

Flexible Rate Revolving Note Private Placement Program Questions and Answers

1. Due to number of pages, a link will be provided to access our audit, is that acceptable?

Response - Yes, however, please include a copy on the CD if possible.

2. If the integration fails for any reason or the District defaults on any of its debt what are the ramifications for SAWS and the City?

Response - SB 341 provides guidance on the ramification for failure to timely integrate. Our interpretation is that if SAWS fails to timely integrate, pursuant to S.B. 341, 52. (f), the Texas Commission on Environmental Quality (TCEQ) may find SAWS in violation of its obligation under the system's certificate of convenience and necessity (CCN) to provide continuous and adequate service. The TCEQ may bring an enforcement action against SAWS, including the imposition of an administrative penalty under Section 13.4151 of the Texas Water Code. Section 13.4151 allows for a penalty up to \$5,000, however, each day of the violation may be considered a separate violation. In the event of a default on the notes, the holder would be entitled to the remedies set forth in the notes, which could include requiring a requirement to increase rates in a manner sufficient to meet the coverage requirements of the outstanding District debt. The remedy of mandamus is available to require the compliance with these covenants, so long as the amount in question is not uncertain or in dispute.

3. SAWS has paid a fairly consistent amount to the City each year, how is that determined? As an example, is it based on Net Revenues after debt service or Gross Revenues?

Response - Per Ordinance 75686, an amount not to exceed 5% of Gross Revenues of the System shall be transferred to the City of San Antonio General Fund. However, since inception, the transfer amount has been 2.7% of Gross Revenues. Per Section 11: Exception to Required Transfer to the City General Fund of the DSP Ordinance 2011-10-20-0845, Gross Revenues of the District Special Project is excluded from the payment to the City of San Antonio until integration.

4. Do you have a draft of the ordinance that will be governing this financing that you can share?

Response – A draft notes ordinance is currently not available, however, all required covenants for subordinate lien debt of the DSP, which is the lien level in which the Flexible Rate Revolving Note Private Placement Program will be placed, are outlined in the DSP Ordinance 2011-10-20-0845. Please see Section 13: System Integration of the DSP Ordinance for a summary of when full integration occurs.

5. According to the most recent OS for SAWS, the tolling agreement with DOJ and EPA expired on April 30th. Has this agreement been extended?

Response – The tolling agreement has been extended to July 9, 2012.

6. We would like to have a current financial statement on the DSP.

Response – Attached please find the last audited financial statement as of April 30, 2011, as well as the November 2011 financial report. This is the last report that was presented to the Bexar Met Board of Directors. Padgett & Stratemann is currently performing an audit of Bexar Met's financial results as of 1/31/2012. We are currently evaluating certain potential adjustments that may affect those results.

7. How will a reserve fund be established for this new credit facility, and what detail can you provide?

Response – It is the SAWS-DSP intention not to fund a reserve fund for this issue.

8. When do you anticipate receipt of the bond rating on the new credit facility, and do you have any indication what it might be?

Response – SAWS-DSP is currently working with the rating agencies and expect to receive a rating by the end of the negotiation period of May 24, 2012.

BEXAR METROPOLITAN WATER DISTRICT

FINANCIAL REPORT

APRIL 30, 2011

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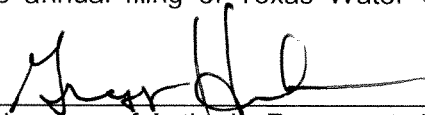
ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }
COUNTY OF Bexar }

I, Gregg Henderson of the Bexar Metropolitan Water District hereby swear, or affirm, that the District above has reviewed and approved at a meeting of the District's Board of Directors on the 26th day of September, 2011, its annual audit report for the fiscal period ended April 30, 2011 and that copies of the annual audit report have been filed with the District's office, located at 2047 W. Malone, San Antonio, Texas 78225.

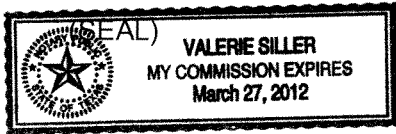
The filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality to satisfy of the annual filing of Texas Water Code Section 49.194.

Date: 9-26, 2011

By: 
(Signature of Authority Representative)

Gregg Henderson, Interim Director of Finance
(Typed Name & Title of District Representative)

Sworn to and subscribed to before me this 26 day of September, 2011,




(Signature of Notary)

My Commission Expires On: March 27, 2012
Notary Public in the State of Texas.

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INDEPENDENT AUDITOR'S REPORT

Members of the Finance/Audit Committee and
Board of Directors
Bexar Metropolitan Water District
San Antonio, Texas

We have audited the accompanying financial statements of the business-type activities and the fiduciary fund of the Bexar Metropolitan Water District (the District), as of and for the year ended April 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary fund of the District as of April 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended 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 September 22, 2011, on our consideration of the District's internal control over financial reporting and 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.

Management's discussion and analysis (on pages 4 through 13) and the schedule of funding progress identified as required supplementary information in the table of contents are not a required part of the basic financial statements, but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit such information and we do not express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining schedules are the responsibility of management and were derived from and related 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, in our opinion, are fairly stated in all material respects in relation to the financial statements as a whole.

The Texas supplementary information listed in the table of contents are required by the Texas Commission on Environmental Quality as published in the Water District Financial Management Guide and are not a required part of the basic financial statements. The accompanying supplementary information, excluding the portion marked —Unaudited, for which we express no opinion, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
September 22, 2011

BEXAR METROPOLITAN WATER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The management of the Bexar Metropolitan Water District (the District) provides this narrative discussion and analysis of the basic financial statements as an overview of the District's financial position and results of operations for the fiscal year ended April 30, 2011. Included in this section are:

- district overview
- financial highlights
- overview of the accompanying basic financial statements

The Management's Discussion and Analysis (MD&A) should be read in conjunction with the audited financial statements, which can be found in the section following the MD&A.

District Overview

For the fiscal year ending April 30, 2011, the District experienced several events affecting the structure and management of its operations, including changes in upper management as well as the resulting effects of an unseasonably abnormal amount of rainfall within its service area. Regardless of the issues that had to be contended with, the District managed to maintain high quality customer service while implementing a number of the recommendations resulting from the various audits undergone in the previous fiscal year and taking steps to mitigate the uncontrollable circumstances affecting its operations. The result of all these factors is reflected as follows:

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the fiscal year by \$96,446,971. Of this amount, \$10,885,530 (Unrestricted Net Assets) may be used to meet the District's ongoing obligations.
- The District's total net assets increased by \$1,094,213 (before capital contributions) at the close of the fiscal year.
- The District's operating revenues increased by \$9,832,446 (16%) to \$72,339,534 compared to the prior year's operating revenues of \$62,507,088.
- The District's ending total assets equaled \$386,292,546, which represents a 5% increase from the prior year in the amount of \$19,676,296 from \$366,616,250 in FY 2010.
- Regarding debt, the District refunded \$35,210,000 in commercial paper notes and a taxable note, which brought the amount of outstanding commercial paper notes to \$5,000,000 at April 30, 2010, and eliminated all of the Series 2008 taxable notes.

**BEXAR METROPOLITAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

- The District issued the Bexar Metropolitan Water District Waterworks System Revenue Refunding Bonds, Series 2010 in the amount of \$23,390,000, and 2010A in the amount of \$11,820,000.
- Total debt service coverage ratio increased from 0.98 in FY 2010 to a current ratio of 1.57 at the end of FY 2011. The debt covenant required a 1.25 ratio, while Board policy for this ratio is 1.40.

More information about the overall analysis of the District's financial position and results of operations is provided in the following sections.

Overview of the Financial Statements

The District's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements report information about the District, as a whole, using accounting methods similar to those used by private-sector businesses. As a proprietary fund, the District has prepared traditional income statements and balance sheets using private-sector accounting practices under a combination of Financial Accounting Standards Board (FASB) and GASB rules as prescribed in GASB Statement No. 20 for proprietary funds. The reports that the District has prepared are in accordance with the requirements of GASB Statement No. 34 as "business-type activities." Activities such as the District's utility services are considered "business-type" not solely because they resemble those performed by the private sector but because there is an exchange involved between the receiver and provider of the service. For business-type activities, there is frequently a direct relationship between the charge for the service and the service itself. This exchange relationship causes users of financial information to focus on the costs of providing the service, the revenues obtained from the service, and the difference between the two.

The Statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of revenues, expenses, and changes in net assets shows the revenue sources, expense classifications, and reflects the change in net assets for the fiscal year.

The Statement of cash flows reconciles the beginning and ending cash and cash equivalents, as well as demonstrates the sources and uses of funds received and expended.

The government-wide financial statements can be found on pages 14-18 of this report.

BEXAR METROPOLITAN WATER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detail information about the most significant funds. Establishment of some funds is required by state law or bond covenants. However, the Board may establish other funds to help control and manage money for particular purposes or as evidence of meeting legal responsibilities. The District reports two categories of funds: proprietary funds and fiduciary funds.

Proprietary funds- The District charges customers for the services it provides through service delivery agreements to outside customers or through customer agreements within the District. These services are reported in proprietary funds. The District wide business-type activity is shown on pages 14-18 of this report and the combining schedules are found on pages 50-54.

The District maintains two proprietary funds: Bexar Metropolitan Water District and Bexar Metropolitan Development Corporation (a blended component unit). The District's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to private enterprise.

Fiduciary funds- The District reports on one fiduciary fund: the Retirement Income Plan Pension Trust Fund. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 19-20 of this report.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 21-48 of this report.

This report also includes required and other supplementary information. The required supplementary information concerning the District's progress in funding its obligations to provide pension benefits to its employees can be found on page 49 of this report. The other supplementary information consists of combining schedules for the operations of the District and the Development Corporation. In addition, other schedules have been included to comply with the Texas Commission on Environmental Quality (TCEQ) requirements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, total assets exceeded liabilities by \$96,446,971 at the close of the fiscal year.

At the end of the fiscal year, the District had unrestricted cash balances of \$13,708,188 and unrestricted net assets of \$10,885,530. Unrestricted cash balances increased \$1,316,183 (11%) over the prior year, and unrestricted net assets decreased \$1,526,820 (16%). The

**BEXAR METROPOLITAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

District experienced increased revenues due to decreased rainfall in the area and a rate increase that was implemented in September of 2010. With the improved operating results the District is continuing to replenish the contingency reserve account that was depleted in the previous fiscal year. During the current fiscal year the balance in the account increased from \$6,149 to \$342,403

The District's net asset classification "invested in capital assets net of related debt" decreased by \$1,502,113 or 2% to \$65,514,597 for the year.

Restricted net assets consist of amounts for debt service, construction, and contingencies. During the year, net assets restricted for debt service increased by \$3,000,423 to \$17,733,110. Net assets restricted for construction increased by \$3,823 to \$1,597,293. Amounts restricted for contingencies decreased by \$621,215. Overall, restricted net assets increased by \$2,383,031 to \$20,046,844. Total net assets increased by \$2,407,737 to \$96,446,971.

Elements of this increase are reflected in Table 1 and Table 2 below.

Table 1

Bexar Metropolitan Water District's
Statement of Net Assets

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>%</u>
Unrestricted current assets	\$ 27,659,638	\$ 24,838,291	\$ 2,821,347	11%
Restricted assets	25,435,829	21,403,841	4,031,988	19%
Capital assets (net)	324,187,144	312,580,814	11,606,330	4%
Other assets	9,009,935	7,793,304	1,216,631	16%
Total assets	<u>\$ 386,292,546</u>	<u>\$ 366,616,250</u>	<u>\$ 19,676,296</u>	<u>5%</u>
Unrestricted current liabilities	\$ 18,359,580	\$ 11,222,460	\$ 7,137,120	64%
Current liabilities payable from restricted assets	12,314,215	10,866,287	1,447,928	13%
Long-term debt	259,171,780	250,488,269	8,683,511	3%
Total liabilities	<u>289,845,575</u>	<u>272,577,016</u>	<u>17,268,559</u>	<u>6%</u>
Net assets				
Invested in capital assets, net of related debt	65,514,597	67,016,711	(1,502,114)	-2%
Restricted net assets				
Restricted for debt service	17,733,110	14,732,687	3,000,423	20%
Restricted for construction	1,597,293	1,593,470	3,823	0%
Restricted for contingencies	716,441	1,337,656	(621,215)	-46%
Total restricted net assets	<u>20,046,844</u>	<u>17,663,813</u>	<u>2,383,031</u>	<u>13%</u>
Unrestricted net assets	<u>10,885,530</u>	<u>9,358,710</u>	<u>1,526,820</u>	<u>16%</u>
Total net assets	<u>\$ 96,446,971</u>	<u>\$ 94,039,234</u>	<u>\$ 2,407,737</u>	<u>3%</u>

**BEXAR METROPOLITAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

Table 2

BEXAR METROPOLITAN WATER DISTRICT
Statement of Revenues, Expenses & Changes in Net Assets
Year Ended April 30, 2011

	<u>2011</u>	<u>2010</u>	<u>Change</u>	<u>% Variance</u>
Operating revenues				
Water sales to customers	\$ 65,020,111	\$ 55,444,040	\$ 9,576,071	17%
Customer penalties and fees	1,511,286	1,481,629	29,657	2%
Impact fees	1,130,724	1,148,244	(17,520)	-2%
Water development fees	1,466,000	1,225,000	241,000	20%
Main and service extensions	459,759	458,708	1,051	0%
Collection fees for sewer, garbage, and fire	361,830	608,022	(246,192)	-40%
Fire protection	283,513	242,264	41,249	17%
Miscellaneous and regulatory fees	2,106,311	1,899,181	207,130	11%
Total operating revenues	<u>72,339,534</u>	<u>62,507,088</u>	<u>9,832,446</u>	<u>16%</u>
Operating expenses				
Production expenses	38,721,295	36,849,636	1,871,659	5%
Administrative and general expenses	11,030,834	12,529,858	(1,499,024)	-12%
Depreciation expense	11,315,048	10,384,169	930,879	9%
Total operating expenses	<u>61,067,177</u>	<u>59,763,663</u>	<u>1,303,514</u>	<u>2%</u>
Operating income	<u>11,272,357</u>	<u>2,743,425</u>	<u>8,528,932</u>	<u>311%</u>
Non operating revenues (expenses)				
Grant revenue	121,121	50,000	71,121	0%
Interest earned	164,537	168,850	(4,313)	-3%
Bad debts recovered	26,605	25,021	1,584	6%
Gain/loss on disposal of assets	(244,074)	578,795	(822,869)	-142%
Interest and fiscal charges	(12,287,961)	(11,766,186)	(521,775)	4%
Other non-operating revenues	2,041,628	546,890	1,494,738	273%
Total non-operating expenses	<u>(10,178,144)</u>	<u>(10,396,630)</u>	<u>218,486</u>	<u>-2%</u>
Increase/(decrease) in net assets before capital contributions and special items	<u>1,094,213</u>	<u>(7,653,205)</u>	<u>8,747,418</u>	<u>114%</u>
Capital contributions	1,313,524	2,200,878	(887,354)	-40%
Change in net assets	<u>\$ 2,407,737</u>	<u>\$ (5,452,327)</u>	<u>\$ 7,860,064</u>	<u>-144%</u>

**BEXAR METROPOLITAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

As illustrated in Table 2, the most significant increase was in water sales to customers. Rainfall continued through July 2010 but stopped in August 2010 and revenues started increasing. Further, the District implemented a 7% rate increase effective September 1, 2010. Production expenses did increase by 5% but this was offset by a 12% decrease in administrative and general expenses. This was due primarily to a reclassification of certain departments from the administrative category to the operations category. Overall expenses only increased by 2% despite increased water sales which leads to higher production expenses. This reflects the District's continued effort to reduce costs.

Non-operating revenues were up \$1.5 million primarily due to the sale of easements and rental revenue on the District's water towers which were renegotiated to better reflect current market rates.

The only significant decrease in revenue was the continued decrease in developer capital contributions. This is due to the slow economy and lack of new building starts.

Capital Asset and Debt Administration

Capital Assets - The District's capital improvement plan consists of several major improvements and additions to the District's service area, including compliance related improvements. As of fiscal year end April 30, 2011, the District's capital assets totaled \$324,187,144 (net of depreciation). This amount includes land, a water treatment plant, transmission lines, machinery and equipment, capitalized interest, construction in progress, vehicles, software, water diversion rights, and other equipment. The total increase in capital assets during the year was \$11,606,330 or 4%. This change is due to the net effect of the purchase of transportation and construction equipment and a large number of capital projects completed during the year.

Construction in Progress (CIP) ended in 2010 with a balance of \$39,623,573. The net decrease in CIP in 2011 totaled \$7,132,651, this included closing of \$31,480,866 in completed projects and \$24,348,215 of additions, bringing the ending CIP balance to \$32,490,922. This decrease was due to the completion of several large construction projects.

Additional information on the District's capital assets can be found in Note 5. of this report.

Debt Administration - During the current fiscal year, the Bexar Metropolitan Water District Waterworks System Senior Lien Revenue Refunding Bonds, Series 2010 were issued in the amount of \$23,390,000. The purpose of the bond issuance was to refund a portion of the District's Commercial Paper. Subordinate Revenue Refunding Bonds, Series 2010A were issued in the amount of \$11,820,000 to refund 10,000,000 in taxable notes. Consequently, the District's total long term debt increased by \$14,562,827 to \$270,977,265, which is the net effect of the issuance of commercial paper notes in the current year, principal payments made during the fiscal year, changes in discounts, premiums and deferred refunding amounts and the accretion of interest on capital appreciation bonds. Subsequent to the fiscal year end, the District issued another \$5,000,000 in commercial paper notes, bringing the total notes currently outstanding to \$10,000,000.

**BEXAR METROPOLITAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

As a component of the District's debt management program, each bond indenture provides for a debt service coverage ratio covenant. The covenant states that the District shall generate, in each year, net revenues (all revenues, excluding grant revenues, less operating expenses, less depreciation expense) equal to 1.25 times the maximum annual principal and interest payments outstanding on the senior lien bonds during the fiscal year, less capitalized interest.

The District's debt service coverage ratio based on the activity for the year ended April 30, 2011 net of Component unit debt was 1.57. The District's debt service ratio based on the maximum annual payment and interest payment was 1.29.

As of the end of the fiscal year, the District improved its underlying ratings from the three major rating agencies, Fitch Ratings, Moody's Investor Services, Inc., and Standard & Poor's Rating Services (S&P) mainly because all three agencies increased the ratings of municipal debt. They are assigned as follows:

	Rating
Fitch Ratings	A
Moody's Investor Services, Inc	A1
Standard & Poor's Rating Services (S&P)	A

It should be noted that Fitch and S&P put the District on negative outlook due to changes in management and the passage of legislation that may affect the District. This legislation will be discussed later in this document.

See Note 11 for additional information on the changes in long term debt.

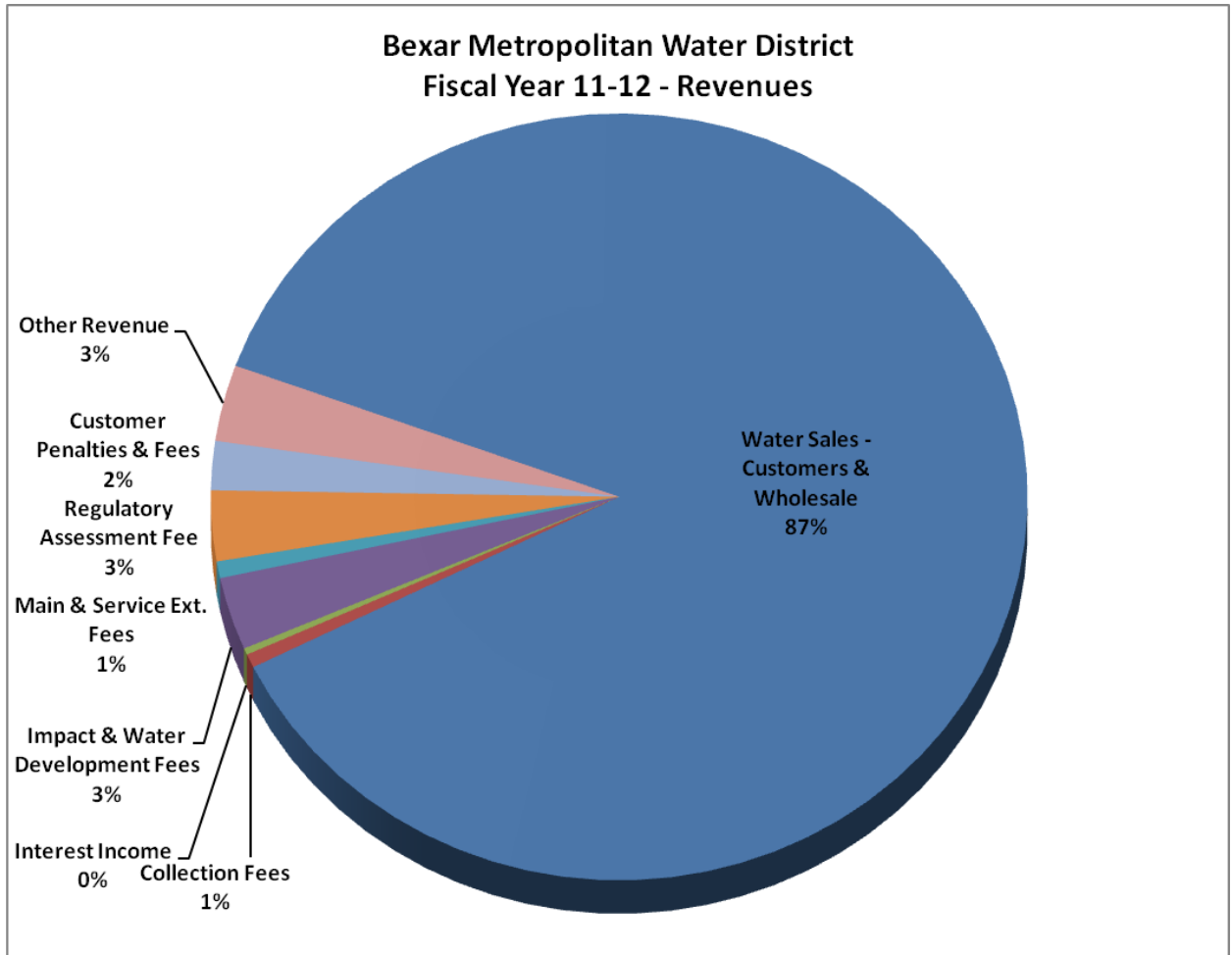
Economic Outlook for the Future

In developing the FY 2012 Operations and Maintenance budget, management considered numerous factors affecting the District's operations with regard to operational expenses as well as the generation of revenue. As it pertains to revenue, the season of the year, amount of rainfall, customer growth trends and changes in water rates and/or consumption are among the numerous factors that can affect the District's revenue stream. Conversely, while revenues are somewhat elastic due to demand, the expenses of the District are relatively fixed. These expenses are constant regardless of the volume of water sold to customers. The various aspects of the new budget are as follows:

- In FY 2012, it is projected that, of the \$75,776,545 in projected operating revenues, approximately 87% will be generated from water sales to customers and agreements with wholesale water purveyors. The next largest revenue component is impact and water development fees which are projected to be 3% of revenues. Additional revenue intakes are illustrated in Graph 1.

