AGENDA
CITY OF WINDCREST, TEXAS
SPECIAL CITY COUNCIL MEETING

March 20, 2012

8:00 A.M.
Special City Council Meeting

NOTICE IS HEREBY GIVEN THAT A SPECIAL WINDCREST CITY COUNCIL MEETING WILL BE HELD AT WINDCREST CITY HALL, 8601 MIDCROWN, WINDCREST, TEXAS ON THE 20th DAY OF MARCH, 2012 STARTING AT 8:00 A.M. DURING THE MEETING THE FOLLOWING SUBJECTS WILL BE CONSIDERED AND THE COUNCIL MAY TAKE ACTION ON ANY OF THE LISTED SUBJECTS.

IT IS ANTICIPATED THAT MEMBERS OF OTHER CITY BOARDS, COMMISSIONS AND COMMITTEES MAY ATTEND THE MEETING IN NUMBERS THAT MAY CONSTITUTE A QUORUM OF SUCH OTHER CITY BOARDS, COMMISSIONS AND COMMITTEES, SO THAT NOTICE IS HEREBY GIVEN THAT THE MEETING IS ALSO A MEETING OF THE OTHER CITY BOARDS, COMMISSIONS AND COMMITTEES WHOSE MEMBERS ARE IN ATTENDANCE. THE MEMBERS OF THE OTHER CITY BOARDS, COMMISSIONS AND COMMITTEES MAY PARTICIPATE IN DISCUSSIONS WHICH OCCUR AT THE MEETING, BUT NO ACTION WILL BE TAKEN BY THE OTHER BOARDS, COMMISSIONS AND COMMITTEES WHOSE MEMBERS ARE IN ATTENDANCE.

Ordinance No. 618 (09/20/10), Repealing Ordinance No. 593
At all City Council, City Commission or City Board meetings, the agenda shall include a "citizens to be heard" item. It is suggested that Citizens wishing to speak during this item sign in on the sign up roster prior to the meeting. During "citizens to be heard" comments, each individual may speak on an agenda item or any other matter affecting the city. In addition to the "citizens to be heard" portion of meetings, a person may make comments on agenda items prior to the vote on the agenda item. A member of the public will have a total of six (6) minutes to be heard during a City Council, City Commission or City Board Meeting. This does not include any responses from the body. The six (6) minutes time limit authorized herein may not be transferred to another speaker in whole or in part. The presiding Officer or his/her designee will assign a Time Keeper to each meeting. The Time Keeper will maintain strict compliance of the six (6) minute rule, stopping speakers who exceed the allotted time. As authorized by Section 551.042 of the Texas Government Code, the Presiding Officer may direct a City Official to make: a statement of specific factual information in response to an inquiry made by a member of the public or of the City Council, or; a recitation of existing policy in response to an inquiry made by a member of the public or the City Council. Any deliberation of or decision about the subject of the inquiry shall be limited to a proposal to place the subject on the agenda for a subsequent meeting. Any question posed by a Citizen, Council Member, Board Member or Commission Member for which an answer is not available at a meeting shall be answered by a member of the staff or Presiding Officer at the next regular meeting of the Body, if an answer is reasonably available and prudent. If the information is sensitive, staff will seek advice from the City Attorney.

REQUEST ALL PAGERS AND CELL PHONES BE TURNED OFF, EXCEPT EMERGENCY ON-CALL PERSONNEL. CITIZENS ARE ASKED TO REFRAIN FROM TALKING DURING COUNCIL PROCEEDINGS.

Meeting Chair: please remind each participant in your meeting that they must speak into a microphone; the recording is the Official Minutes of your meeting and all who speak must be recorded. All guest speakers and citizens to be heard must speak from podium. Please interrupt speakers during meeting if you recognize that they are not speaking into microphone and have them do so.

I. Call to Order, Pledge of Allegiance & Invocation

II. Citizens to be Heard on Subsequent and Non-Subsequent Agenda Items

1. A member of the public will have three (3) minutes to discuss non-subsequent agenda items.

2. A member of the public will have six (6) minutes to discuss subsequent agenda items.

3. City Council may discuss and respond to current and past agendas on subsequent and non-subsequent agenda items by citizens to be heard.

III. Ordinances

"In conjunction with the first reading of an ordinance, a motion should be made to either "reject the proposed ordinance" or "to forward the proposed ordinance to a subsequent City Council meeting for final adoption at its second reading".

1. City Council will discuss and may take action on Ordinance No. 2012-660 an ordinance cancelling the May 2012 General Election. (Att. 1) ***Second Reading*** *(Heather Weidenbach, City Secretary Request)*

2. City Council will discuss and may take action on Ordinance No. 2012-661 an ordinance approving the Animal Control Fees. (Att. 2) ***Second Reading*** *(Pam Dodson Request)*

3. City Council will discuss and may take action on Ordinance No. 2012-662 an ordinance abolishing Bexar County Water Control & Improvement District #10. ***Second Reading*** (Att. 3)

IV. General Announcement and Future Agenda Items

Per Ordinance No. 618, repealing Ordinance No. 593; Section 9: Every agenda shall include an item entry granting a member the opportunity to propose an item for consideration of future agendas for Regular or Special Meetings. Any member may request the inclusion of such items at any meeting.

V. Adjournment

Agenda Notice

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the City Council of the City of Windcrest is a true and correct copy of said Notice and was posted on the bulletin board at City Hall of said City in a convenient place to the public and said Notice was posted more than seventy-two hours prior to the meeting on March 20, 2012.

By: Heather Weidenbach **City Secretary**

In compliance with the Americans With Disabilities Act, the City of Windcrest Council Chambers are wheelchair accessible, and accessible parking spaces are available. The City

of Windcrest will provide for reasonable accommodations for persons attending City Council meetings. To better serve you, requests should be received 48 hours prior to the meetings. Please contact Heather Weidenbach, City Secretary, at 210-655-0022 ext. 2150 or Fax 210-655-8776.

