Bastrop County WCID #2

Board Packet

for

November 19, 2026

Bastrop County Water Control and Improvement District No. 2
Meeting Agenda

TO: The Board of Directors of Bastrop County Water Control and Improvement District No. 2, Bastrop County, Texas and To All Interested Parties:

Notice is hereby given that a meeting of the governing body of the above-named political subdivision will be held on Thursday November 19, 2026 at 6:30 pm in the Board Room located at 112 Corporate Drive, Bastrop, TX 78602.

APPROVED
By Paul Hightower at 7:26 am, 11/13/26

MEETING DISCUSSION TOPICS

1.) Call to Order and Establish a Quorum – O'Hanlon

2.) Salute to Flags – O'Hanlon

3.) Public Comments/Announcements: (The Board respectfully requests that people limit comments to three (3) minutes. Under the Open Meeting Act, the Board may not deliberate or take action in response to any matter raised during public comment that is not a separate agenda item.)

4.) Discussion and possible action regarding schedule of future meeting dates:
   a. Regular Board of Director's Meeting Thursday, January 21, 2027 at 6:30 p.m. and
   b. Regular Board of Director's Meeting Thursday, February 21, 2027 at 6:30 p.m.

5.) Consent Agenda: (*Consent Agenda items are generally routine. Unless removed by a member of the Board or General Manager, items listed on the consent agenda may be acted on together, and without prior discussion*.)
   a. Approval of minutes from the October 15, 2026 Meeting of the Board of Directors;
   b. Approval of monthly financial reports for October 2026; and
   c. Approval of Release of Liens held by District on Real Property.

6.) Discussion regarding the following items to be presented in the General Manager's report:
   a.) Update on District facilities, water plants and lift stations
   b.) Update on Water/Wastewater Maintenance & Improvement projects
   c.) Employee & Administrative Update

7.) Discussion related to Capital Improvement Projects to be funded with bond proceeds– Hightower

8.) Discussion regarding potential sale and conveyance of real property owned by the District- Hightower

9.) Discussion and possible action regarding adoption of Order Approving Revised Rates, Fees and Charges for Water and Wastewater Services – Hightower / Culberson

10.) Discussion and possible action regarding adoption of Resolution Approving Budget for Fiscal Year 2027 (*See attached draft budget and Taxpayer Impact Statement*)– Hightower / Culberson

11.) Discussion and possible action regarding annual review and approval of the District Investment Policy and Investment Strategies– Hightower

12.) Discussion and possible action related to Engagement of Patillo, Brown & Hill for FY 2026 Financial Audit– Hightower

13.) Discussion regarding Annual Performance Review for General Manager – O'Hanlon

14.) Executive Session-

A. Pursuant to Section 551.074 of the Texas Open Meetings Act, the Board may convene in Executive Session to discuss personnel matters with respect to Item No. 12 and;

The Board may also discuss in Executive Session, any other item referenced on this Agenda when authorized pursuant to the applicable section of Subchapter D, Chapter 551, Texas Government Code, of the Texas Open Meetings Act.

15.) Board suggestions on future agenda items

16.) Adjourn

Paul Hightower Digitally Signed & Certified November 13, 2026 @ 0726 hours Kofax Power PDF Solutions

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Authorized Signature

The Board of Directors may go into Executive Session at any time during the meeting pursuant to the applicable section of Subchapter D, Chapter 551, Texas Government Code, of the Texas Open Meetings Act, on any of the matters set forth on this agenda regardless of whether Executive Session is specifically referenced. No final action, decision or vote will be taken on any subject or matter in Executive Session. The District is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request. Please call 512-321-1688 for further information.

Agenda Item #5

Consent Agenda

5a.

October Board Meeting Minutes

Minutes of the Regular Board Meeting for
Bastrop County Water Control
And Improvement District #2

A regular meeting of the Board of Directors of Bastrop County Water Control and Improvement District #2 was held on Thursday, October 15, 2026, beginning at 6:30 p.m. The meeting was held at the District office, located at 112 Corporate Drive.

Present BCWCID #2 Board Members:
Mary Beth O'Hanlon, President
Scott Ferguson, Vice-President
Michele Plummer, Secretary
Ruth Bullock, Treasurer
Ron Whipple, Director

BCWCID #2 Staff:
Paul Hightower, General Manager
Patricia Lujan, District Administrator
Darrel Culberson, Comptroller

Absentees
Ron Whipple, Director

Remote Participation
Tony Corbett, Attorney

1.) Call to Order and Establish a Quorum – O'Hanlon

By: MaryBeth O'Hanlon Time: 6:30PM

2.) Salute to Flags – O'Hanlon

3.) Public Comments/Announcements:

No public comments.

4.) Discussion and possible action regarding schedule of future meeting dates:
a. Regular Board of Director's Meeting Thursday, November 19, 2026 at 6:30 p.m.

Mrs. O'Hanlon stated that the District's next board meetings was on November 19th. All Board members present Members present stated they could attend.

No further comments or suggestions.

DRAFT

5.) CONSENT AGENDA:

a. Approval of minutes from the September 17, 2026 Meeting of the Board of Directors;
b. Approval of monthly financial reports for September 2026; and
c. Approval of Release of Liens held by District on Real Property.

No comments regarding the Board Meeting minutes.

Darrel Culberson presented the District's financials as shown in the packet. It was mentioned that the new account with Frost Bank had been opened so that will start showing up on the accounts lists but is only being used for the District CC payments.

Paul Hightower read the Release of Liens as shown in the packet.

Board expressed no issues or concerns.

Mrs. O'Hanlon called the question.

Motion: Scott Ferguson moved to approve the Consent Agenda.

Second: Ron Whipple

Vote: Five (5) in favor, motion carries.