**BEXAR METROPOLITAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

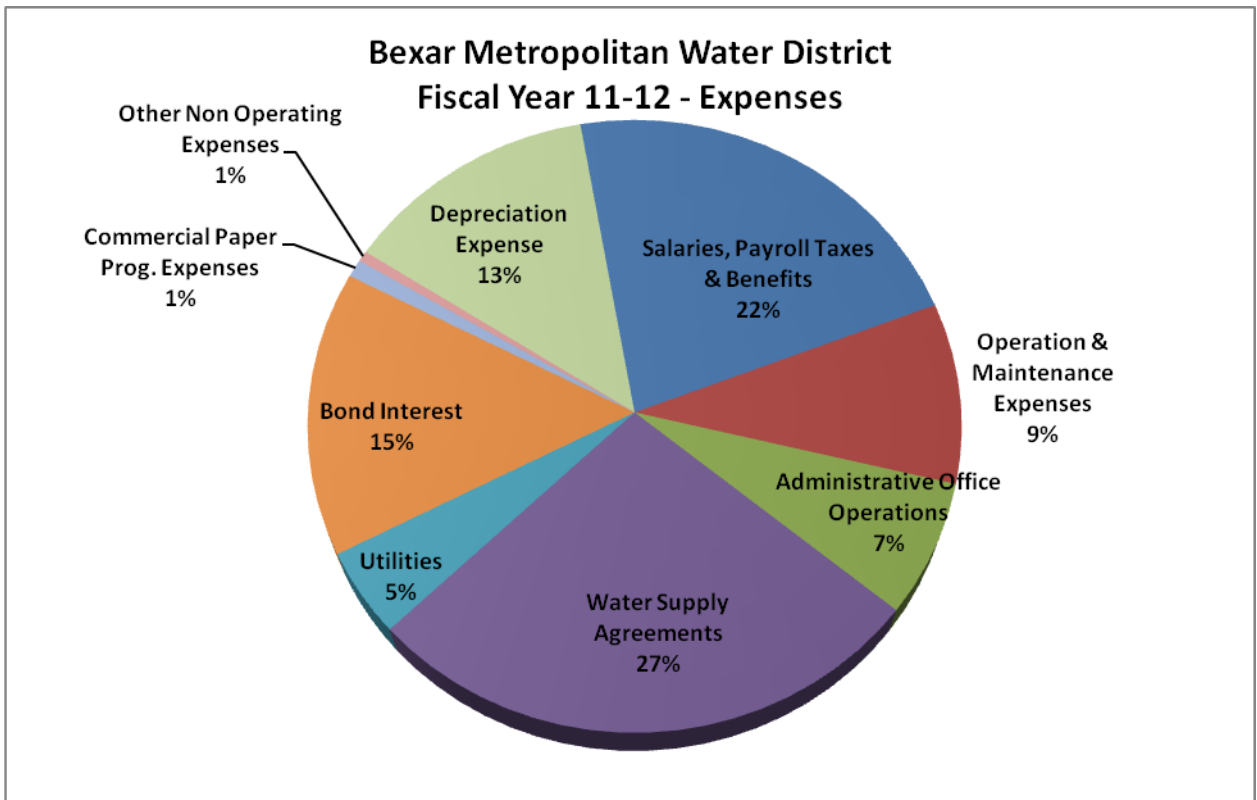
Graph 1



**BEXAR METROPOLITAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

As shown in Graph 2, the approved fiscal year 2011-2012 budgeted expenses for the District total \$77,719,598. As seen in the graph below, the largest source of the District's operational expenses are Water Supply Agreements, which constitute 27% (\$21,073,765) of the budget. These agreements are essential to the District's operation in that they provide diverse water resources that allow the District to not be solely dependent on the Edwards Aquifer. Further, Salaries, Payroll Taxes and Benefits are the next largest category of expenses, which amount to \$17,076,815 or 22% of the budget. This budget category consists of employee wages, payroll taxes and benefits for District employees, essential to the operation of the District. Other areas included in the District's budget include bond interest, depreciation expense, and operation & maintenance expenses.

Graph 2



- Based on the information previously illustrated, net assets are projected to increase by \$9,150.

Regarding the capital improvement program budget for FY 2012, the approved amount is \$29,091,074. These expenditures will be funded with a combination of short term debt, water development and impact fees, and District operating revenues.

**BEXAR METROPOLITAN WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

As in the prior year, the District utilized its restructured budget process to incorporate input from not only department directors, but from managers and supervisors who are in touch with the daily operational needs of the District. This budget process has led to a more realistic basis for the budget.

Requests for Information

This financial report is designed to provide a general overview of the Bexar Metropolitan Water District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Gregg Henderson, Interim Director of Finance at Bexar Metropolitan Water District, 2047 W. Malone, San Antonio, Texas 78225.

BASIC FINANCIAL STATEMENTS

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Government-wide Financial Statements

**BEXAR METROPOLITAN WATER DISTRICT
STATEMENT OF NET ASSETS
APRIL 30, 2011**

ASSETS	Business-Type Activities
CURRENT ASSETS	
Unrestricted current assets	
Cash and cash equivalents	\$ 13,708,188
Accounts receivable:	
District customers (net of allowance for uncollectible accounts)	8,975,775
Miscellaneous (net of allowance for uncollectible accounts)	1,851,048
Prepaid expenses	816,614
Current portion of notes receivable	628,524
Inventory	1,679,489
Total unrestricted current assets	27,659,638
Restricted current assets	
Cash and cash equivalents	25,435,829
Total restricted current assets	25,435,829
Total current assets	53,095,467
NONCURRENT ASSETS	
Unrestricted noncurrent assets	
Capital assets	
Land	6,819,189
Construction in progress	32,490,922
Capital assets being depreciated	406,446,927
Less: accumulated depreciation	(121,569,894)
Total capital assets (net)	324,187,144
Other assets	
Assets held for sale	2,461,249
Unamortized bond issuance costs	4,369,364
Deferred charge	525,000
Notes receivable	1,654,322
Total other assets	9,009,935
Total noncurrent assets	333,197,079
TOTAL ASSETS	\$ 386,292,546

The Notes to Financial Statements
are an integral part of this statement.

**BEXAR METROPOLITAN WATER DISTRICT
STATEMENT OF NET ASSETS
APRIL 30, 2011**

LIABILITIES AND NET ASSETS	<u>Business-Type Activities</u>
CURRENT LIABILITIES	
Current liabilities payable from unrestricted assets	
Accounts payable	\$ 10,088,822
Sewer and garbage collections	1,319,431
Accrued wages/payroll taxes payable	382,168
Prepaid customer accounts	477,369
Current portion of long term debt	5,190,485
Security deposits	274,821
Accrued vacation	373,043
Net pension liability	40,894
Other accrued expenses	212,547
Total unrestricted current liabilities	<u>18,359,580</u>
Current liabilities payable from restricted assets	
Revenue bonds payable within one year	6,615,000
Accrued bond interest payable	5,699,215
Total restricted current liabilities	<u>12,314,215</u>
Total current liabilities	<u>30,673,795</u>
NONCURRENT LIABILITIES	
Noncurrent portion of long term debt	<u>259,171,780</u>
Total noncurrent liabilities	<u>259,171,780</u>
TOTAL LIABILITIES	<u>289,845,575</u>
NET ASSETS	
Invested in capital assets, net of related debt	65,514,597
Restricted net assets	
Restricted for debt service	17,733,110
Restricted for construction	1,597,293
Restricted for contingencies	716,441
Total restricted net assets	<u>20,046,844</u>
Unrestricted net assets	<u>10,885,530</u>
TOTAL NET ASSETS	<u><u>\$ 96,446,971</u></u>

The Notes to Financial Statements
are an integral part of this statement.

**BEXAR METROPOLITAN WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED APRIL 30, 2011**

	Business-Type Activities
OPERATING REVENUES	
Water sales	\$ 65,020,111
Customer penalties and fees	1,511,286
Impact fees	1,130,724
Water development fees	1,466,000
Main and service extensions	459,759
Collection fees for sewer, garbage and fire protection	361,830
Fire protection	283,513
Regulatory fees	2,106,311
	Total operating revenues
	72,339,534
OPERATING EXPENSES	
Production expenses	38,721,295
Administrative and general expenses	11,030,834
Depreciation	11,315,048
	Total operating expenses
	61,067,177
Operating income	11,272,357
NON-OPERATING REVENUES (EXPENSES)	
Grant revenue	121,121
Interest earned	164,537
Bad debts recovered	26,605
Other non-operating revenues	2,041,628
Loss on disposal of capital assets	(244,074)
Interest and fiscal charges	(12,287,961)
	Total non-operating revenues (expenses)
	(10,178,144)
Increase in net assets, before capital contributions	1,094,213
Capital contributions	1,313,524
Change in net assets	2,407,737
NET ASSETS, beginning balance	94,039,234
NET ASSETS, ending balance	\$ 96,446,971

The Notes to Financial Statements
are an integral part of this statement.

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**BEXAR METROPOLITAN WATER DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2011**

	Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 62,562,893
Cash received from other services	5,828,751
Cash payments to suppliers for goods and services	(28,418,480)
Cash payments to employees for services	(15,765,763)
	24,207,401
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	164,537
	164,537
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Cash received from issuance of debt	14,034,879
Repayments of bad debt	26,605
Other non-operating revenues	2,212,749
Cash proceeds from sale of capital assets	435,634
Principal payments - bonds and notes	(5,605,000)
Principal payments - capital leases	(321,178)
Proceeds from issuance of commercial paper	16,000,000
Retirement of commercial paper	(11,000,000)
Bond issuance costs	(918,028)
Interest paid on capital debt	(10,118,172)
Purchase of capital assets	(23,771,256)
	(19,023,767)
Net cash used in capital and related financing activities	(19,023,767)
Net increase in cash and cash equivalents	5,348,171
Cash and cash equivalents, beginning of year	33,795,846
Cash and cash equivalents, end of year	\$ 39,144,017

The Notes to Financial Statements
are an integral part of this statement.

**BEXAR METROPOLITAN WATER DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED APRIL 30, 2011**

	<u>Business-Type Activities</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH	
Net operating income	\$ 11,272,357
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	11,315,048
(Increase) decrease in:	
Accounts receivable - district customers	(3,977,539)
Accounts receivable - miscellaneous	20,614
Inventory of materials and supplies	39,529
Prepaid expenses	2,219,588
Deferred charges	1,050,000
Increase (decrease) in:	
Accounts payable	2,532,596
Sewer and garbage collection payable	67,807
Accrued wages/payroll taxes	133,554
Credit balances in accounts receivable	9,035
Security deposits	55,773
Accrued vacation	(40,984)
Insurance claims liability	(450,695)
Accrued expenses - other	(39,129)
Net pension obligation	(153)
Net cash provided by operating activities	<u><u>\$ 24,207,401</u></u>
Noncash capital and financing activities:	
Contributions of capital assets from developers	\$ 1,313,524
Capitalized interest costs	651,149
	<u><u>\$ 1,964,673</u></u>
Reconcillation of cash and cash equivalents to the statement of net assets:	
Cash and cash equivalents	\$ 13,708,188
Restricted cash and cash equivalents	25,435,829
	<u><u>\$ 39,144,017</u></u>

The Notes to Financial Statements
are an integral part of this statement.

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Fund Financial Statements

**BEXAR METROPOLITAN WATER DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
APRIL 30, 2011**

	Retirement Income Plan Pension Trust Fund
ASSETS	
Noncurrent assets	
Investments, at fair value:	
Unallocated separate accounts	\$ 1,120,345
Invested in insurance company	8,294,170
Common trust funds	699,357
Total noncurrent assets	10,113,872
Total assets	10,113,872
 NET ASSETS	
Net assets	
Held in trust for pension benefits	\$ 10,113,872

The Notes to Financial Statements
are an integral part of this statement.

**BEXAR METROPOLITAN WATER DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
YEAR ENDED APRIL 30, 2011**

	<u>Retirement Income Plan Pension Trust Fund</u>
ADDITIONS:	
Contributions	
Employer	\$ 120,047
Total contributions	<u>120,047</u>
Investment earnings	
Net increase in the fair value of investments	1,130,479
Interest	<u>13,259</u>
Total investment earnings	<u>1,143,738</u>
Total additions	<u>1,263,785</u>
DEDUCTIONS:	
Benefits paid to plan members	336,608
Administrative expenses	<u>103,779</u>
Total deductions	<u>440,387</u>
Change in net assets	823,398
NET ASSETS, beginning balance	<u>9,290,474</u>
NET ASSETS, ending balance	<u><u>\$ 10,113,872</u></u>

The Notes to Financial Statements
are an integral part of this statement.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. ORGANIZATION AND OPERATIONS

Reporting Entity

The Bexar Metropolitan Water District (the District), a political subdivision of the State of Texas, was created in 1945 as a stand-alone agency by an Act of the 49th Legislature. Duties and functions of the District are in Article 8280-126 VATS, Title 128, Chapter 12. The District was created for the purpose of controlling, distributing and utilizing storm and flood waters of rivers and streams; and to control and regulate the accumulation and disposal of sewage and refuse.

The District's service area consists of approximately 277 square miles in Bexar, Atascosa, Medina, and Comal counties. The District services the Southside of San Antonio, the City of Castle Hills, the City of Somerset, the Northeast service area, the Northwest and Texas Research Park area, the Southeast area, the Chaparral service area and the North Central areas, which include the cities of Hill Country Village, Hollywood Park, and the Stone Oak subdivision. The District, on a contract basis, collects garbage and sewer revenues for various entities within its service area.

The District is governed by a seven member Board of Directors, elected from representative customer districts and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*", and is not included in any other governmental reporting entity.

Component Units

Under GASB 14 component units are organizations for which the District is financially accountable and all other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the District appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. The District may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the District. The financial statements of the component units may be discretely presented in a separate column from the primary government or blended with the financial statements of the primary government.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. ORGANIZATION AND OPERATIONS – CONTINUED

Component Units – Continued

GASB 39 added clarification to GASB 14, by including entities which meet all three of the following requirements:

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to access, are significant to the primary government.

These financial statements present the District and its component units, entities which are legally separate from the District, but which were organized exclusively for the purposes of benefiting and accomplishing public purposes of, and to act on behalf of, the District.

Blended component units, although legally separate entities are, in substance, part of the primary government's operations and thus, data from these units are generally combined with the data of the primary government. The District has two blended component units: Bexar Metropolitan Development Corporation and Bexar Metropolitan Water District Public Facility Corporation.

Each blended component unit has an April 30 year-end.

The Bexar Metropolitan Development Corporation was organized in January 1997 for the purpose of furthering the public purpose of the promotion and development of industrial and manufacturing enterprises, including the issuance and payment of the "Bexar Metropolitan Development Corporation Water Facility Contract Revenue Bonds, Series 1998". The Bexar Metropolitan Development Corporation is currently operating a water treatment facility that it leases to the District.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. ORGANIZATION AND OPERATIONS – CONTINUED

Component Units – Continued

The Bexar Metropolitan Water District Public Facility Corporation was organized in January 1997 to assist the District in financing, refinancing, or providing public facilities. This Corporation has the authority to finance the acquisition of District obligations issued or incurred in accordance with existing law, to provide for the acquisition, construction, rehabilitation, renovation, repair, and the equipping, furnishing and placement in service of public facilities of the District. As of April 30, 2011, the Bexar Metropolitan Water District Public Facility Corporation had not been activated.

Fiduciary Fund

The District is the trustee, or fiduciary, of the Retirement Income Plan Pension Trust Fund. Due to the existence of a trust arrangement, these assets can be used only for the trust beneficiaries. The District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These activities are excluded from the government-wide financial statements because the assets cannot be used to support or finance the District's operations.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement focus

The accompanying financial statements are reported using the economic resources measurement focus and full accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

The District operates as an enterprise (proprietary) fund. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operation. The principal operating revenues of the District are charges to customers for providing water. Operating expenses include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation

The District presents its financial statements in accordance with GASB Statement 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments” which provides guidance for governments engaged in business type activities. Accordingly, the basic financial statements and Required Supplementary Information (RSI) of the District consist of Management’s Discussion and Analysis, Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, Statement of Cash Flows, Notes to the Financial Statements, and Trend Information for the Retirement Plan.

The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). The District applies all applicable GASB pronouncements as well as any Financial Accounting Standards Board statements and interpretations, Accounting Principles Board opinions and Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

The lease activity between the District and the Development Corporation is eliminated for financial statement presentation.

The District also reports a fiduciary fund for the Defined Benefit Pension Plan. The pension trust fund accounts for the activities of the Defined Benefit Pension Plan, which accumulates resources for pension benefit payments to eligible employees. This fund is excluded from the government-wide statement of net assets and statement of revenues, expenses and changes in net assets since the assets are not available to support the District’s own programs.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the basic financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents are considered to be cash on hand, demand deposits, money market funds, and investments with a maturity of three months or less from the date of acquisition.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments

State statutes and the District's investment policies authorize the District to invest (short-term and long-term) in fully secured certificates of deposit, eligible investment pools, U.S. Treasury Obligations, U.S. Agency Issues, high-grade secured commercial paper, banker's acceptances, fully collateralized repurchase agreements and certain stock and bond funds.

Generally, short-term investments are stated at cost or amortized cost and long-term investments are reported at fair value. The District records any unrealized gains or losses on the long-term securities as non-operating revenues.

Inventory

Inventory consists of pipes, supplies, and other items used in the District's construction projects and system maintenance. These inventories are valued using the average cost method and are reported under the consumption method whereby inventory is expensed or capitalized (as a construction cost) when utilized.

Capital Assets

Capital assets, when purchased or constructed, are recorded at cost or estimated historical cost based on the corresponding asset class.

The capital asset accounts include all of the District's assets including public domain (infrastructure) assets such as drainage systems, which have value only to the District, and assets acquired through capital leases. Assets acquired through contributions; such as those from land developers, are capitalized and recorded as capital assets and capital contributions (revenue) at estimated fair value at date of donation.

It is the policy of the District to capitalize certain interest costs on revenue bonds and commercial paper associated with newly constructed capital asset additions. The applicable interest costs are reflected in the capitalized value of the assets constructed.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized but are charged to operating expense. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated and property under capital lease is amortized on the straight-line method using rates estimated to fully depreciate and amortize the costs of the asset group over their estimated useful lives.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets - Continued

The capitalization threshold and estimated useful lives are as follows:

<u>Asset Class</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Lives</u>
Land and land improvements	Capitalize All	N/A
Construction in progress	\$25,000 per project	N/A
Utility plant and distribution	\$25,000 per project	5 - 50 years
Buildings/improvements	\$25,000 per project	10 - 40 years
Water rights diversion	Capitalize All	40 years
Equipment	\$5,000 per unit or per system	5 - 10 years
Communication equipment	\$5,000 per unit or per system	10 years
Computer equipment	\$5,000 per unit or per system	5 years
Construction equipment	\$25,000 per project	5 - 10 years
Software	\$15,000 per project	5 years
Furniture and fixtures	\$5,000 per unit or per system	5 years
Vehicles	\$5,000 per unit or per system	5 years
Radio communication towers	\$5,000 per unit or per system	40 years

Compensated Absences

It is the District's policy to permit full time employees to accumulate earned but unused vacation and sick leave benefits. Vacation pay is accrued when earned and reported as a liability. Employees may accumulate from two to four weeks of vacation pay per year depending on their length of employment. As of April 30, 2011, accrued vacation payable is \$373,043 and is reflected as a current liability. Accumulated sick leave is not payable upon termination and is therefore not recorded as a liability at year-end.

Net Assets

Net assets are reported as (1) invested in capital assets net of related debt; (2) restricted for debt service, construction, contingencies, and employees' pension benefits, and; (3) unrestricted.

Revenue

Revenues are recognized as earned and generally result from providing water and sewer services to customers. Revenues resulting from other transactions are reported as non-operating revenues.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Impact Fees

Impact fees are recognized as a receivable and revenue at the time they are assessed, which is at the time of plat recordation, and when a contract is executed and a quotation for mains or services has been issued. In addition to that criteria, the probability of collection is considered. Since these resources are legally restricted for capital acquisition, their effect has been included in net assets restricted for construction.

Amortization of Bond Related Costs

Bond premiums, discounts, and loss on refunding are deferred and amortized over the life of the bonds using the effective interest method for premiums and discounts and the straight line method for loss on refunding. Bonds payable are reported net of the applicable premium/discount and loss. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the straight-line method.

Annual Budget

The Board of Directors approves an annual budget each fiscal year, which estimates the amount of funds available from all sources for expenditure by the District during the fiscal year. The annual budget serves as a control device in executing the programs approved therein.

