,928		5,691
15-May-2013	1,885		1,928		3,813		
15-Nov-2013			1,881		1,881		5,694
15-May-2014	1,980		1,881		3,861		
15-Nov-2014			1,832		1,832		5,693
15-May-2015	2,085		1,832		3,917		
15-Nov-2015			1,777		1,777		5,694
15-May-2016	2,195		1,777		3,972		
15-Nov-2016			1,719		1,719		5,691
15-May-2017	2,315		1,719		4,034		
15-Nov-2017			1,659		1,659		5,693
15-May-2018	2,440		1,659		4,099		
15-Nov-2018			1,594		1,594		5,693
15-May-2019	2,570		1,594		4,164		
15-Nov-2019			1,527		1,527		5,691
15-May-2020	2,710		1,527		4,237		
15-Nov-2020			1,456		1,456		5,693
15-May-2021	2,855		1,456		4,311		
15-Nov-2021			1,381		1,381		5,692
15-May-2022	3,010		1,381		4,391		
15-Nov-2022			1,302		1,302		5,693
15-May-2023	3,170		1,302		4,472		
15-Nov-2023			1,223		1,223		5,695
15-May-2024	3,330		1,223		4,553		
15-Nov-2024			1,139		1,139		5,692
15-May-2025	3,500		1,139		4,639		
15-Nov-2025			1,052		1,052		5,691
15-May-2026	3,685		1,052		4,737		
15-Nov-2026			957		957		5,694
15-May-2027	3,875		957		4,832		
15-Nov-2027			858		858		5,690
15-May-2028	4,080		858		4,938		
15-Nov-2028			754		754		5,692
15-May-2029	4,295		754		5,049		
15-Nov-2029			644		644		5,693
15-May-2030	4,520		644		5,164		
15-Nov-2030			528		528		5,692
15-May-2031	4,760		528		5,288		
15-Nov-2031			406		406		5,694
15-May-2032	5,010		406		5,416		
15-Nov-2032			277		277		5,693
15-May-2033	5,275		277		5,552		
15-Nov-2033			142		142		5,694
15-May-2034	5,550		142		5,692		
							5,692
	\$ 76,885	\$	54,045	\$	130,930	\$	130,930

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-2012	-	7,376	7,376	
15-Nov-2012		7,376	7,376	14,752
15-May-2013	2,635	7,376	10,011	
15-Nov-2013		7,310	7,310	17,321
15-May-2014	2,925	7,310	10,235	
15-Nov-2014		7,237	7,237	17,472
15-May-2015	735	7,237	7,972	
15-Nov-2015		7,221	7,221	15,193
15-May-2016	2,055	7,221	9,276	
15-Nov-2016		7,170	7,170	16,446
15-May-2017	2,650	7,170	9,820	
15-Nov-2017		7,103	7,103	16,923
15-May-2018	3,020	7,103	10,123	
15-Nov-2018		7,028	7,028	17,151
15-May-2019	6,170	7,028	13,198	
15-Nov-2019		6,874	6,874	20,072
15-May-2020	6,295	6,874	13,169	
15-Nov-2020		6,716	6,716	19,885
15-May-2021	6,625	6,716	13,341	
15-Nov-2021		6,551	6,551	19,892
15-May-2022	6,965	6,551	13,516	
15-Nov-2022		6,376	6,376	19,892
15-May-2023	7,330	6,376	13,706	
15-Nov-2023		6,193	6,193	19,899
15-May-2024	7,705	6,193	13,898	
15-Nov-2024		6,001	6,001	19,899
15-May-2025	8,105	6,001	14,106	
15-Nov-2025		5,798	5,798	19,904
15-May-2026	8,530	5,798	14,328	
15-Nov-2026		5,585	5,585	19,913
15-May-2027	-	5,585	5,585	
15-Nov-2027		5,585	5,585	11,170
15-May-2028	-	5,585	5,585	
15-Nov-2028		5,585	5,585	11,170
15-May-2029	-	5,585	5,585	
15-Nov-2029		5,585	5,585	11,170
15-May-2030	-	5,585	5,585	
15-Nov-2030		5,585	5,585	11,170
15-May-2031	-	5,585	5,585	
15-Nov-2031		5,585	5,585	11,170
15-May-2032	-	5,585	5,585	
15-Nov-2032		5,585	5,585	11,170
15-May-2033	-	5,585	5,585	
15-Nov-2033		5,585	5,585	11,170
15-May-2034	-	5,585	5,585	
15-Nov-2034		5,585	5,585	11,170
15-May-2035	33,265	5,585	38,850	
15-Nov-2035		4,753	4,753	43,603
15-May-2036	34,970	4,753	39,723	
15-Nov-2036		3,879	3,879	43,602
15-May-2037	36,715	3,879	40,594	
15-Nov-2037		3,007	3,007	43,601
15-May-2038	38,520	3,007	41,527	
15-Nov-2038		2,075	2,075	43,602
15-May-2039	40,465	2,075	42,540	
15-Nov-2039		1,064	1,064	43,604
14-May-2040	42,540	1,064	43,604	
				43,604
	\$ 298,220	\$ 327,370	\$ 625,590	\$ 625,590

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-2012	\$ 10,380	\$ 6,485	\$ 16,865	\$
15-Nov-2012		6,235	6,235	23,100
15-May-2013	4,020	6,235	10,255	
15-Nov-2013		6,134	6,134	16,389
15-May-2014	8,280	6,134	14,414	
15-Nov-2014		5,907	5,907	20,321
15-May-2015	11,065	5,907	16,972	
15-Nov-2015		5,602	5,602	22,574
15-May-2016	10,375	5,602	15,977	
15-Nov-2016		5,317	5,317	21,294
15-May-2017	8,370	5,317	13,687	
15-Nov-2017		5,120	5,120	18,807
15-May-2018	8,540	5,120	13,660	
15-Nov-2018		4,907	4,907	18,567
15-May-2019	4,430	4,907	9,337	
15-Nov-2019		4,796	4,796	14,133
15-May-2020	4,655	4,796	9,451	
15-Nov-2020		4,680	4,680	14,131
15-May-2021	4,880	4,680	9,560	
15-Nov-2021		4,575	4,575	14,135
15-May-2022	5,110	4,575	9,685	
15-Nov-2022		4,447	4,447	14,132
15-May-2023	5,375	4,447	9,822	
15-Nov-2023		4,313	4,313	14,135
15-May-2024	5,650	4,313	9,963	
15-Nov-2024		4,171	4,171	14,134
15-May-2025	5,940	4,171	10,111	
15-Nov-2025		4,023	4,023	14,134
15-May-2026	6,230	4,023	10,253	
15-Nov-2026		3,883	3,883	14,136
15-May-2027	-	3,883	3,883	
15-Nov-2027		3,883	3,883	7,766
15-May-2028	-	3,883	3,883	
15-Nov-2028		3,883	3,883	7,766
15-May-2029	16,245	3,883	20,128	
15-Nov-2029		3,527	3,527	23,655
15-May-2030	16,965	3,527	20,492	
15-Nov-2030		3,146	3,146	23,638
15-May-2031	17,730	3,146	20,876	
15-Nov-2031		2,747	2,747	23,623
15-May-2032	18,525	2,747	21,272	
15-Nov-2032		2,330	2,330	23,602
15-May-2033	28,645	2,330	30,975	
15-Nov-2033		1,685	1,685	32,660
15-May-2034	37,530	1,685	39,215	
15-Nov-2034		841	841	40,056
15-May-2035	11,900	841	12,741	
15-Nov-2035		573	573	13,314
15-May-2036	12,450	573	13,023	
15-Nov-2036		293	293	13,316
15-May-2037	13,025	293	13,318	
				13,318
	\$ 276,315	\$ 200,521	\$ 476,836	\$ 476,836