I certify that the attached notice and agenda of items to be considered by the City Council was removed by me from the City Hall bulletin board on the ____ March, 2012.

____

Title: ________________________

ORDINANCE NO. 2012-660

AN ORDINANCE DECLARING UNOPPOSED CANDIDATES IN THE MAY 12, 2012, GENERAL ELECTION, ELECTED TO OFFICE; CANCELING THE ELECTION; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, a general election was called for May 12, 2012, for the purpose of electing three members to the city council; and

WHEREAS, the City Secretary has certified in writing that there is no proposition on the ballot, that no person has made a declaration of write-in candidacy, and that each candidate on the ballot is unopposed for election to office; and

WHEREAS, under these circumstances, Subchapter C, Chapter 2, Election Code, authorizes the City Council to declare the candidates elected to office and cancel the election;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WINDCREST THAT

SECTION 1. The following candidates, who are unopposed in the May 12, 2012, general election, are declared elected to office and shall be issued Certificates of Election following the time the election would have been canvassed:

Gerd Erich Jacobi is declared elected Councilmember, Place 1.

James Thomas Shelton is declared elected Councilmember, Place 2.

Pamela Sue Dodson is declared elected Councilmember, Place 3.

SECTION 2. The May 12, 2012, general election is canceled, and the City Secretary is directed to cause a copy of this ordinance to be posted on Election Day at each polling place that would have been used in the election.

SECTION 3. It is declared to be the intent of the City Council that the phrases, clauses, sentences, paragraphs, and sections of this ordinance are severable, and if any phrase, clause, sentence, paragraph, or section of this ordinance is declared invalid by the judgment or decree of a court of competent jurisdiction, the invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs, or sections of this ordinance since the City Council would have enacted them without the invalid portion.

SECTION 4. This ordinance shall take effect upon its final passage, and it is so ordained.

PASSED and ADOPTED this the 19th day of March, 2012.

____

Alan Baxter, Mayor

ATTEST:

____

Heather Weidenbach, City Secretary

APPROVED AS TO FORM:

____

Michael S. Brenan, City Attorney

ORDINANCE NO. 2012-661 (O)

AN ORDINANCE AMENDING THE ANIMAL CONTROL PORTION OF THE CITY OF WINDCREST FEE SCHEDULE ADOPTED SEPTEMBER 19, 2011 IN ORDINANCE NO. 2011-651 (O).

WHEREAS, The City of Windcrest Fee Schedule adopted in Ordinance No. 2011-651 (O) adopted on September 19, 2011establishes certain fees, including animal control fees; and

WHEREAS, The City Council has determined that amendment of the Animal Control Fees set forth therein will promote the health, safety and welfare of the citizens of Windcrest.

NOW, THERFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WINDCREST, TEXAS that the Animal Control Fee portion of the City of Windcrest Fee Schedule adopted September 19, 2011 in Ordinance No. 2011-651 (O) is hereby repealed and the following Animal Control Fees schedule is adopted in the place of the repealed fee schedule:

"ANIMAL CONTROL FEES

Dogs running loose

1st time dog is reclaimed – warning and/or free ride home 1st time, 1 dog per address)	
2nd time dog is reclaimed	$ 35
3rd time dog is reclaimed	$ 75
4th time dog is reclaimed & subsequent times	$ 200
The owner will also pay all boarding fees	
Dog(s) captured not having registered with the City an additional	$ 10
No proof of vaccination cost will be paid by owner	

Registration of all animals in January & February
(Sterilized animals with microchip will receive free registration):

Cat – Sterilized	(no microchip)	$ 5
Cat – Not sterilized		$ 10
Dog – Sterilized	(no microchip)	$ 5
Dog – Not sterilized		$ 10

Other fees and citations:

Inadequate care and shelter	Citation
Improper animal transport	Citation
Animal cruelty	Citation
Dog off leash	Citation

Deposits – Upon owner returning with proof of completion of sterilization, vaccination or veterinarian statement that procedure would endanger health of animal within required period, deposit will be refunded.

Rabies Vaccination:	$ 50
Sterilization:	
Male Cat	$ 75
Female Cat	$ 90
Male Dog	$ 75
Female Dog	$ 90

Adoption Fee: the new owner will pay all vaccination fees, sterilization costs, and boarding fees."

PASSED and APPROVED this ____ day of March, 2012.

____
Alan Baxter, Mayor

ATTEST:

____
Heather Weidenbach, City Secretary

APPROVED AS TO FORM:

____
Michael S. Brenan, City Attorney

CITY OF WINDCREST

ORDINANCE NO. 2012-662

AN ORDINANCE OF THE CITY OF WINDCREST, TEXAS, (CITY) ABOLISHING BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10 (DISTRICT) PURSUANT TO AND IN ACCORDANCE WITH SECTION 43.075, TEXAS LOCAL GOVERNMENT CODE; MAKING REQUIRED STATUTORY FINDINGS; VESTING ALL PROPERTY AND ASSETS OF THE DISTRICT IN THE CITY; CITY ASSUMES AND BECOMES LIABLE FOR OBLIGATIONS OF THE DISTRICT; DIRECTING THE CITY MANAGER AND CITY ATTORNEY TO TAKE ALL NECESSARY STEPS TO CARRY OUT THE TERMS OF THE ORDINANCE AND IN SATISFACTION OF SECTION 43.075, TEXAS LOCAL GOVERNMENT CODE, AND ANY OTHER APPLICABLE LAW, RULE OR REGULATION.