Since the District operates as an enterprise fund, a Budget to Actual schedule is not required to be presented as part of the financial statements. However, a budget to actual schedule is included as supplementary information. The schedule reflects the original and final amended budget and compares the final amended budget to actual revenues and expenses. During the year the budget was not amended and expenses did not exceed appropriations in total. However, general and administrative expenses exceeded budget by \$1,092,355 and bond and other interest expense exceeded budget by \$860,592 for the year ended April 30, 2011.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits

At April 30, 2011, the carrying amount of the District's cash on deposit was \$770,626 and the bank balance was \$901,140. The District's cash deposits at April 30, 2011 and during the year ended April 30, 2011 were entirely covered by FDIC insurance and/or pledged collateral held by the District's pledging financial institution, as required by its investment policy and the Public Funds Investment Act.

Investments

As of April 30, 2011, the District had the following investments:

<u>Investment</u>	<u>Amount</u>	<u>Weighted Average Maturity (Days)</u>	<u>Standard & Poors Rating</u>
LOGIC	\$ 30,737,530	55	AAA
US Government Money Market	5,126,170	48	AAAm
US Treasury Money Market	<u>2,505,971</u>	50	AAAm-G
Total	<u><u>\$ 38,369,671</u></u>		

The District invests in the Local Governmental Investment Cooperative (LOGIC) and money market funds. LOGIC is a public funds investment pool established pursuant to the Interlocal Cooperation Act and Public Funds Investment Act of Texas. It is governed by an Interlocal contract among participants, by-laws and board oversight of its investment and operating policies. LOGIC operates the portfolio in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Accordingly, the fair value of the District's position in LOGIC is the same as the value of LOGIC's shares and does not include any unrealized gains and losses.

LOGIC was organized in 1994 in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Texas Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The Public Funds Investment Act allows eligible local governments, state agencies, and non-profit corporations of the State of Texas to jointly invest their funds in permitted investments. LOGIC's governing body is a six member Board of Directors comprised of employees, officers, and elected officials. The day to day administration is performed by First Southwest Asset Management, Inc. and JP Morgan Chase provides participant support and marketing services. First Southwest Asset Management, Inc. provides administrative and participant support and marketing services.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. DEPOSITS AND INVESTMENTS – CONTINUED

Investments – Continued

JP Morgan Chase provides investment management, custody, fund accounting, and transfer agency services. Financial information for LOGIC can be obtained by calling 1-800-TX-LOGIC or by requesting it by e-mail at info@logic.org

The District maintains funds in a U.S. Government Money Market Fund and a U.S. Treasury Money Market Fund, which are invested by the District’s agent in short-term obligations issued by the U.S. Government, its agencies or instrumentalities and repurchase agreements fully collateralized by these securities. The District reflects these funds as cash and cash equivalents.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District’s investment policy limits the maturities of investment pools and money market mutual funds to a weighted average maturity of less than ninety (90) days and two (2) years, respectively.

Credit Risk. In accordance with the District’s investment policy, investments in investment pools must be rated at least AAA, AAA-m, or its equivalent, and investments in money market mutual funds must be rated at least AAA.

Concentration of Credit Risk. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer.

The following is a reconciliation of deposits and investments from the notes to the statement of net assets:

Deposits and investments consist of the following:

Cash on hand	\$ 3,720
Deposits	770,626
Money market funds	7,632,141
LOGIC	30,737,530
	39,144,017
Total	\$ 39,144,017

Totals from Statement of Net Assets:

Unrestricted	\$ 13,708,188
Restricted	
Interest and sinking funds	10,559,972
Reserve funds	10,852,752
Construction funds	1,661,100
Contingency funds	2,362,005
	13,375,834
Total	\$ 39,144,017

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 4. ACCOUNTS RECEIVABLE

District Customers

The District customer accounts receivable consists of amounts due from customers for water. Included in this amount is \$3,378,984 of unbilled water receivables and an allowance for uncollectible accounts of \$2,156,955.

Miscellaneous Receivables

Miscellaneous receivables are comprised of the following:

Impact fees	\$ 894,717
NSF checks	241,453
Service installations	354,911
Texas Department of Transportation	124,163
Repairs	166,383
SAWS information agreement	99,787
Fire hydrants	145,408
Timberwood assessment fees	7,739
Other miscellaneous receivables	45,613
Less: Allowance for uncollectible accounts	<u>(229,126)</u>
Total	<u><u>\$ 1,851,048</u></u>

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5. CAPITAL ASSET ACTIVITY

Capital asset activity for the year ended April 30, 2011 was as follows:

	Beginning Balance May 1, 2010	Additions	Deletions	Ending Balance April 30, 2011
Capital assets, not subject to depreciation				
Land	\$ 6,819,554	\$ -	\$ 365	\$ 6,819,189
Construction in progress	39,623,573	24,348,215	31,480,866	32,490,922
Total capital assets not subject to depreciation	46,443,127	24,348,215	31,481,231	39,310,111
Capital assets, being depreciated				
Utility plant and distribution	342,912,559	29,501,529	2,655,284	369,758,804
Buildings and improvements	8,951,759	967,938	-	9,919,697
Equipment	17,165,011	13,348	32,292	17,146,067
Software	865,832	-	-	865,832
Vehicles	3,464,466	138,692	94,059	3,509,099
Water rights diversion	4,332,215	-	-	4,332,215
Furniture and fixtures	903,182	12,031	-	915,213
Total capital assets being depreciated	378,595,024	30,633,538	2,781,635	406,446,927
Less accumulated depreciation for:				
Utility plant and distribution	(92,253,090)	(9,576,074)	(2,075,932)	(99,753,232)
Buildings and improvements	(3,338,040)	(350,235)	-	(3,688,275)
Equipment	(11,117,142)	(915,037)	(32,101)	(12,000,078)
Software	(831,994)	(10,495)	-	(842,489)
Vehicles	(2,726,538)	(354,801)	(94,459)	(2,986,880)
Water rights diversion	(1,287,352)	(108,306)	-	(1,395,658)
Furniture and fixtures	(903,182)	(100)	-	(903,282)
Total accumulated depreciation	(112,457,338)	(11,315,048)	(2,202,492)	(121,569,894)
Total capital assets, net	\$ 312,580,813	\$ 43,666,705	\$ 32,060,374	\$ 324,187,144

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5. CAPITAL ASSET ACTIVITY – CONTINUED

Depreciation expense for the current year was \$11,315,048.

Capital assets in the amount of \$7,722,602 are considered idle as of April 30, 2011, of which \$3,761,784 are being depreciated.

NOTE 6. CAPITALIZED INTEREST COSTS

Interest costs incurred on revenue bonds and commercial paper totaled for the year ended April 30, 2011 \$11,780,427 and \$651,149 was capitalized as part of the cost of the District's construction projects.

NOTE 7. ASSETS HELD FOR SALE

The District has the following properties that have been identified and authorized by its Board for sale. These properties remain on the District's records at their cost, as assets held for sale.

	Value
Straus Medina Land	\$ 2,263,357
12720 S. Zarzamora	85,348
Uptmore Land	83,494
23306 Post Oak Park	10,851
428 Carlisle	7,220
922 Vickers	6,167
426 Carlisle	4,812
Total	\$ 2,461,249

NOTE 8. DEFERRED CHARGE

Pursuant to a settlement agreement dated December 9, 2009 between the District and Water Exploration Co. (WECO) relating to the Water Supply Agreement – Stein Tract, the District can apply a \$2.1 million credit over two years from November 1, 2009 through October 31, 2011, at \$87,500 per month against any amount due WECO. During the year ended April 30, 2011 the District applied \$1,050,000 of the \$2.1 million credit against amounts due WECO, leaving a deferred charge balance of \$525,000 at April 30, 2011.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 9. NOTES RECEIVABLE

In April 2011, the District entered an agreement to sell personal property, consisting of water wells and related equipment, in exchange for two notes receivable totaling \$2,282,846. The notes are payable with monthly installments of \$56,067, including interest at 2%, which offsets amounts owed by the District pursuant to a water supply agreement with Water Exploration Co., Ltd. Monthly installments began in May 2011 and continue through May 2014 and April 2016.

NOTE 10. OPERATING LEASES

The District leases a mail machine and several copiers under non-cancelable operating leases. Total costs for such leases were \$87,014 for the year ended April 30, 2011. Future minimum lease payments follow:

<u>Year Ending April 30,</u>	<u>Amount</u>
2012	\$ 75,547
2013	60,944
2014	<u>30,894</u>
Total	<u>\$ 167,385</u>

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 11. LONG TERM DEBT

A summary of changes in long term debt for the year ended April 30, 2011 is as follows:

	Outstanding May 01, 2010	Additions	Deductions	Outstanding April 30, 2011	Due Within One Year
Bonds payable:					
Revenue bonds payable	\$ 230,400,028	\$ 23,390,000	\$ (5,480,000)	\$ 248,310,028	\$ 6,490,000
Subordinate revenue notes payable	875,000	11,820,000	(125,000)	12,570,000	125,000
Taxable note payable	10,000,000	-	(10,000,000)	-	-
Less deferred amounts:					
(Discounts)/premiums	484,391	(493,827)	(95,168)	(104,604)	-
Accounting loss	(5,303,261)	(703,534)	374,533	(5,632,262)	-
Total bonds payable	<u>236,456,158</u>	<u>34,012,639</u>	<u>(15,325,635)</u>	<u>255,143,162</u>	<u>6,615,000</u>
Accretion of interest on capital appreciation bonds	9,446,617	1,197,001	-	10,643,618	-
Commercial paper notes payable	10,000,000	16,000,000	(21,000,000)	5,000,000	5,000,000
Capital leases payable	<u>511,663</u>	<u>-</u>	<u>(321,178)</u>	<u>190,485</u>	<u>190,485</u>
Total	<u>\$ 256,414,438</u>	<u>\$ 51,209,640</u>	<u>\$ (36,646,813)</u>	<u>\$ 270,977,265</u>	<u>\$ 11,805,485</u>

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 11. LONG TERM DEBT

Bonds payable at April 30, 2011 is comprised of the following individual issues:

	Interest Rates	Issue Amount	Outstanding at April 30, 2011
Revenue bonds payable			
Waterworks System Revenue Bonds, Series 1998	3.75% to 5.60%	\$ 66,653,827	\$ 33,662,217
Water Facility Contract Revenue Bond, Series 1998	4.00% to 5.50%	30,296,424	19,051,424
Waterworks System Revenue Refunding Bonds, Series 2002	3.00% to 5.37%	57,700,000	24,785,000
Waterworks System Revenue Refunding Bonds, Series 2006	4.25% to 5.00%	53,741,387	51,181,387
Waterworks System Revenue Refunding Bonds, Series 2007	4.50% to 5.00%	31,235,000	29,155,000
Waterworks System Revenue Refunding Bonds, Series 2009	2.00% to 5.00%	67,215,000	67,085,000
Waterworks System Senior Lien Revenue Refunding Bonds, Series 2010	3.00% to 5.88%	23,390,000	<u>23,390,000</u>
Total revenue bonds payable			248,310,028
Subordinate revenue notes payable			
Subordinate Revenue Notes, Series 1995A	0.00%	2,500,000	750,000
Subordinate Revenue Refunding Bonds, Series 2010A	2.80% to 7.30%	11,820,000	<u>11,820,000</u>
Total subordinate revenue notes payable			<u>12,570,000</u>
Total bonds payable			<u><u>\$ 260,880,028</u></u>

Revenue Bonds Payable

The District issues revenue bonds to refund other bond issues and/or commercial paper notes, to provide funds for construction, repair and maintenance of existing facilities, to acquire new systems, and to pay the issuance costs. These bonds constitute special obligations of the District and are secured by revenues from the District's operation.

On January 11, 2011, the District issued \$23,390,000 of Waterworks System Senior Lien Revenue Refunding Bonds, Series 2010 with interest rates of 3.000% to 5.875% to refund \$21,000,000 of commercial paper notes. The refunded commercial paper notes had an interest rate of 0.35%.

On January 11, 2011, the District advance refunded \$10,000,000 on a taxable note due May 1, 2011. The net proceeds of \$10,197,198 were deposited with an escrow agent. As a result of the current refunding, the District increased its aggregate debt service payment to maturity by \$8,815,324 and incurred an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$470,686.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 11. LONG TERM DEBT – CONTINUED

Revenue Bonds Payable – Continued

In prior years, the District defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account asset and liability for the defeased bonds are not included in the District's financial statements. At April 30, 2011, \$52,554,000 of bonds outstanding are considered defeased, which includes the bonds defeased in the current year.

The District has not defaulted on any principal or interest payments. There are a number of limitations and restrictions contained in the bond indentures. Management has complied with all significant limitations and restrictions through April 30, 2011.

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; therefore, the estimated liability is updated at that time for all tax-exempt issuances or when there is a change in yields. The District had no arbitrage rebate liability at April 30, 2011.

The annual debt service requirements for the revenue bonds as of April 30, 2011 are as follows:

Year Ending April 30,	Amount	Interest	Accreted Interest	Total
2012	\$ 6,490,000	\$ 11,055,606	\$ -	\$ 17,545,606
2013	6,730,000	11,054,233	-	17,784,233
2014	7,395,000	10,770,500	-	18,165,500
2015	6,765,069	11,412,863	924,838	19,102,770
2016	6,903,143	11,208,032	966,857	19,078,032
2017-2021	39,193,001	52,010,380	5,361,999	96,565,380
2022-2026	51,075,118	39,701,702	3,554,882	94,331,702
2027-2031	45,414,945	39,109,218	14,865,458	99,389,621
2032-2036	40,203,752	25,491,460	11,065,933	76,761,145
2037-2041	38,140,000	3,769,084	-	41,909,084
Totals	<u>\$ 248,310,028</u>	<u>\$ 215,583,078</u>	<u>\$ 36,739,967</u>	<u>\$ 500,633,073</u>

Revenue bonds payable interest is payable semi-annually on May 1 and November 1 each year.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 11. LONG TERM DEBT – CONTINUED

Subordinate Revenue Notes Payable

On January 11, 2011, the District issued \$11,820,000 of Waterworks System Subordinate Lien Revenue Refunding Bonds, Series 2010A with interest rates of 2.891% to 7.300% to refund \$10,000,000 Bexar Metropolitan Water District Taxable Notes, Series 2008 with a 4.03% interest rate.

The annual debt service requirements for the revenue notes payable as of April 30, 2011 are as follows:

Year Ending April 30,	Principal	Interest	Total
2012	\$ 125,000	\$ 604,528	\$ 729,528
2013	700,000	742,137	1,442,137
2014	715,000	724,105	1,439,105
2015	740,000	701,199	1,441,199
2016	765,000	673,492	1,438,492
2017-2021	4,015,000	2,485,545	6,500,545
2022-2025	5,510,000	1,265,820	6,775,820
Total	<u>\$ 12,570,000</u>	<u>\$ 7,196,826</u>	<u>\$ 19,766,826</u>

Subordinate revenue bonds payable interest is payable semi-annually on May 1 and November 1 each year.

Taxable Notes

On January 28, 2008, the District issued \$10,000,000 of Bexar Metropolitan Water District Taxable Notes, Series 2008 with a 4.03% interest rate. The note was scheduled to mature on May 1, 2011, and was refunded in full during the fiscal year ended April 30, 2011. The District does not have any taxable notes outstanding at April 30, 2011.

Commercial Paper Note Program

On July 1, 2002, the Board of Directors approved \$50,000,000 of “Bexar Metropolitan Water District Commercial Paper Notes” that are used to provide funds for the interim financing of a portion of capital improvements to the District and to refinance, renew, or refund the existing notes.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 11. LONG TERM DEBT – CONTINUED

Commercial Paper Note Program – Continued

The District has covenanted to maintain, at all times, credit facilities with banks or other financial institutions which would provide available borrowing sufficient to pay the principal of the commercial paper notes.

The borrowings under the Commercial Paper Note Program are equally and ratably secured by and are payable from (1) the proceeds from the sale of the bonds and (2) borrowing under and pursuant to the credit agreement.

To further support the issuance of the commercial paper notes, the District entered into a letter of credit and reimbursement agreement (Agreement) with Wells Fargo Bank on December 29, 2010 to replace a letter of credit agreement with Bank of America. Pursuant to the Agreement, the Bank is obligated to loan to the District an aggregate amount not to exceed \$50,000,000, plus 270 days interest at 15% or \$5,547,946, for the purpose of paying amounts due under the Commercial Paper Note Program. Any borrowings under the Agreement are equally and ratably secured by and payable from the above mentioned sources pledged for payment of the Commercial Paper Note Program and from a pledge of the Net Revenues of the District, such pledge being subordinate to the pledge of Net Revenues securing all Senior Lien Obligations.

At April 30, 2011, the \$5,000,000 of commercial paper notes is classified as current, due to the District's June 2011 default of the Agreement with Wells Fargo Bank. As a result of the default, the entire outstanding balance of commercial paper will be due December 29, 2011. See Note 19 for further information. The interest rate on the notes outstanding at year-end was 0.44%.

Capital Leases Payable

The District entered into various lease agreements for financing the acquisition of heavy equipment, equipment, and vehicles. These lease agreements meet the definition of a capital lease for accounting purposes and, therefore, are recorded at the present value of future minimum lease payments as of the inception date. The terms of the leases are for 5 to 8 years with payments of \$24,283 monthly and \$291,396 annually and annual percentage rates from 3.55% to 5.25%. At the end of the respective lease terms, the ownership of the asset transfers to the District or the District has the option to purchase the asset. The leases are included as part of capital assets in the amounts of \$2,166,174 (utility plant and distribution). The related amortization is included in accumulated depreciation within the same category of the asset in the amount of \$1,296,095.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 11. LONG TERM DEBT – CONTINUED

Capital Leases Payable – Continued

Future minimum capital lease payments follow:

Year Ending April 30,	Amount
2012	\$ 194,257
Total minimum lease payments	194,257
Less: Amount representing interest	(3,772)
Present value of future minimum lease payments	\$ 190,485

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; business interruptions; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance for these risks of loss. Settled claims resulting from other risks of loss have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District contracts with the Texas Municipal League (TML) to provide workers' compensation insurance. This multiple-employer account provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML. Liability by the District is generally limited to the contributed amounts.

NOTE 13. DEFINED BENEFIT PENSION PLAN

Plan Description

The Bexar Metropolitan Water District Retirement Income Plan (the Plan) is a single-employer defined benefit pension plan that covers all of its eligible employees. The Plan is governed by the District, who is authorized to establish and amend all plan provisions. The District has delegated the authority to manage certain plan assets to The Standard Insurance Company and GE Private Asset Management. The Standard Insurance Company issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be requested and obtained from the District's offices. The District's covered payroll for employees at May 1, 2010 (beginning of the Plan year) under this contract was \$8,340,178.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 13. DEFINED BENEFIT PENSION PLAN – CONTINUED

Plan Amendment

On June 30, 2008, the Board elected to freeze pension benefits and entry into the Plan effective September 30, 2008.

Eligibility

Prior to freezing entry into the Plan, employees were eligible to enter on May 1 (March 1 prior to May 1, 2007) and six months later following completion of 12 months of employment and attaining age 21. Participating employees accrue benefits if they work at least 1,000 hours per plan year. A terminating participant who has completed five years of service is entitled to receive a vested benefit starting on his normal retirement date. The amount of the benefit is equal to the retirement income earned on the basis of service to date and provided by employer contributions multiplied by the appropriate vested percentage from the table below, plus the benefit, if any, provided by the employee after-tax contributions.

<u>Years of Service</u>	<u>Vested Percentages</u>
Less than 5	0%
5 or more	100%

Notwithstanding the above schedule, the accrued benefits are 100% vested when an actively employed participant attains retirement age, becomes total and permanently disabled, or deceases. Any benefits derived from employee contributions are always 100% vested.

Retirement Benefit

Effective March 1, 1996, the normal retirement benefit is a monthly retirement income equal to 40% of basic monthly earnings reduced proportionally for less than 20 years of service. Basic monthly earnings are the average of the participant's monthly earnings over the last ten complete calendar years after December 31, 1990.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 13. DEFINED BENEFIT PENSION PLAN – CONTINUED

Summary of Significant Accounting Policies—Basis of Accounting and Valuation of Investments

The financial statements of the Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. The District's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. All Plan investments are reported at fair value.