6.) Discussion regarding the following items to be presented in the General Manager's report:

a. Update on District facilities, water plants and lift stations
b. Update on Water/Wastewater Maintenance & Improvement projects
c. Employee & Administrative Update

Mr. Hightower read the GM report as shown in the Board packet. Mr. Hightower mentioned that we had not heard from the contractor regarding the elevated tower. Paul had reached out to the engineers regarding cancelling the contract and moving to the 2nd bidder, which was being discussed.

No further comments or discussion.

7.) Discussion related to Capital Improvement Projects to be funded with bond proceeds– Hightower

Waiting to hear back from contractor on the elevated.

No comments or discussion.

DRAFT

8.) Discussion and possible action relating to adoption of Order Approving Transfer of Standby Fee Monies into Capital Improvements Fund- Hightower

Mr. Hightower discussed the Order as shown in the packet explaining that the District was way past any holding period for the account funds and it was time to move forward. The District had discussed this with the attorneys and it was decided that the funds needed to be placed into the Water/Wastewater Capital Improvement account. The motion was made to close the Standby account and transfer the funds into the CIP Money Market account.

Board expressed no issues or concerns.

Mrs. O'Hanlon called the question.

Motion: Ron Whipple moved to approve the order and motion as presented.

Second: Scott Ferguson

Vote: Five (5) in favor, motion carries.

9.) Discussion regarding potential sale and conveyance of real property owned by the District- Hightower

Mr. Hightower explained that this was a standing item and that we had no action at this time.

No further comments or discussion.

10.) Discussion and possible action regarding renewal of District's employee dental, vision and other employee insurance benefits – Hightower

Mr. Hightower shared several policy renewals that we had attained through multiple carriers. In the end, the motion was made to approve keeping the current BCBS medical plan with the Nitsche Group as the carrier. The motion included to switch the dental, vision and LT/ST disability over to MetLife and cancel Unum, also held through Nitsche and also to cancel any AFLAC coverages paid for through the District. Employees could opt to keep any AFLAC plans of their choosing, through a payroll deduction.

Board expressed no issues or concerns.

Mrs. O'Hanlon called the question.

Motion: Ron Whipple moved to approve the motion as presented.

Second: Ruth Bullock

Vote: Five (5) in favor, motion carries.

DRAFT

11.) Discussion and review only of FY2027 Proposed Budget and Rates – Hightower / Culberson

Staff presented the second-round preview for the FY 2027 budget and rates. Mr. Culberson noted that we were anticipating asking the Board to vote on the District to stop absorbing CC fees and let them process with CC payments directly to the customers. Staff presented the proposed rate and fee increases & changes to support the budget. These will be highlighted in the coming months to identify the changes presented.
Staff also presented to the Board, regarding moving to a cashless office. Patricia explained the benefits of this and the safety regarding customers that have given very large sums of cash. The Board accepted this and had the concerns of sharing the information with the customers as soon as possible, so that the message got conveyed.

Board presented no questions or concerns.

12.) Board suggestions on future agenda items

District owned properties and Budget / rate previews.

13.) Adjourn: 7:43 PM

Mrs. O'Hanlon called the question.

Motion: Ron Whipple moved to adjourn.

Second: Scott Ferguson

Vote: Five (5) in favor, motion carries.

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Authorized Signature

DRAFT

5b.

Financials

Bastrop County Water Control and Improvement District #2
Cash & Investment Report
As of October 31, 2026

Fund	Account Name	Account Number	Bank Name	Yield	Prior Month Balance	Current Balance
Standby Fund						
	Standby Operating Account	2687	Roscoe State Bank	0.00%	$ 103,659	$ 103,659
	Standby Fund Total				**$ 103,659**	**$ 103,659**
Roads Fund						
	Roads Construction Account	9330	Roscoe State Bank	0.00%	$ 491,297	$ 509,154
	Roads Construction MMA	3131	Roscoe State Bank	1.75%	2,680	2,681
	Roads Fund Total				**$ 493,977**	**$ 511,835**
Debt Service Fund						
	TWDB Reserve Fund - DS	0001	Texpool	3.98%	$ 195,518	$ 196,165
	2016 Bond Debt Service Payment	4385	First National Bank	0.50%	54	44
	Wastewater Escrow TWDB Loan - DS	1041	Amegy Bank	0.25%	98,672	98,967
	Debt Service Fund - DS	0004	Texpool	3.98%	571,027	572,915
	Debt Service Fund Total				**$ 865,272**	**$ 868,092**
Capital Fund						
	2021 Bond Construction Disbursement	7780	First National Bank	0.50%	$ 3,583	$ 3,583
	Capital Project - Bond Series 2021	0005	Texpool	3.98%	3,741,517	3,753,887
	2023 Bond Construction Disbursement	3653	First National Bank	0.50%	16,441	16,441
	Capital Project - Bond Series 2023	0006	Texpool	3.98%	2,677,201	2,686,053
	Capital Fund Total				**$ 6,438,742**	**$ 6,459,964**
Water Fund						
	Water/Wastewater Operating Account	1469	First National Bank	0.50%	$ 333,665	$ 449,805
	Wastewater TWDB Checking	3289	First National Bank	0.00%	572	572
	Water/Wastewater Frost	30450	Frost Bank	0.00%		500
			Operating Total:		**$ 334,237**	**$ 450,877**
	Wastewater /Water MMA	0002	Texpool	3.98%	$ 415,399	$ 416,772
	2023 Bond Debt Service Payment	3543	First National Bank	0.50%	394	394
	2021 Bond Debt Service Payment	5076	First National Bank	0.50%	121	111
	Water Fund Total				**$ 415,913**	**$ 417,277**
Total Cash & Investments					**$ 8,651,800**	**$ 8,811,703**

5c.

Liens Release

Lien List Recap for: **OCTOBER 2026**

Total Amount of Liens Released	$28,530.90
Road Assessments Paid	$27,689.83
Standby Assessments Paid	$0.00
Attorney Fees	$2,478.38
Total actually collected	$30,168.11
Total Write-Offs	$0.00
Auction Proceeds	$12,872.99

Note: The reason the amount collected **could** be lower then the amount released is because the report must show a release amount for each lien filed. The accounts were all paid in full.