WHEREAS, the Bexar County Water Control and Improvement District No. 10, a water control and improvement district, was created by the Texas State Board of Water Engineers on November 28, 1955, for the purposes of providing water and sewer services; and

WHEREAS, the City was incorporated in 1959 and adopted a home rule charter on November 6, 2007; and

WHEREAS, the District boundaries are located entirely within the corporate boundaries of the City; and

WHEREAS, Texas Local Government Code §43.075, provides that a municipality that, by incorporation includes all or part of a district, and by two-thirds vote of the governing body adopts an ordinance making §43.075 applicable to the municipality, may succeed to the powers, duties, assets and obligations of the district as provided by that section; and

WHEREAS, the City's adoption of this ordinance by two-thirds vote of the City Council makes Texas Local Government Code §43.075 applicable to the City; and

WHEREAS, the City believes that the District is no longer needed and that the abolition of the District is in the best interests of the residents, ratepayers and property in the municipality and the District; and

WHEREAS, the City assumes the right, title and responsibility to all of the infrastructure and succeeds to all the powers, duties, assets and obligations of the District necessary to carry out the delivery of water and sewer service to the residents of the District and the City.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WINDCREST, TEXAS:

Section 1. That all matters stated in the preamble are found to be true and correct and are incorporated into the body of this Ordinance as if copied in their entirety.

Section 2. The City Council does hereby find that:

A. The District is located within the boundaries of the City of Windcrest, Texas.

B. The District is no longer needed.

C. The services and functions of the District can continue to be furnished and performed by the City.

D. The abolishing of the District is in the best interests of the residents, ratepayers and property in the City and the District.

Section 3. Upon the adoption of this Ordinance, the District is abolished effective as of March 20, 2012, all assets of the District vest in the City, and the City assumes and becomes liable for any outstanding obligations of the District, and the City shall commence to perform the services and other functions of the District.

Section 4. The employees of the District will become employees of the City upon the abolishment of the District and effective on March 20, 2012, and the City will perform all such actions necessary to accomplish the transition for the employees.

Section 5. The status of the assets and liabilities of the District is reflected in the following, all of which are labeled Exhibit "A" to this ordinance and incorporated into the body of this Ordinance:

A. The most recent Audit of the District, filed with the Texas Commission on Environmental Quality (TCEQ) for the fiscal year ending December 31, 2010, prepared by the District's Independent Auditor Thompson, Williams, Biediger, Kastor & Young, L.C., Certified Public Accountant.

Section 6. The City does hereby assume all the obligations of the District, if any, and, pursuant to Section 43.075 of the Texas Local Government Code, agrees to establish rates and charges for utility services in an amount sufficient to pay the outstanding obligations, if any, as they become due and payable.

Section 7. The officers and employees of the City are hereby authorized and directed to do and perform all such acts as may be necessary or desirable to carry out the terms and provisions of this Ordinance.

Section 8. Pursuant to Section 43.075 of the Texas Local Government Code and all of the provisions of this Ordinance, the City does hereby abolish Bexar County Water Control and Improvement District No. 10 from and after the passage of this Ordinance effective March 20, 2012.

PASSED AND APPROVED this ____ day of ________________, 2012.

____
Alan E. Baxter, Mayor
City of Windcrest

ATTEST:

____
Heather Weidenbach, City Secretary

APPROVED AS TO FORM:

____
Michael S. Brenan, City Attorney

Exhibit A

BEXAR COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 10

ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2010

ANNUAL FINANCIAL REPORT

OF THE

BEXAR COUNTY WATER CONTROL AND

IMPROVEMENT DISTRICT NO. 10

YEAR ENDED DECEMBER 31, 2010

President	Melroy I. Brandt
Vice-President/Treasurer	Joseph W. Reed
Secretary	Paul F. Greenwood
Director	Walton R. Melson
Director	E. Ralph Fincke
Director	Inge R. Geiger
Director	Edward F. Chevalier
General Manager/Tax Assessor-Collector	Richard Frenzel

CONTENTS

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Thompson, Williams, Biediger, Kastor & Young, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Bexar County Water Control and
Improvement District No. 10
Bexar County, Texas

We have audited the accompanying financial statements of Bexar County Water Control and Improvement District No. 10 (the District) as of and for the year ended December 31, 2010, 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 an opinion 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Bexar County Water Control and Improvement District No. 10, as of December 31, 2010, and the respective changes in financial position and 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 April 28, 2011, on our consideration of Bexar County Water Control and Improvement District No. 10's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 3d be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Bexar County Water Control and Improvement District No. 10's financial statements as a whole. The accompanying financial information listed as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Thompson Williams Biediger Kastor & Young, L.C.

Certified Pubic Accountants

San Antonio, Texas

April 28, 2011

Bexar County Water Control and Improvement District No. 10
Management's Discussion and Analysis (MD&A)

As management of Bexar County Water Control and Improvement District No. 10 (the District), we offer readers the following discussion and analysis of the District's financial activities for the calendar year ended December 31, 2010. The MD&A should be read in conjunction with the accompanying basic financial statements.

Financial Highlights

- The assets of the District exceed its liabilities by $7,338,419 (net assets) for the fiscal year reported. This is an increase of $200,090 over the previous year's net asset balance.

- Total net assets are comprised of the following:

    1. Invested in capital assets in the amount of $5,914,778 includes all property and equipment owned by the District, net of accumulated depreciation.

    2. Unrestricted net assets of $ 1,423,641 represent the portion available to fund the District's operations.

- Operating revenues decreased by $155,533, a decrease of 9.12% from calendar year 2009.

- Operating expenses decreased by $159,297, a decrease of 10.29% from calendar year 2009.

- Growth in capital assets was $524,580.

- Overall, the slowdown in the general economy did not have a significant impact on the viability of the District. Water and wastewater service is one of the most vital, if not the most vital, service, so customers pay this bill. Absent a total and complete failure of the economy, this should not change.

Overview of the Financial Statements

The management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements and is comprised of two components: (1) basic financial statements and (2) notes to the financial statements.

Basic Financial Statements

The District maintains a single enterprise fund. This fund is presented in the statement of net assets and in the statement of revenues, expenses, and changes in net assets.