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-2012	\$ 2,800	\$ 3,846	\$ 6,646	\$
15-Nov-2012		3,804	3,804	10,450
15-May-2013	2,885	3,804	6,689	
15-Nov-2013		3,760	3,760	10,449
15-May-2014	2,970	3,760	6,730	
15-Nov-2014		3,716	3,716	10,446
15-May-2015	3,060	3,716	6,776	
15-Nov-2015		3,670	3,670	10,446
15-May-2016	3,170	3,670	6,840	
15-Nov-2016		3,607	3,607	10,447
15-May-2017	3,315	3,607	6,922	
15-Nov-2017		3,524	3,524	10,446
15-May-2018	3,480	3,524	7,004	
15-Nov-2018		3,444	3,444	10,448
15-May-2019	3,645	3,444	7,089	
15-Nov-2019		3,356	3,356	10,445
15-May-2020	3,830	3,356	7,186	
15-Nov-2020		3,262	3,262	10,448
15-May-2021	4,025	3,262	7,287	
15-Nov-2021		3,162	3,162	10,449
15-May-2022	4,225	3,162	7,387	
15-Nov-2022		3,060	3,060	10,447
15-May-2023	4,435	3,060	7,495	
15-Nov-2023		2,954	2,954	10,449
15-May-2024	4,650	2,954	7,604	
15-Nov-2024		2,844	2,844	10,448
15-May-2025	4,885	2,844	7,729	
15-Nov-2025		2,720	2,720	10,449
15-May-2026	5,140	2,720	7,860	
15-Nov-2026		2,588	2,588	10,448
15-May-2027	5,410	2,588	7,998	
15-Nov-2027		2,450	2,450	10,448
15-May-2028	5,690	2,450	8,140	
15-Nov-2028		2,306	2,306	10,446
15-May-2029	5,990	2,306	8,296	
15-Nov-2029		2,153	2,153	10,449
15-May-2030	6,305	2,153	8,458	
15-Nov-2030		1,988	1,988	10,446
15-May-2031	6,645	1,988	8,633	
15-Nov-2031		1,813	1,813	10,446
15-May-2032	7,005	1,813	8,818	
15-Nov-2032		1,629	1,629	10,447
15-May-2033	7,385	1,629	9,014	
15-Nov-2033		1,436	1,436	10,450
15-May-2034	7,780	1,436	9,216	
15-Nov-2034		1,231	1,231	10,447
15-May-2035	8,205	1,231	9,436	
15-Nov-2035		1,011	1,011	10,447
15-May-2036	8,660	1,011	9,671	
15-Nov-2036		778	778	10,449
15-May-2037	9,135	778	9,913	
15-Nov-2037		533	533	10,446
15-May-2038	9,640	533	10,173	
15-Nov-2038		273	273	10,446
15-May-2039	10,175	273	10,448	
				10,448
	<u>\$ 154,540</u>	<u>\$ 137,990</u>	<u>\$ 292,530</u>	<u>\$ 292,530</u>

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

		<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2012	\$	2,370	\$	162	\$	2,532	\$	
15-Nov-2012				127		127		2,659
15-May-2013		2,465		127		2,592		
15-Nov-2013				65		65		2,657
15-May-2014		2,595		65		2,660		
								2,660
	\$	7,430	\$	546	\$	7,976	\$	7,976

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

	<i>Principal</i>	<i>Interest</i>	<i>Interest Rate Subsidy</i>	<i>Total Interest</i>	<i>Total Semi-Annual Payment</i>	<i>Total Annual Payment</i>
15-May-2012	\$ -	\$ 2,720	\$ 952	\$ 1,768	\$ 1,768	\$ -
15-Nov-2012		2,720	952	1,768	1,768	3,536
15-May-2013	-	2,720	952	1,768	1,768	
15-Nov-2013		2,720	952	1,768	1,768	3,536
15-May-2014	-	2,720	952	1,768	1,768	
15-Nov-2014		2,720	952	1,768	1,768	3,536
15-May-2015	2,690	2,720	952	1,768	4,458	
15-Nov-2015		2,675	936	1,739	1,739	6,197
15-May-2016	2,755	2,675	936	1,739	4,494	
15-Nov-2016		2,623	918	1,705	1,705	6,199
15-May-2017	2,825	2,623	918	1,705	4,530	
15-Nov-2017		2,562	897	1,665	1,665	6,195
15-May-2018	2,910	2,562	897	1,665	4,575	
15-Nov-2018		2,497	874	1,623	1,623	6,198
15-May-2019	2,995	2,497	874	1,623	4,618	
15-Nov-2019		2,429	850	1,579	1,579	6,197
15-May-2020	3,085	2,429	850	1,579	4,664	
15-Nov-2020		2,356	825	1,531	1,531	6,195
15-May-2021	3,185	2,356	825	1,531	4,716	
15-Nov-2021		2,277	797	1,480	1,480	6,196
15-May-2022	3,290	2,277	797	1,480	4,770	
15-Nov-2022		2,193	767	1,426	1,426	6,196
15-May-2023	3,405	2,193	767	1,426	4,831	
15-Nov-2023		2,104	736	1,368	1,368	6,199
15-May-2024	3,525	2,104	736	1,368	4,893	
15-Nov-2024		2,009	703	1,306	1,306	6,199
15-May-2025	3,650	2,009	703	1,306	4,956	
15-Nov-2025		1,909	668	1,241	1,241	6,197
15-May-2026	4,995	1,909	668	1,241	6,236	
15-Nov-2026		1,771	620	1,151	1,151	7,387
15-May-2027	3,965	1,771	620	1,151	5,116	
15-Nov-2027		1,662	582	1,080	1,080	6,196
15-May-2028	3,300	1,662	582	1,080	4,380	
15-Nov-2028		1,571	550	1,021	1,021	5,401
15-May-2029	4,230	1,571	550	1,021	5,251	
15-Nov-2029		1,455	509	946	946	6,197
15-May-2030	4,385	1,455	509	946	5,331	
15-Nov-2030		1,332	466	866	866	6,197
15-May-2031	4,550	1,332	466	866	5,416	
15-Nov-2031		1,205	422	783	783	6,199
15-May-2032	4,715	1,205	422	783	5,498	
15-Nov-2032		1,073	375	698	698	6,196
15-May-2033	4,890	1,073	375	698	5,588	
15-Nov-2033		936	327	609	609	6,197
15-May-2034	5,075	936	327	609	5,684	
15-Nov-2034		794	278	516	516	6,200
15-May-2035	5,260	794	278	516	5,776	
15-Nov-2035		646	226	420	420	6,196
15-May-2036	5,455	646	226	420	5,875	
15-Nov-2036		493	173	320	320	6,195
15-May-2037	5,660	493	173	320	5,980	
15-Nov-2037		335	117	218	218	6,198
15-May-2038	5,870	335	117	218	6,088	
15-Nov-2038		170	60	110	110	6,198
15-May-2039	6,085	170	60	110	6,195	
						6,195
	\$ 102,750	\$ 97,194	\$ 34,016	\$ 63,178	\$ 165,928	\$ 165,928

