



ANNUAL FINANCIAL REPORT

DECEMBER 31, 2024

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024

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ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS :

COUNTY OF BEXAR :

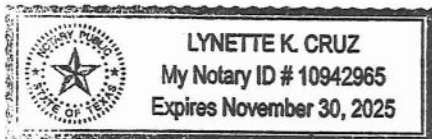
I, Bertie S. Alexander, of Bexar County Water Control and Improvement District 10 hereby swear, or affirm, that the District named above has reviewed and approved, at a meeting of the District's Board of Trustees on the 17th day of April, 2025, its annual audit report of the fiscal period ended December 31, 2024, and that copies of the annual audit report have been filed in the District's office located at 8601 Midcrown, Windcrest TX 78239.

This annual filing affidavit and the attached copy of the audit report will be submitted to the Texas Commission on Environmental Quality to satisfy the annual filing requirements of the Texas Water Code Section 49.194.

Date: April 17, 2025 By: Bertie S. Alexander
(Signature of District Official)

Bertie S. Alexander, President
(Typed Name & Title of District Representative)

Sworn to and subscribed to before me this 17th day of April, 2025.



Lynette K Cruz
(Signature of Notary)

Commission expires on November 30, 2025
Notary Public in the State of Texas



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bexar County Water Control and Improvement District 10
Windcrest, TX

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bexar County Water Control and Improvement District 10, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise Bexar County Water Control and Improvement District 10's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of Bexar County Water Control and Improvement District 10, as of December 31, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bexar County Water Control and Improvement District 10 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Bexar County Water Control and Improvement District 10's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bexar County Water Control and Improvement District 10's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Bexar County Water Control and Improvement District 10's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bexar County Water Control and Improvement District 10's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension schedules (as listed in the table of contents) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

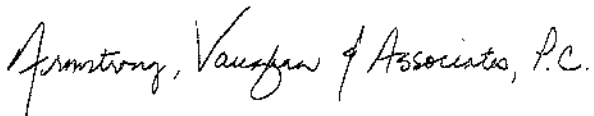
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bexar County Water Control and Improvement District 10's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information required by the Texas Commission on Environmental Quality is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2025 on our consideration of Bexar County Water Control and Improvement District 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bexar County Water Control and Improvement District 10's internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.

April 2, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Bexar County Water Control and Improvement District 10's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended December 31, 2024. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total net position was \$8.8 million at December 31, 2024.
- During the year, the District's operating revenues were \$139 thousand more than the \$2.8 million in operating expenses.
- Operating revenues decreased by 2% based on usage patterns. Operating expenses increased by 12% from personnel and repairs.
- No new debt was issued in 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), *the basic financial statements*, *required supplementary information*, and *supplementary information required by the Texas Commission on Environmental Quality (TCEQ)*. The basic financial statements consist of the following statements:

- The *Statement of Net Position* shows the financial standing of the District as of the end of the year, including all assets and liabilities.
- The *Statement of Revenues, Expenses and Changes in Net Position* provides information about the activity of the District during the fiscal year. It reports revenues when incurred, regardless of when they are received, and expenses when incurred, regardless of when they are paid.
- The *Statement of Cash Flows* reports the sources and uses of cash during the fiscal year.

The financial statements also include notes that explain a few of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The final section of supplementary information provides even more information required by TCEQ.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

FINANCIAL ANALYSIS OF THE DISTRICT

Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

The District's combined net position was \$8.8 million at December 31, 2024. Of this amount, \$2.3 million is unrestricted, representing resources available to fund the operations of the District next year. (See Table A-1).

Table A-1
District's Net Position

| | 2024 | 2023 | 2022 |
|----------------------------------|---------------------|---------------------|---------------------|
| <i>Assets:</i> | | | |
| Cash and Investments | \$ 2,271,323 | \$ 2,419,926 | \$ 2,388,727 |
| Other Current Assets | 400,664 | 338,461 | 290,363 |
| Other Assets | 44,815 | 73,188 | 231,691 |
| Capital Assets (Net) | 12,668,972 | 12,805,623 | 12,863,586 |
| <i>Total Assets</i> | <u>15,385,774</u> | <u>15,637,198</u> | <u>15,774,367</u> |
| <i>Deferred Outflows</i> | <u>55,823</u> | <u>79,762</u> | <u>67,277</u> |
| <i>Liabilities:</i> | | | |
| Current | 430,506 | 428,223 | 482,855 |
| Long Term | 6,100,108 | 6,341,428 | 6,578,587 |
| <i>Total Liabilities</i> | <u>6,530,614</u> | <u>6,769,651</u> | <u>7,061,442</u> |
| <i>Deferred Inflows</i> | <u>61,048</u> | <u>89,681</u> | <u>232,887</u> |
| <i>Net Position:</i> | | | |
| Net Investment in Capital Assets | 6,348,864 | 6,249,195 | 5,956,084 |
| Restricted | 195,536 | 186,391 | 315,357 |
| Unrestricted | 2,305,535 | 2,422,042 | 2,275,874 |
| <i>Total Net Position</i> | <u>\$ 8,849,935</u> | <u>\$ 8,857,628</u> | <u>\$ 8,547,315</u> |

The District's total operating revenues were \$2.9 million, a decrease of 2%. Water sales fluctuate with the environmental conditions and customer usage. The operating expenses were \$2.8 million, an increase of 12%. (See Table A-2)

Table A-2
Changes in District Net Position

| | 2024 | 2023 | 2022 |
|-------------------------------|---------------------|---------------------|---------------------|
| Operating Revenues | \$ 2,925,659 | \$ 2,990,884 | \$ 3,052,528 |
| Operating Expenses | <u>(2,786,692)</u> | <u>(2,490,041)</u> | <u>(2,531,690)</u> |
| Operating Income (Loss) | 138,967 | 500,843 | 520,838 |
| Nonoperating Income (Expense) | <u>(146,660)</u> | <u>(190,530)</u> | <u>(218,149)</u> |
| Change in Net Position | (7,693) | 310,313 | 302,689 |
| Beginning Net Position | 8,857,628 | 8,547,315 | 8,244,626 |
| Ending Net Position | <u>\$ 8,849,935</u> | <u>\$ 8,857,628</u> | <u>\$ 8,547,315</u> |

BUDGETARY HIGHLIGHTS

The District budgets on a modified accrual basis so that the customer charges are sufficient to result in funds available to pay obligations of the District as they come due. The District's revenues exceeded the budget by \$130 thousand. Expenses were over budget by \$62 thousand, primarily from maintenance costs. Actual net income on a budgetary basis was \$207 thousand compared to a budget projection of \$95 thousand.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2024, the District had invested \$20.6 million in a broad range of capital assets, including land, buildings, equipment, treatment plants, and distribution systems. (See Table A-3.) Significant additions in 2024 include a tank painting. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Table A-3
District's Capital Assets

| | 2024 | 2023 | 2022 |
|--------------------------------|----------------------|----------------------|----------------------|
| Land | \$ 10,776 | \$ 10,776 | \$ 10,776 |
| Water Rights | 2,091,790 | 2,091,790 | 2,091,790 |
| Plant and Distribution System | 17,689,030 | 17,416,211 | 17,123,549 |
| Machinery and Equipment | 635,021 | 615,026 | 596,267 |
| Construction in Progress | 124,000 | 124,000 | 124,000 |
| Totals at Historical Cost | <u>20,550,617</u> | <u>20,257,803</u> | <u>19,946,382</u> |
| Total Accumulated Depreciation | <u>(7,881,645)</u> | <u>(7,452,180)</u> | <u>(7,082,796)</u> |
| Net Capital Assets | <u>\$ 12,668,972</u> | <u>\$ 12,805,623</u> | <u>\$ 12,863,586</u> |

Long-Term Debt

As of December 31, 2024, the District had \$6.1 million in principal outstanding on the 2019 bond series. No new debt was issued during 2024. More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-4
District's Long Term Debt

| | 2024 | 2023 | 2022 |
|---------------|---------------------|---------------------|---------------------|
| Bonds Payable | <u>\$ 6,105,000</u> | <u>\$ 6,320,000</u> | <u>\$ 6,525,000</u> |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For 2025, the District does not anticipate any major changes in services or operations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at Bexar County Water Control and Improvement District 10 8601 Midcrown, Windcrest, TX 78239 or visit the website at www.bexarcountycwid10.com.