The statement of net assets presents all of the District's assets and liabilities, with the difference being reported as net assets. Over time, increases or 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 reports how the District's net assets changed during the most recent calendar year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of when cash is received or paid. Thus revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Notes to the Financial Statements

The accompanying notes provide additional information essential to a full understanding of the data provided in the financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents various statistical and financial data for the District as supplementary information required by the Texas Commission on Environmental Quality.

Financial Analysis

The District's net assets at calendar year end are $7,338,419. This is a $200,090 increase over last year's net assets of $7,138,329. The following table provides a summary of the District's net assets at December 31, 2010:

SUMMARY OF NET ASSETS

	BUSINESS-TYPE ACTIVITIES		AMOUNT	PERCENT
	2010	2009	CHANGE	CHANGE
Current and Other Assets	$ 1,600,194	$ 1,625,904	$ (25,710)	(1.58)%
Capital Assets	5,914,778	5,624,971	289,807	5.15
TOTAL ASSETS	7,514,972	7,250,875	264,097	3.64
Current Liabilities	166,789	102,042	64,747	63.45
Non-Current Liabilities	9,764	10,504	(740)	(7.04)
TOTAL LIABILITIES	176,553	112,546	64,007	63.89
Net Assets:				
Invested in Capital Assets	5,914,778	5,624,971	289,807	5.15
Unrestricted	1,423,641	1,513,358	(89,717)	(5.93)
TOTAL NET ASSETS	$ 7,338,419	$ 7,138,329	$ 200,090	2.80

As a sign that the economy may be starting to recover after several years on the downside, albeit it slowly, the last 19 lots in WinnBrook Estates were sold. The subdivision is fully built out with a total of 216 homes and 3 commercial (irrigation) accounts.

Development of The Gardens of Windcrest, a gated community of 28 lots, remains at a standstill. At the end of the 2009, 14 homes were completed and occupied. There was no activity in 2010.

The primary goal of the District's investment program is security of assets and preservation of value. As a result, investments are in, and will remain in, certificate of deposit and money market accounts. The money market account is maintained at a level sufficient to meet the District's programmed capital expenditures. Investment income for 2010 fell below even the District's modest expectations due to the steady decline in interest rates. The TexPool return had fallen to 0.19% in December. Certificate of deposit rates had fallen to about 1.0% for one year certificates. The Board investigated the possibility of investing in municipal bond mutual funds, but decided against that course of action when it determined that the overall rating of the funds do not meet the stringent requirements of the State's public funds investment criteria. In the end, the Board decided not to change its investment strategy of investing in CDs and money market accounts. During 2010, CDs were allowed to roll-over, but the Board decided to stagger maturity dates to create a five year ladder. The consensus is that the investment market will improve within the next twelve months and we will see higher rates when the CDs mature. We are meeting our goal of security of assets, but we are falling short of preserving value since inflation is higher than current returns. Ultimately, we are in the water business, not the investment business.

Revenue from water sales came in well below expectations. Two thousand and nine ended very wet and the trend extended into mid-summer. Demand increased in late July and early August and was at average levels in late August. However, tropical storm Hermine brought heavy rains in early September which severely curtailed demand and by the time the benefits of the storm had evaporated and resumed normal patterns, we were in November and the start of sewer averaging efforts. All said and done, consumption for the year was down about 15%.

Revenue from wastewater service was also down significantly due to the above average rainfall during the sewer averaging event (November 19, 2009 - February 23, 2010). The charge for residential wastewater service is computed by averaging water consumption during the November - February time frame. This solution is not perfect, but it is the industry standard practice and probably will remain so until someone invents a reliable method of measuring wastewater. Its major flaw is there is no practical way of determining how much of the water a customer uses actually goes down the drain. The time frame chosen to make the determination is based on the premise that outside uses (irrigation, swimming pools, gardening, etc.) is lowest during the winter. Dry or wet weather directly impacts demand and the averages. The average for wastewater service charges fell to seven hundred cubic feet (7 ccf), the lowest level in several years. Budget projections are/were based on an average of 9 ccf.

There was no watering restriction in 2010. Plenty of rain reduced demand and helped keep the Edwards Aquifer above the 660 foot level that triggers mandatory watering restrictions.

Early in 2010, it became obvious that we needed to adopt a sizable increase in wastewater service rates. Our operating expenses were up about 3% and the San Antonio Water System/City of San Antonio had approved an 11.9% increase in the rates they charge us for processing wastewater. Typically, we would have handled the increase with an across-the-board increase of 15% which would have increased the minimum charge from $13.00 to $14.95 and the consumption charge from $1.67/ccf to 1.92/ccf. However, this had the unfortunate result of saddling consumers at the low end of the consumption scale with a very high charge for the service they receive while charging moderate users a low rate for their usage. The rate structure included an allocation of 5 ccf in the minimum charge. Customers using less that 5 ccf were being charged the same price for service as consumer with an average of 5 ccf. The disparity got worse with each across-the-board increase. Further, we were providing service to the customer with an average of 5 CCF at a substantial financial loss which was being subsidized by the water operation. The Board decided to solve the problem, once and for all by eliminating the 5 ccf included in the minimum charge. The new structure lowered the minimum charge and charges the customer for their actual use. The positive result was that 40% of our customers ended up with a lower bill compared to the old rate structure. On the negative side, customers in the 4-6 ccf range saw an increase of 25-35%.

Fortunately, our customers understood and accepted the change once they understood the rationale behind it. While the increase solved our immediate financial woes, the water operation still subsidizes the wastewater operation. The Board's mid-term goal is to make the wastewater operation pay its own way.