Agenda
Item #6

General Manager's Report

BASTROP COUNTY WCID NO. 2
General Manager's Update

November 19, 2026

6a. Update on District water plants and lift stations:

All operating plants & stations are currently running at 100%.

No known issues at this time.

6b. W/WW Maintenance & Capital Improvements / Engineering update:

ELEVATED: We have finally received drawings and commitment dates from the contractor. Engineering is currently reviewing the plans for final approval. Timeline is shown below:

GRANTS: Currently waiting to hear back from TWDB.

6c. Employee & Administrative update:

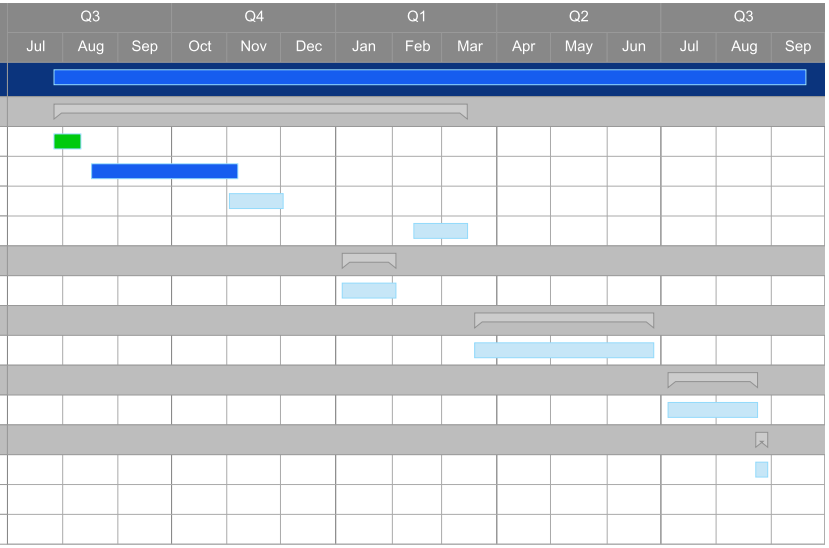
Field crews have been swamped with repairs from the fiber companies. We are in the process of sending invoices to the companies for reimbursements. We are currently working with Tony to see what else can be done to help the District.

No other updates at this time.

Project Plan

smartsheet

	Task Name	Status	Start Date	End Date	Duration
1	**70054 - Bastrop, TX**	**In Progress**	**07/27/26**	**09/19/27**	**420d**
2	**Planning**		07/27/26	03/14/27	231d
3	70054 - Bastrop, TX - Project Kickoff	Complete	07/27/26	08/10/26	15d
4	70054 - Bastrop, TX - Engineering & Drafting	In Progress	08/17/26	11/06/26	82d
5	70054 - Bastrop, TX - Submittal Review	Not Started	11/02/26	12/01/26	30d
6	70054 - Bastrop, TX - Shop Fabrication	Not Started	02/13/27	03/14/27	30d
7	**Foundation**		01/04/27	02/02/27	30d
8	70054 - Bastrop, TX - Foundation	Not Started	01/04/27	02/02/27	30d
9	**Field**		03/19/27	06/26/27	100d
10	70054 - Bastrop, TX - Erection	Not Started	03/19/27	06/26/27	100d
11	**Paint**		07/05/27	08/23/27	50d
12	70054 - Bastrop, TX - Painting	Not Started	07/05/27	08/23/27	50d
13	**Electrical**		08/23/27	08/29/27	7d
14	70054 - Bastrop, TX - Electrical	Not Started	08/23/27	08/29/27	7d
15					
16					



Agenda
Item #9

Discussion regarding
Approving revised Rates,
Fees and Charges for
W / WW Services

Bastrop County Water Control and Improvement District #2
Rate Design Option 2

Residential Rate Summary

		Current	Proposed	Variance
Base Rate	5/8x3/4" Meter	$ 35.53	$ 37.00	$ 1.47
	3/4" Meter	$ 46.35	$ 48.30	$ 1.95
	1" Meter	118.13	123.00	4.87
	1 1/2" Meter	236.25	246.00	9.75
	2" Meter	378.00	393.60	15.60
Tier I	0-3,000 gals	$ 4.87	$ 5.05	$ 0.18
Tier II	3,001-5,000 gals	5.70	6.00	0.30
Tier III	5,001-10,000 gals	6.28	6.75	0.47
Tier IV	10,001-20,000 gals	7.27	7.75	0.48
Tier V	20,001-30,000 gals	7.76	8.15	0.39
Tier VI	30,001 - Over gals	8.18	8.60	0.42
	Water Capital Reserve Fee	$ 8.50	$ 8.50	
	Lost Pines Groundwater Dist Fee	$ 0.71	0.71	
	Water TCEQ Fee	0.50%	0.50%	

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Bill Impact - Water

Usage	Current	Proposed	Variance	% Change	Annual Change
0 gals	$ 44.92	$ 46.40	$ 1.48	3.3%	$ 17.73
3,000 gals	59.60	61.62	2.02	3.4%	24.24
5,000 gals	71.06	73.68	2.62	3.7%	31.48
10,000 gals	102.61	107.60	4.98	4.9%	59.82
20,000 gals	175.68	185.49	9.81	5.6%	117.71
30,000 gals	253.67	267.39	13.73	5.4%	164.74
50,000 gals	418.08	440.25	22.17	5.3%	266.04

Residential Wastewater Revenue

	Current	Proposed	Variance	% Change
Total Bill	$ 90.41	$ 90.41	$ -	0.0%
Base Rate	$ 81.50	$ 81.50		
WW Capital Reserve Fee	8.50	8.50		
WW TCEQ Fee	0.50%	0.50%		