BASIC FINANCIAL STATEMENTS

The basic financial statements include:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
STATEMENTS OF NET POSITION
DECEMBER 31, 2024 AND 2023

| | 2024 | 2023 |
|--|---------------------|---------------------|
| ASSETS | | |
| <i>Current Assets:</i> | | |
| Cash and Cash Equivalents | \$ 548,599 | \$ 841,471 |
| Investments | 1,466,235 | 1,326,623 |
| Restricted Cash for Debt Service | 256,489 | 251,832 |
| Customer Receivables | 210,820 | 212,622 |
| Other Receivables | 6,725 | 2,900 |
| Prepaid Expenses | - | 1,200 |
| Inventory | 153,374 | 93,307 |
| Current Portion of Lease Receivable | 29,745 | 28,432 |
| <i>Total Current Assets</i> | <u>2,671,987</u> | <u>2,758,387</u> |
| <i>Other Assets:</i> | | |
| Lease Receivable (net of current portion) | 31,103 | 60,848 |
| Net Pension Asset | 13,712 | 12,340 |
| Capital Assets (net) | <u>12,668,972</u> | <u>12,805,623</u> |
| <i>Total Other Assets</i> | <u>12,713,787</u> | <u>12,878,811</u> |
| TOTAL ASSETS | <u>15,385,774</u> | <u>15,637,198</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred Pension Related Outflows | <u>55,823</u> | <u>79,762</u> |
| TOTAL DEFERRED OUTFLOWS | <u>55,823</u> | <u>79,762</u> |
| LIABILITIES | | |
| <i>Current Liabilities:</i> | | |
| Accounts Payable | 84,516 | 83,838 |
| Accrued Leave | 21,198 | 21,198 |
| Customer Deposits | 30,127 | 30,406 |
| Accrued Interest, Payable from Restricted Assets | 74,665 | 77,781 |
| Bonds Payable - Current | <u>220,000</u> | <u>215,000</u> |
| <i>Total Current Liabilities</i> | <u>430,506</u> | <u>428,223</u> |
| <i>Long-term Liabilities:</i> | | |
| Bonds Payable (net of current portion) | <u>6,100,108</u> | <u>6,341,428</u> |
| <i>Total Long-term Liabilities</i> | <u>6,100,108</u> | <u>6,341,428</u> |
| TOTAL LIABILITIES | <u>6,530,614</u> | <u>6,769,651</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred Pension Related Inflows | 200 | 401 |
| Deferred Lease Receivable | <u>60,848</u> | <u>89,280</u> |
| TOTAL DEFERRED INFLOWS | <u>61,048</u> | <u>89,681</u> |
| NET POSITION | | |
| Net Investment in Capital Assets | 6,348,864 | 6,249,195 |
| Restricted for: | | |
| Debt Service | 181,824 | 174,051 |
| Net Pension Asset | 13,712 | 12,340 |
| Unrestricted | <u>2,305,535</u> | <u>2,422,042</u> |
| TOTAL NET POSITION | <u>\$ 8,849,935</u> | <u>\$ 8,857,628</u> |

See accompanying notes to basic financial statements.

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| Operating Revenues: | | |
| Water Charges | \$ 1,585,389 | \$ 1,587,130 |
| Wastewater Charges | 1,255,540 | 1,331,069 |
| Miscellaneous Charges | 84,730 | 72,685 |
| Total Operating Revenues | <u>2,925,659</u> | <u>2,990,884</u> |
| Operating Expenses: | | |
| Sewage Treatment | 774,766 | 846,391 |
| Personnel | 734,126 | 566,721 |
| Depreciation | 429,465 | 389,583 |
| Maintenance and Repairs | 384,265 | 217,926 |
| Water Pumping Fees | 165,211 | 166,711 |
| Other Expenses | 117,171 | 99,306 |
| Utilities | 90,285 | 92,321 |
| Professional Fees | 64,627 | 85,081 |
| Insurance | 26,776 | 26,001 |
| Total Operating Expenses | <u>2,786,692</u> | <u>2,490,041</u> |
| Operating Income (Loss) | 138,967 | 500,843 |
| Non-Operating Revenues (Expenses): | | |
| Interest Income | 62,246 | 25,204 |
| Interest Expense | (208,906) | (215,734) |
| Total Non-Operating Revenues (Expenses) | <u>(146,660)</u> | <u>(190,530)</u> |
| Change in Net Position | (7,693) | 310,313 |
| Net Position at Beginning of Year | <u>8,857,628</u> | <u>8,547,315</u> |
| Net Position at End of Year | <u>\$ 8,849,935</u> | <u>\$ 8,857,628</u> |

See accompanying notes to basic financial statements.

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|---|-------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Cash Received from Customers | \$ 2,927,182 | \$ 3,002,599 |
| Cash Payments to Suppliers for Goods and Services | (1,681,290) | (1,662,633) |
| Cash Payments to Employees for Services | (715,585) | (554,982) |
| Net Cash Provided (Used) by Operating Activities | <u>530,307</u> | <u>784,984</u> |
| Cash Flows from Capital and Related Financing Activities | | |
| Bond Principal Payments | (215,000) | (205,000) |
| Interest Paid | (233,342) | (242,369) |
| Purchase of Property, Plant and Equipment | (292,814) | (331,620) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(741,156)</u> | <u>(778,989)</u> |
| Cash Flows from Investing Activities | | |
| Interest and Investment Income | 62,246 | 25,204 |
| Purchase of Investments | (139,612) | (488,851) |
| Net Cash Provided (Used) by Investing Activities | <u>(77,366)</u> | <u>(463,647)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (288,215) | (457,652) |
| Beginning Cash | | |
| Cash and Cash Equivalents | 841,471 | 1,295,754 |
| Restricted Cash | 251,832 | 255,201 |
| | <u>1,093,303</u> | <u>1,550,955</u> |
| Ending Cash | | |
| Cash and Cash Equivalents | 548,599 | 841,471 |
| Restricted Cash | 256,489 | 251,832 |
| | <u>\$ 805,088</u> | <u>\$ 1,093,303</u> |

See accompanying notes to basic financial statements.