In 2010, the District awarded a contract to RTM Construction, Inc. to replace 8300 feet of 1960 era sewer main which were identified by video inspection in 2009 as in imminent danger of failing. Construction started in January and was completed in September. We spent $537,000 on the project which was approximately twice the amount programmed for 2010 in the District's five year plan. However, the request for bids was structured in a manner so various segments were discrete units that were individually bid and awarded. That gave the Board the flexibility to award each, any, or all segments. Also, the term of the contract was stipulated to be up to two years. Bids on the project were very favorable, so the Board decided to award the entire project in 2010 instead of over a two year period. This was a wise choice as prices went up considerably in the later part of the year. It was unnecessary to use invested funds as surplus funds in the operating account (which would have been invested) were adequate to keep up with progress/periodic payments. In the end, the District took a giant step toward its goal replacing the mains as they reach the end of their service life.

SUMMARY OF CHANGES IN NET ASSETS

	BUSINESS-TYPE ACTIVITIES 2010	2009	AMOUNT CHANGE	PERCENT CHANGE
Revenues				
Charges for Services	$ 1,549,914	$ 1,705,447	$ (155,533)	(9.12)%
Expenses				
Operating Expenses	1,389,170	1,548,467	(159,297)	(10.29)
Other Revenues (Expenses)				
Capital Contributions	22,665	-	22,665	100.0
Investment Income	16,681	29,321	(12,640)	(43.11)
Change in Net Assets	200,090	186,301	13,789	7.40
Beginning Net Assets	7,138,329	6,952,028	186,301	2.68
ENDING NET ASSETS	$ 7,338,419	$ 7,138,329	$ 200,090	2.80

Financial Analysis of the District's Operations

For the calendar year ended December 31, 2010, the District has an overall positive fund balance of $7,338,419. Of this year-end total $1,423,641 is unrestricted, indicating availability for continuing service requirements. This year's increase in overall fund balance was $200,090.

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, as of December 31, 2010 was $5,914,778. The total increase in this net investment was 5.2%. See Note 3 for additional information about changes in capital assets during the calendar year.

CAPITAL ASSETS NET OF ACCUMULATED DEPRECIATION

	BUSINESS-TYPE ACTIVITIES 2010	BUSINESS-TYPE ACTIVITIES 2009	AMOUNT CHANGE	PERCENT CHANGE
Non-Depreciable Assets				
Land	$ 10,776	$ 10,776	$ -	0.0%
Water Rights	2,091,790	2,091,790	-	0.0
Construction in Progress	-	62,225	(62,225)	(100.0)
Depreciable Assets				
Gathering and Distribution Systems	3,787,443	3,432,483	354,960	10.3
Equipment	24,769	27,697	(2,928)	(10.6)
TOTALS	$ 5,914,778	$ 5,624,971	$ 289,807	5.2

Budget, Economic Environment, and Projected Projects

One of the key factors influencing the budget of a water/wastewater utility is the weather. It directly effects water consumption and can have pronounced effects on the revenue derived from sales. Our budget is based on an "average" year as best we can define that term, but is weighted toward a wet year. This assures that if we have a wet year and the attendant drop in both water and wastewater revenue, we will be able to meet expenses and still build critical reserves. The year 2010 was a confirmation that our budget process is effectively meeting the financial goals of the District. Although consumption was down by 15%, revenue and expenses were down 9.1% and 10.3% respectively.

Ultimately, the best the District can do under these circumstances is to create a budget in December based on intuition and experience that suggests what the following twelve months will be.

Contacting the District's Financial Management

This report is designed to provide the board of directors, citizens, customers, bond rating agencies, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

General Manager
Bexar County Water Control and Improvement District No. 10
8601 Midcrown Drive
Windcrest, Texas 78239
(210) 655-2888

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
STATEMENT OF NET ASSETS - WATER AND WASTEWATER
PROPRIETARY FUND
DECEMBER 31, 2010

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	$ 430,833
Investments	1,004,594
Accounts Receivable	106,033
Inventory	26,174
Cash and Cash Equivalents - Restricted Assets	32,560
Total Current Assets	1,600,194
NONCURRENT ASSETS	
Capital Assets	
Land	10,776
Water Rights	2,091,790
Gathering and Distribution Systems	8,022,952
Equipment	189,706
Less: Accumulated Depreciation	(4,400,446)
Total Noncurrent Assets	5,914,778
TOTAL ASSETS	$7,514,972

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	$ 108,135
Accrued Compensated Absences	3,255
Accrued Expenses	22,492
Total Current Liabilities	133,882
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS	
Customer Deposits	32,560
Due to Developers	347
Total Current Liabilities Payable from Restricted Assets	32,907
NON-CURRENT LIABILITIES	
Accrued Compensated Absences	9,764
Total Liabilities	176,553
NET ASSETS	
Invested in Capital Assets	5,914,778
Unrestricted	1,423,641
Total Net Assets	7,338,419
TOTAL LIABILITIES AND NET ASSETS	$7,514,972

(The Accompanying Notes are an Integral Part of these Financial Statements)

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS - WATER AND WASTEWATER
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2010

OPERATING REVENUES	
Charges for Services	
Water Sales	$ 585,505
Wastewater Services	781,955
Other Fees and Assessments	182,454
Total Operating Revenues	1,549,914
OPERATING EXPENSES	
Personnel	328,401
Professional Fees	8,775
Contractual Services	85,838
Wastewater Services	516,706
Repairs and Maintenance	69,561
Utilities	59,794
Other Supplies and Expenses	85,323
Depreciation	234,772
Total Operating Expenses	1,389,170
Operating Income	160,744
NON-OPERATING REVENUES (EXPENSES)	
Capital Contributions	22,665
Interest Income	16,681
Change in Net Assets	200,090
NET ASSETS - BEGINNING	7,138,329
TOTAL NET ASSETS - ENDING	$ 7,338,419

(The Accompanying Notes are an Integral Part of these Financial Statements)