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-2012	\$ 1,635	\$ 3,019	\$ 1,057	\$ 1,962	\$ 3,597	\$
15-Nov-2012		3,010	1,053	1,957	1,957	5,554
15-May-2013	1,645	3,010	1,053	1,957	3,602	
15-Nov-2013		2,998	1,049	1,949	1,949	5,551
15-May-2014	1,665	2,998	1,049	1,949	3,614	
15-Nov-2014		2,982	1,044	1,938	1,938	5,552
15-May-2015	1,685	2,982	1,044	1,938	3,623	
15-Nov-2015		2,963	1,037	1,926	1,926	5,549
15-May-2016	1,715	2,963	1,037	1,926	3,641	
15-Nov-2016		2,939	1,029	1,910	1,910	5,551
15-May-2017	1,750	2,939	1,029	1,910	3,660	
15-Nov-2017		2,912	1,019	1,893	1,893	5,553
15-May-2018	1,785	2,912	1,019	1,893	3,678	
15-Nov-2018		2,879	1,008	1,871	1,871	5,549
15-May-2019	1,830	2,879	1,008	1,871	3,701	
15-Nov-2019		2,844	995	1,849	1,849	5,550
15-May-2020	1,880	2,844	995	1,849	3,729	
15-Nov-2020		2,807	982	1,825	1,825	5,554
15-May-2021	1,930	2,807	982	1,825	3,755	
15-Nov-2021		2,767	968	1,799	1,799	5,554
15-May-2022	1,985	2,767	968	1,799	3,784	
15-Nov-2022		2,723	953	1,770	1,770	5,554
15-May-2023	2,040	2,723	953	1,770	3,810	
15-Nov-2023		2,676	937	1,739	1,739	5,549
15-May-2024	2,105	2,676	937	1,739	3,844	
15-Nov-2024		2,624	919	1,705	1,705	5,549
15-May-2025	2,175	2,624	919	1,705	3,880	
15-Nov-2025		2,569	899	1,670	1,670	5,550
15-May-2026	2,255	2,569	899	1,670	3,925	
15-Nov-2026		2,499	875	1,624	1,624	5,549
15-May-2027	2,350	2,499	875	1,624	3,974	
15-Nov-2027		2,427	849	1,578	1,578	5,552
15-May-2028	2,445	2,427	849	1,578	4,023	
15-Nov-2028		2,351	823	1,528	1,528	5,551
15-May-2029	2,545	2,351	823	1,528	4,073	
15-Nov-2029		2,273	795	1,478	1,478	5,551
15-May-2030	2,650	2,273	795	1,478	4,128	
15-Nov-2030		2,191	767	1,424	1,424	5,552
15-May-2031	2,760	2,191	767	1,424	4,184	
15-Nov-2031		2,106	737	1,369	1,369	5,553
15-May-2032	2,870	2,106	737	1,369	4,239	
15-Nov-2032		2,017	706	1,311	1,311	5,550
15-May-2033	2,990	2,017	706	1,311	4,301	
15-Nov-2033		1,924	674	1,250	1,250	5,551
15-May-2034	33,560	1,924	674	1,250	34,810	
15-Nov-2034		881	308	573	573	35,383
15-May-2035	4,495	881	308	573	5,068	
15-Nov-2035		748	262	486	486	5,554
15-May-2036	4,670	748	262	486	5,156	
15-Nov-2036		609	213	396	396	5,552
15-May-2037	4,855	609	213	396	5,251	
15-Nov-2037		466	163	303	303	5,554
15-May-2038	5,045	466	163	303	5,348	
15-Nov-2038		316	111	205	205	5,553
15-May-2039	5,240	316	111	205	5,445	
15-Nov-2039		161	56	105	105	5,550
15-May-2040	5,445	161	56	105	5,550	
						5,550
	\$ 110,000	\$ 124,343	\$ 43,519	\$ 80,824	\$ 190,824	\$ 190,824

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-2012	\$ 1,670	\$	1,092	\$	2,762	\$	
15-Nov-2012			1,067		1,067		3,829
15-May-2013	1,960		1,067		3,027		
15-Nov-2013			1,038		1,038		4,065
15-May-2014	2,060		1,038		3,098		
15-Nov-2014			996		996		4,094
15-May-2015	2,205		996		3,201		
15-Nov-2015			941		941		4,142
15-May-2016	2,340		941		3,281		
15-Nov-2016			895		895		4,176
15-May-2017	2,675		895		3,570		
15-Nov-2017			828		828		4,398
15-May-2018	2,855		828		3,683		
15-Nov-2018			756		756		4,439
15-May-2019	2,935		756		3,691		
15-Nov-2019			696		696		4,387
15-May-2020	3,295		696		3,991		
15-Nov-2020			614		614		4,605
15-May-2021	3,505		614		4,119		
15-Nov-2021			526		526		4,645
15-May-2022	3,720		526		4,246		
15-Nov-2022			433		433		4,679
15-May-2023	3,950		433		4,383		
15-Nov-2023			335		335		4,718
15-May-2024	4,195		335		4,530		
15-Nov-2024			230		230		4,760
15-May-2025	4,455		230		4,685		
15-Nov-2025			118		118		4,803
15-May-2026	4,735		118		4,853		
							4,853
	\$ 46,555	\$	20,038	\$	66,593	\$	66,593

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-2012	\$ 665	\$ 4,798	\$ 5,463	\$
15-Nov-2012		3,937	3,937	9,400
15-May-2013	5,400	3,937	9,337	
15-Nov-2013		3,856	3,856	13,193
15-May-2014	1,385	3,856	5,241	
15-Nov-2014		3,842	3,842	9,083
15-May-2015	1,420	3,842	5,262	
15-Nov-2015		3,821	3,821	9,083
15-May-2016	1,460	3,821	5,281	
15-Nov-2016		3,799	3,799	9,080
15-May-2017	2,060	3,799	5,859	
15-Nov-2017		3,747	3,747	9,606
15-May-2018	2,150	3,747	5,897	
15-Nov-2018		3,699	3,699	9,596
15-May-2019	3,985	3,699	7,684	
15-Nov-2019		3,619	3,619	11,303
15-May-2020	5,400	3,619	9,019	
15-Nov-2020		3,503	3,503	12,522
15-May-2021	6,575	3,503	10,078	
15-Nov-2021		3,347	3,347	13,425
15-May-2022	6,730	3,347	10,077	
15-Nov-2022		3,179	3,179	13,256
15-May-2023	7,890	3,179	11,069	
15-Nov-2023		2,982	2,982	14,051
15-May-2024	8,490	2,982	11,472	
15-Nov-2024		2,770	2,770	14,242
15-May-2025	8,930	2,770	11,700	
15-Nov-2025		2,546	2,546	14,246
15-May-2026	9,370	2,546	11,916	
15-Nov-2026		2,312	2,312	14,228
15-May-2027	12,585	2,312	14,897	
15-Nov-2027		2,015	2,015	16,912
15-May-2028	14,445	2,015	16,460	
15-Nov-2028		1,654	1,654	18,114
15-May-2029	8,990	1,654	10,644	
15-Nov-2029		1,429	1,429	12,073
15-May-2030	9,450	1,429	10,879	
15-Nov-2030		1,193	1,193	12,072
15-May-2031	9,935	1,193	11,128	
15-Nov-2031		944	944	12,072
15-May-2032	10,445	944	11,389	
15-Nov-2032		683	683	12,072
15-May-2033	2,465	683	3,148	
15-Nov-2033		622	622	3,770
15-May-2034	2,590	622	3,212	
15-Nov-2034		557	557	3,769
15-May-2035	2,725	557	3,282	
15-Nov-2035		489	489	3,771
15-May-2036	2,865	489	3,354	
15-Nov-2036		417	417	3,771
15-May-2037	3,010	417	3,427	
15-Nov-2037		342	342	3,769
15-May-2038	3,165	342	3,507	
15-Nov-2038		263	263	3,770
15-May-2039	3,330	263	3,593	
15-Nov-2039		180	180	3,773
15-May-2040	3,500	180	3,680	
15-Nov-2040		92	92	3,772
15-May-2041	3,680	92	3,772	
				3,680
	\$ 165,090	\$ 128,476	\$ 293,566	\$ 293,474