Concentration of Credit Risk

Identification, by amount and issuer, of investments in any one issuer that represent 5 percent or more of plan net assets (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments) follows:

Investments	Amount at April 30, 2011
Standard Insurance Company	\$ 1,819,702
Genworth Financial Trust Company	<u>8,294,170</u>
Total	<u>\$ 10,113,872</u>

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 13. DEFINED BENEFIT PENSION PLAN – CONTINUED

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the Plan's board. The Plan's funding policy provides for actuarially determined periodic contributions so that sufficient assets will be available to pay benefits as they come due. The unit credit method is used for the actuarial cost. Under this method, the actual or expected accrued benefit of each participant is allocated to the year in which it accrues. The normal cost is the present value of benefits expected to accrue in the current year. The actuarial cost is based on the following assumptions:

Standard Insurance Company
Actuarial Assumption

Date of actuarial valuation	May 1, 2010
Actuarial cost method	Unit Credit
Asset valuation method	Market value
Inflation rate	None*
Investment return	7.5%
Projected salary increases	5%
Post-retirement benefit increases	None*
Amortization method	30 year level dollar amortization

* No assumption assumed by actuary

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 13. DEFINED BENEFIT PENSION PLAN – CONTINUED

Annual Pension Cost

The District made contributions to the plan totaling \$120,047 during the year ended April 30, 2011. The annual pension cost, percentage of annual pension cost contributed, and the net pension obligation data at the end of the plan year and for each of the preceding two years is as follows:

<u>Plan Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of Annual Pension Cost Contributed</u>	<u>Net Pension Obligation (NPO) (Asset)</u>
April 30, 2011	\$ 119,894	100.13%	\$ 40,894
April 30, 2010	254,018	0%	41,047
April 30, 2009	188,930	98.86%	(212,971)

Calculation of the net pension obligation follows:

	<u>For the Plan Year Ending April 30, 2011</u>
(1) Net pension obligation at May 1, 2010	\$ 41,047
(2) Interest on net pension obligation (NPO) = (1) * 7.50	3,080
(3) Annual required contribution (ARC)	120,047
(4) Amortization factor	12.696
(5) Adjustment to ARC = (1) / (4)	3,233
(6) Annual pension cost (APC)	119,894
(7) Actual contribution made	120,047
(8) Increase/(decrease) in the NPO = (6) - (7)	(153)
(9) Net pension obligation at plan year end = (1) + (8)	40,894

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 13. DEFINED BENEFIT PENSION PLAN – CONTINUED

Funded Status and Funding Progress

The funded status as of May 1, 2010, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	May 1, 2010
(1) Actuarial value of assets	\$ 9,290,474
(2) Actuarial accrued liability	9,565,628
(3) Funded ratio (1)/(2)	97.1%
(4) Unfunded (overfunded) actuarial accrued liability (UAAL) (2)-(1)	275,154
(5) Annual covered payroll	8,340,178
(6) UAAL as a percentage of covered payroll [(2)-(1)]/(5)	3.3%

The schedule of funding progress, presented as required supplementary information (RSI) 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 14. DEFINED CONTRIBUTION PLAN

The District provides pension benefits for all of its full-time employees through the Bexar Metropolitan Water District Employees' 457 Plan (the 457 Plan), a single-employer defined contribution plan. The District is the sponsor and administrator of the 457 Plan and The Standard Insurance Company is the custodian and paying agent. As the administrator of the 457 Plan, the District reserves the right to amend, modify or terminate this Plan at any time.

The 457 Plan was adopted January 1, 1997 to offer qualifying employees the opportunity to defer compensation until retirement or other occasion for distribution of benefits. The 457 Plan was amended effective October 1, 2008 to provide for automatic deferrals, employer matching contributions, vesting, and loan provisions.

Effective October 1, 2008, all full-time employees are required to participate and defer 5% of their compensation, for each payroll period, to the 457 Plan, which is also the District's matching contribution. Although employees may elect to defer more than 5% of their compensation to the 457 Plan, the excess of 5% is not matched by the District. Federal law places a limit on the total amount that an employee may defer in any calendar year, and for calendar year 2010, the limit was \$16,500.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 14. DEFINED CONTRIBUTION PLAN – CONTINUED

Employees are eligible to participate in the 457 Plan after three (3) months of service with the District as a full-time employee and entry dates into the plan are quarterly. Employees vest in the Plan upon completion of one year of service with the District.

Covered employees are eligible to retire upon attaining the normal retirement age, which is the earlier of age 65 or the age at which the sum of their age and years of service equals 90.

At April 30, 2011 there were a total of 304 employees participating in the 457 Plan. During the fiscal year ended April 30, 2011, employees deferred \$752,221 of their compensation to the 457 Plan and the District's matching contribution totaled \$174,707.

NOTE 15. POST-EMPLOYMENT BENEFITS

The District provides health care insurance benefits for retired employees and participants of the Bexar Metropolitan Water District Retirement Income Plan. To become eligible, the employee must retire from the District with a monthly income benefit (not lump sum distribution) from the Retirement Income Plan and make an election for health benefits according to his/her eligibility. If an election for coverage is not selected, or a dependent/spouse is not enrolled, the employee will not be eligible to pick up coverage or enroll any dependent in the future.

The health care insurance benefits are as follows:

Premium Reimbursement Program - an employee who retires after January 6, 1997 and commences to receive a monthly benefit from the District's pension plan is eligible to receive a reimbursement of the lesser of \$100 per month or the amount of the medical and/or dental insurance premium.

This plan was offered as part of the Retirement Plan and was frozen by the District on September 30, 2008. The District continues to pay premiums for those participants that were in the plan prior to it being frozen.

Premium Paid in Full Program - an employee who retires after January 1, 2003 is eligible for health care insurance benefits at no charge if the following requirements are met:

- Twenty years of uninterrupted service with the District, and
- A combination of age plus the years of service that equals 90, with the minimum age being 55.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 15. POST-EMPLOYMENT BENEFITS – CONTINUED

Health benefits continue through the age of sixty-five, at which time Medicare becomes the primary coverage and this plan becomes secondary coverage.

Reduced Rate Program - an employee who retires after January 1, 2003 is eligible for purchased health benefits at a reduced rate if the following requirements are met:

- Twenty years of uninterrupted service with the District, but less than the rule of 90, and
- Minimum age of 55.

Health benefits continue through the age of 65, at which time Medicare becomes the primary coverage and this plan becomes secondary coverage.

Premium Reimbursement Program: The District had one participant in the premium reimbursement program during the year. Insurance premiums paid by the District on their behalf totaled \$1,471 for the year ended April 30, 2011.

Premium Paid in Full and Reduced Premium Programs: The District provides health insurance for retirees through its self-insurance program and recognizes the cost of providing these benefits on a pay-as-you-go basis by expensing the annual insurance premium. This accounting treatment is utilized due to there being no more than two participants since the inception of the program. The District had two participants in the premium paid in full program and none in the reduced premium program during the current year. Insurance premiums and claims paid totaled \$5,286 at April 30, 2011.

As of April 30, 2011, the premium paid in full and the reduced premium programs were terminated by the District and will no longer be offered to employees; however, the District will continue to pay for the existing participating employees.

NOTE 16. WATER LEASE AGREEMENTS

The District leases water rights from individuals with an Edwards Aquifer Authority water permit. Total costs for such leases were \$1,551,231 for the year ended April 30, 2011.

NOTE 17. CONTINGENCIES AND COMMITMENTS

Pending Litigation

The District is the subject of various claims and litigation, which have arisen in the ordinary course of its operations. Management, in consultation with legal counsel, is of the opinion that the District's liabilities in certain cases, if decided adversely to the District, could be material. However, the District's legal counsel is unable to form a judgment that an unfavorable outcome is either possible or remote.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 17. CONTINGENCIES AND COMMITMENTS – CONTINUED

Construction Contracts

The District is committed under various contracts for completion of construction or acquisition of capital assets totaling approximately \$10,846,906 as of April 30, 2011.

Water Purchase Contracts

The District entered into a water supply agreement in 1991 with Bexar-Medina-Atascosa Counties W.C.I.D. No. 1 (BMA) to purchase water. The agreement was amended in 1992, 1995, 1999, 2003 and 2008. The basic term of this contract is fifty (50) years with an additional forty (40) year option. The contract requires the District to take or pay 19,974 acre feet per year at rate of \$69 per acre feet until January 1, 2013 when the price will be adjusted.

The District entered into a forty (40) year regional tax-exempt water supply contract with Canyon Regional Water Authority (CRWA). This contract requires the District to take or pay for 4,000 acre feet of water. Minimum amounts will be recalculated each year. The District also has the responsibility to fund a proportionate share of all capital and operating agreements with this entity.

The District entered into a ten-year water purchase agreement in 2003, as amended with Canyon Lake Water Supply Corporation. The District has agreed to buy 500,000 gallons per day of treated potable water. Additionally, the District agrees to sell 600 acre feet per annum of its 2,000 acre feet per annum of “out-of-district” water allocation from Canyon Lake Reservoir. However, no “out-of-district” water has been made available to the District.

On March 28, 2007, the District entered into a twenty-five (25) year water supply agreement with Water Exploration Co., Ltd. (WECO) to provide Trinity Aquifer water to its Hill Country service area. Effective November 2009, the District can apply a \$2.1 million credit over two years from November 1, 2009 through October 31, 2011, at \$87,500 per month against any amount due WECO.

Beginning December 22, 2009, without regard to the amount of water produced from the wells, the District is to pay WECO each month at least the monthly minimum payment. The monthly payment is 1/12th of the amount calculated by multiplying the price for that production year by 1,000 gallons of the annual production amount. However, if 1/12th of the annual production amount is not available from the wells during the calendar month, then the District’s payment for that calendar month shall be based solely on the water actually produced.

**BEXAR METROPOLITAN WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS**

NOTE 18. SUBSEQUENT EVENTS

Subsequent to year end, the District has borrowed an additional \$5,000,000 under the Commercial Paper Note Program.

During the 82nd Texas Legislative Session, Senate Bill 341 (SB 341) was passed, with portions to be effective June 17, 2011 and other portions to be effective upon preclearance. SB 341 requires that an election be held in the District by the next uniform election date, to decide by a majority of its voters, whether the District shall be dissolved and all of the District's assets, obligations, and duties be transferred to the San Antonio Water System.

The enactment of Senate Bill 341 triggered an event of default under the letter of credit and reimbursement agreement with Wells Fargo Bank. On July 20, 2011, Wells Fargo issued a Limited Issuance Notice to the District and Paying Agent which halted all borrowings under the Commercial Paper Note Program. The letter of credit expires on December 29, 2011 at which time, all amounts outstanding under the Commercial Paper Note Program will become due.

On September 6, 2011, the United States Justice Department gave preclearance to the election which means the decision to dissolve the District will be decided by the rate payers. The decision to dissolve the District will be placed on the ballot for the November 2011 election.

Subsequent to year end, the District entered into a contract to sell the Straus Medina Land property listed as assets held for sale for \$4,037,000.

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REQUIRED SUPPLEMENTARY INFORMATION

**BEXAR METROPOLITAN WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION – (UNAUDITED)
RETIREMENT INCOME PLAN**

Schedule of Funding Progress

Historical trend information about the Bexar Metropolitan Water District Retirement Income Plan (the Plan) is presented herewith as required supplementary information. It is intended to help users assess the Plan's funding status on an on-going basis, assess progress made in accumulating assets to pay benefits as they come due, and make comparisons with other utility retirement systems.

<u>Actuarial Valuation Date</u>	<u>May 1, 2010</u>	<u>May 1, 2009</u>	<u>May 1, 2008</u>
(1) Actuarial value of assets	\$ 9,290,474	\$ 8,456,703	\$ 11,629,134
(2) Actuarial accrued liability	9,565,628	9,987,780	10,163,664
(3) Funded ratio (1)/(2)	97.1%	84.7%	114.4%
(4) Unfunded (overfunded) actuarial accrued liability (UAAL) (2)-(1)	275,154	1,531,077	(1,465,470)
(5) Annual covered payroll	8,340,178	9,037,568	10,345,686
(6) UAAL as a percentage of covered payroll [(2)-(1)]/(5)	3.3%	16.9%	(14.2%)

Note: The Standard Insurance Company issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be requested and obtained from the District's offices.

OTHER SUPPLEMENTARY INFORMATION

**BEXAR METROPOLITAN WATER DISTRICT
COMBINING SCHEDULE OF NET ASSETS
APRIL 30, 2011**

ASSETS	Bexar Metropolitan Water District	Bexar Metropolitan Development Corporation	Eliminating Entries	Total
CURRENT ASSETS				
Unrestricted current assets				
Cash and cash equivalents	\$ 12,910,791	\$ 797,397	\$ -	\$ 13,708,188
Accounts receivable:				
District customers (net of allowance for uncollectible accounts)	8,975,775	-	-	8,975,775
Miscellaneous (net of allowance for uncollectible accounts)	1,851,048	-	-	1,851,048
Intercompany receivable	150	5,830	(5,980)	-
Prepaid expenses	816,614	-	-	816,614
Current portion of notes receivable	628,524	-	-	628,524
Inventory	1,679,489	-	-	1,679,489
Total unrestricted current assets	26,862,391	803,227	(5,980)	27,659,638
Restricted current assets				
Cash and cash equivalents	21,311,057	4,124,772	-	25,435,829
Total restricted current assets	21,311,057	4,124,772	-	25,435,829
Total current assets	48,173,448	4,927,999	(5,980)	53,095,467
NONCURRENT ASSETS				
Unrestricted noncurrent assets				
Capital assets				
Land	6,819,189	-	-	6,819,189
Construction in progress	32,490,922	-	-	32,490,922
Capital assets being depreciated	377,929,802	28,517,125	-	406,446,927
Less: accumulated depreciation	(114,270,559)	(7,299,335)	-	(121,569,894)
Total capital assets (net)	302,969,354	21,217,790	-	324,187,144
Other assets				
Assets held for sale	2,461,249	-	-	2,461,249
Unamortized bond issuance costs	3,773,883	595,481	-	4,369,364
Notes receivable	1,654,322	-	-	1,654,322
Deferred charge	525,000	-	-	525,000
Total other assets	8,414,454	595,481	-	9,009,935
Total noncurrent assets	311,383,808	21,813,271	-	333,197,079
TOTAL ASSETS	\$ 359,557,256	\$ 26,741,270	\$ (5,980)	\$ 386,292,546

	Bexar Metropolitan Water District	Bexar Metropolitan Development Corporation	Eliminating Entries	Total
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current liabilities payable from unrestricted assets				
Accounts payable	\$ 9,773,011	\$ 315,811	\$ -	\$ 10,088,822
Sewer and garbage collections	1,319,431	-	-	1,319,431
Accrued wages/payroll taxes payable	382,168	-	-	382,168
Prepaid customer accounts	477,369	-	-	477,369
Current portion of long term debt	5,190,485	-	-	5,190,485
Security deposits	274,821	-	-	274,821
Intercompany payable	5,830	150	(5,980)	-
Accrued vacation	373,043	-	-	373,043
Net pension liability	40,894	-	-	40,894
Other accrued expenses	212,547	-	-	212,547
Total unrestricted current liabilities	18,049,599	315,961	(5,980)	18,359,580
Current liabilities payable from restricted assets				
Revenue bonds payable within one year	5,195,000	1,420,000	-	6,615,000
Accrued bond interest payable	5,363,998	335,217	-	5,699,215
Total restricted current liabilities	10,558,998	1,755,217	-	12,314,215
Total current liabilities	28,608,597	2,071,178	(5,980)	30,673,795
NONCURRENT LIABILITIES				
Noncurrent portion of long term debt	236,196,265	22,975,515	-	259,171,780
Total noncurrent liabilities	236,196,265	22,975,515	-	259,171,780
TOTAL LIABILITIES	264,804,862	25,046,693	(5,980)	289,845,575
NET ASSETS				
Invested in capital assets, net of related debt	63,198,329	2,316,268	-	65,514,597
Restricted net assets				
Restricted for debt service	13,943,555	3,789,555	-	17,733,110
Restricted for construction	1,597,293	-	-	1,597,293
Restricted for contingencies	342,403	374,038	-	716,441
Total restricted net assets	15,883,251	4,163,593	-	20,046,844
Unrestricted net assets	15,670,814	(4,785,284)	-	10,885,530
TOTAL NET ASSETS	\$ 94,752,394	\$ 1,694,577	-	\$ 96,446,971

**BEXAR METROPOLITAN WATER DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED APRIL 30, 2011**

	Bexar Metropolitan Water District	Bexar Metropolitan Development Corporation	Eliminating Entries	Total
OPERATING REVENUES				
Water sales	\$ 65,020,111	\$ 4,673,119	\$ (4,673,119)	\$ 65,020,111
Customer penalties and fees	1,511,286	-	-	1,511,286
Impact fees	1,130,724	-	-	1,130,724
Water development fees	1,466,000	-	-	1,466,000
Main and service extensions	459,759	-	-	459,759
Collection fees for sewer, garbage and fire protection	361,830	-	-	361,830
Fire protection	283,513	-	-	283,513
Regulatory fees	2,106,311	-	-	2,106,311
Total operating revenues	72,339,534	4,673,119	(4,673,119)	72,339,534
OPERATING EXPENSES				
Production expenses	41,951,380	1,443,034	(4,673,119)	38,721,295
Administrative and general expenses	11,016,898	13,936	-	11,030,834
Depreciation	10,196,606	1,118,442	-	11,315,048
Total operating expenses	63,164,884	2,575,412	(4,673,119)	61,067,177
Operating income	9,174,650	2,097,707	-	11,272,357
NON-OPERATING REVENUES (EXPENSES)				
Grant revenue	121,121	-	-	121,121
Interest earned	163,736	801	-	164,537
Bad debts recovered	26,605	-	-	26,605
Other non-operating revenues	2,041,628	-	-	2,041,628
Gain (loss) on disposal of capital assets	54,031	(298,105)	-	(244,074)
Interest and fiscal charges	(10,975,856)	(1,312,105)	-	(12,287,961)
Total non-operating revenue (expenses)	(8,568,735)	(1,609,409)	-	(10,178,144)
Increase in net assets, before capital contributions	605,915	488,298	-	1,094,213
Capital contributions	1,313,524	-	-	1,313,524
Change in net assets	1,919,439	488,298	-	2,407,737
NET ASSETS, beginning balance	92,832,955	1,206,279	-	94,039,234
NET ASSETS, ending balance	\$ 94,752,394	\$ 1,694,577	\$ -	\$ 96,446,971

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**BEXAR METROPOLITAN WATER DISTRICT
COMBINING SCHEDULE OF CASH FLOWS
YEAR ENDED APRIL 30, 2011**

	Bexar Metropolitan Water District	Bexar Metropolitan Development Corporation	Eliminating Entries	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 62,562,893	\$ 4,673,119	\$ (4,673,119)	\$ 62,562,893
Cash received from other services	5,828,751	-	-	5,828,751
Cash payments to suppliers for goods and services	(31,153,970)	(1,937,629)	4,673,119	(28,418,480)
Cash payments to employees for services	(15,765,763)	-	-	(15,765,763)
Net cash provided by operating activities	21,471,911	2,735,490	-	24,207,401
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	163,736	801	-	164,537
Net cash provided by investing activities	163,736	801	-	164,537
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Cash received from issuance of debt	14,034,879	-	-	14,034,879
Repayments of bad debt	26,605	-	-	26,605
Other non-operating revenues	2,212,749	-	-	2,212,749
Cash proceeds from sale of capital assets	435,634	-	-	435,634
Principal payments - bonds and notes	(4,250,000)	(1,355,000)	-	(5,605,000)
Principal payments - capital leases	(321,178)	-	-	(321,178)
Premium on issuance	-	-	-	-
Proceeds from issuance of commercial paper	16,000,000	-	-	16,000,000
Retirement of commercial paper	(11,000,000)	-	-	(11,000,000)
Bond issuance costs	(918,028)	-	-	(918,028)
Interest paid on capital debt	(9,415,898)	(702,274)	-	(10,118,172)
Purchase of capital assets	(22,343,259)	(1,427,997)	-	(23,771,256)
Net cash used in capital and related financing activities	(15,538,496)	(3,485,271)	-	(19,023,767)
Net increase (decrease) in cash and cash equivalents	6,097,151	(748,980)	-	5,348,171
Cash and cash equivalents, beginning of year	28,124,697	5,671,149	-	33,795,846
Cash and cash equivalents, end of year	\$ 34,221,848	\$ 4,922,169	\$ -	\$ 39,144,017

**BEXAR METROPOLITAN WATER DISTRICT
COMBINING SCHEDULE OF CASH FLOWS – CONTINUED
YEAR ENDED APRIL 30, 2011**

	Bexar Metropolitan Water District	Bexar Metropolitan Development Corporation	Eliminating Entries	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Net operating income	\$ 9,174,650	\$ 2,097,707	\$ -	\$ 11,272,357
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	10,196,606	1,118,442	-	11,315,048
Credit losses		-	-	-
(Increase) decrease in:				
Accounts receivable - district customers	(3,977,539)	-	-	(3,977,539)
Accounts receivable - miscellaneous	20,614	-	-	20,614
Inventory of materials and supplies	39,529	-	-	39,529
Prepaid expenses	2,219,588	-	-	2,219,588
Deferred charges	1,050,000	-	-	1,050,000
Increase (decrease) in:				
Accounts payable	3,013,255	(480,659)	-	2,532,596
Sewer and garbage collection payable	67,807	-	-	67,807
Accrued wages/payroll taxes	133,554	-	-	133,554
Credit balances in accounts receivable	9,035	-	-	9,035
Security deposits	55,773	-	-	55,773
Accrued vacation	(40,984)	-	-	(40,984)
Insurance claims liability	(450,695)	-	-	(450,695)
Accrued expenses - other	(39,129)	-	-	(39,129)
Net pension obligation	(153)	-	-	(153)
Total cash provided by operating activities	\$ 21,471,911	\$ 2,735,490	\$ -	\$ 24,207,401
Noncash capital and financing activities:				
Contributions of capital assets from developers	1,313,524	-	-	1,313,524
Capitalized interest costs	651,149	-	-	651,149
	\$ 1,964,673	\$ -	\$ -	\$ 1,964,673
Reconciliation of cash and cash equivalents to the statement of net assets:				
Cash and cash equivalents	\$ 12,910,791	\$ 797,397	\$ -	\$ 13,708,188
Restricted cash and cash equivalents	21,311,057	4,124,772	-	25,435,829
	\$ 34,221,848	\$ 4,922,169	\$ -	\$ 39,144,017

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TEXAS SUPPLEMENTARY INFORMATION

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF SERVICES AND RATES
YEAR ENDED APRIL 30, 2011
(unaudited)**

1. Services provided by the District during the fiscal year:

<u> X </u>	Retail Water	<u> </u>	Solid Waste/Garbage	<u> </u>	Fire Protection
<u> </u>	Retail Wastewater	<u> </u>	Irrigation	<u> </u>	Flood Control
<u> X </u>	Wholesale Water	<u> </u>	Parks/Recreation	<u> </u>	Security
<u> </u>	Wholesale Wastewater	<u> </u>	Drainage	<u> </u>	Roads
<u> </u>	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
<u> </u>	Other				

2. Retail Service Providers

a. Retail rates based on 5/8" meter (or equivalent):

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Usage</u>	<u>Usage Levels</u>
Water:	See attached schedule				
Wastewater:	N/A				
Surcharge:	N/A				

District employs winter averaging for wastewater usage: N/A

Total charges per 10,000 gallon usage: Water: See attached schedule Wastewater: N/A

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC's</u>
Unmetered	(1)	-	X 1.0	-
5/8" or 3/4"	(1)	88,936	X 1.0	88,936
1"	(1)	2,279	X 2.5	5,698
1 1/2"	(1)	961	X 5.0	4,805
2"	(1)	766	X 8.0	6,128
3"	(1)	144	X 15.0	2,160
4"	(1)	79	X 25.0	1,975
6"	(1)	32	X 50.0	1,600
8"	(1)	15	X 80.0	1,200
10"	(1)	1	X 115.0	115
Total water		93,213		112,617
Total wastewater	N/A			

(1) Information not available

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF SERVICES AND RATES
YEAR ENDED APRIL 30, 2011
(unaudited)**

3. Total water consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system:	14,107,917
Gallon billed to customers:	11,157,409
Water Accountability Ratio:	79%

* The water accountability ratio is an indicator for the raw variance between the amount of water pumped into the system and the amount billed to customers. This calculation does not consider unbilled water that is accounted for by the District, including water loss from main breaks and leaks, fire hydrant usage, and theft of service.