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
STATEMENT OF CASH FLOWS - WATER AND WASTEWATER
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 1,565,521
Cash Paid for Personnel Services	(324,827)
Cash Paid for Professional Fees	(8,775)
Cash Paid for Contractual Expenses	(85,838)
Cash Paid for Wastewater Contract	(460,018)
Cash Paid for Repair and Maintenance	(69,561)
Cash Paid for Utilities	(59,794)
Cash Paid for Supplies and Operating Expenses	(82,419)
Net Cash Provided by Operating Activities	474,289
CASH FLOWS FROM CAPTIAL AND RELATED FINANCING ACTIVITIES	
Purchases of Capital Assets	(501,915)
Purchase of Investments	(6,976)
Net Cash Used in Investing Activities	(508,891)
CASH FLOWS FROM INVESTING ACTIVITES	
Interest Income	16,681
Net Decrease in Cash and Cash Equivalents	(17,921)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	481,314
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 463,393
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITES	
Operating Income	$ 160,744
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation	234,772
Changes to Assets and Liabilities	
Accounts Receivable	9,879
Inventory	4,889
Accounts Payable	56,688
Customer Deposits	5,730
Accrued Expenses	2,574
Accrued Compensated Absences	(987)
NET CASH PROVIDED BY OPERATING ACTIVITES	$ 474,289

(The Accompanying Notes are an Integral Part of these Financial Statements)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bexar County Water Control and Improvement District No. 10 (District) is a governmental agency that was created by an order of the Texas Water Rights Commission on November 28, 1955 under Section 59 of Article 16 of the Texas Constitution and operates under Chapter 51 of the Texas Water Code.

The creation of the District was confirmed by the electorate of Bexar County Water Control and Improvement District No. 10 at a confirmation election held on February 4, 1956. The board of directors held its first meeting on January 17, 1956 and the first bonds were sold on January 1, 1958.

The District is governed by an elected board of directors. As a water district, it is not controlled by, or dependent upon, any other entity, and does not exercise control over operations of any other entity.

The accounting policies of Bexar County Water Control and Improvement District No. 10 conform to generally accepted accounting principles. The following is a summary of such significant policies.

A. Basis of Accounting, Measurement Focus, and Financial Statement Presentation

The financial statements of the District are reported on the accrual basis of accounting. An enterprise fund is used to account for the operations of the District. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges for water and wastewater services. Operating expenses for enterprise funds include the cost of goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the District's financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector for their enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

B. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and interest-bearing deposits held by the District.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Investments

The District is allowed to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than "AA" or its equivalent; (5) certificates of deposit issued by state and national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or secured by obligations mentioned above or credit unions that are guaranteed by the National Credit Union Association; and (6) fully collateralized direct repurchase agreements having a defined termination date.

For the year ended December 31, 2010, the District invested in certificates of deposit and investment pools.

D. Receivables

All receivables are reported at gross values. There is no estimate for uncollectible amounts for water and wastewater accounts as the District has not had a history of uncollectible amounts.

E. Inventory

Inventory consists primarily of equipment and small parts that are used in the repair and maintenance of the District's existing gathering and distribution systems. The inventory is stated at the lower of cost (first-in, first-out method) or market value.

F. Capital Assets

Capital assets, which include land, water rights, gathering and distribution systems, machinery, equipment, and vehicles are reported in the District's financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. When capital assets are purchased, they are capitalized and depreciated in the financial statements.

Capital assets are valued at cost where historical records are available and at an estimated cost where no records exist. Donated capital assets are valued at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Improvements to capital assets that materially extend the life of the asset or add to the value are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets (Continued)

Capital assets are depreciated over their useful lives on a straight-line basis as follows:

ASSETS	YEARS
Gathering and Distribution Systems	15 - 40
Equipment	3 - 10

G. Compensated Absences

All full-time employees are entitled to certain compensated absences based on their length of employment. With minor exceptions, compensated absences for sickness do not vest or accumulate and are recorded as an expense when they are paid. Compensated absences for vacation pay and compensated time do have a vesting portion based on hours accumulated times the current rate of pay to be paid upon retirement, release from employment, or resignation. A liability for this amount is reflected in the financial statements.

H. Reserves on Fund Equity

The District reports reservations of net assets for amounts that are not available for appropriation.

I. Pension Plan

The District provides pension benefits for all its full-status employees through the Texas County and District Retirement System.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: DEPOSITS AND INVESTMENTS

As of December 31, 2010, the District had the following investments:

INVESTMENT TYPE	FAIR VALUE	WEIGHTED AVERAGE MATURITY (YEARS)
TexPool Investment Pool	$ 287,169	-
Certificates of Deposit	717,425	0.80
TOTAL	$1,004,594	
PORTFOLIO WEIGHTED AVERAGE MATURITY		0.80

NOTE 2: DEPOSITS AND INVESTMENTS (CONTINUED)

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. Investing is performed in accordance with the investment policies adopted by the board of directors in complying with state statutes. State law limits investments in investment pools to those continuously rated no lower than "AAA" or an equivalent rating by at least one nationally recognized rating service. The District's investment policy does not further limit its investment choices. As of December 31, 2010, the District's pooled investments were rated "AAA" by Standard and Poor's.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposit may not be returned or the district will not be able to recover collateral securities in the possession of an outside party. The District's policy requires deposits to be collateralized by securities pledged by the District's agent, the District's financial institution or the financial institution's trust department, less the amounts of the Federal Deposit Insurance Corporation insurance (FDIC) and the National Credit Union Administration (NCUA). The board of directors approves and designates all authorized depository institutions.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District's policy provides that investments are matched with anticipated cash flows to provide for adequate and timely availability of funds necessary to pay obligations as they become due.