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
STATEMENTS OF CASH FLOWS (CONT.)
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

| | <u>2024</u> | <u>2023</u> |
|---|--------------------------|--------------------------|
| Reconciliation of Operating Income to Net Cash Provided (Used) | | |
| by Operating Activities | | |
| Operating Income (Loss) | \$ 138,967 | \$ 500,843 |
| Adjustments to Reconcile Income from Operations to Net Cash | | |
| Provided by Operating Activities: | | |
| Depreciation | 429,465 | 389,583 |
| Change in Assets and Liabilities: | | |
| (Increase) Decrease in Customer Receivables | 1,802 | 10,592 |
| (Increase) Decrease in Other Receivables | (3,825) | 4,400 |
| (Increase) Decrease in Prepaid Expenses | 1,200 | 5,459 |
| (Increase) Decrease in Inventory | (60,067) | (68,160) |
| (Increase) Decrease in Lease Receivables | 28,432 | 28,042 |
| (Increase) Decrease in Deferred Inflows for Pensions | 23,939 | (12,485) |
| (Increase) Decrease in Net Pension Asset | (1,372) | 130,072 |
| Increase (Decrease) in Accounts Payable | 678 | (66,195) |
| Increase (Decrease) in Customer Deposits | (279) | 1,123 |
| Increase (Decrease) in Accrued Leave | - | 4,916 |
| (Increase) Decrease in Deferred Inflows for Pensions | (201) | (115,164) |
| (Increase) Decrease in Deferred Inflows for Lease Receivables | (28,432) | (28,042) |
| Net Cash Provided (Used) by Operating Activities | <u><u>\$ 530,307</u></u> | <u><u>\$ 784,984</u></u> |

See accompanying notes to basic financial statements.

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bexar County Water Control and Improvement District 10 (the "District") was created by an order of the Texas Water Rights Commission on November 28, 1995 under section 59 of Article 16 of the Texas Constitution and operates under Chapter 49 of the Texas Water Code. The District is governed by an elected five member board. 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 financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

1. REPORTING ENTITY

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14, "The Financial Reporting Entity" and GASB Statement 39 "Determining Whether Certain Organizations are Component Units". The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. The District has no component units.

2. ENTERPRISE FUND

The District is an enterprise fund. Enterprise funds are proprietary funds used to account for business-type activities provided to the general public or other governmental entities. The activities are financed by charges to customers and the measurement of financial activity focuses on net income similar to the private sector. Revenues are recognized when earned, and expenses are recognized when incurred.

Revenues are classified as *operating* and *non-operating*. Operating revenues include charges to customers for water usage or wastewater delivered to the system. Non-operating revenues and expenses typically relate to interest income and interest expense that are not directly related to the provision water and wastewater service.

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 COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. CASH AND INVESTMENTS

State statutes authorize the District to invest in (a) obligations of the United States or its agencies, and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) 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 A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) – (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations.

Investments are stated at fair value (plus accrued interest). However, money market investments and participating interest-earning investment contracts (U.S. Treasuries) that have a remaining maturity at time of purchase of one year or less, and certificates of deposits are reported at amortized cost. Investments in local government investment pools are reported at net asset value of the underlying securities, which approximates fair value.

The District reports investments at fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District considers cash and cash equivalents to be amounts in checking accounts, savings accounts, money market accounts, local government investment pools and certificates of deposit with a maturity date within three months or less from the date of purchase.

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of amounts due from customers. Management considers all outstanding amounts to be collectible and has not recorded an allowance for doubtful accounts.

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. PREPAID EXPENSES

Expenses paid during the year that have a benefit beyond the current fiscal year are recorded on the balance sheet as prepaid expenses.

6. INVENTORY

Inventory consists of parts and supplies used in the repair and maintenance of the District's utility system. The inventory is stated at the lower of cost (first-in, first-out method) or market value.

7. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, water rights, and water plant and distribution systems, are recorded at cost if purchased or constructed. Donated capital assets are recorded at 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. Purchases in excess of \$5,000 with a useful life in excess of one year are capitalized and depreciated using the straight-line method over the following estimated useful lives:

| | |
|---------------------------------------|----------------|
| Buildings and Improvements | 10 to 50 years |
| Equipment | 3 to 25 years |
| Water Plants and Distribution Systems | 10 to 50 years |

8. DEFERRED INFLOWS AND OUTFLOWS

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Losses on debt refundings arise when advance payments are made to refund outstanding obligations exceed the carrying amount of those obligations. These losses are deferred and amortized over the life of the bond. Deferred Outflows.

9. LONG-TERM OBLIGATIONS

Bonds, notes and capital leases are recorded as liabilities on the statement of net position. Bond issue costs are expensed in the period they are incurred and premiums are amortized of the life of the obligation. Bonds payable are reported net of the applicable bond premium or discount.

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. NET POSITION

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When expenses qualify for restricted and unrestricted resources, the District's policy is to use restricted resources first.

11. PENSIONS

The net pension liability, deferred inflows, and outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas County District Retirement System (TCDRS), and additions to and deductions from TCERS's fiduciary net position have been determined on the same basis as they are reported by TCERS. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. BUDGET

An operating budget is adopted each fiscal year for the District. The budget is adopted on a modified accrual basis of accounting. Additional budgetary information is provided in the required supplementary information.

13. 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

14. RECLASSIFICATIONS

Certain transactions are classified differently on the December 31, 2024 financial statements than previous fiscal years. These reclassifications had no effect on net income.

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE B -- CASH AND INVESTMENTS

1. Cash and Cash Equivalents

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledge securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. At December 31, 2024, the District's bank deposits were fully covered by a combination of federal deposit insurance and pledged securities.

2. Investments

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area, conducted as a part of the audit of the basic financial statements, disclosed that the District's investment practices, management reports and establishment of appropriate policies materially complied with the requirements of the Act.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments consisted of the following:

| | Balances at | | Reported |
|--------------------------|---------------------|---------------------|-----------------|
| | 12/31/24 | 12/31/23 | Value |
| TexPool | \$ 252,404 | \$ 122 | Net Asset Value |
| Certificates of Deposits | 1,213,831 | 1,326,501 | Amortized Cost |
| Reported as Investments | <u>\$ 1,466,235</u> | <u>\$ 1,326,623</u> | |

TexPool is a AAAm rated local government investment pool that strives to maintain a \$1 per share net asset value.

NOTE C -- LEASE RECEIVABLE

The District has leased space on towers for a telecommunications company. The lease has a termination date of July 31, 2027, which is the end of the final lessee renewal option. Lease payments are annual in advance and include a 3% annual increase. The District recognized \$28,432 and \$29,745 of lease revenue and \$899 and \$453 of interest revenue from the lease in 2024 and 2023, respectively.

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE D -- CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

| | Balances at 1/1/24 | Additions | Transfers/ Disposals | Balances at 12/31/2024 |
|--------------------------------------|-----------------------|---------------------|-------------------------|---------------------------|
| Land | \$ 10,776 | \$ - | \$ - | \$ 10,776 |
| Water Rights | 2,091,790 | - | - | 2,091,790 |
| Plant and Distribution System | 17,416,211 | 272,819 | - | 17,689,030 |
| Machinery and Equipment | 615,026 | 19,995 | - | 635,021 |
| Construction in Progress | 124,000 | - | - | 124,000 |
| | <u>20,257,803</u> | <u>292,814</u> | <u>-</u> | <u>20,550,617</u> |
| <i>Less Accumulated Depreciation</i> | | | | |
| Plant and Distribution System | (7,040,480) | (381,329) | - | (7,421,809) |
| Machinery and Equipment | (411,700) | (48,136) | - | (459,836) |
| | <u>(7,452,180)</u> | <u>(429,465)</u> | <u>-</u> | <u>(7,881,645)</u> |
| Capital Assets, Net | <u>\$ 12,805,623</u> | <u>\$ (136,651)</u> | <u>\$ -</u> | <u>\$ 12,668,972</u> |

Land, Water Rights and Construction in Progress are not depreciated.