4. Location of District:

County or Counties in which District is located: Bexar, Atascosa, Medina, Comal

Is the District located entirely within one county? Yes No

Is the District located within one city?

Entirely Partly Not at all

City or Cities in which District is located: San Antonio, Somerset, Castle Hills, Hill Country Village, Hollywood Park, and Bulverde

Is the District located within a city's extra territorial jurisdiction (ETJ)?

Entirely Partly Not at all

ETJ's in which District is located: San Antonio, Somerset, Castle Hills, Hill Country Village, Hollywood Park, and Bulverde

Are Board Members appointed by an office outside the District? Yes No

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF SERVICES AND RATES
YEAR ENDED APRIL 30, 2011
(unaudited)**

SERVICE RATES

Effective September 1, 2010

Residential Water Rates and Fees

Capacity Reservation Fee Meter Size (Inches)	Capacity Reservation Fee/Month
5/8"	\$ 7.93
3/4"	10.38
1"	15.87
1-1/2"	39.64
2"	63.47

Volumetric Charges

Consumption Block	Rate/1,000 gallons
0-5,000 gallons	\$ 0.89
5,001 - 7,000 gallons	1.43
7,001 - 10,000 gallons	1.43
10,001 - 17,000 gallons	3.95
Over 17,000 gallons	6.30
Total charges per 10,000 gallons water usage: Volumetric charge:	11.60
Capacity reservation fee	7.93
Total	\$ 19.53

Commercial Water Rates and Fees

Capacity Reservation Fee Meter Size (Inches)	Capacity Reservation Fee/Month
5/8"	\$ 24.41
3/4"	30.51
1"	48.82
1-1/2"	122.06
2"	195.30
2-1/2"	317.35
3"	439.31
4"	781.18
6"	1,708.83
8"	2,929.43

Volumetric Charges

Consumption Block	Rate/1,000 gallons
0 - 25,000 gallons	\$ 2.54
25,001 - 40,000 gallons	2.54
40,001 - 150,000 gallons	4.95
Over 150,000 gallons	8.00

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF SERVICES AND RATES
YEAR ENDED APRIL 30, 2011
(unaudited)**

System Improvement Fee (for all customer classes)
\$1.84 per 1,000 gallons

EAA Management - Regulatory Fee (for all customer classes)
\$0.15 per 1,000 gallons

TCEQ Pass-through Fee:
Percentage of Bexar Met Retail Water Revenue 0.5%

TCEQ Surcharge Fee (effective 01/30/2010):
Per customer .18 cents

Effective July 1, 2003

Install Service Charge	Charges
3/4" x 5/8"	\$ 750
3/4" x 1"	850
1" x 1"	950
Square meter box	100

Annual Fire Protection Charge	Charges
4" Fire line	\$ 500
6" Fire line	750
8" Fire line	1,000
10" Fire line	1,250
12" Fire line	1,500

Miscellaneous Charges	Charges
Turn on open fixtures each occurrence*	\$ 25
Straight connection, new construction**	1,000
Straight connection, each occurrence	100
Straight connection, fire hydrant***	2,500
Broken locks, each occurrence	50
Crimping of service, each occurrence	250

*Effective: May 5, 2005

**Effective: February 27, 2006

***Effective: March 27, 2006

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF SERVICES AND RATES
YEAR ENDED APRIL 30, 2011
(unaudited)**

<u>Meter Size</u>	<u>G.P.M.</u>	<u>Non-Refundable Service Fee</u>	
5/8" x 3/4"	SR 20	\$	25
3/4" x 1"	SR 30		25
1" x 1"	SR 50		25
1-1/2" x 1-1/2"	SR 100		35
1-1/2" x 2"			35
2" x 2" Turbo	SR 160		35
3" x 3" Turbo	SR 350		45
4" Turbo	1000		45
4" Compound meter	500		45
6" Turbo w/strainer	2000		60
6" Compound meter	1000		60
6" Meter			60
8" Meter			60
10" Meter			60
12" Meter			70
6" Fire line meter	1600		60
8" Fire line meter	2800		60
10" Fire line meter			60
12" Fire line meter			70

<u>Main Extension Fees</u>	<u>Non-Refundable Service Fee</u>	
Homeowner minimum (per linear foot)	\$	14
Install fire hydrant for homeowners only		1,200
Pro-rated main (per linear foot) - commercial		18.50
6" Ductile pipe (by exception only)		Quoted
8" Ductile pipe - fire hydrants included		Quoted
12" Ductile pipe - fire hydrants included		Quoted
16" Ductile pipe - fire hydrants included		Quoted
24" Ductile pipe - fire hydrants included		Quoted
Other materials (C 900, Drisco Pipe, etc.)		Quoted

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF SERVICES AND RATES
YEAR ENDED APRIL 30, 2011
(unaudited)**

Impact Fees – Effective January 1, 2010

Somerset/Southside**

<u>Meter Size</u>	<u>GPM</u>	<u>EDU</u>	<u>Total Impact Fee</u>	<u>Meter Install Fee</u>
5/8" or 3/4"	20	\$1,390.00 x 1	\$ 1,390	\$ 200*
1"	50	\$1,390.00 x 2	2,780	200*
1 1/2"	100	\$1,390.00 x 5	6,950	Quoted
2"	160	\$1,390.00 x 8	11,120	Quoted
3"	350	\$1,390.00 x 18	25,020	Quoted
4"	640	\$1,390.00 x 32	44,480	Quoted
6"	1,400	\$1,390.00 x 70	97,300	Quoted
8"	2,400	\$1,390.00 x 120	166,800	Quoted
10"	3,800	\$1,390.00 x 190	264,100	Quoted

Southeast**

<u>Meter Size</u>	<u>GPM</u>	<u>EDU</u>	<u>Total Impact Fee</u>	<u>Meter Install Fee</u>
5/8" or 3/4"	20	\$1,291.00 x 1	\$ 1,291	\$ 200*
1"	50	\$1,291.00 x 2	2,582	200*
1 1/2"	100	\$1,291.00 x 5	6,455	Quoted
2"	160	\$1,291.00 x 8	10,328	Quoted
3"	350	\$1,291.00 x 18	23,238	Quoted
4"	640	\$1,291.00 x 32	41,312	Quoted
6"	1,400	\$1,291.00 x 70	90,370	Quoted
8"	2,400	\$1,291.00 x 120	154,920	Quoted
10"	3,800	\$1,291.00 x 190	245,290	Quoted

Northeast**

<u>Meter Size</u>	<u>GPM</u>	<u>EDU</u>	<u>Total Impact Fee</u>	<u>Meter Install Fee</u>
5/8" or 3/4"	20	\$666.00 x 1	\$ 666	\$ 200*
1"	50	\$666.00 x 2	1,332	200*
1 1/2"	100	\$666.00 x 5	3,330	Quoted
2"	160	\$666.00 x 8	5,328	Quoted
3"	350	\$666.00 x 18	11,988	Quoted
4"	640	\$666.00 x 32	21,312	Quoted
6"	1,400	\$666.00 x 70	46,620	Quoted
8"	2,400	\$666.00 x 120	79,920	Quoted
10"	3,800	\$666.00 x 190	126,540	Quoted

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF SERVICES AND RATES
YEAR ENDED APRIL 30, 2011
(unaudited)**

Northwest**

<u>Meter Size</u>	<u>GPM</u>	<u>EDU</u>	<u>Total Impact Fee</u>	<u>Meter Install Fee</u>
5/8" or 3/4"	20	\$3,612.00 x 1	\$ 3,612	\$ 200*
1"	50	\$3,612.00 x 2	7,224	200*
1 1/2"	100	\$3,612.00 x 5	18,060	Quoted
2"	160	\$3,612.00 x 8	28,896	Quoted
3"	350	\$3,612.00 x 18	65,016	Quoted
4"	640	\$3,612.00 x 32	115,584	Quoted
6"	1,400	\$3,612.00 x 70	252,840	Quoted
8"	2,400	\$3,612.00 x 120	433,440	Quoted
10"	3,800	\$3,612.00 x 190	686,280	Quoted

Hill Country**

<u>Meter Size</u>	<u>GPM</u>	<u>EDU</u>	<u>Total Impact Fee</u>	<u>Meter Install Fee</u>
5/8" or 3/4"	20	\$4,488.00 x 1	\$ 4,488	\$ 200*
1"	50	\$4,488.00 x 2	8,976	200*
1 1/2"	100	\$4,488.00 x 5	22,440	Quoted
2"	160	\$4,488.00 x 8	35,904	Quoted
3"	350	\$4,488.00 x 18	80,784	Quoted
4"	1,000	\$4,488.00 x 32	143,616	Quoted
6"	1,400	\$4,488.00 x 70	314,160	Quoted
8"	2,400	\$4,488.00 x 120	538,560	Quoted
10"	3,800	\$4,488.00 x 190	852,720	Quoted

Woods at Spring Branch/Oakland Estates/Bulverde Hills**

<u>Meter Size</u>	<u>GPM</u>	<u>EDU</u>	<u>Total Impact Fee</u>	<u>Meter Install Fee</u>
5/8" or 3/4"	20	\$387.00 x 1	\$ 387	\$ 200*
1"	50	\$387.00 x 2	774	200*
1 1/2"	100	\$387.00 x 5	1,935	Quoted
2"	160	\$387.00 x 8	3,096	Quoted
3"	350	\$387.00 x 18	6,966	Quoted
4"	1,000	\$387.00 x 32	12,384	Quoted
6"	1,400	\$387.00 x 70	27,090	Quoted
8"	2,400	\$387.00 x 120	46,440	Quoted
10"	3,800	\$387.00 x 190	73,530	Quoted

* If service installed by Developer

** If applicable additional fees apply if service installed by BMWD

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF ENTERPRISE FUND EXPENSES
YEAR ENDED APRIL 30, 2011**

	Bexar Metropolitan Water District	Bexar Metropolitan Development Corporation	Eliminating Entries	Total
PRODUCTION EXPENSES				
Payroll and payroll taxes	\$ 10,533,339	\$ -	\$ -	\$ 10,533,339
Utilities	3,574,576	-	-	3,574,576
Fuel expense	1,184,268	-	-	1,184,268
Insurance benefits	2,905,720	-	-	2,905,720
Maintenance	4,768,229	-	-	4,768,229
Production expenses	-	1,443,034	-	1,443,034
Lease payments to development corporation	4,673,119	-	(4,673,119)	-
Water purchases and treatment	14,104,804	-	-	14,104,804
Contracts and rentals	888,867	-	-	888,867
Miscellaneous expenses	9,559	-	-	9,559
Total production expenses	42,642,481	1,443,034	(4,673,119)	39,412,396
Operating expenses allocated to capital projects	(691,101)	-	-	(691,101)
Net operating expenses	41,951,380	1,443,034	(4,673,119)	38,721,295
ADMINISTRATIVE AND GENERAL EXPENSES				
Payroll and payroll taxes	3,714,121	-	-	3,714,121
Directors fees	58,800	-	-	58,800
Agency fees	477,506	-	-	477,506
Advertising and photography expense	109,606	-	-	109,606
Insurance expense	322,567	-	-	322,567
Professional services	1,456,625	7,225	-	1,463,850
Contract labor	830	-	-	830
Office supplies and expense	99,251	-	-	99,251
Communication expenses	278,425	-	-	278,425
Dues and subscriptions	55,352	-	-	55,352
License and permits	154,129	-	-	154,129
Postage	498,410	-	-	498,410
Training	35,660	-	-	35,660
Travel and entertainment	26,572	-	-	26,572
Utilities	149,394	-	-	149,394
Security	89,559	-	-	89,559
Data processing services	370,925	-	-	370,925
Credit losses	762,878	-	-	762,878
Benefits and hiring expenses	1,610,873	90	-	1,610,963
Financial expenses	587,058	6,621	-	593,679
Elections expenses	116,261	-	-	116,261
Miscellaneous expenses	908,519	-	-	908,519
Total administrative and general expenses	11,883,321	13,936	-	11,897,257
Overhead allocated to capital projects	(866,423)	-	-	(866,423)
Net administrative and general expenses	11,016,898	13,936	-	11,030,834
Depreciation expense	10,196,606	1,118,442	-	11,315,048
TOTAL OPERATING EXPENSES	\$ 63,164,884	\$ 2,575,412	\$ (4,673,119)	\$ 61,067,177

Number of full time employees: 355
Number of part-time employees: 5

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS – BUDGET TO ACTUAL
YEAR ENDED APRIL 30, 2011**

	Original Budget	Final Amended Budget	Actual Amounts GAAP Basis *	Variance with Final Budget Favorable/ (Nonfavorable)
OPERATING REVENUES				
Water sales to customers	\$ 64,463,247	\$ 64,463,247	\$ 65,020,111	\$ 556,864
Wholesale water agreements	593,951	593,951	-	(593,951)
Sewer revenue	-	-	-	-
Customer penalties & fees	1,615,000	1,615,000	1,511,286	(103,714)
Impact fees/ water development fees	2,252,572	2,252,572	2,596,724	344,152
Main and service extensions	550,000	550,000	459,759	(90,241)
Collection fees	524,280	524,280	361,830	(162,450)
Fire protection	250,000	250,000	283,513	33,513
Regulatory assessment fee	2,210,220	2,210,220	2,106,311	(103,909)
Total operating revenues	72,459,270	72,459,270	72,339,534	(119,736)
OPERATING EXPENSES				
Production expenses	41,952,879	41,952,879	41,951,380	1,499
Administrative and general expenses	9,924,543	9,924,543	11,016,898	(1,092,355)
Depreciation	10,300,000	10,300,000	10,196,606	103,394
Total operating expenses	62,177,422	62,177,422	63,164,884	(987,462)
Operating income	10,281,848	10,281,848	9,174,650	(1,107,198)
NON-OPERATING REVENUES (EXPENSES)				
Grant revenue	-	-	121,121	121,121
Interest earned	215,000	215,000	163,736	(51,264)
Bad debts recovered	10,000	10,000	26,605	16,605
Other non-operating revenues	915,000	915,000	2,041,628	1,126,628
Net gain on disposal of capital assets	-	-	54,031	54,031
Interest and fiscal charges	(11,412,698)	(11,836,448)	(10,975,856)	860,592
Total non-operating revenues (expenses)	(10,272,698)	(10,272,698)	(8,568,735)	2,127,713
Increase in net assets, before capital contributions	9,150	9,150	605,915	1,020,515
Capital contributions	-	-	1,313,524	1,313,524
CHANGE IN NET ASSETS	\$ 9,150	\$ 9,150	\$ 1,919,439	\$ 2,334,039

* Actual expenses do not include the Bexar Metropolitan Development Corporation since an annual budget is not adopted.

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF TEMPORARY INVESTMENTS
YEAR ENDED APRIL 30, 2011**

Description	Identification or Certificate Number	Interest Rate at End of Year	Maturity Date	Balance at End of Year	Interest Receivable at End of Year
Local Government Investment Cooperative	23320-01	0.16%	Open	\$ 10,559,948	\$ -
Local Government Investment Cooperative	23320-02	0.16%	Open	125,990	-
Local Government Investment Cooperative	23320-03	0.16%	Open	-	-
Local Government Investment Cooperative	23320-04	0.16%	Open	342,403	-
Local Government Investment Cooperative	23320-07	0.16%	Open	8,798,545	-
Local Government Investment Cooperative	23320-08	0.16%	Open	1,661,101	-
Local Government Investment Cooperative	23320-09	0.16%	Open	1,597,293	-
Local Government Investment Cooperative	23320-10	0.16%	Open	3,072,456	-
Local Government Investment Cooperative	23320-11	0.16%	Open	1,740,631	-
Local Government Investment Cooperative	23320-12	0.16%	Open	1,656,823	-
Local Government Investment Cooperative	23320-13	0.16%	Open	1,182,340	-
Bank of New York US Govt MM Fund	420420	0.00%	Open	204,000	-
Bank of New York US Treasury MM Fund	420425	0.00%	Open	2,505,971	-
Bank of New York US Govt MM Fund	420418	0.00%	Open	22,245	-
Bank of New York US Govt MM Fund	420392	0.00%	Open	1,645,563	-
Bank of New York US Govt MM Fund	420394	0.00%	Open	2,105,171	-
Bank of New York US Govt MM Fund	420391	0.00%	Open	371,366	-
Bank of New York US Govt MM Fund	420397	0.00%	Open	407,901	-
Bank of New York US Govt MM Fund	420413	0.00%	Open	18,130	-
Bank of New York US Govt MM Fund	420400	0.00%	Open	344,717	-
Bank of New York US Govt MM Fund	420419	0.00%	Open	7,077	-
Totals				<u>\$ 38,369,671</u>	<u>\$ -</u>

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
YEAR ENDED APRIL 30, 2011**

1-May Fiscal Year	Revenue Bonds Bond Series 2007			Revenue Refunding Bond Series 2002		
	Principal	Interest	Total	Principal	Interest	Total
2012	1,110,000	1,396,835	2,506,835	1,345,000	1,210,849	2,555,849
2013	1,160,000	1,345,760	2,505,760	1,405,000	1,157,194	2,562,194
2014	1,210,000	1,292,435	2,502,435	265,000	1,121,972	1,386,972
2015	1,265,000	1,236,748	2,501,748	275,000	1,107,459	1,382,459
2016	1,830,000	1,167,110	2,997,110	175,000	1,095,365	1,270,365
2017	1,925,000	1,072,998	2,997,998	185,000	1,085,690	1,270,690
2018	2,020,000	969,560	2,989,560	195,000	1,075,478	1,270,478
2019	2,115,000	872,530	2,987,530	200,000	1,064,863	1,264,863
2020	2,215,000	770,625	2,985,625	215,000	1,053,710	1,268,710
2021	2,325,000	657,125	2,982,125	225,000	1,041,885	1,266,885
2022	2,440,000	538,000	2,978,000	235,000	1,029,963	1,264,963
2023	2,560,000	413,000	2,973,000	250,000	1,017,838	1,267,838
2024	2,220,000	293,500	2,513,500	260,000	1,005,088	1,265,088
2025	2,325,000	179,875	2,504,875	275,000	991,713	1,266,713
2026	2,435,000	60,875	2,495,875	285,000	977,713	1,262,713
2027	-	-	-	2,325,000	912,463	3,237,463
2028	-	-	-	2,440,000	791,813	3,231,813
2029	-	-	-	2,570,000	663,432	3,233,432
2030	-	-	-	2,700,000	528,388	3,228,388
2031	-	-	-	2,840,000	386,425	3,226,425
2032	-	-	-	2,985,000	237,159	3,222,159
2033	-	-	-	3,135,000	80,334	3,215,334
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
	<u>\$ 29,155,000</u>	<u>\$ 12,266,976</u>	<u>\$ 41,421,976</u>	<u>\$ 24,785,000</u>	<u>\$ 19,636,794</u>	<u>\$ 44,421,794</u>

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
YEAR ENDED APRIL 30, 2011**

1-May Fiscal Year	Revenue Notes Series 1995A	Revenue Bonds Series 1998			Total
	Principal	Principal	Interest	Accreted Interest	
2012	125,000	-	1,460,000	-	1,460,000
2013	125,000	-	1,460,000	-	1,460,000
2014	125,000	-	1,460,000	-	1,460,000
2015	125,000	-	1,460,000	-	1,460,000
2016	125,000	-	1,460,000	-	1,460,000
2017	125,000	-	1,460,000	-	1,460,000
2018	-	-	1,460,000	-	1,460,000
2019	-	-	1,460,000	-	1,460,000
2020	-	-	1,460,000	-	1,460,000
2021	-	-	1,460,000	-	1,460,000
2022	-	-	1,460,000	-	1,460,000
2023	-	-	1,460,000	-	1,460,000
2024	-	2,955,000	1,386,125	-	4,341,125
2025	-	3,105,000	1,234,625	-	4,339,625
2026	-	3,265,000	1,075,375	-	4,340,375
2027	-	574,377	993,750	2,020,545	3,588,672
2028	-	539,475	993,750	2,055,448	3,588,673
2029	-	507,893	993,750	2,087,022	3,588,665
2030	-	479,400	993,750	2,115,547	3,588,697
2031	-	452,412	993,750	2,143,277	3,589,439
2032	-	426,852	993,750	2,168,068	3,588,670
2033	-	402,666	993,750	2,192,256	3,588,672
2034	-	379,778	993,750	2,215,168	3,588,696
2035	-	359,382	993,750	2,235,565	3,588,697
2036	-	339,982	993,750	2,254,881	3,588,613
2037	-	6,305,000	836,125	-	7,141,125
2038	-	6,620,000	513,000	-	7,133,000
2039	-	6,950,000	173,750	-	7,123,750
2040	-	-	-	-	-
2041	-	-	-	-	-
	<u>\$ 750,000</u>	<u>\$ 33,662,217</u>	<u>\$ 32,676,500</u>	<u>\$ 21,487,776</u>	<u>\$ 87,826,493</u>

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
YEAR ENDED APRIL 30, 2011**