Assumptions

* Slight Increase to Base Rate
* Equal increases in tiered rates
* Bulk Rate for Non-Residential Customers

Bastrop County Water Control and Improvement District #2
Rate Design Option 2

Commercial Rate Summary

		Current	Proposed	Variance
Base Rate	5/8x3/4" Meter	$ 35.53	$ 37.00	$ 1.47
	3/4" Meter	46.35	48.30	$ 1.95
	1" Meter	118.13	123.00	4.87
	1 1/2" Meter	236.25	246.00	9.75
	2" Meter	378.00	393.60	15.60
Tier I	0-3,000 gals	$ 4.87		
Tier II	3,001-5,000 gals	5.70		
Tier III	5,001-10,000 gals	6.28		
Tier IV	10,001-20,000 gals	7.27		
Tier V	20,001-30,000 gals	7.76		
Tier VI	30,001 - Over gals	8.18		
	Commercial Rate		$ 7.97	
	Water Capital Reserve Fee	$ 8.50	$ 8.50	
	Lost Pines Groundwater Dist Fee	$ 0.71	0.71	
	Water TCEQ Fee	0.50%	0.50%	

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Commercial Bill Impact - Water

Usage	Current	Proposed	Variance	% Change	Annual Change
0 gals	$ 44.92	$ 46.44	$ 1.52	3.4%	$ 18.27
3,000 gals	59.60	70.47	10.87	18.2%	130.43
5,000 gals	71.06	86.49	15.43	21.7%	185.19
10,000 gals	102.61	126.54	23.93	23.3%	287.10
20,000 gals	175.68	206.64	30.96	17.6%	371.54
30,000 gals	253.67	286.74	33.07	13.0%	396.89
50,000 gals	418.08	446.93	28.85	6.9%	346.15

Commercial Wastewater Bill Impact

	Current	Proposed	Variance	% Change
Total Bill	$ 90.41	$ 90.41	$ -	0.0%
Base Rate	$ 81.50	$ 81.50		
WW Capital Reserve Fee	8.50	8.50		
WW TCEQ Fee	0.50%	0.50%		

Assumptions

* Slight Increase to Base Rate
* Equal increases in tiered rates
* Commercial Rate for Non-Residential Customers

AN ORDER AMENDING BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2 RETAIL WATER AND WASTEWATER FEES, CHARGES AND RATES FOR RESIDENTIAL AND COMMERCIAL CUSTOMERS

WHEREAS, Bastrop County Water Control and Improvement District No. 2 (the "*District*") is a conservation and reclamation district, a body corporate and politic and governmental agency of the State of Texas, created under Article XVI, Sec. 59 of the Texas Constitution, and the District operates under Chapters 49 and 51 of the Texas Water Code, as amended;

WHEREAS, Section 49.212 of the Texas Water Code authorizes a water control and improvement district to adopt and enforce all necessary charges, fees, or rentals, in addition to taxes, for providing or making available any district facility or service; and

WHEREAS, the Board of Directors desires to amend its fees, charges and rates for water and wastewater services for residential customers.

NOW, THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2 THAT:

SECTION 1. The facts and recitations in the preamble of this Order are hereby found and declared to be true and correct, and are incorporated by reference herein and expressly made a part hereof, as if copied verbatim.

SECTION 2. The Board of Directors of the District hereby adopts the schedules of rates, fees and charges for retail water and wastewater service to residential customers set forth on **Exhibit "A"** attached hereto.

SECTION 3. The Board of Directors of the District hereby adopts the schedules of rates, fees and charges for retail wastewater service to commercial customers set forth on **Exhibit "B"** attached hereto.

SECTION 4. The new charges identified herein shall become effective for services commencing **January 1, 2027**.

SECTION 5. Except as specifically set forth herein, this Order shall have no effect or impact on any other fees, rates or charges levied or approved by the Board of Directors of the District.

ORDERED this **19th day of November, 2026**.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

_____
MaryBeth O'Hanlon
President, Board of Directors

ATTEST:

_____
Michele Plummer
Secretary, Board of Directors

Exhibit "A"
Residential Water and Wastewater Rate and Fee Schedule

1) Residential Base Monthly Water Fee-

Meter Size	Monthly Base Fee ($)
5/8" x 3/4"	37.00
3/4"	48.30
1"	123.00
1 ½"	246.00
2"	393.60

2) Water Tap Fee: $4,500

3) Residential Volumetric Water Service Rates:

Gallonage	Volumetric Rate ($ per 1,000 Gallons)
0-3,000	5.05
3,001-5,000	6.00
5,001 – 10,000	6.75
10,001 – 20,000	7.75
20,001 – 30,000	8.15
30,001 and Over	8.60

WASTEWATER:

4) Base Monthly Wastewater Fee: $90.41 per month

5) Wastewater Tap Fee: $9,500.00

Exhibit "B"
Commercial Water and Wastewater Rate and Fee Schedule

1) Commercial Base Monthly Water Fee-

Meter Size	Monthly Base Fee ($)
5/8" x 3/4"	37.00
3/4"	48.30
1"	123.00
1 ½"	246.00
2"	393.60

2) Water Tap Fee:

Meter Size	Tap Fee ($)
5/8" x ¾"	4,500
3/4"	4,500
1"	4,800
1 ½"	5,650
2"	5,850

3) Commercial Volumetric Water Service Rates:

Meter Size	Gallonage	Volumetric Rate ($ per 1,000 Gallons)
~ALL~	Flat Rate	7.97

4) Commercial Base Monthly Wastewater Fee: $100.00 per month

5) Wastewater Tap Fee: $9,500.00

General Fee Schedule

Type of Fee	Proposed
Water/Wastewater Bore – up to 2”	$2,500
Water/Wastewater Bore – 3”	$3,500
Cut-Across Fee	$1,750
Irrigation Permit	$75
Pool Permit	$75
Returned Check/NSF	$30
Service Trip Charges	$75
Administration Fee (Disconnects)	$75
Cut lock fee	$250
Move meter charge	$750
Fire Hydrant Installation	$6,500
Bulk Meter Installation	$250
Bulk Meter Rate per 1,000	$7.97