NOTE E -- LONG-TERM DEBT

The District's long-term debt consists of the following issues:

| Series Name | Original Issue | | Interest Rate | Maturity Date |
|-----------------------------|----------------|-----------|------------------|------------------|
| | Amount | Date | | |
| Revenue Notes, Series 2019A | \$ 4,950,000 | 2/27/2019 | 3.625-4% | 2043 |
| Revenue Notes, Series 2019B | 1,990,000 | 11/7/2019 | 3-5% | 2043 |

The bonds require monthly deposits to a debt service reserve account and a debt service coverage ratio of 125%. The District has complied with both of these covenants. The District's long-term debt activity as of and for the year ending December 31, 2024 is as follows:

| Bonds Payable, Series | Balance Outstanding 1/1/2024 | Additions | Retirements | Balance Outstanding 12/31/2024 | Due Within One Year |
|-----------------------|------------------------------------|-------------|---------------------|--------------------------------------|------------------------|
| | | | | | |
| 2019 A | \$ 4,470,000 | \$ - | \$ (150,000) | \$ 4,320,000 | \$ 155,000 |
| 2019 B | 1,850,000 | - | (65,000) | 1,785,000 | 65,000 |
| Unamortized Premiums | 236,428 | - | (21,320) | 215,108 | - |
| Total | <u>\$ 6,556,428</u> | <u>\$ -</u> | <u>\$ (236,320)</u> | <u>\$ 6,320,108</u> | <u>\$ 220,000</u> |

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE E -- LONG-TERM DEBT (Continued)

The annual requirements to amortize outstanding debts as of December 31, 2024, including interest payments, are as follows:

| Year End September 30, | Principal Payments | Interest Payments | Total |
|---------------------------|-----------------------|----------------------|---------------------|
| 2025 | \$ 220,000 | \$ 223,994 | \$ 443,994 |
| 2026 | 230,000 | 214,319 | 444,319 |
| 2027 | 245,000 | 204,844 | 449,844 |
| 2028 | 250,000 | 195,694 | 445,694 |
| 2029 | 255,000 | 185,969 | 440,969 |
| 2030-2034 | 1,470,000 | 762,620 | 2,232,620 |
| 2035-2039 | 1,765,000 | 456,520 | 2,221,520 |
| 2040-2043 | 1,670,000 | 117,747 | 1,787,747 |
| Total | <u>\$ 6,105,000</u> | <u>\$ 2,361,707</u> | <u>\$ 8,466,707</u> |

NOTE F -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM

Plan Description

The District participates as one of 830 plans in the nontraditional, defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). TCDRS is an agency created by the state of Texas and administered in accordance with the TCDRS Act as an agent multiple-employer retirement system for County and District employees in the State of Texas. The Board of Trustees of TCDRS is responsible for the administration and management of the system. TCDRS in the aggregate issues a annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at PO Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the District, within the options available in the state statutes governing TCDRS. Members can retire at age 60 and above with 8 or more years of service or with 20 years regardless of age or when the sum of their age and years of service equals 75 or more. A member is vested after 8 years but must leave his accumulated contributions in the plan. Members who withdraw their personal contributions in a partial lump sum are entitled to any amounts contributed by the employer.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE F – TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Continued)

Contributions

The District has elected the annually determined contribution rate plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the District is actuarially determined annually. The actuarially determined rate was 5.62% and 4.46% for the calendar years of 2024, and 2023 respectively. The District contributed \$30,991 and \$29,716 for 2024 and 2023, respectively, which met or exceeded the required amount.

The contribution rate payable by the employee members is 7% as adopted by the governing body of the District and the District matches 110%. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Benefits Provided

TCDRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the District, within the options available in the state statutes governing TCDRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the District-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|---------------------------------------|-------|
| Inactive Employees Receiving Benefits | 5 |
| Inactive Employees | 5 |
| Active Employees | 9 |
| | <hr/> |
| | 19 |
| | <hr/> |

Net Pension Liability

The District's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE F -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Continued)

Actuarial Assumptions

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

| | |
|-----------------------------|-------|
| Real rate of return | 5.00% |
| Inflation | 2.50% |
| Long-term Investment return | 7.50% |

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The long-term expected rate of return on pension plan investments is 7.50%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Expected Real Rate of Return (Geometric) |
|------------------------------------|----------------------|--|
| US Equities | 11.50% | 4.75% |
| Global Equities | 2.50% | 4.75% |
| International Equities - Developed | 5.00% | 4.75% |
| International Equities - Emerging | 6.00% | 4.75% |
| Investment-Grade Bonds | 3.00% | 2.35% |
| Strategic Credit | 9.00% | 3.65% |
| Direct Lending | 16.00% | 7.25% |
| Distressed Debt | 4.00% | 6.90% |
| REIT Equities | 2.00% | 4.10% |
| Master Limited Partnerships (MLPs) | 2.00% | 5.20% |
| Private Real Estate Partnerships | 6.00% | 5.70% |
| Private Equity | 25.00% | 7.75% |
| Hedge Funds | 6.00% | 3.25% |
| Cash Equivalents | 2.00% | 0.60% |
| | <u>100.00%</u> | |

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE F -- TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Continued)

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The following presents the net pension liability of the District, calculated using the discount rate of 7.60%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | Discount Rate 6.60% | Discount Rate 7.60% | Discount Rate 8.60% |
|-------------------------------|------------------------|------------------------|------------------------|
| Net Pension Liability (Asset) | \$ 120,502 | \$ (13,712) | \$ (125,468) |

Changes in Net Pension Liability

The below schedule presents the changes in the Net Pension Liability as of December 31, 2023:

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|--------------------------------------|----------------------------|--------------------------------|--------------------------|
| Balance at December 31, 2022 | \$ 940,899 | \$ 953,239 | \$ (12,340) |
| Changes for the year: | | | |
| Service Cost | 49,477 | - | 49,477 |
| Interest on total pension liability | 73,410 | - | 73,410 |
| Effect of Plan Changes | 29,979 | - | 29,979 |
| Economic/Demographic gains or losses | 13,107 | - | 13,107 |
| Changes of Assumptions | - | - | - |
| Refund of Contributions | (1,952) | (1,952) | - |
| Benefit Payments | (47,871) | (47,871) | - |
| Administrative Expense | - | (559) | 559 |
| Member Contributions | - | 33,115 | (33,115) |
| Net Investment Income | - | 104,883 | (104,883) |
| Employer Contributions | - | 28,913 | (28,913) |
| Other | - | 993 | (993) |
| Net Changes | 116,150 | 117,522 | (1,372) |
| Balance at December 31, 2023 | \$ 1,057,049 | \$ 1,070,761 | \$ (13,712) |

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE F – TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM (Continued)

Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained at www.tcdrs.com.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended December 31, 2024, the District recognized pension expense of \$32,138. Also as of December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between Expected and Actual Economic Experience | \$ 19,782 | \$ - |
| Changes in Actuarial Assumptions | - | 200 |
| Net Difference between Projected and Actual Earnings | 5,050 | - |
| Contributions Subsequent to the Measurement Date | 30,991 | - |
| | <u>\$ 55,823</u> | <u>\$ 200</u> |

Deferred outflows of resources in the amount of \$29,716 result from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|---------------------------------|------------------|
| For the Year ended December 31, | |
| 2024 | \$ 1,879 |
| 2025 | 1,348 |
| 2026 | 25,175 |
| 2027 | (3,770) |
| 2028 | - |
| Therafter | - |
| | <u>\$ 24,632</u> |

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024

NOTE G – SEWAGE TREATMENT CONTRACT

The District has contracted with San Antonio Water System (SAWS) to treat the wastewater of District. The District does not have its own treatment facilities, but has a distribution system to deliver to SAWS. The District is dependent on SAWS as that treatment provider. SAWS is compensated monthly based on the volume of wastewater delivered to it.