1-May Fiscal Year	Revenue Bonds Series 2006			
	Principal	Interest	Accreted Interest	Total
2012	710,000	2,269,050	-	2,979,050
2013	740,000	2,238,238	-	2,978,238
2014	1,965,000	2,173,387	-	4,138,387
2015	2,050,000	2,073,013	-	4,123,013
2016	1,365,000	1,994,462	-	3,359,462
2017	1,405,000	1,939,063	-	3,344,063
2018	1,460,000	1,874,462	-	3,334,462
2019	1,515,000	1,807,663	-	3,322,663
2020	1,575,000	1,743,500	-	3,318,500
2021	1,635,000	1,672,850	-	3,307,850
2022	1,725,000	1,597,250	-	3,322,250
2023	1,800,000	1,517,938	-	3,317,938
2024	1,880,000	1,435,137	-	3,315,137
2025	1,965,000	1,348,625	-	3,313,625
2026	2,050,000	1,258,288	-	3,308,288
2027	3,925,000	1,114,037	-	5,039,037
2028	2,387,219	981,237	1,667,781	5,036,237
2029	1,750,405	915,688	879,595	3,545,688
2030	1,768,916	853,225	926,084	3,548,225
2031	1,789,847	789,219	970,153	3,549,219
2032	2,855,000	692,562	-	3,547,562
2033	2,985,000	561,162	-	3,546,162
2034	3,130,000	415,750	-	3,545,750
2035	3,290,000	255,250	-	3,545,250
2036	3,460,000	86,500	-	3,546,500
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
	<u>\$ 51,181,387</u>	<u>\$ 33,607,556</u>	<u>\$ 4,443,613</u>	<u>\$ 89,232,556</u>

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
YEAR ENDED APRIL 30, 2011**

Bexar Metropolitan Development Corp Revenue Series 1998				
1-May Fiscal Year	Principal	Interest	Accreted Interest	Total
2012	1,420,000	636,352	-	2,056,352
2013	1,485,000	566,261	-	2,051,261
2014	1,560,000	530,250	-	2,090,250
2015	710,162	530,250	924,838	2,165,250
2016	668,143	530,250	966,857	2,165,250
2017	628,020	530,250	1,006,980	2,165,250
2018	591,886	530,250	1,043,114	2,165,250
2019	560,740	530,250	1,074,260	2,165,250
2020	531,228	530,250	1,103,772	2,165,250
2021	501,128	530,250	1,133,873	2,165,250
2022	474,673	530,250	1,160,327	2,165,250
2023	449,592	530,250	1,185,408	2,165,250
2024	425,852	530,250	1,209,148	2,165,250
2025	1,635,000	411,375	-	2,046,375
2026	1,720,000	327,500	-	2,047,500
2027	1,805,000	239,375	-	2,044,375
2028	1,895,000	146,875	-	2,041,875
2029	1,990,000	49,750	-	2,039,750
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-
2033	-	-	-	-
2034	-	-	-	-
2035	-	-	-	-
2036	-	-	-	-
2037	-	-	-	-
2038	-	-	-	-
2039	-	-	-	-
2040	-	-	-	-
2041	-	-	-	-
	<u>\$ 19,051,424</u>	<u>\$ 8,210,238</u>	<u>\$ 10,808,576</u>	<u>\$ 38,070,238</u>

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
YEAR ENDED APRIL 30, 2011**

1-May Fiscal Year	Revenue Refunding Bond Series 2009		
	Principal	Interest	Total
2012	1,905,000	3,077,000	4,982,000
2013	1,940,000	3,038,550	4,978,550
2014	1,985,000	2,989,375	4,974,375
2015	2,040,000	2,929,000	4,969,000
2016	2,430,000	2,855,875	5,285,875
2017	2,575,000	2,748,975	5,323,975
2018	2,830,000	2,613,850	5,443,850
2019	2,960,000	2,482,050	5,442,050
2020	3,095,000	2,343,625	5,438,625
2021	3,255,000	2,184,875	5,439,875
2022	3,415,000	2,018,125	5,433,125
2023	3,585,000	1,843,125	5,428,125
2024	1,340,000	1,720,000	3,060,000
2025	1,410,000	1,651,250	3,061,250
2026	1,485,000	1,578,875	3,063,875
2027	1,560,000	1,502,750	3,062,750
2028	1,640,000	1,422,750	3,062,750
2029	1,725,000	1,338,625	3,063,625
2030	1,810,000	1,250,250	3,060,250
2031	1,905,000	1,157,375	3,062,375
2032	2,005,000	1,059,625	3,064,625
2033	2,105,000	956,875	3,061,875
2034	2,215,000	848,875	3,063,875
2035	2,325,000	735,375	3,060,375
2036	2,445,000	616,125	3,061,125
2037	2,570,000	490,750	3,060,750
2038	2,705,000	358,875	3,063,875
2039	2,840,000	220,250	3,060,250
2040	2,985,000	74,625	3,059,625
2041	-	-	-
	<u>\$ 67,085,000</u>	<u>\$ 48,107,675</u>	<u>\$ 115,192,675</u>

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
YEAR ENDED APRIL 30, 2011**

Revenue Refunding Bond Series 2010			1-May Fiscal Year	Revenue Refunding Bond Series 2010A		
Principal	Interest	Total		Principal	Interest	Total
-	1,005,520	1,005,520	2012	-	629,543	629,543
-	1,248,231	1,248,231	2013	575,000	742,137	1,317,137
410,000	1,242,081	1,652,081	2014	590,000	724,105	1,314,105
425,000	1,229,556	1,654,556	2015	615,000	701,199	1,316,199
435,000	1,216,113	1,651,113	2016	640,000	673,492	1,313,492
450,000	1,201,169	1,651,169	2017	680,000	636,530	1,316,530
470,000	1,183,894	1,653,894	2018	725,000	590,165	1,315,165
490,000	1,164,081	1,654,081	2019	775,000	540,665	1,315,665
510,000	1,142,513	1,652,513	2020	825,000	487,865	1,312,865
535,000	1,118,984	1,653,984	2021	885,000	431,435	1,316,435
560,000	1,092,613	1,652,613	2022	945,000	367,737	1,312,737
590,000	1,063,863	1,653,863	2023	1,020,000	296,015	1,316,015
620,000	1,033,613	1,653,613	2024	1,095,000	218,817	1,313,817
650,000	1,001,863	1,651,863	2025	1,180,000	135,780	1,315,780
685,000	968,059	1,653,059	2026	1,270,000	46,355	1,316,355
720,000	931,606	1,651,606	2027	-	-	-
760,000	892,281	1,652,281	2028	-	-	-
805,000	849,719	1,654,719	2029	-	-	-
850,000	803,675	1,653,675	2030	-	-	-
900,000	754,456	1,654,456	2031	-	-	-
950,000	701,831	1,651,831	2032	-	-	-
1,010,000	645,481	1,655,481	2033	-	-	-
1,070,000	585,681	1,655,681	2034	-	-	-
1,130,000	522,431	1,652,431	2035	-	-	-
1,200,000	455,444	1,655,444	2036	-	-	-
1,270,000	383,638	1,653,638	2037	-	-	-
1,345,000	306,822	1,651,822	2038	-	-	-
1,430,000	225,306	1,655,306	2039	-	-	-
1,515,000	138,797	1,653,797	2040	-	-	-
1,605,000	47,147	1,652,147	2041	-	-	-
<u>\$ 23,390,000</u>	<u>\$ 25,156,468</u>	<u>\$ 48,546,468</u>		<u>\$ 11,820,000</u>	<u>\$ 7,221,840</u>	<u>\$ 19,041,840</u>

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF DEBT SERVICE REQUIREMENTS
YEAR ENDED APRIL 30, 2011**

Total Debt Service			
Principal	Interest	Accreted Interest	Total
6,615,000	11,685,149	-	18,300,149
7,430,000	11,796,371	-	19,226,371
8,110,000	11,533,605	-	19,643,605
7,505,162	11,267,225	924,838	19,697,225
7,668,143	10,992,667	966,857	19,627,667
7,973,020	10,674,675	1,006,980	19,654,675
8,291,886	10,297,659	1,043,114	19,632,659
8,615,740	9,922,102	1,074,260	19,612,102
8,966,228	9,532,088	1,103,772	19,602,088
9,361,128	9,097,404	1,133,873	19,592,404
9,794,673	8,633,938	1,160,327	19,588,938
10,254,592	8,142,029	1,185,408	19,582,029
10,795,852	7,622,530	1,209,148	19,627,530
12,545,000	6,955,106	-	19,500,106
13,195,000	6,293,040	-	19,488,040
10,909,377	5,693,981	2,020,545	18,623,903
9,661,694	5,228,706	3,723,228	18,613,629
9,348,298	4,810,964	2,966,617	17,125,879
7,608,316	4,429,288	3,041,631	15,079,235
7,887,259	4,081,225	3,113,430	15,081,914
9,221,852	3,684,927	2,168,068	15,074,847
9,637,666	3,237,602	2,192,256	15,067,524
6,794,778	2,844,056	2,215,168	11,854,002
7,104,382	2,506,806	2,235,565	11,846,753
7,444,982	2,151,819	2,254,881	11,851,682
10,145,000	1,710,513	-	11,855,513
10,670,000	1,178,697	-	11,848,697
11,220,000	619,306	-	11,839,306
4,500,000	213,422	-	4,713,422
1,605,000	47,147	-	1,652,147
\$ 260,880,028	\$ 186,884,047	\$ 36,739,965	\$ 484,504,040

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF CHANGES IN LONG-TERM BONDED DEBT
YEAR ENDED APRIL 30, 2011**

	TWDB Bonds Series 1995A	Revenue Bonds Series 1998	Development Corp. Revenue Bonds Series 1998	Revenue Refunding Bonds Series 2002
Interest rate	None	3.75 - 5.60%	4.00 - 5.50%	3.00 - 5.37%
Dates interest payable	May & Nov 1	May & Nov 1	May & Nov 1	May & Nov 1
Maturity Dates	5/1/97 to 5/1/2016	5/1/99 to 5/1/2038	5/1/01 to 5/1/2029	7/15/02 to 5/1/2032
Beginning bonds outstanding	\$ 875,000	\$ 34,622,217	\$ 20,406,424	\$ 26,080,000
Bonds sold during the current year	-	-	-	-
Bonds retired during the current year	<u>(125,000)</u>	<u>(960,000)</u>	<u>(1,355,000)</u>	<u>(1,295,000)</u>
Ending bonds outstanding	<u>\$ 750,000</u>	<u>\$ 33,662,217</u>	<u>\$ 19,051,424</u>	<u>\$ 24,785,000</u>
Interest paid during the current year	\$ -	\$ 1,482,560	\$ 702,275	\$ 1,260,361

Paying Agent's Name and City

TWDB Bonds, Series 1995A	The Bank of New York, New York, NY
Revenue Bonds, Series 1998	Chase Corporate Trust Services, Dallas, TX
Waterworks System Revenue Bonds, Series 1998	Chase Corporate Trust Services, Dallas, TX
Waterworks System Revenue Refunding Bonds, Series 2002	The Bank of New York, New York, NY
Waterworks System Revenue Refunding Bonds, Series 2006	US Bank - Corporate Trust, Los Angeles, CA
Waterworks System Revenue Refunding Bonds, Series 2007	US Bank - Corporate Trust, Los Angeles, CA
Taxable Notes, Series 2008	Bank of America, San Antonio, TX
Waterworks System Revenue Refunding Bonds, Series 2009	The Bank of New York Mellon, Dallas, TX
Waterworks System Senior Lien Revenue Refunding Bonds, Series 2010	The Bank of New York Mellon, Dallas, TX
Waterworks System Subordinate Revenue Refunding Bonds, Series 2010A	The Bank of New York Mellon, Dallas, TX
Commercial Paper Notes	Bankers Trust Company, New York, NY

Bond Authority

	Revenue Bonds	Commercial Paper	Refunding Bonds	Total
Amount Authorized	\$ 96,951,827	\$ 50,000,000	\$ 245,101,387	\$ 392,053,214
Amount Issued	96,951,827	5,000,000	245,101,387	347,053,214
Remaining to be Issued	<u>\$ -</u>	<u>\$ 45,000,000</u>	<u>\$ -</u>	<u>\$ 45,000,000</u>
Debt Service Cash and Temporary Balances April 30, 2011	<u>\$ 25,435,829</u>			
Average Annual Debt Service Payments for the Remaining Term of All Debt	<u>\$ 16,150,135</u>			

**BEXAR METROPOLITAN WATER DISTRICT
SCHEDULE OF CHANGES IN LONG-TERM BONDED DEBT
YEAR ENDED APRIL 30, 2011**

Revenue Refunding Bonds Series 2006	Revenue Refunding Bonds Series 2007	Taxable Notes Series 2008	Revenue Refunding Bonds Series 2009	Revenue Refunding Bonds Series 2010	Revenue Refunding Bonds Series 2010A
4.25 - 5.00%	4.50 - 5.00%	4.03%	2.00 - 5.00%	2.00 - 5.00%	2.80 - 7.30%
May & Nov 1	May & Nov 1	May & Nov 1	May & Nov 1	May & Nov 1	May & Nov 1
5/1/07 to 5/1/2035	5/1/09 to 5/1/2025	11/1/08 to 5/1/2011	5/1/10 to 5/1/2039	5/1/13 to 5/1/2040	5/1/12 to 5/1/2025
\$ 51,861,387	\$ 30,215,000	\$ 10,000,000	\$ 67,215,000	\$ -	\$ -
-	-	-	-	23,390,000	11,820,000
<u>(680,000)</u>	<u>(1,060,000)</u>	<u>(10,000,000)</u>	<u>(130,000)</u>	<u>-</u>	<u>-</u>
<u>\$ 51,181,387</u>	<u>\$ 29,155,000</u>	<u>\$ -</u>	<u>\$ 67,085,000</u>	<u>\$ 23,390,000</u>	<u>\$ 11,820,000</u>
\$ 2,298,588	\$ 1,445,660	\$ 403,000	\$ 2,959,632	\$ -	\$ -

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**BEXAR METROPOLITAN WATER DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES – FIVE YEARS
YEAR ENDED APRIL 30, 2011**

	Amounts				
	2011	2010	2009	2008	2007
OPERATING REVENUES					
Water sales to customers	\$ 65,020,111	\$ 55,444,040	\$ 62,191,413	\$ 47,421,846	\$ 48,223,715
Sewer revenues	1,511,286	-	-	-	-
Customer penalties and fees	1,130,724	1,481,629	1,632,152	1,457,259	2,218,542
Impact fees	1,466,000	1,148,244	1,054,450	2,531,306	5,746,887
Water development fees	459,759	1,225,000	1,670,800	2,600,203	3,567,741
Main and service extensions **	-	458,708	461,418	899,065	1,543,574
Collection fees for sewer, garbage, and fire	361,830	608,022	915,722	794,186	1,198,839
Fire protection	283,513	242,264	236,761	208,602	152,518
Miscellaneous and regulatory fees	2,106,311	1,899,181	1,635,315	1,329,794	1,469,477
Total operating revenues	72,339,534	62,507,088	69,798,031	57,242,261	64,121,293
OPERATING EXPENSES					
Production expenses	38,721,295	36,849,636	34,701,962	28,841,778	32,116,279
Administrative and general expenses	11,030,834	12,529,859	14,397,974	13,134,560	13,701,581
Depreciation expense	11,315,048	10,384,169	10,162,671	9,819,936	9,514,474
Total operating expenses	61,067,177	59,763,664	59,262,607	51,796,274	55,332,334
OPERATING INCOME	11,272,357	2,743,423	10,535,424	5,445,987	8,788,959
NON-OPERATING REVENUES (EXPENSES)					
Grant revenue	121,121	50,000	-	-	86,043
Interest earned	164,537	168,850	538,651	1,015,838	1,095,447
Bad debts recovered	26,605	25,021	3,118	5,550	8,472
Gain/loss on disposal of assets	(244,074)	578,795	830,035	351,807	492,964
Interest and fiscal charges	(12,287,961)	(11,766,186)	(11,070,424)	(9,825,827)	(10,634,636)
Other non-operating revenues	2,041,628	546,890	317,636	998,397	319,778
Total non-operating revenues (expenses)	(10,178,144)	(10,396,630)	(9,380,984)	(7,454,235)	(8,631,932)
INCREASE/(DECREASE) IN NET ASSETS BEFORE CAPITAL CONTRIBUTIONS AND SPECIAL ITEMS					
	1,094,213	(7,653,207)	1,154,440	(2,008,248)	157,027
Capital contributions	1,313,524	2,220,878	7,355,624	19,615,636	11,545,737
Special items	-	-	778,750	-	-
CHANGE IN NET ASSETS	\$ 2,407,737	\$ (5,432,328)	\$ 9,288,814	\$ 17,607,388	\$ 11,702,764

** Main and Service Extensions were reclassified to operating revenues since these are revenues generated by its ongoing operations.

**BEXAR METROPOLITAN WATER DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES – FIVE YEARS
YEAR ENDED APRIL 30, 2011**

Percent of Total Revenues				
2011	2010	2009	2008	2007
89.9%	88.7%	89.1%	82.8%	75.2%
2.1%	0.0%	0.0%	0.0%	0.0%
1.6%	2.4%	2.3%	2.5%	3.5%
2.0%	1.8%	1.5%	4.4%	9.0%
0.6%	2.0%	2.4%	4.5%	5.6%
0.0%	0.7%	0.7%	1.6%	2.4%
0.5%	1.0%	1.3%	1.4%	1.9%
0.4%	0.4%	0.3%	0.4%	0.2%
2.9%	3.0%	2.3%	2.3%	2.3%
100.0%	100.0%	100.0%	100.0%	100.0%
53.5%	59.0%	49.7%	50.4%	50.1%
15.2%	20.0%	20.6%	22.9%	21.4%
15.6%	16.6%	14.6%	17.2%	14.8%
84.4%	95.6%	84.9%	90.5%	86.3%
15.6%	4.4%	9.5%	13.7%	13.7%
0.2%	0.1%	0.0%	0.0%	0.1%
0.2%	0.3%	0.8%	1.8%	1.7%
0.0%	0.0%	0.0%	0.0%	0.0%
(0.3%)	0.9%	1.2%	0.6%	0.8%
(17.0%)	(18.8%)	(15.9%)	(17.2%)	(16.6%)
2.8%	0.9%	0.5%	1.7%	0.5%
(14.1%)	(16.6%)	(13.4%)	(13.0%)	(13.5%)
1.5%	(12.2%)	1.7%	(3.5%)	0.2%
1.8%	3.6%	10.5%	34.3%	18.0%
0.0%	0.0%	1.1%	0.0%	0.0%
3.3%	(8.7%)	13.3%	30.8%	18.3%

**BEXAR METROPOLITAN WATER DISTRICT
BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
YEAR ENDED APRIL 30, 2011**

Board Members	Term of Office (Elected or Appointed)	Fees of Office Paid	Title at Year End
Guadalupe I. Lopez	(Elected) 11-2008 11-2012	\$ 7,200	President
Yvonne Cardona	(Elected) 11-2010 11-2014	\$ 4,000	Vice President
Greg Elliott	(Elected) 11-2010 11-2014	\$ 3,000	Secretary
Lesley Wenger	(Elected) 11-2008 11-2012	\$ 7,200	Director
Jerry G. Gonzales	(Elected) 11-2010 11-2014	\$ 3,450	Director
Vanessa Ybarra	(Elected) 11-2008 11-2012	\$ 7,200	Director
John Shackelford	(Elected) 11-2008	\$ 7,200	Director

**BEXAR METROPOLITAN WATER DISTRICT
BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
YEAR ENDED APRIL 30, 2011**

Key Administrative Personnel	Date Hired	Annual Salary	Title
Tom Gallier	4/18/2011	\$ 190,000	Interim General Manager
Melissa Killen	2/17/2009	\$ 115,000	General Counsel
Jesse Morin	11/3/1997	\$ 102,290	Director of Finance
Edna Wigfall Crute'	1/3/2005	\$ 96,304	Director of Administration
Robert R. Villareal II	3/9/2009	\$ 95,000	Acting Director of Engineering
Roger Placencia	8/1/1994	\$ 90,000	Director of Operations
Mike Lopez	12/24/2007	\$ 90,000	Director of Public Affairs
Rosa H. Gawlik	1/19/2010	\$ 90,000	Director of Customer Service

**BEXAR METROPOLITAN WATER DISTRICT
BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
YEAR ENDED APRIL 30, 2011**

Consultants	Fees	Type
Garza/Gonzalez & Associates	\$ 118,600	District Auditors
Gale, Wilson & Sanchez, PLLC	\$ 98,923	Legal Services
Winstead PC	\$ 96,783	Legal Services
Lloyd Gosselink	\$ 96,067	Legal Services
The Gardner Law Firm	\$ 94,568	Legal Services
Shelton & Valadez, PC	\$ 89,778	Legal Services
Rolando L. Rios & Associates	\$ 88,269	Legal Services
Web Head Group	\$ 67,400	Technology Services
Mr Valuation Consulting, LLC	\$ 60,000	Property Appraisal Services
Wet Rock Groundwater Services LLC	\$ 48,038	Geologist Consultant Services
Denim Group, Ltd.	\$ 46,150	Technology Services
Hahn, Texas	\$ 44,570	Public Relations
Stepwise Utility Advisors, LLC	\$ 42,855	Rate Analysts
Weaver and Tidwell LLP	\$ 25,000	District Auditors
Bridgepoint Consulting, LLC	\$ 23,300	Accounting Services
New Horizons	\$ 19,200	Technology Services
Technisource, Inc.	\$ 18,713	Technology Services
Computer Solutions	\$ 18,280	Technology Services
Ogletree,Deakins,Nash,Smook.Stewart P.C.	\$ 17,082	Legal Services
Kjh Consulting, LLC	\$ 15,190	Legal Services
C&C Groundwater Services LLC	\$ 14,000	Geologist Consultant Services
Frost National Bank-Capital Markets	\$ 14,000	Financial Advisor
Seeking HR	\$ 12,633	HR Services
Others	\$ 25,481	Misc Advisors

BEXAR METROPOLITAN WATER DISTRICT
MANAGEMENT REPORT
FOR THE PERIOD ENDING NOVEMBER 30, 2011

To: Board of Directors

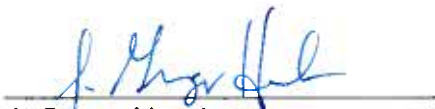
We have compiled the monthly managerial reports for the management of the Bexar Metropolitan Water District for the Month Ending, November 30th, 2011.