Hourly Fee Schedule

Type of Fee	Proposed
W/WW Personnel w/o equipment*	$95.00 per hour / person
W/WW Personnel w/ equipment*	$175.00 per hour / person

***Equipment to be defined as backhoe, track loader, roller, excavator, grader or any other large equipment that has to be driven and/or trailered to the work site.**

Agenda
Item #10

Discussion regarding
Approving FY2027
W / WW Budget

Bastrop County Water Control and Improvement District #2
2027 Proposed Budget - Final

	2026 CYE as of September 2026	2026 Budget	2027 Proposed
WATER			
Revenue:			
Irrigation-Usage	$ 725	$ 500	$ 500
Water Late Charge Income	43,497	35,000	40,000
Water Line Bore	34,750	35,000	40,000
Capital Reserve Fee	250,570	240,000	245,000
Copies & Faxes	-	100	-
Interest-Bond	263,872	320,000	300,000
Maps Sold	-	100	-
Office Rents	7,275	7,500	7,500
Pools Fees	300	300	300
Reconnect Fee	13,527	25,000	25,000
TV Tap Fees	383,000	360,000	370,000
TV Water Sales	2,182,292	2,000,000	2,200,000
Bulk Water Sales - Commercial Water Sales	-		50,000
Interest-Investments	28,200	30,000	30,000
Other Miscellaneous Revenues	2,566	5,000	5,000
Backflow Inspections Collected	-	6,000	-
Returned Check Fee	1,910	5,000	2,500
Total Revenues	$ 3,212,484	$ 3,069,500	$ 3,315,800
Expense:			
Payroll and Taxes			
Salaries	$ 586,103	$ 500,000	$ 500,000
Holidays	46,728	45,000	41,000
Annual Leave	55,679	42,000	75,000
Sick	24,932	30,000	21,000
Over Time	21,749	20,000	20,000
On Call Pay	4,919	7,000	6,000
Double Time	4,690	3,500	5,000
Personal Time	3,357	4,000	4,000
Bereavement	1,538	2,000	2,000
Birthday Pay	4,217	3,500	3,000
Jury Duty Pay	300	300	300
Longevity Pay	8,250	11,000	11,000
FICA Taxes	60,000	60,000	60,000
FUTA	2,000	2,000	2,000
SUI	4,000	4,000	4,000
Total Payroll and Taxes	$ 828,462	$ 734,300	$ 754,300
Benefits and Insurance			
Retirement-Life	$ 3,750	$ 170,000	$ 150,000
Health Insurance-Other Medical	7,500	40,000	30,000
Insurance-Dental	14,218	13,000	14,000
Insurance-Life	5,322	7,000	6,000
Insurance-Medical	561,043	450,000	550,000
Insurance-Vision	3,880	4,000	4,000
Wellness Program	370	500	
Workers' Compensation	4,475	5,000	4,500
Total Benefits and Insurance	$ 600,558	$ 689,500	$ 758,500

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Bastrop County Water Control and Improvement District #2
2027 Proposed Budget - Final

	2026 CYE as of September 2026	2026 Budget	2027 Proposed
Administrative:			
Water SCADA Server Support	$ 4,677	$ 15,000	$ 12,000
Meter Reading Software Fee	48,290	30,000	40,000
ProfServ-Answering Service	3,055	2,500	4,800
Payroll Processing Fee	3,036	4,000	4,500
Cleaning-Office	1,425	3,500	3,300
Pest Control	1,554	3,000	2,000
Legal Fees	9,440	14,000	14,000
Accounting System (MIP)	4,969	7,500	7,000
Investment Management Fee	1,400	1,000	1,500
Auditing Services	25,885	20,000	25,000
Security Agreement	529	1,200	1,000
Maint Agreement-Billing System	8,750	35,000	30,000
Insurance-Property	1,625	6,500	6,500
Insurance-General Liability	500	2,000	2,000
Insurance-Vehicle	1,250	5,000	5,000
Insurance-E&O	501	2,000	2,000
Insurance-Wells	1,250	5,000	5,000
Insurance-Bonding	1,488	750	1,000
Insurance-Misc	7,815	100	5,000
Travel-Air	-	5,000	1,000
Travel-Lodging	2,699	4,500	5,500
Travel-Meals	842	2,500	3,500
Travel-Rental Car	245	500	500
Communication-Telephone	5,381	7,500	7,500
Electricity-Office Bldg	2,067	4,000	4,000
Postage and Freight	7,290	13,000	13,000
Communication/Radios	1,696	5,000	4,000
Fax	-	100	-
Office Supplies	10,969	10,000	10,000
Printing	4,338	5,000	5,000
Advertising	390	500	500
Internet Services	5,001	6,000	6,500
Misc. Licenses & Permits	1,122	500	1,000
Misc-Credit Card Fees	38,022	50,000	
Bank Fees	2,710	10,000	5,000
Misc-Late Fees	250	500	500
Mileage Reimbursement	461	1,500	500
Vehicle Usage	315	1,000	1,000
Pre-Employment Screening	392	1,000	1,000
Public Notice	2,123	2,000	2,000
Dues, Licenses, Subscriptions	5,459	5,000	5,000
Computer Supplies / Equipment	5,930	5,000	5,000
Computer Expense	3,750	15,000	10,000
Janitorial Supplies	63	250	250
Misc. Office	729	1,000	1,000
Election Costs	75	1,500	-
Education/Training	2,522	3,000	3,500
Total Other Administrative	$ 232,797	$ 318,900	$ 268,350

Draft

Bastrop County Water Control and Improvement District #2
2027 Proposed Budget - Final