NOTE H – LITIGATION

Management is not aware of any pending or likely litigation that would have a material impact on the District's financial position.

NOTE I – RISK MANAGEMENT

The District has identified possible risk of losses related to torts; theft of, damage to, or destruction of assets; business interruption; errors and omissions; job-related illnesses or injuries to employees; and other claims of various natures. The District contracts with the Texas Municipal League (TML) to provide insurance coverage for identified risks. TML is a multi-employer group that provides for a combination of modified self-insurance and stop-loss coverage. Contributions are set annually by TML and are generally limited to the contributed amounts up to coverage limits.

REQUIRED SUPPLEMENTARY INFORMATION

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2024

| | Budget Amounts | | Actual Results (Budgetary Basis) | Variance With Final Budget- Positive (Negative) |
|--|------------------|------------------|---|--|
| | Original | Final | | |
| Operating Revenues: | | | | |
| Water Sales | \$ 1,349,500 | \$ 1,349,500 | \$ 1,585,389 | \$ 235,889 |
| Wastewater Charges | 1,377,000 | 1,377,000 | 1,255,540 | (121,460) |
| Miscellaneous Charges | 68,834 | 68,834 | 84,730 | 15,896 |
| Total Operating Revenues | <u>2,795,334</u> | <u>2,795,334</u> | <u>2,925,659</u> | <u>130,325</u> |
| Operating Expenses: | | | | |
| Sewage Treatment | 925,000 | 925,000 | 774,766 | 150,234 |
| Personnel | 699,000 | 699,000 | 734,126 | (35,126) |
| Maintenance and Repairs | 200,000 | 200,000 | 384,265 | (184,265) |
| Water Pumping Fees | 148,500 | 148,500 | 165,211 | (16,711) |
| Other Expenses | 115,700 | 115,700 | 117,171 | (1,471) |
| Utilities | 100,000 | 100,000 | 90,285 | 9,715 |
| Professional Fees | 80,000 | 80,000 | 64,627 | 15,373 |
| Insurance | 27,000 | 27,000 | 26,776 | 224 |
| Total Operating Expenses | <u>2,295,200</u> | <u>2,295,200</u> | <u>2,357,227</u> | <u>(62,027)</u> |
| Operating Income (Loss) | <u>500,134</u> | <u>500,134</u> | <u>568,432</u> | <u>68,298</u> |
| Non-Operating Revenues (Expenses) | | | | |
| Interest Income | 15,000 | 15,000 | 62,246 | 47,246 |
| Debt Service | (420,000) | (420,000) | (423,906) | (3,906) |
| Total Non-Operating | <u>(405,000)</u> | <u>(405,000)</u> | <u>(361,660)</u> | <u>43,340</u> |
| Budgetary Net Income | <u>\$ 95,134</u> | <u>\$ 95,134</u> | <u>206,772</u> | <u>\$ 111,638</u> |
| Principal Expenditure | | | 215,000 | |
| Depreciation | | | (429,465) | |
| Net Income (GAAP Basis) | | | <u>\$ (7,693)</u> | |

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
NOTES TO SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-
BUDGET AND ACTUAL (BUDGETARY BASIS)
DECEMBER 31, 2024

Budgetary Information – The budget is prepared on a modified accrual basis of accounting where principal on debt is treated as an expense and depreciation is removed from expenses. The District maintains strict budgetary controls. The annually adopted budget is not a legally binding document, but is used as a planning tool. The District does not use encumbrance accounting.

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN CALENDAR YEARS

| | Total Pension Liability | | | | | | | | | |
|---|-------------------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Service Cost | \$ 29,315 | \$ 30,781 | \$ 33,858 | \$ 33,218 | \$ 33,131 | \$ 35,389 | \$ 40,830 | \$ 45,997 | \$ 49,550 | \$ 49,477 |
| Interest (on the Total Pension Liability) | 73,641 | 72,719 | 44,403 | 48,396 | 49,006 | 53,192 | 57,270 | 61,870 | 67,743 | 73,410 |
| Changes of Benefit Terms | - | (6,513) | - | - | - | - | 1,982 | - | - | 29,979 |
| Difference between Expected and Actual Experience | 1,464 | (375,340) | 2,319 | (28,615) | 12,949 | 14,790 | 9,090 | 16,771 | 8,508 | 13,107 |
| Change of Assumptions | - | 4,411 | - | (355) | - | - | 40,621 | (803) | - | (1,952) |
| Benefit Payments, Including Refunds of Employee Contributions | (107,531) | (123,744) | (30,826) | (65,657) | (23,559) | (68,676) | (47,871) | (47,871) | (52,448) | (47,871) |
| Net Change in Total Pension Liability | (3,111) | (397,686) | 49,754 | (13,013) | 71,527 | 34,695 | 101,922 | 75,964 | 73,353 | 116,150 |
| Total Pension Liability - Beginning | 947,494 | 944,383 | 546,697 | 596,451 | 583,438 | 654,965 | 689,660 | 791,582 | 867,546 | 940,899 |
| Total Pension Liability - Ending | \$ 944,383 | \$ 546,697 | \$ 596,451 | \$ 583,438 | \$ 654,965 | \$ 689,660 | \$ 791,582 | \$ 867,546 | \$ 940,899 | \$ 1,057,049 |

| | Plan Fiduciary Net Position | | | | | | | | | |
|---|-----------------------------|------------|------------|------------|------------|------------|------------|--------------|------------|--------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Contributions - Employer | \$ 22,045 | \$ 23,915 | \$ 24,887 | \$ 25,340 | \$ 28,942 | \$ 30,471 | \$ 9,790 | \$ 13,546 | \$ 21,339 | \$ 28,913 |
| Contributions - Employee | 19,759 | 21,751 | 23,542 | 23,971 | 27,578 | 28,824 | 29,795 | 31,927 | 33,194 | 33,115 |
| Net Investment Income | 62,536 | 18,195 | 38,223 | 83,546 | (11,571) | 108,792 | 78,604 | 182,162 | (59,383) | 104,883 |
| Benefit Payments, Including Refunds of Employee Contributions | (107,531) | (123,744) | (30,826) | (65,657) | (23,559) | (68,676) | (47,871) | (47,871) | (52,448) | (49,823) |
| Administrative Expense | (716) | (519) | (415) | (426) | (532) | (580) | (608) | (546) | (559) | (559) |
| Other | 7,284 | (340,794) | (12,364) | (223) | 1,041 | (214) | (169) | 160 | 1,138 | 993 |
| Net Change | 3,377 | (401,196) | 43,047 | 66,551 | 21,699 | 98,617 | 69,541 | 179,378 | (56,719) | 117,522 |
| Beginning Plan Fiduciary Net Position | 928,944 | 932,321 | 531,125 | 574,172 | 640,723 | 662,422 | 761,039 | 830,580 | 1,009,958 | 953,239 |
| Ending Plan Fiduciary Net Position | \$ 932,321 | \$ 531,125 | \$ 574,172 | \$ 640,723 | \$ 662,422 | \$ 761,039 | \$ 830,580 | \$ 1,009,958 | \$ 953,239 | \$ 1,070,761 |

| | | | | | | | | | | |
|--|------------|------------|------------|-------------|------------|-------------|-------------|--------------|-------------|-------------|
| Net Pension Liability (Asset) - Ending | \$ 12,062 | \$ 15,572 | \$ 22,279 | \$ (57,285) | \$ (7,457) | \$ (71,379) | \$ (38,998) | \$ (142,412) | \$ (12,340) | \$ (13,712) |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 98.72% | 97.15% | 96.26% | 109.82% | 101.14% | 110.35% | 104.93% | 116.42% | 101.31% | 101.30% |
| Covered Payroll | \$ 282,271 | \$ 310,729 | \$ 336,315 | \$ 342,438 | \$ 391,111 | \$ 411,775 | \$ 425,649 | \$ 456,096 | \$ 474,202 | \$ 551,448 |
| Net Pension Liability as a Percentage of Covered Payroll | 4.27% | 5.01% | 6.62% | -16.73% | -1.91% | -17.33% | -9.16% | -31.22% | -2.60% | -2.49% |

See Independent Auditor's Report.