Our review of the monthly management reports reasonably assure that the reports provide for a fair presentation of the financial position of the District.

However, the review does not perform a detailed examination of all transactions, therefore, a risk that material errors, irregularities, or illegal acts, including fraud or defalcations may exist.

Pursuant to the requirements of the Texas Government Code Section 2256.023 (b)(8), Tab 4 of the Monthly Financial Statements describes the District's investment portfolio and this investment portfolio complies with both the District's Investment Policy and the relevant provisions of the Texas Public Funds Investment Act.

Sincerely,



J. Gregg Henderson
Director of Finance

Date: 1-11-12



Tom Gallier
Interim General Manager

Date: 11/1/2012

FINANCIAL STATEMENTS:

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**BEXAR METROPOLITAN WATER DISTRICT
COMBINING STATEMENT OF NET ASSETS**

November 30, 2011

ASSETS:

CURRENT ASSETS:

UNRESTRICTED CURRENT ASSETS

CASH AND CASH EQUIVALENTS	27,124,668.96
ACCOUNTS RECEIVABLE - DISTRICT CUSTOMERS (NET OF ALLOWANCE)	8,959,030.05
ACCOUNTS RECEIVABLE - MISCELLANEOUS (NET OF ALLOWANCE)	3,631,463.27
INTER-COMPANY RECEIVABLE - BMDC	150.00
PREPAID EXPENSES	497,386.72
INVENTORY	1,689,986.66

TOTAL UNRESTRICTED CURRENT ASSETS 41,902,685.66

RESTRICTED CURRENT ASSETS

RESERVE FUND	6,461,156.51
U.S GOVERNMENT SECURITIES	2,354,385.84
INTEREST & SINKING FUND	4,420,659.97
CONSTRUCTION FUND	11,984.67
CONTINGENCY FUND	636,859.52
RESERVE FUND - SERIES 2009	0.00

TOTAL RESTRICTED ASSETS 13,885,046.51

NON-CURRENT ASSETS:

CAPITAL ASSETS

LAND	5,784,459.78
ASSETS HELD FOR SALE	2,971,324.26
CONSTRUCTION IN PROGRESS	35,397,669.93
BUILDING/IMPROVEMENTS	8,291,382.15
EQUIPMENT	21,652,152.13
OFFICE FURNITURE	915,213.45
UTILITY PLANT AND DISTRIBUTION	341,738,382.03
LESS ACCUMULATED DEPRECIATION	<u>(118,542,107.35)</u>
TOTAL CAPITAL ASSETS (NET)	<u>298,208,476.38</u>

OTHER ASSETS

NET PENSION ASSET	0.00
OTHER ASSETS - BOND ISSUANCE COST	3,773,883.32
DEFERRED CHARGE - WECO/STEIN	0.00

TOTAL OTHER ASSETS 3,773,883.32

TOTAL ASSETS 357,770,091.87

**BEXAR METROPOLITAN WATER DISTRICT
COMBINING STATEMENT OF NET ASSETS**

November 30, 2011

LIABILITIES & EQUITY:

CURRENT LIABILITIES:

UNRESTRICTED CURRENT LIABILITIES

ACCOUNTS PAYABLE	4,401,190.76
SEWER & GARBAGE COLLECTION DUE	566,650.20
NET PENSION LIABILITY	40,894.00
CREDIT BALANCES CUSTOMER ACCOUNTS	450,853.83
INTER-COMPANY PAYABLE	5,830.00
CAPITAL LEASE OBLIGATIONS - S/T	24,168.15
CONTRACTS PAYABLE - S/T	0.00
INSURANCE CLAIMS LIABILITY	0.00
ACCRUED EXPENSES	989,199.80

TOTAL UNRESTRICTED CURRENT LIABILITIES 6,478,786.74

CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS

ACCRUED BOND INTEREST PAYABLE (WITHIN ONE YEAR)	943,978.66
ACCRUED COMMERCIAL PAPER INTEREST	34,273.86
BONDS PAYABLE (WITHIN ONE YEAR)	5,945,000.00

TOTAL LIABILITIES OF RESTRICTED FUNDS 6,923,252.52

TOTAL CURRENT LIABILITIES 13,402,039.26

NONCURRENT LIABILITIES:

ACCREDITED INTEREST PAYABLE	5,530,351.75
REVENUE BONDS PAYABLE- 1995A/1998/2002/2006/2007/2009 PLUS UNAMORTIZED BOND PREMIUM	230,688,603.80
LOSS ON REFUNDING	45,298.01
COMMERCIAL PAPER NOTE	(5,632,261.58)
CONTRACTS PAYABLE - L/T	10,000,000.00
CAPITAL LEASE OBLIGATIONS - L/T	0.00
	<u>0.00</u>

TOTAL NONCURRENT LIABILITIES 240,631,991.98

TOTAL LIABILITIES 254,034,031.24

NET ASSETS:

INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT 55,381,199.57

RESTRICTED ASSETS

RESTRICTED FOR DEBT SERVICE	12,257,949.80
RESTRICTED FOR CONSTRUCTION	11,984.67
RESTRICTED FOR CONTINGENCY AND ESCROW	636,859.52
RESTRICTED FOR EMPLOYEES' PENSION BENEFITS	0.00

TOTAL RESTRICTED NET ASSETS 12,906,793.99

UNRESTRICTED NET ASSETS 35,448,067.07

TOTAL NET ASSETS 103,736,060.63

TOTAL LIABILITIES AND NET ASSETS 357,770,091.87

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BEXAR METROPOLITAN WATER DISTRICT

COMBINED STATEMENT OF REVENUES AND EXPENSES

November 30, 2011

	<u>CURRENT BUDGET</u> <u>AMOUNT</u>	<u>CURRENT</u> <u>AMOUNT</u>	<u>VARIANCE</u> <u>AMOUNT</u>	<u>%</u>
OPERATING REVENUES				
WATER SALES TO CUSTOMERS	5,632,041.67	5,258,190.42	373,851.25	93%
WHOLESALE WATER AGREEMENTS	49,495.92	86.51	49,409.41	0%
SEWER REVENUE	0.00	0.00	0.00	0%
CUSTOMERS PENALTIES & FEES	134,583.33	120,307.21	14,276.12	89%
COLLECTION FFES	37,500.00	23,428.82	14,071.18	62%
FIRE PROTECTION	20,833.33	26,552.27	(5,718.94)	127%
REGULATORY ASSESSMENT FEE	193,812.83	164,671.03	29,141.80	85%
IMPACT FEES/ WATER DEVELOPMENT FEE	200,320.08	242,696.50	(42,376.42)	121%
MAIN & SERVICE EXTENSION FEES	45,833.33	27,620.59	18,212.74	60%
ASSESSMENT FEES - TIMBERWOOD	291.67	0.00	291.67	0%
TOTAL OPERATING REVENUES	<u>6,314,712.17</u>	<u>5,863,553.35</u>	<u>451,158.82</u>	<u>93%</u>
OPERATING EXPENSES				
SALARIES	749,589.08	604,001.01	145,588.07	81%
PAYROLL TAXES & UNEMPLOYMENT TAX	57,343.58	42,725.45	14,618.13	75%
CONTRACT LABOR	100.00	0.00	100.00	0%
DISPOSAL FEES	1,908.33	225.86	1,682.47	12%
EQUIPMENT RENTAL	18,355.58	13,995.93	4,359.65	76%
FUEL	83,333.33	70,936.30	12,397.03	85%
OPERATION & MAINTENANCE - GARAGE	33,650.67	25,501.73	8,148.94	76%
INSURANCE - BENEFITS	285,532.17	233,262.04	52,270.13	82%
MAINTENANCE CONTRACTS OPERATING	59,267.33	141,015.75	(81,748.42)	238%
OPERATION & MAINTENANCE MATERIALS	283,855.33	332,008.52	(48,153.19)	117%
OPERATION & MAINTENANCE - FACILITY	3,929.83	3,452.58	477.25	88%
MAINTENANCE SERVICES	0.00	0.00	0.00	0%
OPERATION & MAINTENANCE - PRODUCTION	66,791.67	25,054.34	41,737.33	38%
SEWER PRODUCTION EXPENSES	0.00	0.00	0.00	0%
EDWARDS AQUIFER PERMIT FEE	110,220.75	111,270.83	(1,050.08)	101%
BMDC LEASE AGREEMENT	383,063.17	368,022.00	15,041.17	96%
BMA OPERATING WATER AGREEMENT '99	139,101.67	130,239.74	8,861.93	94%
CANYON REGIONAL AGREEMENT	427,376.17	546,154.07	(118,777.90)	128%
WECo WATER AGREEMENT	544,655.17	602,131.93	(57,476.76)	111%
WATER PURCHASE AGREEMENTS	151,730.17	71,559.93	80,170.24	47%
UNIFORMS	3,708.33	2,669.38	1,038.95	72%
UTILITIES	283,333.33	265,273.71	18,059.62	94%
WASTE SERVICES	3,683.33	3,069.43	613.90	83%
WATER TRANSPORTING EXPENSE	12,500.00	45,765.08	(33,265.08)	366%
WATER TREATMENT & TESTING	45,909.67	16,764.19	29,145.48	37%
TOTAL OPERATING EXPENSES	<u>3,748,938.67</u>	<u>3,655,099.80</u>	<u>93,838.87</u>	<u>97%</u>
ADMINISTRATIVE & GENERAL				
SALARIES	249,957.17	161,039.63	88,917.54	64%
PAYROLL TAXES & UNEMPLOYMENT TAX	19,121.75	14,139.49	4,982.26	74%
STATE SALES & USE TAX	0.00	0.00	0.00	0%
ADVERTISING/PRINTING/PHOTOGRAPHY	15,148.75	867.02	14,281.73	6%
AGENCY ASSESSMENTS	41,062.83	256,696.99	(215,634.16)	625%
BANK FEES	50,000.00	62,484.53	(12,484.53)	125%
CONTRACT LABOR	0.00	0.00	0.00	0%
COMMUNICATION EXPENSE	29,216.42	29,502.34	(285.92)	101%
COMPUTER SYSTEM SUPPORT	13,788.17	14,257.98	(469.81)	103%
DIRECTORS FEES	4,200.00	0.00	4,200.00	0%
DUES AND SUBSCRIPTIONS	6,287.50	591.47	5,696.03	9%
EMPLOYEE BENEFITS	9,468.67	3,114.50	6,354.17	33%
HIRING EXPENSE	661.67	4,879.00	(4,217.33)	737%
INSURANCE - BENEFITS	61,524.08	35,807.06	25,717.02	58%
INSURANCE - GENERAL	50,833.33	29,383.74	21,449.59	58%
JANITORIAL SERVICES	0.00	0.00	0.00	0%

BEXAR METROPOLITAN WATER DISTRICT
COMBINED STATEMENT OF REVENUES AND EXPENSES

November 30, 2011

	<u>CURRENT BUDGET AMOUNT</u>	<u>CURRENT AMOUNT</u>	<u>VARIANCE AMOUNT</u>	<u>%</u>
LICENSE AND PERMITS	17,040.58	16,126.00	914.58	95%
MISCELLANEOUS	8,404.17	31,394.82	(22,990.65)	374%
MAINTENANCE CONTRACTS	0.00	0.00	0.00	0%
OFFICE SUPPLIES	8,998.50	14,296.48	(5,297.98)	159%
OVER/SHORT CASH	41.67	(199.08)	240.75	-478%
PAY STATION FEES	0.00	0.00	0.00	0%
POSTAGE	44,907.92	25,283.29	19,624.63	56%
PROFESSIONAL FEES	85,625.00	378,293.54	(292,668.54)	442%
PUBLIC EDUCATION & AWARENESS	2,208.33	216.00	1,992.33	10%
PUBLIC MEETING NOTICE FEES	10.00	25.00	(15.00)	250%
SAFETY EXPENSE	7,240.17	1,225.47	6,014.70	17%
SECURITY	6,283.33	4,224.58	2,058.75	67%
TRAINING	4,112.50	3,674.00	438.50	89%
TRAVEL, MEALS AND ENTERTAINMENT EXPENSE	3,770.67	1,347.79	2,422.88	36%
UTILITIES	12,505.92	8,692.00	3,813.92	70%
PENALTIES & LATE CHARGES	16.67	0.00	16.67	0%
BAD DEBT EXPENSE	84,480.67	78,968.42	5,512.25	93%
WASTE SERVICES	2,916.67	0.00	2,916.67	0%
WATER EFFICIENCY PROGRAM ACTIVITIES	29,291.67	16,188.97	13,102.70	55%
TOTAL ADMIN & GENERAL EXPENSES	<u>869,124.75</u>	<u>1,192,521.03</u>	<u>(323,396.28)</u>	<u>137%</u>
OVERHEAD	66,666.67	882.00	65,784.67	1%
NET ADMIN & GENERAL EXPENSES	<u>802,458.08</u>	<u>1,191,639.03</u>	<u>(389,180.95)</u>	<u>148%</u>
NET OPERATING EXPENSES				
BEFORE DEPRECIATION	4,551,396.75	4,846,738.83	(295,342.08)	106%
DEPRECIATION EXPENSE	<u>854,166.67</u>	<u>829,920.46</u>	<u>24,246.21</u>	<u>97%</u>
NET OPERATING EXPENSE	<u>5,405,563.42</u>	<u>5,676,659.29</u>	<u>(271,095.87)</u>	<u>105%</u>
OPERATING REVENUE	909,148.75	186,894.06	722,254.69	21%
NON-OPERATING REVENUES				
INTEREST INCOME	17,916.67	17,486.81	429.86	98%
BAD DEBTS RECOVERED	8,333.33	4,361.78	3,971.55	52%
GRANT REVENUE	0.00	0.00	0.00	100%
OTHER NON-OPERATING REVENUE	<u>180,666.67</u>	<u>1,488,299.91</u>	<u>(1,307,633.24)</u>	<u>824%</u>
NON-OPERATING REVENUE	<u>206,916.67</u>	<u>1,510,148.50</u>	<u>(1,303,231.83)</u>	<u>730%</u>
NON-OPERATING EXPENSES				
INTEREST EXPENSE	1,250.00	211.24	1,038.76	17%
BOND INTEREST	973,368.42	998,368.43	(25,000.01)	103%
BOND ISSUANCE COSTS	35,416.67	0.00	35,416.67	0%
COMMERCIAL PAPER INTEREST	5,208.33	4,397.26	811.07	84%
COMMERCIAL PAPER ISSUANCE COSTS	15,933.33	(113,564.80)	129,498.13	-713%
COMMERCIAL PAPER COMMITMENT FEE	39,892.92	113,564.80	(73,671.88)	285%
OTHER NON-OPERATING EXPENSES	0.00	6,584.28	(6,584.28)	0%
TOTAL NON-OPERATING EXPENSE	<u>1,071,069.67</u>	<u>1,009,561.21</u>	<u>61,508.46</u>	<u>94%</u>
INCREASE/(DECREASE) IN NET ASSETS, BEFORE CAPITAL CONTRIBUTIONS	<u>44,995.75</u>	<u>687,481.35</u>	<u>(642,485.60)</u>	<u>1528%</u>

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BEXAR METROPOLITAN WATER DISTRICT

COMBINED STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS

FOR THE SEVENTH MONTH ENDING NOVEMBER 30, 2011

	<u>YTD BUDGET</u> <u>AMOUNT</u>	<u>YTD</u> <u>AMOUNT</u>	<u>VARIANCE</u> <u>AMOUNT</u>	<u>%</u>
OPERATING REVENUES				
WATER SALES TO CUSTOMERS	39,424,291.67	46,825,461.76	(7,401,170.09)	119%
WHOLESALE WATER AGREEMENTS	346,471.42	194,107.79	152,363.63	56%
SEWER REVENUE	0.00	0.00	0.00	0%
CUSTOMERS PENALTIES & FEES	942,083.33	1,067,223.20	(125,139.87)	113%
COLLECTION FEES	262,500.00	216,641.87	45,858.13	83%
FIRE PROTECTION	145,833.33	183,949.26	(38,115.93)	126%
REGULATORY ASSESSMENT FEE	1,356,689.83	1,461,299.86	(104,610.03)	108%
IMPACT FEES/ WATER DEVELOPMENT FEE	1,402,240.58	2,525,972.50	(1,123,731.92)	180%
MAIN & SERVICE EXTENSION FEES	320,833.33	212,296.91	108,536.42	66%
ASSESSMENT FEES - TIMBERWOOD	2,041.67	0.00	2,041.67	0%
TOTAL OPERATING REVENUES	<u>44,202,985.17</u>	<u>52,686,953.15</u>	<u>(8,483,967.98)</u>	<u>119%</u>
OPERATING EXPENSES				
SALARIES	5,247,123.58	4,878,794.22	368,329.36	93%
PAYROLL TAXES & UNEMPLOYMENT TAX	401,405.08	358,143.36	43,261.72	89%
DISPOSAL FEES	13,358.33	1,474.26	11,884.07	11%
EQUIPMENT RENTAL	128,489.08	174,598.05	(46,108.97)	136%
FUEL	583,333.33	667,347.24	(84,013.91)	114%
OPERATION & MAINTENANCE - GARAGE	235,554.67	218,694.95	16,859.72	93%
INSURANCE - BENEFITS	1,998,725.17	1,861,921.58	136,803.59	93%
MAINTENANCE CONTRACTS OPERATING	414,871.33	382,611.37	32,259.96	92%
OPERATION & MAINTENANCE MATERIALS	1,986,987.33	3,050,475.54	(1,063,488.21)	154%
OPERATION & MAINTENANCE - FACILITY	27,508.83	24,782.99	2,725.84	90%
OPERATION & MAINTENANCE - PRODUCTION	467,541.67	315,821.88	151,719.79	68%
EDWARDS AQUIFER PERMIT FEE	771,545.25	772,595.81	(1,050.56)	100%
BMDC LEASE AGREEMENT	2,681,442.17	2,664,735.31	16,706.86	99%
BMA OPERATING WATER AGREEMENT '99	973,711.67	1,016,174.18	(42,462.51)	104%
CANYON REGIONAL AGREEMENT	2,991,633.17	3,967,811.93	(976,178.76)	133%
WEC _o SURFACE WATER AGREEMENT	3,812,586.17	3,075,053.71	737,532.46	81%
WATER PURCHASE AGREEMENTS	1,062,111.17	939,300.98	122,810.19	88%
UNIFORMS	25,958.33	26,454.36	(496.03)	102%
UTILITIES	1,983,333.33	2,396,927.71	(413,594.38)	121%
WASTE SERVICES	25,783.33	21,011.26	4,772.07	81%
WATER TRANSPORTING EXPENSE	87,500.00	249,085.35	(161,585.35)	285%
WATER TREATMENT & TESTING	321,367.67	265,090.16	56,277.51	82%
TOTAL OPERATING EXPENSES	<u>26,242,570.67</u>	<u>27,328,906.20</u>	<u>(1,086,335.53)</u>	<u>104%</u>
ADMINISTRATIVE & GENERAL				
SALARIES	1,749,700.17	1,460,083.98	289,616.19	83%
PAYROLL TAXES & UNEMPLOYMENT TAX	133,852.25	305,940.39	(172,088.14)	229%
STATE SALES & USE TAX	0.00	0.00	0.00	0%
ADVERTISING/PRINTING/PHOTOGRAPHY	106,041.25	67,007.46	39,033.79	63%
AGENCY ASSESSMENTS	287,439.83	641,176.42	(353,736.59)	223%
BANK FEES	350,000.00	418,682.99	(68,682.99)	120%
CONTRACT LABOR	0.00	0.00	0.00	0%
COMMUNICATION EXPENSE	204,514.92	142,962.76	61,552.16	70%
COMPUTER SYSTEM SUPPORT	96,517.17	64,666.99	31,850.18	67%
DIRECTORS FEES	29,400.00	23,850.00	5,550.00	81%
DUES AND SUBSCRIPTIONS	44,012.50	11,036.90	32,975.60	25%
EMPLOYEE BENEFITS	66,280.67	12,757.34	53,523.33	19%
HIRING EXPENSE	4,631.67	9,473.10	(4,841.43)	205%
INSURANCE - BENEFITS	430,668.58	300,232.86	130,435.72	70%
INSURANCE - GENERAL	355,833.33	292,328.55	63,504.78	82%
JANITORIAL SERVICES	0.00	(280.54)	280.54	0%
LICENSE AND PERMITS	119,284.08	119,128.42	155.66	100%
MISCELLANEOUS	58,829.17	242,125.69	(183,296.52)	412%
MAINTENANCE CONTRACTS	0.00	389.00	(389.00)	0%
OFFICE SUPPLIES	62,989.50	63,115.32	(125.82)	100%
OVER/SHORT CASH	291.67	(7,435.46)	7,727.13	-2549%
POSTAGE	314,355.42	299,728.73	14,626.69	95%
PROFESSIONAL FEES	599,375.00	1,106,732.59	(507,357.59)	185%