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

(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>		<u>Total Debt Outstanding</u>
15-May-2012	\$	19,190	\$	2,713	\$	21,903	\$		367,090
15-Nov-2012				5,398		5,398		27,301	
15-May-2013		19,895		5,398		25,293			347,195
15-Nov-2013				5,157		5,157		30,450	
15-May-2014		20,430		5,157		25,587			326,765
15-Nov-2014				4,875		4,875		30,462	
15-May-2015		21,005		4,875		25,880			305,760
15-Nov-2015				4,927		4,927		30,807	
15-May-2016		23,895		4,927		28,822			281,865
15-Nov-2016				4,597		4,597		33,419	
15-May-2017		24,370		4,597		28,967			257,495
15-Nov-2017				4,238		4,238		33,205	
15-May-2018		25,150		4,238		29,388			232,345
15-Nov-2018				3,828		3,828		33,216	
15-May-2019		26,810		3,828		30,638			205,535
15-Nov-2019				3,407		3,407		34,045	
15-May-2020		18,770		3,407		22,177			186,765
15-Nov-2020				3,137		3,137		25,314	
15-May-2021		19,360		3,137		22,497			167,405
15-Nov-2021				2,850		2,850		25,347	
15-May-2022		17,835		2,850		20,685			149,570
15-Nov-2022				2,584		2,584		23,269	
15-May-2023		16,095		2,584		18,679			133,475
15-Nov-2023				2,344		2,344		21,023	
15-May-2024		13,785		2,344		16,129			119,690
15-Nov-2024				2,133		2,133		18,262	
15-May-2025		10,980		2,133		13,113			108,710
15-Nov-2025				1,969		1,969		15,082	
15-May-2026		11,315		1,969		13,284			97,395
15-Nov-2026				1,801		1,801		15,085	
15-May-2027		11,660		1,801		13,461			85,735
15-Nov-2027				1,619		1,619		15,080	
15-May-2028		9,115		1,619		10,734			76,620
15-Nov-2028				1,475		1,475		12,209	
15-May-2029		9,405		1,475		10,880			67,215
15-Nov-2029				1,323		1,323		12,203	
15-May-2030		6,740		1,323		8,063			60,475
15-Nov-2030				1,203		1,203		9,266	
15-May-2031		6,980		1,203		8,183			53,495
15-Nov-2031				1,081		1,081		9,264	
15-May-2032		5,820		1,081		6,901			47,675
15-Nov-2032				964		964		7,865	
15-May-2033		6,060		964		7,024			41,615
15-Nov-2033				843		843		7,867	
15-May-2034		6,305		843		7,148			35,310
15-Nov-2034				715		715		7,863	
15-May-2035		6,575		715		7,290			28,735
15-Nov-2035				581		581		7,871	
15-May-2036		6,845		581		7,426			21,890
15-Nov-2036				441		441		7,867	
15-May-2037		7,130		441		7,571			14,760
15-Nov-2037				295		295		7,866	
15-May-2038		7,430		295		7,725			7,330
15-Nov-2038				142		142		7,867	
15-May-2039		4,650		142		4,792			2,680
15-Nov-2039				49		49		4,841	
15-May-2040		1,750		49		1,799			930
15-Nov-2040				18		18		1,817	
15-May-2041		930		18		948			-
								948	
	\$	386,280	\$	130,701	\$	516,981	\$	516,981	

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2001
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2012	\$ 555	\$	124	\$	679	\$	
15-Nov-2012			116		116		795
15-May-2013	650		116		766		
15-Nov-2013			105		105		871
15-May-2014	670		105		775		
15-Nov-2014			95		95		870
15-May-2015	700		95		795		
15-Nov-2015			83		83		878
15-May-2016	730		83		813		
15-Nov-2016			70		70		883
15-May-2017	555		70		625		
15-Nov-2017			61		61		686
15-May-2018	585		61		646		
15-Nov-2018			50		50		696
15-May-2019	1,400		50		1,450		
15-Nov-2019			25		25		1,475
15-May-2020	670		25		695		
15-Nov-2020			13		13		708
15-May-2021	690		13		703		
							703
	\$ 7,205	\$	1,360	\$	8,565	\$	8,565

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND REFUNDING BONDS
SERIES 2001-A
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2012	\$ 920	\$	224	\$	1,144	\$	
15-Nov-2012			208		208		1,352
15-May-2013	965		208		1,173		
15-Nov-2013			190		190		1,363
15-May-2014	1,015		190		1,205		
15-Nov-2014			171		171		1,376
15-May-2015	1,050		171		1,221		
15-Nov-2015			151		151		1,372
15-May-2016	1,115		151		1,266		
15-Nov-2016			129		129		1,395
15-May-2017	1,155		129		1,284		
15-Nov-2017			106		106		1,390
15-May-2018	1,215		106		1,321		
15-Nov-2018			81		81		1,402
15-May-2019	1,315		81		1,396		
15-Nov-2019			54		54		1,450
15-May-2020	1,250		54		1,304		
15-Nov-2020			28		28		1,332
15-May-2021	1,335		28		1,363		
15-Nov-2021							1,363
	<u>\$ 11,335</u>	\$	<u>2,460</u>	\$	<u>13,795</u>	\$	<u>13,795</u>

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2002

(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2012	\$ 895	\$	172	\$	1,067	\$	
15-Nov-2012			161		161		1,228
15-May-2013	920		161		1,081		
15-Nov-2013			149		149		1,230
15-May-2014	945		149		1,094		
15-Nov-2014			136		136		1,230
15-May-2015	970		136		1,106		
15-Nov-2015			123		123		1,229
15-May-2016	1,000		123		1,123		
15-Nov-2016			108		108		1,231
15-May-2017	1,030		108		1,138		
15-Nov-2017			92		92		1,230
15-May-2018	1,065		92		1,157		
15-Nov-2018			75		75		1,232
15-May-2019	1,100		75		1,175		
15-Nov-2019			58		58		1,233
15-May-2020	1,135		58		1,193		
15-Nov-2020			39		39		1,232
15-May-2021	1,170		39		1,209		
15-Nov-2021			20		20		1,229
15-May-2022	1,210		20		1,230		
							1,230
	\$ 11,440	\$	2,094	\$	13,534	\$	13,534