	2026 CYE as of September 2026	2026 Budget	2027 Proposed
Operations			
Yard Maintenance-Mowing	$ 6,325	8,500	$ 8,500
Labor-Service Lines & Taps	2,931	10,000	5,000
Fuel, Gasoline and Oil	25,292	40,000	40,000
Garbage Removal	2,514	4,000	4,000
Electricity-Wells	38,258	55,000	50,000
Electricity-Maint Bldg	2,132	4,000	4,000
Water Service	26,795		40,000
Cleaning-Maint Bldg	3,313	5,000	5,000
Equipment Rental	2,500	10,000	5,000
R&M-Equipment	26,384	40,000	40,000
R&M-Well Maintenance	75,397	25,000	50,000
R&M-Vehicles	26,975	30,000	30,000
Repairs-Contracted	2,182	5,000	5,000
Line Repairs	33,475	500	30,000
R&M-Backflow Inspection	1,250	5,000	5,000
Building Maintenance & Repairs	5,834	10,000	10,000
Water Samples	5,875	5,000	5,000
Water Well Admin Service Fee	10,000	15,000	20,000
TCEQ Fees	2,500	10,000	10,000
Damage Claim	1,250	5,000	5,000
Filing Fees	125	500	500
Meter Testing	313	250	400
License	1,283	2,500	2,000
OP Supplies-Hand Tools	4,730	5,000	5,000
OP Supplies-Uniforms	3,594	10,000	10,000
Meters & Supplies	31,282	25,000	30,000
OP Supplies-Chemicals	16,581	30,000	25,000
Safety Supplies	6,760	7,000	8,000
Small Equipment Purchase	3,750	5,000	4,000
Materials	71,916	70,000	80,000
Miscellaneous Services	500	2,000	2,000
Activated Carbon - Water	-	50,000	-
Depreciation Expense	150,000	150,000	150,000
Total Operations	$ 592,016	$ 644,250	$ 688,400
Total Expenses	$2,253,834	$2,386,950	$2,469,550
Net Ordinary Income	$958,650	$682,550	$846,250
Debt Service			
Interest Expense Bonds	$ 156,827	$ 87,850	$ 150,000
2023 Bond Debt Service	220,000	220,000	220,000
2021 Bond Debt Service	460,000	460,000	460,000
Total Debt Service	$ 836,827	$ 767,850	$ 830,000

Draft

Bastrop County Water Control and Improvement District #2
2027 Proposed Budget - Final

	2026 CYE as of September 2026	2026 Budget	2027 Proposed
(Note: Not Bond Funds)			
Capital Outlay/Projects			
Capital Outlay	$ -	$ -	$ 11,000
Capital Outlay-Culverts	-	-	-
Capital Outlay - Line Extension	44,000	-	-
Capital Outlay - Water Tank	-	123,200	-
Capital Outlay -Water Wells	-	-	-
Capital Outlay - Buildings	-	-	-
Capital Outlay - Equipment	-	-	-
Capital Outlay - Vehicles	39,480		-
Total Capital Outlay Projects	$ 83,480	$ 123,200	$ 11,000
Revenue Over (Under) Expenditures	$38,343	($208,500)	$5,250

Draft

Bastrop County Water Control and Improvement District #2
2027 Proposed Budget - Final

	2026 CYE as of September 2026	2026 Budget	2027 Proposed
WASTEWATER			
Revenue:			
Wastewater Fees	$ 693,937	$ 900,000	$ 920,000
Wastewater Tap Fees	456,477	450,000	550,000
Wastewater Bore	23,750	25,000	30,000
Commercial Fees	25,766	35,000	35,000
Debt Service Reserve Fee	72,326	90,000	90,000
Interest-Investments	22,399	60,000	40,000
Total Revenues	$ 1,294,654	$ 1,560,000	$ 1,665,000
Expenses:			
Administration			
Salaries & Wages - Wastewater	$ 149,390	$ 220,000	$ 360,000
Salaries & Wages - Holidays - Wastewater	10,582	10,000	27,000
Salaries & Wages - Sick - Wastewater	5,958	10,000	14,000
Salaries & Wages - Overtime - Wastewater	3,611	5,000	5,000
Salaries & Wages - On Call Pay - Wastewater	1,095	2,000	2,000
Salaries & Wages - Double Time - Wastewater	1,107	1,000	1,000
Medical	250	1,000	1,000
Workers' Compensation	3,225	5,000	5,000
Legal Fees	1,618	5,000	4,000
Accounting Services	4,744	7,500	7,000
Auditing Services	23,070	10,000	20,000
Cleaning-Office	2,063	3,300	3,000
Travel-Lodging	250	1,000	2,000
Travel-Rental Car	125	500	500
Travel-Meals	125	500	1,500
Communication-Telephone	2,081	2,500	2,500
Insurance-Property	250	1,000	1,000
Insurance-General Liability	250	1,000	1,000
Insurance-Vehicle	250	1,000	1,000
Insurance-E&O	250	1,000	1,000
Insurance-Misc	250	1,000	1,000
Office Supplies	1,233	2,000	2,000
Education/Training	1,722	3,000	3,000
Total Administration	$ 213,498	$ 294,300	$ 465,500

Draft

Bastrop County Water Control and Improvement District #2
2027 Proposed Budget - Final