BEXAR METROPOLITAN WATER DISTRICT

COMBINED STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS

FOR THE SEVENTH MONTH ENDING NOVEMBER 30, 2011

	<u>YTD BUDGET AMOUNT</u>	<u>YTD AMOUNT</u>	<u>VARIANCE AMOUNT</u>	<u>%</u>
PUBLIC EDUCATION & AWARENESS	15,458.33	6,999.37	8,458.96	45%
PUBLIC MEETING NOTICE FEES	70.00	42.54	27.46	61%
SAFETY EXPENSE	50,681.17	11,567.86	39,113.31	23%
SECURITY	43,983.33	37,600.42	6,382.91	85%
TRAINING	28,787.50	15,546.27	13,241.23	54%
TRAVEL, MEALS AND ENTERTAINMENT EXPENS	26,394.67	15,898.09	10,496.58	60%
UTILITIES	87,541.42	62,925.21	24,616.21	72%
PENALTIES & LATE CHARGES	116.67	1,161.85	(1,045.18)	996%
BAD DEBT EXPENSE	591,364.67	703,515.87	(112,151.20)	119%
WASTE SERVICES	20,416.67	93.78	20,322.89	0%
WATER EFFICIENCY PROGRAM ACTIVITIES	205,041.67	97,561.47	107,480.20	48%
TOTAL ADMIN & GENERAL EXPENSES	<u>6,083,873.25</u>	<u>6,526,616.22</u>	<u>(442,742.97)</u>	<u>107%</u>
OVERHEAD	466,666.67	38,939.25	427,727.42	8%
NET ADMIN & GENERAL EXPENSES	<u>5,617,206.58</u>	<u>6,487,676.97</u>	<u>(870,470.39)</u>	<u>115%</u>
NET OPERATING EXPENSES				
BEFORE DEPRECIATION	31,859,777.25	33,816,583.17	(1,956,805.92)	106%
DEPRECIATION EXPENSE	5,979,166.67	5,809,443.22	169,723.45	97%
NET OPERATING EXPENSE	<u>37,838,943.92</u>	<u>39,626,026.39</u>	<u>(1,787,082.47)</u>	<u>105%</u>
OPERATING REVENUE	6,364,041.25	13,060,926.76	(6,696,885.51)	205%
NON-OPERATING REVENUES				
INTEREST INCOME	125,416.67	113,190.64	12,226.03	90%
BAD DEBTS RECOVERED	58,333.33	47,225.13	11,108.20	81%
GRANT REVENUE	0.00	110,000.00	(110,000.00)	100%
OTHER NON-OPERATING REVENUE	1,264,666.67	2,319,193.61	(1,054,526.94)	183%
NON-OPERATING REVENUE	<u>1,448,416.67</u>	<u>2,589,609.38</u>	<u>(1,141,192.71)</u>	<u>179%</u>
NON-OPERATING EXPENSES				
INTEREST EXPENSE	8,750.00	3,666.28	5,083.72	42%
BOND INTEREST	6,813,578.92	6,986,714.84	(173,135.92)	103%
BOND ISSUANCE COSTS	247,916.67	4,350.00	243,566.67	2%
COMMERCIAL PAPER INTEREST	36,458.33	30,183.57	6,274.76	83%
COMMERCIAL PAPER ISSUANCE COSTS	111,533.33	45,279.70	66,253.63	41%
COMMERCIAL PAPER COMMITMENT FEE	279,250.42	231,658.79	47,591.63	83%
OTHER NON-OPERATING EXPENSES	0.00	15,780.87	(15,780.87)	-100%
TOTAL NON-OPERATING EXPENSE	<u>7,497,487.67</u>	<u>7,317,634.05</u>	<u>179,853.62</u>	<u>98%</u>
INCREASE/(DECREASE) IN NET ASSETS, BEFORE CAPITAL CONTRIBUTIONS	<u>314,970.25</u>	<u>8,332,902.09</u>	<u>(8,017,931.84)</u>	<u>2646%</u>
CAPITAL CONTRIBUTIONS & SPECIAL ITEMS		<u>650,764.90</u>		
CHANGE IN NET ASSETS		8,983,666.99		
NET ASSETS - BEGINNING BALANCE - 5/1/11		<u>94,752,393.64</u>		
NET ASSETS - ENDING BALANCE		<u>103,736,060.63</u>		

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**BEXAR METROPOLITAN WATER DISTRICT
INVESTMENT SUMMARY**

**LOGIC - LOCAL GOVERNMENT INVESTMENT COOPERATIVE
PRICE PER SHARE IS ALWAYS \$1.**

INTEREST AND SINKING FUND	November 30, 2011	CONSTRUCTION FUND	November 30, 2011
Beginning Market Value	8,644,535.97	Beginning Market Value	11,982.82
Interest/Dividend Reinvested	600.88	Interest/Dividend Reinvested	1.85
Transfer Out - from other accts.	0.00	Transfer In - Commercial Paper	0.00
Transfer In - Monthly Commitment	1,439,396.00	Transfer Out	0.00
Transfer out - Principle & Interest Pmt	(5,663,872.88)	Transfer In -	0.00
Ending Market Value/Book Value	4,420,659.97	Ending Market Value/Book Value	11,984.67

RESERVE FUND	November 30, 2011	CONTINGENCY FUND	November 30, 2011
Beginning Market Value	126,087.69	Beginning Market Value	594,762.81
Interest/Dividend Reinvested	19.42	Interest/Dividend Reinvested	96.71
Transfer In	0.00	Transfer Out	0.00
Transfer out - Interest & Sinking	0.00	Transfer In - (Monthly Commitment)	42,000.00
Ending Market Value/Book Value	126,107.11	Ending Market Value/Book Value	636,859.52

The average monthly rate was .1874%, the average weighted average maturity was 47 days and the net asset value for 11/30/11 was 1.000093

**BEXAR METROPOLITAN WATER DISTRICT
INVESTMENT SUMMARY**

**LOGIC - LOCAL GOVERNMENT INVESTMENT COOPERATIVE
PRICE PER SHARE IS ALWAYS \$1.**

IMPACT FEE ACCOUNT	November 30, 2011	DEBT SERVICE RESERVE FUND - SER 09	November 30, 2011
Beginning Market Value	2,381,887.68	Beginning Market Value	3,074,826.84
Interest/Dividend Reinvested	366.89	Interest/Dividend Reinvested	473.63
Transfer In - Reserve Fund	0.00	Transfer In - U.S. Treasury Bond 95 Ser	0.00
Transfer out -	0.00	Transfer out - to Sinking Fund	0.00
Ending Market Value/Book Value	<u>2,382,254.57</u>	Ending Market Value/Book Value	<u>3,075,300.47</u>

**OPERATING COVERAGE
RESERVE FUND**

OPERATING COVERAGE RESERVE FUND	November 30, 2011	BOND CLEARING ACCOUNT FUND	November 30, 2011
Beginning Market Value	8,805,334.78	Beginning Market Value	0.01
Interest/Dividend Reinvested	1,356.32	Interest/Dividend Reinvested	0.00
Transfer In -	0.00	Transfer In - Bond Redemption	0.00
Transfer out - Sinking Fund	0.00	Transfer out - Interest & Sinking Fund	0.00
Ending Market Value/Book Value	<u>8,806,691.10</u>	Ending Market Value/Book Value	<u>0.01</u>

The average monthly rate was .1874%, the average weighted average maturity was 47 days and the net asset value for 11/30/11 was 1.000093

**BEXAR METROPOLITAN WATER DISTRICT
INVESTMENT SUMMARY**

**LOGIC - LOCAL GOVERNMENT INVESTMENT COOPERATIVE
PRICE PER SHARE IS ALWAYS \$1.**

<u>OPERATING ACCOUNT</u>	<u>November 30, 2011</u>	<u>DSRF - Series 2010</u>	<u>November 30, 2011</u>
Beginning Market Value	6,093,151.93	Beginning Market Value	1,658,102.03
Interest/Dividend Reinvested	938.55	Interest/Dividend Reinvested	255.40
Transfer In - Deposit	0.00	Transfer In - Deposit	0.00
Transfer out -	0.00	Transfer out -	0.00
Ending Market Value/Book Value	<u>6,094,090.48</u>	Ending Market Value/Book Value	<u>1,658,357.43</u>
<u>DSRF - Sub Lien Series 2010</u>	<u>November 30, 2011</u>	<u>Capital Asset Sale Proceeds</u>	<u>November 30, 2011</u>
Beginning Market Value	1,183,253.15	Beginning Market Value	2,859,210.82
Interest/Dividend Reinvested	182.26	Interest/Dividend Reinvested	890.02
Transfer In - Deposit	0.00	Transfer In - Deposit	3,705,026.75
Transfer out -	0.00	Transfer out -	0.00
Ending Market Value/Book Value	<u>1,183,435.41</u>	Ending Market Value/Book Value	<u>6,565,127.59</u>

The average monthly rate was .1874%, the average weighted average maturity was 47 days and the net asset value for 11/30/11 was 1.000093

BEXAR METROPOLITAN WATER DISTRICT
INVESTMENT SUMMARY

JP MORGAN/B&NY-Mellon SECURITIES
DEBT SERVICE RESERVE FUND
FORWARD PURCHASE CONTRACT

For the Month of November-11

SECURITY TYPE	CD EQUIVALENT YIELD	DATE OF MATURITY	PURCHASE PRICE
FHDN DISCOUNT NOTE	4.410%	April 30, 2012	\$2,345,522.09
		FACE VALUE	BOOK/MARKET VALUE*
		\$2,399,000.00	\$2,354,385.84

* Amount includes purchase price plus accrued interest.

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BEXAR METROPOLITAN WATER DISTRICT
Budget to Actual Comparison - For 7TH month or 59% of the Budget Year.

	31-May	30-Jun	31-Jul	31-Aug	30-Sep	31-Oct	30-Nov	Total	Approved Budget	%
OPERATING REVENUES										
Water Sales to Customers	6,470,531	7,017,433	6,920,446	6,939,975	8,418,536	5,800,350	5,258,190	46,825,462	67,584,500	69%
Wholesale Water Agreements	79,582	88,554	21,192	1,126	2,863	704	87	194,108	593,951	33%
Sewer Revenue	0	0	0	0	0	0	0	0	0	0%
Customers Penalties & Fees	136,927	150,256	150,671	172,231	172,342	164,490	120,307	1,067,223	1,615,000	66%
Collection Fees	22,653	21,858	33,849	46,784	32,009	36,060	23,429	216,642	450,000	48%
Fire Protection	25,802	26,261	26,261	26,386	26,344	26,344	26,552	183,949	250,000	74%
Regulatory Assessment Fee	203,738	216,625	219,871	217,748	254,131	184,516	164,671	1,461,300	2,325,754	63%
Impact Fees & Water Development Fees	91,013	15,153	572,425	1,225,134	342,225	37,325	242,697	2,525,973	2,403,841	100%
Main & Service Extension Fees	20,065	13,982	41,331	54,845	40,645	13,808	27,621	212,297	550,000	39%
Assessment Fees - Timberwood	0	0	0	0	0	0	0	0	3,500	0%
TOTAL REVENUES	7,050,312	7,550,121	7,986,047	8,684,228	9,289,095	6,263,597	5,863,553	52,686,953	75,776,546	70%

	31-May	30-Jun	31-Jul	31-Aug	30-Sep	31-Oct	30-Nov	Total	Approved Budget	%
OPERATING EXPENSES										
PRODUCTION:										
Salaries	602,721	656,632	787,276	653,915	970,573	603,675	604,001	4,878,794	8,995,069	54%
Payroll Taxes	45,721	51,033	51,056	53,863	69,430	44,315	42,725	358,143	688,123	52%
Contract Labor	0	0	0	0	0	0	0	0	1,200	0%
Disposal Fees	8,678	12,775	27,809	19,519	17,227	74,595	13,996	1,474	22,900	6%
Equipment Rental	78,581	104,454	105,085	111,185	100,292	96,814	70,933	667,347	220,267	79%
Fuel	23,603	36,155	29,011	37,332	34,686	33,406	25,502	218,695	403,808	54%
Operation & Maintenance -Garage	247,532	259,889	244,936	283,001	239,492	246,423	233,267	1,754,534	3,426,386	51%
Insurance - Benefits	25,626	32,994	62,440	36,678	54,775	29,182	141,011	382,611	711,208	54%
Maintenance Contract Operating	293,676	340,560	462,051	452,897	445,678	723,605	332,001	3,050,476	3,406,264	90%
Operation & Maintenance Materials	3,262	4,290	6,177	2,435	3,282	1,885	3,453	24,783	47,158	53%
Operation & Maintenance - Facility	0	0	0	0	0	0	0	0	0	0%
Maintenance Services	65,333	64,337	74,541	41,698	5,186	39,673	25,054	315,822	801,500	39%
Operation & Maintenance -Production	0	0	0	0	0	0	0	0	0	0%
Sewer Production Expenses	110,221	110,221	110,221	110,221	110,221	110,221	111,271	772,596	1,322,649	58%
Edwards Aquifer Permit Fee	410,022	434,022	380,184	353,022	374,022	345,441	368,022	2,664,735	4,596,758	58%
Bexar Metropolitan Develop. Corp. Lease Agrimn	130,240	130,240	234,736	130,240	130,240	130,240	130,240	1,016,174	1,669,220	61%
BMA Operating Water Agreement '99	392,761	410,470	663,781	720,352	678,208	556,086	546,154	3,967,812	5,128,514	77%
Canyon Regional Agreement	565,206	288,395	426,800	426,800	426,800	338,920	602,132	3,075,054	6,535,862	47%
WECO Water Purchase Agreement	99,139	189,366	199,426	110,849	110,849	158,113	71,560	939,301	1,820,762	52%
Water Purchase Agreements	2,957	7,305	3,847	6,014	1,321	2,343	2,669	26,454	44,500	59%
Uniforms	252,799	375,504	473,182	379,794	370,004	280,372	265,274	2,396,928	3,400,000	70%
Utilities - Operating	3,170	2,275	3,013	3,583	2,601	3,300	3,063	21,011	44,200	48%
Waste Services	5,060	9,428	40,553	30,110	57,522	60,647	45,765	249,085	550,000	100%
Water Transporting Expense	40,339	37,465	50,208	48,361	47,825	24,107	16,764	265,090	150,916	48%
Water Treatment & Testing	3,406,643	3,567,948	4,435,856	4,012,227	4,250,380	3,903,364	3,655,100	27,221,518	44,987,264	61%
TOTAL OPERATING EXPENSE										

	31-May	30-Jun	31-Jul	31-Aug	30-Sep	31-Oct	30-Nov	Total	Approved Budget	%
ADMINISTRATIVE & GENERAL										
Salaries	196,019	213,630	257,738	197,156	278,250	156,052	161,040	1,460,084	2,989,486	49%
Payroll Taxes	18,622	20,071	88,386	20,667	25,248	118,807	14,135	305,940	229,461	100%
Ad Valorem Taxes	0	0	0	0	0	13,842	0	13,842	0	0%
Advertising and Photography	6,297	29,130	15,734	1,138	0	0	86	53,165	181,785	29%
Agency Assessments	46,831	93,951	63,560	70,625	59,148	50,364	256,697	641,176	492,754	100%
Bank Fees	39,718	60,058	59,159	66,379	65,170	65,170	62,485	418,683	600,000	70%
Communication Expense	22,274	22,859	21,270	6,832	23,212	17,015	29,502	142,963	350,597	41%
Contract Labor	0	0	0	0	0	0	0	0	0	0%
Computer System Support	3,723	7,725	24,967	4,607	93	9,295	14,256	64,667	165,458	39%
Directors Fees	7,350	1,350	4,050	2,100	4,950	4,050	0	23,850	50,400	47%
Dues and Subscriptions	3,239	629	814	1,081	7,339	-2,658	59	11,037	75,450	15%
Employee Benefits	239	3,320	3,459	38	271	2,315	3,112	12,757	113,624	11%
Hiring Expense	462	860	677	756	554	1,286	4,871	9,473	7,940	100%

BEXAR METROPOLITAN WATER DISTRICT
Budget to Actual Comparison - For 7TH month or 59% of the Budget Year.

	31-May	30-Jun	31-Jul	31-Aug	30-Sep	31-Oct	30-Nov	Total	Approved Budget	%
Insurance - Benefits	93,335	88,073	78,899	44,910	30,981	35,617	35,801	407,621	738,289	55%
Insurance - General	40,842	104,568	29,384	29,384	29,384	29,384	29,384	292,329	610,000	48%
Janitorial Services	0	0	0	0	0	-281	0	-281	0	0%
License & Permits	872	13,329	17,161	17,925	29,746	23,969	16,126	119,128	204,487	58%
Miscellaneous Expense	8,246	5,389	15,175	1,356	43,870	136,694	31,395	242,126	100,850	100%
Maintenance Contracts	189	0	0	0	0	200	0	389	0	0%
Office Supplies	5,501	9,533	6,430	8,193	3,971	15,191	14,296	63,115	107,982	58%
Over/Short Cash	266	-475	-381	-5,480	-66	-1,100	-199	-7,435	500	-1487%
Pay Station Fees	0	0	0	0	0	0	0	0	0	0%
Postage	50,208	70,965	27,155	50,225	25,351	50,542	25,285	299,729	538,895	56%
Professional Fees	136,635	49,839	131,854	127,959	208,522	73,629	378,294	1,106,733	1,027,500	100%
Public Education & Awareness	0	1,465	3,708	1,441	0	1,466	216	6,999	26,500	26%
Public Meeting Notice Fees	0	0	0	0	0	-2	25	43	120	35%
Safety Expense	-1,049	1,130	1,156	814	717	7,574	1,225	11,568	86,882	13%
Security	5,883	5,115	5,380	6,248	4,813	5,937	4,225	37,600	75,400	50%
Training Expense	3,952	1,015	23	2,813	3,915	155	3,874	15,546	49,350	32%
Travel and Entertainment Expenses	3,520	4,109	1,993	3,722	1,204	2	1,345	15,898	46,248	35%
Waste Services	94	0	0	0	0	0	0	94	35,000	0%
Water Efficiency Program Activities	5,264	15,714	24,673	24,398	907	10,417	16,189	97,561	351,500	28%
Penalties & Late Charges	10	0	17	376	0	759	0	1,162	200	100%
Bad Debt Expense	96,996	103,846	105,780	104,073	125,260	88,592	78,966	703,516	1,013,768	69%
Utilities	1,207	21,491	11,613	9,798	2,066	8,058	8,697	62,925	150,071	42%
TOTAL ADMINISTRATIVE AND GENERAL EXPENSE	796,743	948,889	999,853	798,235	974,875	922,888	1,192,521	6,634,004	10,429,497	64%
Overhead	5,969	20,895	7,529	431	1,465	1,769	882	38,939	800,000	5%
NET ADMIN. & GENERAL EXP.	790,774	927,984	992,325	797,805	973,411	921,119	1,191,639	6,595,065	9,629,497	68%
Net Operating Exp. Before Depreciation	4,197,417	4,485,941	5,428,181	4,810,032	5,223,791	4,824,483	4,846,739	33,816,583	54,616,761	62%
Depreciation Expense	809,178	809,178	871,406	829,920	829,920	829,920	829,920	5,809,443	10,250,000	57%
Net Operating Expense	5,006,595	5,295,119	6,299,587	5,639,952	6,053,711	5,654,403	5,676,659	39,626,026	64,866,761	61%
NET OPERATING REVENUE	2,043,717	2,255,002	1,686,460	3,044,276	3,235,384	609,194	186,894	13,060,927	10,909,785	100%
NON OPERATING REVENUES										
Interest Income	151,608	-120,183	15,720	15,848	15,789	16,921	17,487	113,191	215,000	53%
Bad Debt Recovered	3,560	10,313	5,642	9,303	9,143	4,903	4,362	47,225	100,000	47%
Grant Revenue	0	0	0	0	110,000	0	0	110,000	0	0%
Other Non Operating Revenue	144,768	-22,147	31,347	25,886	638,068	21,193	1,488,300	2,327,435	2,168,000	100%
TOTAL NON OPERATING REV.	299,936	-132,017	52,709	51,036	773,020	43,017	1,510,149	2,597,851	2,483,000	100%
NON OPERATING EXPENSE										
Interest Expense	834	731	628	525	421	316	211	3,666	15,000	24%
Bond Interest	996,504	998,368	998,368	998,368	998,368	998,368	998,368	6,986,715	11,680,421	60%
Bond Issuance Cost	0	0	300	0	300	3,750	0	4,350	425,000	1%
Commercial Paper Interest	3,360	4,397	4,544	4,544	4,397	4,544	4,397	30,184	62,500	48%
Commercial Paper Issuance Costs	0	0	0	155,394	2,216	1,235	-113,565	45,280	191,200	24%
Commercial Paper Commitment Fees	1,676	3,560	397	3,250	94	199	6,584	231,659	478,713	48%
Other Non Operating Expenses	1,002,374	1,012,841	1,004,237	1,162,082	1,005,796	1,120,743	1,009,561	7,317,634	12,852,836	57%
TOTAL NON OPERATING EXP.	1,341,279	1,110,145	734,982	1,933,231	3,002,608	-468,531	687,481	8,341,144	539,949	

Bexar Metropolitan Water District
Days of Operation & Maintenance Expenses
on hand at
November 30, 2011

Water District Cash:

Unrestricted Cash	\$	27,124,668.96
Restricted:		
Contingency Fund	\$	<u>636,859.52</u>
Total	\$	<u>27,761,528.48</u>

Operation & Maintenance Expenses:

FY 2011-12 YTD Budget	\$	54,616,761.00
FY 2011-12 YTD Forecast	\$	57,971,285.43

Days of Operation & Maintenance Expenses on Hand:

FY 2011-12 YTD Budget	186 days
FY 2011-12 YTD Forecast	175 days

**Bexar Metropolitan Water District
Debt Service Coverage - YTD
November 30, 2011**

Operating Revenues	52,686,953.15
Non-Op Revenues	2,535,310.28
Subtotal	55,222,263.43
O&M Expense	(33,816,583.17)
Net	21,405,680.26
Interest Expense	3,666.28
Net Revenues	21,402,013.98
Prorated DS	8,801,311.17
Parity Bond Coverage	2.43
Total DS Coverage*	2.21
FY 2011 DS - Parity	15,087,962
Subordinated Debt	1,480,631.57
% Debt Service to Operating Revenues	16.70%

* DS Coverage required per bond covenants: 1.25
DS Coverage required per board policy: 1.40