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE BONDS
SERIES 2002-A
(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2012	\$ 670	\$	181	\$	851	\$	
15-Nov-2012			170		170		1,021
15-May-2013	695		170		865		
15-Nov-2013			157		157		1,022
15-May-2014	720		157		877		
15-Nov-2014			144		144		1,021
15-May-2015	750		144		894		
15-Nov-2015			129		129		1,023
15-May-2016	780		129		909		
15-Nov-2016			114		114		1,023
15-May-2017	810		114		924		
15-Nov-2017			98		98		1,022
15-May-2018	845		98		943		
15-Nov-2018			80		80		1,023
15-May-2019	880		80		960		
15-Nov-2019			62		62		1,022
15-May-2020	915		62		977		
15-Nov-2020			42		42		1,019
15-May-2021	960		42		1,002		
15-Nov-2021			22		22		1,024
15-May-2022	1,000		22		1,022		
							1,022
	\$ 9,025	\$	2,217	\$	11,242	\$	11,242

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

(amounts in thousands)

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2012	\$ 2,035	\$	375	\$	2,410	\$	
15-Nov-2012			354		354		2,764
15-May-2013	2,075		354		2,429		
15-Nov-2013			331		331		2,760
15-May-2014	2,125		331		2,456		
15-Nov-2014			307		307		2,763
15-May-2015	2,175		307		2,482		
15-Nov-2015			280		280		2,762
15-May-2016	2,230		280		2,510		
15-Nov-2016			253		253		2,763
15-May-2017	2,285		253		2,538		
15-Nov-2017			222		222		2,760
15-May-2018	2,350		222		2,572		
15-Nov-2018			190		190		2,762
15-May-2019	2,415		190		2,605		
15-Nov-2019			156		156		2,761
15-May-2020	2,485		156		2,641		
15-Nov-2020			120		120		2,761
15-May-2021	2,560		120		2,680		
15-Nov-2021			82		82		2,762
15-May-2022	2,635		82		2,717		
15-Nov-2022			42		42		2,759
15-May-2023	2,720		42		2,762		
							2,762
	\$ 28,090	\$	5,049	\$	33,139	\$	33,139

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-2011				
15-Nov-2011				
15-May-2012	\$ 620	\$ 129	\$ 749	
15-Nov-2012		122	122	871
15-May-2013	630	122	752	
15-Nov-2013		115	115	867
15-May-2014	645	115	760	
15-Nov-2014		107	107	867
15-May-2015	660	107	767	
15-Nov-2015		99	99	866
15-May-2016	680	99	779	
15-Nov-2016		91	91	870
15-May-2017	695	91	786	
15-Nov-2017		81	81	867
15-May-2018	715	81	796	
15-Nov-2018		72	72	868
15-May-2019	735	72	807	
15-Nov-2019		61	61	868
15-May-2020	760	61	821	
15-Nov-2020		50	50	871
15-May-2021	780	50	830	
15-Nov-2021		39	39	869
15-May-2022	805	39	844	
15-Nov-2022		27	27	871
15-May-2023	830	27	857	
15-Nov-2023		14	14	871
15-May-2024	855	14	869	
				869
	\$ 9,410	\$ 1,885	\$ 11,295	\$ 11,295

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-2012	\$ 1,450	\$	441	\$	1,891	\$	
15-Nov-2012			419		419		2,310
15-May-2013	1,495		419		1,914		
15-Nov-2013			394		394		2,308
15-May-2014	1,550		394		1,944		
15-Nov-2014			368		368		2,312
15-May-2015	1,600		368		1,968		
15-Nov-2015			341		341		2,309
15-May-2016	1,660		341		2,001		
15-Nov-2016			311		311		2,312
15-May-2017	1,720		311		2,031		
15-Nov-2017			280		280		2,311
15-May-2018	1,785		280		2,065		
15-Nov-2018			247		247		2,312
15-May-2019	1,855		247		2,102		
15-Nov-2019			211		211		2,313
15-May-2020	1,925		211		2,136		
15-Nov-2020			174		174		2,310
15-May-2021	2,000		174		2,174		
15-Nov-2021			134		134		2,308
15-May-2022	2,085		134		2,219		
15-Nov-2022			92		92		2,311
15-May-2023	2,170		92		2,262		
12-Nov-2023			48		48		2,310
12-May-2024	2,265		48		2,313		
							2,313
	<u>\$ 23,560</u>	<u>\$</u>	<u>6,479</u>	<u>\$</u>	<u>30,039</u>	<u>\$</u>	<u>30,039</u>

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

	<u>Principal</u>		<u>Interest</u>		<u>Total Semi- Annual Payment</u>		<u>Total Annual Payment</u>
15-May-2012	\$ 360	\$	70	\$	430	\$	
15-Nov-2012			66		66		496
15-May-2013	365		66		431		
15-Nov-2013			63		63		494
15-May-2014	370		63		433		
15-Nov-2014			60		60		493
15-May-2015	380		60		440		
15-Nov-2015			56		56		496
15-May-2016	385		56		441		
15-Nov-2016			53		53		494
15-May-2017	395		53		448		
15-Nov-2017			49		49		497
15-May-2018	400		49		449		
15-Nov-2018			45		45		494
15-May-2019	410		45		455		
15-Nov-2019			41		41		496
15-May-2020	420		41		461		
15-Nov-2020			36		36		497
15-May-2021	430		36		466		
15-Nov-2021			32		32		498
15-May-2022	435		32		467		
15-Nov-2022			27		27		494
15-May-2023	445		27		472		
15-Nov-2023			22		22		494
15-May-2024	455		22		477		
15-Nov-2024			17		17		494
15-May-2025	470		17		487		
15-Nov-2025			11		11		498
15-May-2026	480		11		491		
15-Nov-2026			6		6		497
15-May-2027	490		6		496		
							496
	\$ 6,690	\$	1,238	\$	7,928	\$	7,928

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-2012	\$ 1,480	\$	461	\$	1,941	\$	
15-Nov-2012			441		441		2,382
15-May-2013	1,520		441		1,961		
15-Nov-2013			420		420		2,381
15-May-2014	1,565		420		1,985		
15-Nov-2014			398		398		2,383
15-May-2015	1,610		398		2,008		
15-Nov-2015			375		375		2,383
15-May-2016	1,655		375		2,030		
15-Nov-2016			351		351		2,381
15-May-2017	1,705		351		2,056		
15-Nov-2017			326		326		2,382
15-May-2018	1,755		326		2,081		
15-Nov-2018			300		300		2,381
15-May-2019	1,810		300		2,110		
15-Nov-2019			272		272		2,382
15-May-2020	1,865		272		2,137		
15-Nov-2020			243		243		2,380
15-May-2021	1,925		243		2,168		
15-Nov-2021			213		213		2,381
15-May-2022	1,985		213		2,198		
15-Nov-2022			181		181		2,379
15-May-2023	2,050		181		2,231		
15-Nov-2023			148		148		2,379
15-May-2024	2,120		148		2,268		
15-Nov-2024			113		113		2,381
15-May-2025	2,190		113		2,303		
15-Nov-2025			77		77		2,380
15-May-2026	2,265		77		2,342		
15-Nov-2026			40		40		2,382
15-May-2027	2,340		40		2,380		
							2,380
	<u>\$ 29,840</u>	<u>\$</u>	<u>8,257</u>	<u>\$</u>	<u>38,097</u>	<u>\$</u>	<u>38,097</u>