	2026 CYE as of September 2026	2026 Budget	2027 Proposed
WASTEWATER			
Operations			
Yard Maintenance-Mowing	$ 6,266	$ 8,500	$ 8,500
Contract Labor	5,000	20,000	20,000
Labor-Service Lines & Taps	2,500	10,000	1,000
Fuel, Gasoline and Oil	25,174	40,000	40,000
Electricity-Lift Station	3,711	6,000	6,000
Wastewater Service	146,703	190,000	195,000
Equipment Rental	732	2,500	2,500
R&M-Equipment	20,786	15,000	20,000
R&M-Lift Station-WW	50,271	10,000	20,000
R&M-Vehicles	23,153	15,000	20,000
R&M - Buildings	5,962	20,000	10,000
R&M - Grinder Pump	87,645	40,000	100,000
Tools And Equipment	500	2,000	2,000
Op Supplies - Hand Tools	3,412	1,500	3,500
Miscellaneous Services	250	1,000	1,000
TCEQ Fees	875	3,500	3,500
Filing Fees	588	750	750
Line Repairs	1,560	-	1,000
License	188	750	500
Lift Station Admin Service Fee	375	1,500	1,500
OP Supplies-Uniforms	1,514	1,500	1,500
Safety Supplies	6,256	5,000	5,000
Small Equipment Purchase	375	1,500	1,500
Materials	58,686	70,000	80,000
Total Operations	$ 452,483	$ 466,000	$ 544,750
Total Expenses	$ 665,981	$ 760,300	$ 1,010,250
Net Ordinary Income	$ 628,674	$ 799,700	$ 654,750
Debt Service			
Interest Expense	54,654	$ 69,000	$ 70,000
2016 Bond Debt Service	230,000	315,000	315,000
Total Debt Service	$ 284,654	$ 384,000	$ 385,000
Capital Outlay/Projects			
Capital Outlay - Systems	$ -	$ -	$ 11,000
Capital Outlay - Equipment	-	-	-
Capital Outlay -Line Extensions	-	-	-
Capital Outlay-Grinder Pumps	142,692	150,000	250,000
Capital Outlay- Vehicles	20,001	-	-
Total Capital Outlay/Projects	$ 142,692	$ 150,000	$ 261,000
Revenue Over (Under) Expenditures	$ 201,328	$ 265,700	$ 8,750

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Agenda
Item #11

Discussion regarding
Approving FY2027
Investment Policy

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

INVESTMENT POLICY

I.
STATUTORY AUTHORITY

1.01 Statutory Authority. This Policy has been adopted pursuant to, and in accordance with the requirements of, Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) and Chapter 2257 of the Texas Government Code (the Public Funds Collateral Act).

II.
SCOPE

2.01 Scope. This Policy applies to the investment of all funds of Bastrop County Water Control and Improvement District No. 2 (the "District") and funds under its control. The Board of the District shall review this Investment Policy and the investment strategies set forth herein not less than annually and shall make any changes thereto as determined by the Board of the District to be necessary and prudent for the management of District funds. Not less than annually, the Board shall adopt a written order or resolution stating that it has reviewed the Investment Policy and investment strategies and setting forth any changes made thereto.

III.
OBJECTIVES

3.01 Investment Objectives. Investment of funds shall be governed by the following investment objectives, in order of priority:

1. Preservation and safety of principal- The foremost objective of the District's Investment Policy is to assure safety of the invested funds. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital while minimizing credit rate and interest rate risk. Investment for speculation is prohibited.

2. Liquidity- Funds will be invested with maturities necessary to maintain sufficient liquidity to provide adequate and timely working funds.

3. Yield- Return on investment is of least importance compared to the safety and liquidity objectives described above.

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IV.
INVESTMENT PARAMETERS

4.01. Investment Strategies. The District's overall investment strategy shall be to purchase high credit quality investments that preserve the safety of capital, maximize liquidity, promote diversification, and provide reasonable market yield (in that order of priority), based on the District's anticipated cash flows and the maintenance of a liquidity buffer for unanticipated liabilities. Investments are to be chosen in a manner which promotes diversity by market sector, credit and maturity. The choice of high credit quality investments and high-grade money market instruments are designed to assure the marketability of those investments should liquidity needs arise. Detailed strategies by fund type are set forth in **Exhibit "A"** of this Policy. The Board of the District shall review annually the investment strategies and shall make any changes thereto as determined by the Board to be necessary and prudent for the management of the District's funds.

4.02 Maximum Maturities. The District will match its investments with anticipated cash flow requirements. To match anticipated cash flow requirements, the maximum weighted average maturity of the overall portfolio shall not exceed 365 days and a benchmark of the six-month and one-year Treasury Bills shall be used to measure risk in the portfolio. Unless matched to a specific cash flow requirement, the District will not directly invest in securities maturing more than 24 months from the date of purchase.

4.03 Diversification. The District may diversify its portfolio to reduce risk.

4.04. Competitive Bidding Requirement. All securities, including certificates of deposit, will be purchased or sold after three (3) offers/bids are taken to verify that the District is receiving fair market value/price for the investment. Bids for certificates of deposit may be solicited orally, in writing, electronically, or any combination of these methods.

4.05. Delivery versus Payment. All security transactions entered into by the District shall be conducted on a delivery versus payment (DVP) basis. Securities will be held by a third party custodian designated by the Investment Officer and evidenced by safekeeping receipts.

4.06 Rating Declines or Loss of Rating. The Investment Officer shall monitor the credit rating on all authorized investments in the District's portfolio based on independent information from a nationally recognized rating agency. If any security falls below the minimum rating required by this Policy (i.e. Public Funds Investment Act), the Investment Officer shall immediately solicit bids for and sell the security if possible, regardless of a loss of principal.

4.07 Electronic Wire Transfers. The Investment Officer may use electronic means to transfer or invest funds collected or controlled by the District. Electronic transfers shall only be made between District accounts and in the name of the District, unless otherwise authorized in writing by the Board of the District.

V.
DELEGATION OF INVESTMENT AUTHORITY

5.01 Appointment of Investment Officer. The individual serving as Comptroller for the District shall serve as the Investment Officer of the District. In the event no person is serving as a Comptroller for the District, then the Treasurer of the District shall serve as the Investment Officer of the District. The Investment Officer shall be responsible for the investment of District funds in accordance with this Investment Policy. If the Board has contracted with another investing entity to invest the District's funds, as authorized by the Public Funds Investment Act, the Investment Officer of the other investing entity is considered to be the Investment Officer of the District for such purposes. The authority hereby granted to the Investment Officer(s) to invest the District's funds is effective until rescinded by the Board, until the individual no longer serves as Comptroller for the District, or until the individual no longer serves as Treasurer, as applicable.