NOTE 3: CAPITAL ASSETS

A summary of capital assets at December 31, 2010 is as follows:

	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
Capital Assets, not being Depreciated				
Land, Easements, etc.	$ 10,776	$ -	$ -	$ 10,776
Construction in Progress	62,225	474,568	(536,793)	-
Water Rights	2,091,790	-	-	2,091,790
Total Capital Assets, not being Depreciated	2,164,791	474,568	(536,793)	2,102,566
Capital Assets, being Depreciated				
Gathering and Distribution Systems	7,439,990	582,962	-	8,022,952
Equipment	185,863	3,843	-	189,706
Total Capital Assets, Being Depreciated	7,625,853	586,805	-	8,212,658
Less Accumulated Depreciation for				
Gathering and Distribution Systems	(4,007,507)	(228,002)	-	(4,235,509)
Equipment	(158,166)	(6,771)	-	(164,937)
Total Accumulated Depreciation	(4,165,673)	(234,773)	-	(4,400,446)
Total Capital Assets, being Depreciated - Net	3,460,180	352,032	-	3,812,212
CAPITAL ASSETS - NET	$ 5,624,971	$ 826,600	$ (536,793)	$ 5,914,778

NOTE 4: EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)

Annual Pension Cost (Continued)

The annual required contributions were actuarially determined as a percent of covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuations as of December 31, 2007 and December 31, 2008, the basis for determining the contribution rates for calendar years 2009 and 2010. The December 31, 2009 actuarial valuation is the most recent valuation.

Actuarial Valuation Information

Actuarial Valuation Date	12/31/07	12/31/08	12/31/09
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed	Level Percentage of Payroll, Closed
Amortization Period	15 Years	20 Years	20 Years
Asset Valuation Method	10 Year Smoothed Value	10 Year Smoothed Value	10 Year Smoothed Value
Actual Assumptions:			
Investment Return*	8.0%	8.0%	8.0%
Projected Salary Increase*	5.3	5.3	5.4
Inflation	3.5	3.5	3.5
Cost-of-Living Adjustments	0.0	0.0	0.0

* Include inflation at the stated rate.

Trend Information for the Retirement Plan

YEAR ENDING	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION OBLIGATION
December 31, 2008	$ 17,370	100%	$ -
December 31, 2009	17,960	100	-
December 31, 2010	19,536	100	-

Schedule of Funding Progress for the Retirement Plan

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (b)	ACTUARIAL ACCRUED LIABILITY (AAL) (b)	UNFUNDED AAL (UAAL) (b-a)	FUNDED RATIO (a/b)	ANNUAL COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL [(b-a)/c]
December 31, 2007	$ 517,496	$ 571,038	$ 53,542	90.62%	$ 257,076	20.83%
December 31, 2008	534,411	612,850	78,439	87.20	266,011	29.49
December 31, 2009	604,547	676,272	71,725	89.39	280,185	25.60

REQUIRED SUPPLEMENTARY INFORMATION - TEXAS REQUIREMENT

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
TSI-2. ENTERPRISE FUND EXPENSES
YEAR ENDED DECEMBER 31, 2010

PERSONNEL EXPENSES (INCLUDING BENEFITS)*	$ 328,401
PROFESSIONAL FEES	
Auditing	8,250
Legal	525
Engineering	-
Financial Advisor	-
PURCHASED SERVICES FOR RESALE	
Bulk Water and Wastewater Service Purchases	516,706
CONTRACTED SERVICES	
Bookkeeping	-
General Manager	-
Appraisal Authority	-
Tax Collector	-
Other Contracted Services	85,838
UTILITIES	59,794
REPAIRS AND MAINTENANCE	69,561
ADMINISTRATIVE EXPENDITURES	
Directors' Fees	-
Office Supplies	2,878
Insurance	36,086
Other Administrative Expenditures	43,860
CAPITAL OUTLAY	
Capitalized Assets	-
Expenses not Capitalized	-
TAP CONNECTION EXPENSES	-
SOLID WASTE DISPOSAL	-
FIRE FIGHTING	-
PARKS AND RECREATION	-
OTHER EXPENSES	237,270
TOTAL EXPENSES	$ 1,389,170

*Number of Persons Employed by the District: 7 Full-Time 1 Part-Time

(See Auditor's Report)

MATCH LINE "A" ---------------

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
TSI-7 COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES - FIVE YEARS

	AMOUNT		
	2010	2009	2008
OPERATING REVENUES			
Water Sales	$ 585,505	$ 600,214	$ 633,473
Wastewater Service Charges	781,955	915,029	829,357
Tap Connections and Other Revenue	182,454	190,204	218,021
Total Operating Revenues	1,549,914	1,705,447	1,680,851
OPERATING EXPENSES			
Personnel Services	328,401	334,348	317,591
Professional Fees	8,775	8,489	7,366
Contractual Services	85,838	90,016	71,925
Wastewater Services	516,706	624,296	551,132
Repairs and Maintenance	69,561	104,074	87,555
Utilities	59,794	60,947	67,451
Other Supplies and Expenses	85,323	81,543	93,284
Depreciation	234,772	244,654	248,439
Total Operating Expenses	1,389,170	1,548,467	1,444,743
Operating Income	160,744	156,980	236,108
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	16,681	29,321	35,669
Other	22,665	-	-
Total Non-Operating Revenues (Expenses)	39,346	29,321	35,669
NET INCOME	$ 200,090	$ 186,301	$ 271,777
Average Annual Unpaid Bond Principal and Interest	$ -	$ -	$ -
Net Income before Interest Expense and Fiscal Fees	200,090	186,301	271,777
Coverage (Net Income as Adjusted Divided by Annual Debt Service Requirement)	N/A	N/A	N/A
Number of Water Customers at End of Year	2,457	2,434	2,418
Number of Sewer Customers at End of Year	2,398	2,376	2,362
Total Amount of Water Billed to Customers (in 1,000 of Gallons)	319,728	355,093	391,580

MATCH LINE "B" ---------------

(See Auditor's Report)