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-2012	\$ 700	\$	-	\$	700	\$	
15-Nov-2012			455		455		1,155
15-May-2013	710		455		1,165		
15-Nov-2013			450		450		1,615
15-May-2014	720		450		1,170		
15-Nov-2014			444		444		1,614
15-May-2015	730		444		1,174		
15-Nov-2015			438		438		1,612
15-May-2016	745		438		1,183		
15-Nov-2016			430		430		1,613
15-May-2017	760		430		1,190		
15-Nov-2017			421		421		1,611
15-May-2018	780		421		1,201		
15-Nov-2018			412		412		1,613
15-May-2019	800		412		1,212		
15-Nov-2019			401		401		1,613
15-May-2020	825		401		1,226		
15-Nov-2020			389		389		1,615
15-May-2021	850		389		1,239		
15-Nov-2021			376		376		1,615
15-May-2022	875		376		1,251		
15-Nov-2022			362		362		1,613
15-May-2023	905		362		1,267		
15-Nov-2023			347		347		1,614
15-May-2024	935		347		1,282		
15-Nov-2024			331		331		1,613
15-May-2025	970		331		1,301		
15-Nov-2025			314		314		1,615
15-May-2026	1,005		314		1,319		
15-Nov-2026			296		296		1,615
15-May-2027	1,040		296		1,336		
15-Nov-2027			277		277		1,613
15-May-2028	1,080		277		1,357		
15-Nov-2028			257		257		1,614
15-May-2029	1,120		257		1,377		
15-Nov-2029			236		236		1,613
15-May-2030	1,165		236		1,401		
15-Nov-2030			214		214		1,615
15-May-2031	1,210		214		1,424		
15-Nov-2031			191		191		1,615
15-May-2032	1,255		191		1,446		
15-Nov-2032			167		167		1,613
15-May-2033	1,305		167		1,472		
15-Nov-2033			142		142		1,614
15-May-2034	1,355		142		1,497		
15-Nov-2034			116		116		1,613
15-May-2035	1,410		116		1,526		
15-Nov-2035			89		89		1,615
15-May-2036	1,465		89		1,554		
15-Nov-2036			60		60		1,614
15-May-2037	1,520		60		1,580		
15-Nov-2037			31		31		1,611
15-May-2038	1,580		31		1,611		
							1,611
	\$ 27,815	\$	15,292	\$	43,107	\$	43,107

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-2012	\$ 470	\$ -	\$ 470	
15-Nov-2012		469	469	939
15-May-2013	480	469	949	
15-Nov-2013		463	463	1,412
15-May-2014	495	463	958	
15-Nov-2014		457	457	1,415
15-May-2015	505	457	962	
15-Nov-2015		450	450	1,412
15-May-2016	520	450	970	
15-Nov-2016		442	442	1,412
15-May-2017	540	442	982	
15-Nov-2017		433	433	1,415
15-May-2018	555	433	988	
15-Nov-2018		423	423	1,411
15-May-2019	580	423	1,003	
15-Nov-2019		413	413	1,416
15-May-2020	600	413	1,013	
15-Nov-2020		401	401	1,414
15-May-2021	625	401	1,026	
15-Nov-2021		388	388	1,414
15-May-2022	650	388	1,038	
15-Nov-2022		375	375	1,413
15-May-2023	680	375	1,055	
15-Nov-2023		360	360	1,415
15-May-2024	710	360	1,070	
15-Nov-2024		344	344	1,414
15-May-2025	740	344	1,084	
15-Nov-2025		328	328	1,412
15-May-2026	775	328	1,103	
15-Nov-2026		310	310	1,413
15-May-2027	815	310	1,125	
15-Nov-2027		291	291	1,416
15-May-2028	850	291	1,141	
15-Nov-2028		271	271	1,412
15-May-2029	890	271	1,161	
15-Nov-2029		250	250	1,411
15-May-2030	935	250	1,185	
15-Nov-2030		227	227	1,412
15-May-2031	980	227	1,207	
15-Nov-2031		204	204	1,411
15-May-2032	1,030	204	1,234	
15-Nov-2032		179	179	1,413
15-May-2033	1,080	179	1,259	
15-Nov-2033		153	153	1,412
15-May-2034	1,135	153	1,288	
15-Nov-2034		125	125	1,413
15-May-2035	1,190	125	1,315	
15-Nov-2035		96	96	1,411
15-May-2036	1,250	96	1,346	
15-Nov-2036		66	66	1,412
15-May-2037	1,315	66	1,381	
15-Nov-2037		34	34	1,415
15-May-2038	1,380	34	1,414	
				1,414
	\$ 21,775	\$ 15,904	\$ 37,679	\$ 37,679

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-2012	\$ 1,240	\$	-	\$	1,240	\$	
15-Nov-2012			890		890		2,130
15-May-2013	1,250		890		2,140		
15-Nov-2013			884		884		3,024
15-May-2014	1,265		884		2,149		
15-Nov-2014			877		877		3,026
15-May-2015	1,280		877		2,157		
15-Nov-2015			868		868		3,025
15-May-2016	1,300		868		2,168		
15-Nov-2016			856		856		3,024
15-May-2017	1,325		856		2,181		
15-Nov-2017			843		843		3,024
15-May-2018	1,355		843		2,198		
15-Nov-2018			828		828		3,026
15-May-2019	1,385		828		2,213		
15-Nov-2019			812		812		3,025
15-May-2020	1,420		812		2,232		
15-Nov-2020			792		792		3,024
15-May-2021	1,460		792		2,252		
15-Nov-2021			771		771		3,023
15-May-2022	1,505		771		2,276		
15-Nov-2022			747		747		3,023
15-May-2023	1,555		747		2,302		
15-Nov-2023			722		722		3,024
15-May-2024	1,605		722		2,327		
15-Nov-2024			695		695		3,022
15-May-2025	1,665		695		2,360		
15-Nov-2025			664		664		3,024
15-May-2026	1,730		664		2,394		
15-Nov-2026			632		632		3,026
15-May-2027	1,795		632		2,427		
15-Nov-2027			597		597		3,024
15-May-2028	1,870		597		2,467		
15-Nov-2028			559		559		3,026
15-May-2029	1,945		559		2,504		
15-Nov-2029			520		520		3,024
15-May-2030	2,025		520		2,545		
15-Nov-2030			479		479		3,024
15-May-2031	2,105		479		2,584		
15-Nov-2031			436		436		3,020
15-May-2032	2,200		436		2,636		
15-Nov-2032			390		390		3,026
15-May-2033	2,300		390		2,690		
15-Nov-2033			342		342		3,032
15-May-2034	2,395		342		2,737		
15-Nov-2034			291		291		3,028
15-May-2035	2,500		291		2,791		
15-Nov-2035			238		238		3,029
15-May-2036	2,610		238		2,848		
15-Nov-2036			183		183		3,031
15-May-2037	2,720		183		2,903		
15-Nov-2037			125		125		3,028
15-May-2038	2,840		125		2,965		
15-Nov-2038			64		64		3,029
15-May-2039	2,965		64		3,029		
							3,029
	\$ 51,610	\$	32,210	\$	83,820	\$	83,820