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
SCHEDULE OF EMPLOYER CONTRIBUTIONS- PENSION PLAN
LAST TEN FISCAL YEARS

| Year Ending December 31, | Actuarially Determined Contribution | Actual Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions As Percent of Payroll |
|-----------------------------|---|-------------------------|--|--------------------|---|
| 2024 | \$ 30,991 | \$ 30,991 | \$ - | \$ 551,448 | 5.62% |
| 2023 | \$ 21,099 | \$ 29,716 | \$ (8,617) | \$ 473,075 | 6.28% |
| 2022 | \$ 21,339 | \$ 21,339 | \$ - | \$ 474,202 | 4.50% |
| 2021 | \$ 12,588 | \$ 13,546 | \$ (958) | \$ 456,096 | 2.97% |
| 2020 | \$ 9,790 | \$ 9,790 | \$ - | \$ 425,649 | 2.30% |
| 2019 | \$ 9,471 | \$ 30,471 | \$ (21,000) | \$ 411,775 | 7.40% |
| 2018 | \$ 16,779 | \$ 28,942 | \$ (12,163) | \$ 391,111 | 7.40% |
| 2017 | \$ 15,375 | \$ 25,340 | \$ (9,965) | \$ 342,438 | 7.40% |
| 2016 | \$ 24,887 | \$ 24,887 | \$ - | \$ 336,315 | 7.40% |
| 2015 | \$ 23,895 | \$ 23,915 | \$ (20) | \$ 310,729 | 7.70% |
| 2014 | \$ 22,045 | \$ 22,045 | \$ - | \$ 282,271 | 7.81% |

Valuation Timing:

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|---|
| Actuarial Cost Method | Entry Age |
| Amortization Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | 16.8 years (based on contribution rate calculated in 12/31/23 valuation) |
| Asset Valuation Method | 5 Year Smoothed Market |
| Inflation | 2.50% |
| Salary Increases | Varies by age and service. 4.7% average over career including inflation. |
| Investment Rate of Return | 7.50%, net of administrative and investment expenses, including inflation |
| Retirement Age | Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61. |
| Mortality | 135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate Scale after 2010. |
| Changes in Assumptions | |
| | 2015 New inflation, mortality and other assumptions |
| | 2017 New mortality assumptions |
| | 2019 New inflation, mortality and other assumptions |
| | 2022 New investment return and inflation assumptions |
| Changes in Plan Provisions | |
| | 2017 New annuity purchase rates were reflected |

SUPPLEMENTARY INFORMATION

The following Supplementary Information is required to be included as additional information by the Texas Commission on Environmental Quality (TCEQ).

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
TSI-1. SERVICES AND RATES
FISCAL YEAR ENDING DECEMBER 31, 2024

1. Services Provided by the District during the Fiscal Year:

- | | | |
|--|---|-------------------------------------|
| <input checked="" type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input type="checkbox"/> Security |
| <input type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input type="checkbox"/> Participates in joint venture, regional system, and/or wastewater service (other than emergency interconnect) | | |
| <input type="checkbox"/> Other (specify): _____ | | |

2. Retail Service Providers

Retail Rates for a 5/8" meter (or equivalent)

| | Minimum Charge | Minimum Usage | Flat Rate? | Rate per CCF | Usage Level |
|------------|-------------------|------------------|---------------|-----------------|----------------|
| Water | \$ 14.17 | - | No | \$ 1.29 | 0-1 |
| | | | | \$ 1.75 | 2-5 |
| | | | | \$ 1.79 | 6-15 |
| | | | | \$ 2.39 | 16-25 |
| | | | | \$ 2.76 | 26-30 |
| | | | | \$ 5.30 | 31-40 |
| | | | | \$ 8.48 | 41-50 |
| | | | | \$ 9.54 | 51-60 |
| Wastewater | \$ 15.26 | - | No | \$ 10.60 | 61+ |
| | | | | \$ 3.22 | 0-5 |
| | | | | \$ 3.67 | 6+ |

District employs winter averaging for wastewater usage?

Yes

Total charges per 10,000 gallons of usage

| | | | | | |
|-------|----|--------------|------------|----|--------------|
| Water | \$ | <u>37.44</u> | Wastewater | \$ | <u>62.07</u> |
|-------|----|--------------|------------|----|--------------|

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
TSI-1. SERVICES AND RATES (CONTINUED)
FISCAL YEAR ENDING DECEMBER 31, 2024

| Meter Size | Connections | | ESFC Factor | Active ESFCs |
|------------------|-------------|--------|----------------|-----------------|
| | Total | Active | | |
| Unmetered | - | - | x 1.0 | - |
| <3/4" | 2,005 | 2,005 | x 1.0 | 2,005 |
| 1" | 464 | 464 | x 2.5 | 1,160 |
| 1-1/2" | 20 | 20 | x 5.0 | 100 |
| 2" | 45 | 45 | x 8.0 | 360 |
| 3" | 4 | 4 | x 15.0 | 60 |
| 4" | - | - | x 25.0 | - |
| 6" | - | - | x 50.0 | - |
| 8" | - | - | x 80.0 | - |
| 10" | - | - | x 115.0 | - |
| Total Water | 2,538 | 2,538 | | 3,685 |
| Total Wastewater | 2,426 | 2,426 | x 1.0 | 2,426 |

3. Total Water Consumption during the Fiscal Year (rounded to the nearest thousand):

| | | | |
|------------------------------|-------------|--|--|
| Gallons pumped into system | 311,841,000 | | Water Accountability Ratio: (Gallons billed/Gallons pumped) |
| Gallons billed to customers: | 263,628,112 | | |
| | | | 85% |

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby Fees? Yes ☐ No ☒

If yes, Date of the most recent Commission Order: _____

Does the District have Operation and Maintenance standby fees? Yes ☐ No ☒

If yes, Date of the most recent Commission Order: _____

5. Location of District:

Counties in which the District is located: Bexar

Is the District located entirely within one county? Yes ☒ No ☐

Is the District located within a city? Entirely ☐ Partly ☒ Not at all ☐

Cities in which the District is located: Windercrest and San Antonio

Is the District located within a city's extra territorial jurisdiction (ETJ)?
Entirely ☐ Partly ☐ Not at all ☒

Are Board members appointed by an office outside the district? Yes ☐ No ☒

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
TSI-2. ENTERPRISE FUND EXPENSES
YEAR ENDING DECEMBER 31, 2024

| | | |
|--|-----------|-----------|
| Personnel Expenditures (including benefits) | \$ | 734,126 |
| Professional Fees: | | |
| Legal | | 53,832 |
| Engineering | | - |
| Accounting and Audit | | 10,010 |
| Other | | 785 |
| Water Pumping Fees | | 165,211 |
| Sewage Treatment | | 774,766 |
| Utilities | | 90,285 |
| Repairs and Maintenance | | 384,265 |
| Administrative Expenses | | 143,947 |
| Depreciation and Amortization | | 429,465 |
| Interest | | 208,906 |
| Total Expenses | \$ | 2,995,598 |
| Total number of persons employed by the District | Full-Time | 8 |
| | Part-Time | 1 |