--------------- **MATCH LINE "A"**

		PERCENT OF FUND TOTAL REVENUES				
2007	2006	2010	2009	2008	2007	2006
$ 422,786	$ 582,497	37.78%	35.19%	37.69%	30.20%	36.16%
780,186	846,258	50.45	53.65	49.34	55.73	52.54
196,916	182,063	11.77	11.15	12.97	14.07	11.30
1,399,888	1,610,818	100.00	100.00	100.00	100.00	100.00
331,453	311,778	21.19	19.60	18.89	23.68	19.36
7,129	7,610	0.57	0.50	0.44	0.51	0.47
71,943	70,872	5.54	5.28	4.28	5.14	4.40
549,575	603,664	33.34	36.61	32.79	39.26	37.48
42,061	113,444	4.72	6.10	5.21	3.00	7.04
45,994	57,050	3.86	3.57	4.01	3.29	3.54
53,398	54,109	5.78	13.08	5.55	3.81	3.36
191,610	245,398	15.15	14.35	14.78	13.69	15.23
1,293,163	1,463,925	90.14	90.80	85.95	92.38	90.88
106,725	146,893	9.86	9.20	14.05	7.62	9.12
41,710	47,281	1.08	1.72	2.12	2.98	3.30
-	23,632	1.46	0.00	0.00	0.00	1.65
41,710	70,913	2.54	1.72	2.12	2.98	4.95
$ 148,435	$ 217,806	12.40%	10.92%	16.17%	10.60%	14.07%
$ -	$ -					
148,435	217,806					
N/A	N/A					
2,385	2,350					
2,330	2,298					
287,237	383,526					

--------------- **MATCH LINE "B"**

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
TSI-8. BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
YEAR ENDED DECEMBER 31, 2010

Complete District Mailing Address:	8601 Midcrown San Antonio, Texas 78239
District Business Telephone Number:	(210) 655-2888
Limit on Fees of Office that a Director May Receive during a Fiscal Year	$6,000

NAME	TERM OF OFFICE (ELECTED OR APPOINTED) OR DATE HIRED	FEES OF OFFICE DECEMBER 31, 2010	EXPENSE REIMBURSEMENTS DECEMBER 31, 2010	TITLE AT YEAR END
BOARD MEMBERS				
Melroy I. Brandt	05/10 - 05/14	$ 1,560	$ -	President
Joseph W. Reed	05/08 - 09/2011	990	-	Vice-President/ Treasurer Resigned 09/10
Paul Greenwood	05/10 - 05/14	1,370	-	Secretary
Walton R. Melson	05/10 - 05/14	550	-	Director
E. Ralph Fincke	05/08 - 02/11	110	-	Director Resigned 02/10
Inge R. Geiger	03/10 - 05/12	1,100		Director
Edward F. Chevalier	11/10 - 05/12	220		Director
KEY ADMINISTRATIVE PERSONNEL				
Richard P. Frenzel	1997	56,258	-	General Manager
CONSULTANTS				
Thompson, Williams, Biediger, Kastor & Young, L.C.	1970	8,250	-	Independent Certified Public Accountants
Michael S. Brenan	1981	525	-	District Legal Counsel
Sunbelt Engineering (Donald R. Frazor, P.E.)	1971	8,945	-	District Project Engineer

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10
N1. ANNUAL FILING AFFIDAVIT
DECEMBER 31, 2010

THE STATE OF TEXAS §

COUNTY OF BEXAR §

I, Melroy I. Brandt of the BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 10 hereby swear, or affirm that the District named above has reviewed and approved at a meeting of the Board of Directors of the District on the 28th day of April, 2011 its annual audit report for the fiscal year or period ended December 31, 2010, and that copies of the annual audit report have been filed in the district office, located at San Antonio, Bexar County, Texas.

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

Date: April 28, 2011

Melroy I. Brandt
(Signature of District Representative)

Melroy I. Brandt, President
(Typed Name and Title of above District Representative)

Sworn to and subscribed to before me this 28th day of April, 2011

Lynette K. Cruz
(Signature of Notary)

LYNETTE K. CRUZ
Notary Public, State of Texas
Comm. Exp. 08-12-13
NOTARY PUBLIC STATE OF TEXAS

Lynette K. Cruz
(Printed Name of Notary)

My Commission Expires on: 08-12-13
Notary Public in and for the State of Texas.

Thompson, Williams, Biediger, Kastor & Young, L.C.

4801 N.W. LOOP 410, SUITE 725
SAN ANTONIO, TEXAS 78229-5508
210/341-2581
FAX 210/341-2588
cpas@twbky.com

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Bexar County Water Control and
Improvement District No. 10
Bexar County, Texas

We have audited the financial statements of Bexar County Water Control and Improvement District No. 10 (the District) as of and for the year ended December 31, 2010, and have issued our report thereon dated April 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Thomas M. Williams, Biediger, Pastor & Cowan, P.C.

Certified Public Accountants

April 28, 2011

San Antonio, Texas

4801 N.W. LOOP 410, SUITE 725
SAN ANTONIO, TEXAS 78229-5508
210/341-2581
FAX 210/341-2588
cpas@twbky.com

Thompson, Williams, Biediger, Kastor & Young, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

April 28, 2011

To the Board of Directors
Bexar County Water Control
and Improvement District No. 10

We have audited the financial statements of Bexar County Water Control and Improvement District No. 10 (the District) for the year ended December 31, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our engagement letter dated January 18, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting polices used by the District are described in Note 1 to the financial statements. No new accounting polices were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements include accumulated depreciation, depreciation expense, and the related estimated useful lives of capital assets. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 28, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Bexar County Water Control and Improvement District No. 10 and is not intended to be and should not be used by anyone other than these specified parties.

Thompson, Williams, Biediger, Kastor & Young, L.C.

Certified Public Accountants

San Antonio, Texas
April 28, 2011