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-2012	\$ -	\$ -	\$ -	\$ -
15-Nov-2012		-	-	-
15-May-2013	-	-	-	
15-Nov-2013		-	-	-
15-May-2014	-	-	-	
15-Nov-2014		-	-	-
15-May-2015	-	-	-	
15-Nov-2015		353	353	353
15-May-2016	2,240	353	2,593	
15-Nov-2016		345	345	2,938
15-May-2017	2,255	345	2,600	
15-Nov-2017		336	336	2,936
15-May-2018	2,275	336	2,611	
15-Nov-2018		324	324	2,935
15-May-2019	2,305	324	2,629	
15-Nov-2019		308	308	2,937
15-May-2020	2,340	308	2,648	
15-Nov-2020		289	289	2,937
15-May-2021	2,385	289	2,674	
15-Nov-2021		265	265	2,939
15-May-2022	2,430	265	2,695	
15-Nov-2022		240	240	2,935
15-May-2023	2,485	240	2,725	
15-Nov-2023		211	211	2,936
15-May-2024	2,545	211	2,756	
15-Nov-2024		181	181	2,937
15-May-2025	2,605	181	2,786	
15-Nov-2025		148	148	2,934
15-May-2026	2,675	148	2,823	
15-Nov-2026		115	115	2,938
15-May-2027	2,745	115	2,860	
15-Nov-2027		78	78	2,938
15-May-2028	2,820	78	2,898	
15-Nov-2028		41	41	2,939
15-May-2029	2,895	41	2,936	
				2,936
	\$ 35,000	\$ 6,468	\$ 41,468	\$ 41,468

San Antonio Water System
WATER SYSTEM JUNIOR LIEN REVENUE AND 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-2012	\$ 5,865	\$	-	\$	5,865	\$	
15-Nov-2012			971		971		6,836
15-May-2013	6,035		971		7,006		
15-Nov-2013			880		880		7,886
15-May-2014	6,240		880		7,120		
15-Nov-2014			755		755		7,875
15-May-2015	6,490		755		7,245		
15-Nov-2015			626		626		7,871
15-May-2016	6,745		626		7,371		
15-Nov-2016			491		491		7,862
15-May-2017	7,025		491		7,516		
15-Nov-2017			341		341		7,857
15-May-2018	7,345		341		7,686		
15-Nov-2018			158		158		7,844
15-May-2019	7,675		158		7,833		
							7,833
	<u>\$ 53,420</u>	<u>\$</u>	<u>8,444</u>	<u>\$</u>	<u>61,864</u>	<u>\$</u>	<u>61,864</u>

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-2012	\$ 475	\$ -	\$ 475	\$
15-Nov-2012		195	195	670
15-May-2013	475	195	670	
15-Nov-2013		195	195	865
15-May-2014	475	195	670	
15-Nov-2014		195	195	865
15-May-2015	475	195	670	
15-Nov-2015		195	195	865
15-May-2016	480	195	675	
15-Nov-2016		194	194	869
15-May-2017	480	194	674	
15-Nov-2017		192	192	866
15-May-2018	485	192	677	
15-Nov-2018		189	189	866
15-May-2019	495	189	684	
15-Nov-2019		185	185	869
15-May-2020	500	185	685	
15-Nov-2020		181	181	866
15-May-2021	510	181	691	
15-Nov-2021		177	177	868
15-May-2022	520	177	697	
15-Nov-2022		171	171	868
15-May-2023	530	171	701	
15-Nov-2023		166	166	867
15-May-2024	540	166	706	
15-Nov-2024		160	160	866
15-May-2025	555	160	715	
15-Nov-2025		153	153	868
15-May-2026	565	153	718	
15-Nov-2026		146	146	864
15-May-2027	580	146	726	
15-Nov-2027		139	139	865
15-May-2028	595	139	734	
15-Nov-2028		131	131	865
15-May-2029	615	131	746	
15-Nov-2029		123	123	869
15-May-2030	630	123	753	
15-Nov-2030		114	114	867
15-May-2031	650	114	764	
15-Nov-2031		105	105	869
15-May-2032	665	105	770	
15-Nov-2032		95	95	865
15-May-2033	685	95	780	
15-Nov-2033		85	85	865
15-May-2034	705	85	790	
15-Nov-2034		74	74	864
15-May-2035	730	74	804	
15-Nov-2035		63	63	867
15-May-2036	750	63	813	
15-Nov-2036		51	51	864
15-May-2037	775	51	826	
15-Nov-2037		39	39	865
15-May-2038	800	39	839	
15-Nov-2038		27	27	866
15-May-2039	825	27	852	
15-Nov-2039		14	14	866
15-May-2040	855	14	869	
				869
	\$ 17,420	\$ 7,508	\$ 24,928	\$ 24,928

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-2012	\$ 1,120	\$ 171	\$ 1,291	\$
15-Nov-2012		115	115	1,406
15-May-2013	1,175	115	1,290	
15-Nov-2013		115	115	1,405
15-May-2014	1,175	115	1,290	
15-Nov-2014		115	115	1,405
15-May-2015	1,175	115	1,290	
15-Nov-2015		115	115	1,405
15-May-2016	1,175	115	1,290	
15-Nov-2016		115	115	1,405
15-May-2017	1,175	115	1,290	
15-Nov-2017		115	115	1,405
15-May-2018	1,175	115	1,290	
15-Nov-2018		115	115	1,405
15-May-2019	1,175	115	1,290	
15-Nov-2019		113	113	1,403
15-May-2020	1,180	113	1,293	
15-Nov-2020		109	109	1,402
15-May-2021	1,190	109	1,299	
15-Nov-2021		105	105	1,404
15-May-2022	1,200	105	1,305	
15-Nov-2022		99	99	1,404
15-May-2023	1,215	99	1,314	
15-Nov-2023		92	92	1,406
15-May-2024	1,230	92	1,322	
15-Nov-2024		84	84	1,406
15-May-2025	1,245	84	1,329	
15-Nov-2025		74	74	1,403
15-May-2026	1,265	74	1,339	
15-Nov-2026		64	64	1,403
15-May-2027	1,285	64	1,349	
15-Nov-2027		53	53	1,402
15-May-2028	1,310	53	1,363	
15-Nov-2028		41	41	1,404
15-May-2029	1,335	41	1,376	
15-Nov-2029		28	28	1,404
15-May-2030	1,360	28	1,388	
15-Nov-2030		14	14	1,402
15-May-2031	1,390	14	1,404	
				1,404
	\$ 24,550	\$ 3,533	\$ 28,083	\$ 28,083