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
TSI-3. TEMPORARY INVESTMENTS
DECEMBER 31, 2024

| <u>Funds</u> | <u>Identification or Certificate Number</u> | <u>Interest Rate</u> | <u>Maturity Date</u> | <u>Balance at End of Year</u> |
|----------------------|---|--------------------------|--------------------------|---------------------------------------|
| TexPool | 1516-1111-000 | 6.14% | N/A | \$ 252,404 |
| Frost Bank | 9700286293 | 4.23% | 1/17/2025 | 125,000 |
| Frost Bank | 9700286384 | 4.45% | 1/28/2025 | 132,781 |
| Security Service FCU | 45556807081 | 4.65% | 12/3/2025 | 100,000 |
| Security Service FCU | 45556807082 | 4.03% | 3/10/2026 | 130,218 |
| Broadway Bank | 2547 | 5.10% | 4/30/2025 | 210,318 |
| Bank of Ozark | 1492 | 4.72% | 3/8/2025 | 100,000 |
| Bank of Ozark | 3318 | 4.88% | 4/10/2025 | 150,000 |
| FirstMark FCU | 604820-50 | 3.93% | 8/21/2025 | 135,618 |
| FirstMark FCU | 604820-52 | 4.25% | 10/22/2025 | 129,896 |
| Total | | | | <u>\$ 1,466,235</u> |

The following sections have been omitted since they do not pertain to this entity:

TSI-4. Taxes Levied and Receivable

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2024

Waterworks and Sewer System Revenue Notes, Series
2019B

| Fiscal Year Ending December 31, | Principal Due Each Year | Interest Due Each Year | Total |
|------------------------------------|----------------------------|---------------------------|---------------------|
| 2025 | \$ 65,000 | \$ 58,775 | \$ 123,775 |
| 2026 | 70,000 | 55,400 | 125,400 |
| 2027 | 75,000 | 52,525 | 127,525 |
| 2028 | 75,000 | 50,275 | 125,275 |
| 2029 | 75,000 | 47,650 | 122,650 |
| 2030 | 80,000 | 44,550 | 124,550 |
| 2031 | 85,000 | 41,250 | 126,250 |
| 2032 | 85,000 | 37,850 | 122,850 |
| 2033 | 90,000 | 34,350 | 124,350 |
| 2034 | 95,000 | 31,125 | 126,125 |
| 2035 | 95,000 | 28,275 | 123,275 |
| 2036 | 100,000 | 25,350 | 125,350 |
| 2037 | 105,000 | 22,275 | 127,275 |
| 2038 | 105,000 | 19,125 | 124,125 |
| 2039 | 110,000 | 15,900 | 125,900 |
| 2040 | 115,000 | 12,525 | 127,525 |
| 2041 | 115,000 | 9,075 | 124,075 |
| 2042 | 120,000 | 5,550 | 125,550 |
| 2043 | 125,000 | 1,875 | 126,875 |
| | <u>\$ 1,785,000</u> | <u>\$ 593,700</u> | <u>\$ 2,378,700</u> |

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS (CONTINUED)
DECEMBER 31, 2024

Waterworks and Sewer System Revenue Notes, Series
2019A

| Fiscal Year Ending December 31, | Principal Due Each Year | Interest Due Each Year | Total |
|------------------------------------|----------------------------|---------------------------|---------------------|
| 2025 | \$ 155,000 | \$ 165,219 | \$ 320,219 |
| 2026 | 160,000 | 158,919 | 318,919 |
| 2027 | 170,000 | 152,319 | 322,319 |
| 2028 | 175,000 | 145,419 | 320,419 |
| 2029 | 180,000 | 138,319 | 318,319 |
| 2030 | 190,000 | 130,919 | 320,919 |
| 2031 | 200,000 | 123,119 | 323,119 |
| 2032 | 205,000 | 115,019 | 320,019 |
| 2033 | 215,000 | 106,619 | 321,619 |
| 2034 | 225,000 | 97,819 | 322,819 |
| 2035 | 230,000 | 88,719 | 318,719 |
| 2036 | 240,000 | 79,319 | 319,319 |
| 2037 | 250,000 | 69,519 | 319,519 |
| 2038 | 260,000 | 59,319 | 319,319 |
| 2039 | 270,000 | 48,719 | 318,719 |
| 2040 | 280,000 | 38,244 | 318,244 |
| 2041 | 295,000 | 27,822 | 322,822 |
| 2042 | 305,000 | 16,947 | 321,947 |
| 2043 | 315,000 | 5,709 | 320,709 |
| | <u>\$ 4,320,000</u> | <u>\$ 1,768,007</u> | <u>\$ 6,088,007</u> |

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
TSI-5. LONG-TERM DEBT SERVICE REQUIREMENTS (CONTINUED)
DECEMBER 31, 2024

| Fiscal Year Ending December 31, | Annual Requirements for all Series | | |
|------------------------------------|------------------------------------|---------------------------|---------------------|
| | Principal Due Each Year | Interest Due Each Year | Total |
| 2025 | 220,000 | 223,994 | 443,994 |
| 2026 | 230,000 | 214,319 | 444,319 |
| 2027 | 245,000 | 204,844 | 449,844 |
| 2028 | 250,000 | 195,694 | 445,694 |
| 2029 | 255,000 | 185,969 | 440,969 |
| 2030 | 270,000 | 175,469 | 445,469 |
| 2031 | 285,000 | 164,369 | 449,369 |
| 2032 | 290,000 | 152,869 | 442,869 |
| 2033 | 305,000 | 140,969 | 445,969 |
| 2034 | 320,000 | 128,944 | 448,944 |
| 2035 | 325,000 | 116,994 | 441,994 |
| 2036 | 340,000 | 104,669 | 444,669 |
| 2037 | 355,000 | 91,794 | 446,794 |
| 2038 | 365,000 | 78,444 | 443,444 |
| 2039 | 380,000 | 64,619 | 444,619 |
| 2040 | 395,000 | 50,769 | 445,769 |
| 2041 | 410,000 | 36,897 | 446,897 |
| 2042 | 425,000 | 22,497 | 447,497 |
| 2043 | 440,000 | 7,584 | 447,584 |
| | <u>\$ 6,105,000</u> | <u>\$ 2,361,707</u> | <u>\$ 8,466,707</u> |

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
TSI-6. CHANGES IN LONG-TERM BONDED DEBT
FISCAL YEAR ENDING DECEMBER 31, 2024

| | Revenue Notes Series 2019A | Revenue Notes Series 2019B | Total |
|--|----------------------------------|----------------------------------|---------------------|
| Interest Rate | 3.625-4% | 3-5% | |
| Dates Interest Payable | Mar 1, Sept 1 | Mar 1, Sept 1 | |
| Maturity Dates | March 2043 | March 2043 | |
| Beginning Bonds | | | |
| Outstanding | \$ 4,470,000 | \$ 1,850,000 | \$ 6,320,000 |
| Bonds Sold During The Fiscal Year | - | - | - |
| Bonds Retired During The Fiscal Year | (150,000) | (65,000) | (215,000) |
| Ending Bonds | | | |
| Outstanding | <u>\$ 4,320,000</u> | <u>\$ 1,785,000</u> | <u>\$ 6,105,000</u> |
| Interest Paid During The Fiscal Year | <u>\$ 171,319</u> | <u>\$ 62,025</u> | <u>\$ 233,344</u> |
| Paying Agent's Name and City | UMB Bank Austin, TX | UMB Bank Austin, TX | |
| <i>Bond Authority</i> | | | |
| Amount Authorized by The Board of Trustees | \$ 4,950,000 | \$ 1,990,000 | \$ 6,940,000 |
| Amount Issued | <u>4,950,000</u> | <u>1,990,000</u> | <u>6,940,000</u> |
| Remaining to be Issued | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Debt Service Fund Cash as of December 31 | | | <u>\$ 256,489</u> |
| Average Annual Debt Service payment (principal & interest) | | | <u>\$ 445,616</u> |