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-2012	\$ 335	\$	\$ 365	\$	700	\$	
15-Nov-2012			246		246		946
15-May-2013	455		246		701		
15-Nov-2013			246		246		947
15-May-2014	455		246		701		
15-Nov-2014			246		246		947
15-May-2015	455		246		701		
15-Nov-2015			245		245		946
15-May-2016	455		245		700		
15-Nov-2016			244		244		944
15-May-2017	460		244		704		
15-Nov-2017			242		242		946
15-May-2018	465		242		707		
15-Nov-2018			239		239		946
15-May-2019	475		239		714		
15-Nov-2019			235		235		949
15-May-2020	480		235		715		
15-Nov-2020			231		231		946
15-May-2021	490		231		721		
15-Nov-2021			226		226		947
15-May-2022	500		226		726		
15-Nov-2022			221		221		947
15-May-2023	510		221		731		
15-Nov-2023			214		214		945
15-May-2024	525		214		739		
15-Nov-2024			208		208		947
15-May-2025	540		208		748		
15-Nov-2025			200		200		948
15-May-2026	555		200		755		
15-Nov-2026			192		192		947
15-May-2027	570		192		762		
15-Nov-2027			184		184		946
15-May-2028	590		184		774		
15-Nov-2028			175		175		949
15-May-2029	605		175		780		
15-Nov-2029			166		166		946
15-May-2030	625		166		791		
15-Nov-2030			155		155		946
15-May-2031	645		155		800		
15-Nov-2031			145		145		945
15-May-2032	670		145		815		
15-Nov-2032			133		133		948
15-May-2033	690		133		823		
15-Nov-2033			121		121		944
15-May-2034	715		121		836		
15-Nov-2034			109		109		945
15-May-2035	745		109		854		
15-Nov-2035			95		95		949
15-May-2036	770		95		865		
15-Nov-2036			81		81		946
15-May-2037	800		81		881		
15-Nov-2037			66		66		947
15-May-2038	830		66		896		
15-Nov-2038			51		51		947
15-May-2039	860		51		911		
15-Nov-2039			35		35		946
15-May-2040	895		35		930		
15-Nov-2040			18		18		948
15-May-2041	930		18		948		
							930
	\$ 18,095	\$	\$ 10,303	\$	28,398	\$	28,380

San Antonio Water System
REVENUE BOND DEBT COVERAGE RATIO
For the Year Ended December 31, 2011
(\$ in thousands)

Operating Revenues	\$	417,869
Less Revenues from City Public Service Contract		2,833
		415,036
 Nonoperating Revenues		 6,180
Less: Federal Subsidy - Build America Bonds		3,970
Interest on Project Funds		169
		2,041
 Gross Revenues		 417,077
Maintenance & Operation Expense before Depreciation		209,058
		209,058
Pledged Revenues	\$	208,019
 Current Annual Bond Debt service requirement for all Outstanding Bonds ¹	 \$	 119,264
Current Annual Combined Debt Coverage Ratio		1.74
 Maximum Annual Bond Debt service requirement for all Outstanding Bonds ¹	 \$	 132,226
Maximum Annual Combined Debt Coverage Ratio		1.57

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

FEDERAL AWARD SECTION

Independent Auditors' 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 the balance sheet 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, 2011, and the related statements of revenues, expenses, and changes in equity and cash flows for the year then ended and the statements of net plan assets and changes in net plan assets as of and for the year ended December 31, 2011, and have issued our report thereon dated March 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of SAWS is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered SAWS internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SAWS internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SAWS' internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

We noted certain matters that we reported to management of SAWS in a separate letter dated March 20, 2012.

This report is intended solely for the information and use of management, the Board of Trustees, federal and state awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Padgett, Stratemann + Co., LLP

Certified Public Accountants
March 20, 2012

Independent Auditors' Report on Compliance With
Requirements That Could Have a Direct and Material
Effect on Each Major Program and on Internal Control
Over Compliance in Accordance With OMB Circular A-133

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

Compliance

We have audited the San Antonio Water System ("SAWS") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on SAWS' major federal program for the year ended December 31, 2011. SAWS' major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of SAWS' management. Our responsibility is to express an opinion on SAWS' compliance based on our audit.

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. Our audit does not provide a legal determination of SAWS' compliance with those requirements.

In our opinion, SAWS complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

Management of SAWS is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered SAWS' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on

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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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, federal and state awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Padgett, Stratemann + Co., LLP

Certified Public Accountants
March 20, 2012

San Antonio Water System

Schedule of Findings and Questioned Costs

Year Ended December 31, 2011

A. Summary of Auditors' Results

1. Financial Statements

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

3. Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.458	Environmental Protection Agency passed through Texas Water Development Board –
Dollar threshold used to distinguish between type A and type B programs:	\$ <u>300,000</u>
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, 2011**

<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 1999 A Junior Lien Revenue and Refunding Bonds	66.458	-	\$ 47,500,000	\$ -
Series 2002 Junior Lien Revenue Bonds	66.458	-	15,650,000	-
Series 2003 Junior Lien Revenue Bonds	66.458	-	34,000,000	-
Series 2004 Junior Lien Revenue and Refunding Bonds	66.458	-	10,635,000	-
Series 2007 Junior Lien Revenue and Refunding Bonds	66.458	-	8,070,000	44,215
Series 2008 Junior Lien Revenue Bonds	66.458	-	30,000,000	7,435
Series 2010A Junior Lien Revenue and Refunding Bonds	66.458	-	17,930,000	12,232,457
Total Passed Through Texas Water Development Board				\$ 12,284,107
 Environmental Protection Agency				
Design & Construction of Water improvements Brooks City Base	66.606	XP-97678901-2	\$ 1,253,600	\$ -
Water Infrastructure Improvements at Kelly USA	66.202	XP-96628201-3	481,100	6,728
Kelly USA Project for Water Infrastructure Improvements (formally				
Construction of Sewage Collection System for Espada area)	66.202	XP-96626001-3	144,300	-
Rehabilitation of Central Watershed Sewer Relief Line C-02 Phase II	66.202	XP-00F02701-1	1,250,000	500,725
Total Environmental Protection Agency				\$ 507,453
 Total Federal Financial Assistance				\$ 12,791,560

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

DECEMBER 31, 2011

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, 2002, 2003, and 2008. The bonds were sold under the federal cross cutter program for financing qualified System improvements related to wastewater and recycled water systems. The amounts reflected in the Schedule of Expenditures of Federal Awards represents expenditures incurred during the year ended December 31, 2011. The following table contains information about these bonds.

Bond	Federal CFDA CFDA Number	Interest Rate	Term - Annual Maturities Through	Outstanding Balance at December 31, 2011 (amounts in thousands)
Series 2002 Junior Lien Bonds	66.458	2.45% - 3.30%	May 15, 2022	\$11,440
Series 2003 Junior Lien Bonds	66.458	2.05% - 3.10%	May 15, 2023	\$28,090
Series 2004 Junior Lien Bonds	66.458	2.10% - 3.20%	May 15, 2024	\$9,410
Series 2007 Junior Lien Bonds	66.458	1.70% - 2.40%	May 15, 2027	\$6,690
Series 2008 Junior Lien Bonds	66.458	1.15% - 3.95%	May 15, 2038	\$27,815
Series 2010A Junior Lien Bonds	66.458	0.00% - 3.31%	May 15, 2040	\$17,420



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