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
TSI-7. COMPARATIVE SCHEDULE OF REVENUES AND EXPENSES
FISCAL YEAR ENDING DECEMBER 31, 2024

| | 2020 | 2021 | 2022 | 2023 | 2024 | Percent of Revenues | | | | |
|--|-------------------|--------------------|-------------------|-------------------|-------------------|---------------------|---------------|---------------|---------------|---------------|
| | 2020 | 2021 | 2022 | 2023 | 2024 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Operating Revenues: | | | | | | | | | | |
| Water Charges | \$ 1,118,038 | \$ 1,295,413 | \$ 1,612,298 | \$ 1,587,150 | \$ 1,585,389 | 41.3% | 47.6% | 52.8% | 53.1% | 54.2% |
| Wastewater Charges | 1,217,060 | 1,368,405 | 1,381,527 | 1,331,069 | 1,255,540 | 44.9% | 50.3% | 45.3% | 44.5% | 42.9% |
| Miscellaneous Charges | 372,616 | 55,474 | 58,703 | 72,685 | 84,730 | 13.8% | 2.0% | 1.9% | 2.4% | 2.9% |
| Total Operating Revenues | 2,707,714 | 2,719,292 | 3,052,528 | 2,990,884 | 2,925,659 | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Operating Expenses: | | | | | | | | | | |
| Sewage Treatment | 807,514 | 907,772 | 917,031 | 846,391 | 774,766 | 29.8% | 33.4% | 30.0% | 28.3% | 26.5% |
| Personnel | 547,053 | 575,570 | 551,740 | 566,721 | 734,126 | 20.2% | 21.2% | 18.1% | 18.9% | 25.1% |
| Depreciation | 324,548 | 476,297 | 440,062 | 389,583 | 429,465 | 12.0% | 17.5% | 14.4% | 13.0% | 14.7% |
| Maintenance and Repairs | 120,550 | 186,215 | 188,836 | 217,926 | 384,265 | 4.5% | 6.8% | 6.2% | 7.3% | 13.1% |
| Water Pumping Fees | 147,740 | 109,394 | 125,490 | 166,711 | 165,211 | 5.5% | 4.0% | 4.1% | 5.6% | 5.6% |
| Other Expenses | 89,163 | 84,677 | 91,821 | 99,306 | 117,171 | 3.3% | 3.1% | 3.0% | 3.3% | 4.0% |
| Utilities | 81,133 | 89,493 | 97,677 | 92,321 | 90,285 | 3.0% | 3.3% | 3.2% | 3.1% | 3.1% |
| Professional Fees | 81,737 | 70,777 | 94,213 | 85,081 | 64,627 | 3.0% | 2.6% | 3.1% | 2.8% | 2.2% |
| Insurance | 23,266 | 22,427 | 24,820 | 26,001 | 26,776 | 0.9% | 0.8% | 0.8% | 0.9% | 0.9% |
| Total Operating Expenses | 2,222,704 | 2,522,622 | 2,531,690 | 2,490,041 | 2,786,692 | 82.1% | 92.8% | 82.9% | 83.3% | 95.3% |
| Operating Income (Loss) | 485,010 | 196,670 | 520,838 | 500,843 | 138,967 | 17.9% | 7.2% | 17.1% | 16.7% | 4.7% |
| Non-Operating Revenues (Expenses) | | | | | | | | | | |
| Interest Income | 20,410 | 6,934 | 7,058 | 25,204 | 62,246 | 0.8% | 0.3% | 0.2% | 0.8% | 2.1% |
| Interest Expense | (261,218) | (232,464) | (225,297) | (215,734) | (208,906) | -9.6% | -8.5% | -7.4% | -7.2% | -7.1% |
| Total Non-Operating Revenues (Expenses) | (240,808) | (225,530) | (218,149) | (190,530) | (146,660) | -8.9% | -8.3% | -7.1% | -6.4% | -5.0% |
| Change in Net Position | \$ 244,202 | \$ (28,860) | \$ 302,689 | \$ 310,313 | \$ (7,693) | 9.0% | -1.1% | 9.9% | 10.4% | -0.3% |

BEXAR COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT 10
TSI-8. BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
FISCAL YEAR ENDING DECEMBER 31, 2024

Complete Entity Mailing Address: 8601 Midcrown, Windcrest, TX 78239

Entity Business Telephone Number: 210-655-2888

Submission Date of the most recent Registration Form: December 4, 2024

Limit of Fees of Office that a Trustee may receive during a fiscal year: \$2,720

| Names: | Term of Office (Elected or Appointed) or Date Hired | Fees of Office Paid* 12/31/24 | Expense Reimbursements 12/31/24 | Title at Year End |
|----------------------------------|--|--|---------------------------------------|----------------------|
| Board of Trustees: | | | | |
| Sue Alexander | 11/12-11/26 | \$ 2,140 | --- | President |
| Eugenia Snead | 11/12-11/26 | \$ 2,140 | --- | Vice President |
| Rick Cockerham | 1/22-11/26 | \$ 2,140 | --- | Treasurer |
| Ann Marie Arnicar | 11/22-11/28 | \$ 2,140 | --- | Secretary |
| Eddie Guerrero | 11/24-11/28 | \$ 340 | --- | Director |
| Administrative Personnel: | | | | |
| David Wallace | 5/1/2015 | \$ 92,098 | --- | Gen. Manager |
| Consultants: | | | | |
| Langley and Banack | | \$ 53,832 | | Attorney |
| Young Professional Resources | | \$ 23,693 | | Engineer |
| Armstrong, Vaughan & Assoc. P.C. | | \$ 10,010 | | Auditor |
| Hierholzer Engineering | | \$ 13,674 | | Engineer |

*Fees of Office are the amounts actually paid to a director during the District's fiscal year.

COMPLIANCE SECTION



Armstrong, Vaughan & Associates, P. C.

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*

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Bexar County Water Control and Improvement District 10

We have audited, 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, the financial statements of Bexar County Water Control and Improvement District 10 as of December 31, 2024 and for the year then ended, and the related notes to the financial statements, which collectively comprise Bexar County Water Control and Improvement District 10's basic financial statements, and have issued our report thereon dated April 2, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bexar County Water Control and Improvement District 10's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bexar County Water Control and Improvement District 10's internal control. Accordingly, we do not express an opinion on the effectiveness of Bexar County Water Control and Improvement District 10's internal control.

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

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

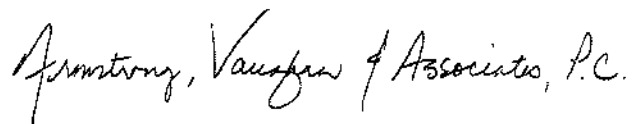
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bexar County Water Control and Improvement District 10's financial statements are free from 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*.

We noted a matter that we have reported to management of Bexar County Water Control and Improvement District 10 in a separate letter dated April 2, 2025.

Purpose of this Report

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



Armstrong, Vaughan & Associates, P.C.

April 2, 2025