5.02 Investment Training. The Investment Officer shall attend at least one investment training session from an independent source and containing at least six hours of instruction relating to investment responsibilities within 12 months after taking office or assuming duties. The Investment Officer shall also attend an investment training session within each two-year period after the first year and receive not less than four hours of instruction relating to investment responsibilities from an independent source. Training must include education on investment controls, security risks, strategy risks, market risks, diversification of investment portfolio and compliance with the Public Funds Investment Act.

5.04 Prudence. The standard of care to be used by the Investment Officer shall be prudent person standard, and shall be applied in the context of managing the overall portfolio. This standard states that the person designated as the Investment Officer shall exercise the judgment and care, under prevailing circumstances, that a prudent person would exercise in the management of the person's own affairs. In determining whether an Investment Officer has exercised prudence with respect to an investment decision, the determination shall take into consideration (i) the investment of all funds over which the Investment Officer has responsibility rather than consideration as to the prudence of a single investment, and (ii) whether the investment decision was consistent with this Investment Policy.

5.05 Ethics. Officers and employees involved in the investment of District funds shall refrain from personal activity that could conflict with the proper execution and management of the District's investment program. Employees and investment officials shall disclose, in writing, any material interests, including personal business relationships, with any financial institution with which it is proposed that the District conduct business. For purposes of District investments, employees or investment officials have a personal business relationship with a business organization if:

(i) the individual owns 10 percent or more of the voting stock or shares of the business organization or owns $5,000 or more of the fair market value of the business organization;

(ii) funds received by the individual from the business organization exceed 10 percent of the individual's gross income for the previous year; or

(iii) the individual has acquired from the business organization during the previous year

investments with a book value of $2,500 or more for the personal account of the individual.

5.06 Limitation of Personal Liability. Authorized representatives of the District who invest the District's funds in accordance with this Policy shall have no personal liability for any individual security's credit risk or market price changes provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

VI.
INVESTMENT REPORTS

6.01 Internal Management Reports. The Investment Officer shall prepare and submit not less than quarterly to the Board of Directors of the District written reports of investment transactions for all funds of the District for the preceding reporting period. The quarterly reports shall comply with the requirements of Section 2256.023 of the Public Funds Investment Act. Specifically, the quarterly report shall:

(i) Describe in detail the investment position of the District;

(ii) Be prepared jointly by all Investment Officer;

(iii) Be signed by each Investment Officer;

(iv) Contain a summary statement of each pooled fund group that states the:

(A) beginning market value for the reporting period;

(B) ending market value for the period;

(C) fully accrued interest for the reporting period;

(D) state the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested;

(E) state the maturity date of each separately invested asset that has a maturity date;

(F) state the account or fund or pooled group fund in the state agency or local government for which each individual investment was acquired; and

(G) state the compliance of the investment portfolio of the District as it relates to: (i) the investment strategy expressed in this Policy; and (ii) relevant provisions of the Public Funds Investment Act.

VII.
COLLATERAL, SAFEKEEPING, AND CUSTODY REQUIREMENTS

7.01 Collateral Policy. Consistent with the requirements of the Public Funds Collateral

Act, it is the policy of the District to require full collateralization of all District funds on deposit with a depository bank and for repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest on the deposits or investments, less an amount insured by the FDIC. At its discretion, the District may require a higher level of collateralization for certain investment securities. Securities pledged as collateral shall be held by an independent third party with which the District has a current custodial agreement. The agreements are to specify the acceptable investment securities for collateral, including provisions relating to possession of the collateral, the substitution or release of investment securities, ownership of securities, and the method of valuation of securities. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the District and retained. Collateral shall be reviewed at least monthly to assure that the market value of the pledged securities is adequate.

7.02 Authorized Collateral for Time and Demand Deposits. The District shall accept only the following securities as collateral for time and demand deposits:

(i) FDIC insurance coverage;

(ii) Obligations of the United States, its agencies or instrumentalities, or other evidence of indebtedness of the United States guaranteed as to principal and interest; and

(iii) Obligations of Texas or other states or of a county, city or other political subdivision of a state having been rated as not less than "A" or its equivalent by two nationally recognized rating agencies.

7.03 Authorized Collateral for Repurchase Agreements. The District shall accept as collateral for repurchase agreements only obligations of the United States, its agencies or instrumentalities.

VIII.
AUTHORIZED INVESTMENTS

8.01 Authorized Investments. The following are authorized investments for the District's funds, as further described and restricted by the Public Funds Investment Act:

A. Obligations of, or guaranteed by, the United States. Obligations of the United States, its agencies and instrumentalities, excluding mortgage backed securities, and that are authorized investments under Section 2256.009 of the Public Funds Investment Act.

B. State Obligations. Obligations of the State of Texas or any state of the United States or their respective agencies and instrumentalities, agencies, counties, cities, and other political subdivisions rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, and that are authorized investments under Section 2256.009 of the Public Funds Investment Act.

C. Other Governmental Obligations. Obligations, the principal and interest of

which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States.

D. Certificates of Deposit/Share Certificates.

(a) Fully insured or collateralized certificates of deposit or share certificates that are approved investments under Section 2256.010 of the Public Funds Investment Act: (i) from a depository institution that has its main office or a branch office in the State of Texas; and (ii) that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or by the National Credit Union Share Insurance Fund or its successor, as applicable. Authorized certificates of deposit shall include such certificates purchased through the CDARS program with a Texas bank.

(b) Fully insured certificates of deposit purchased from a broker or a bank that has its main office or a branch office in the State of Texas and is selected from the list of qualified brokers attached to this Investment Policy. All investments in such brokered certificates of deposit shall be made on a delivery versus payment basis to the District's safekeeping agent, and the Investment Officer shall verify that the bank is fully insured by the Federal Deposit Insurance Corporation prior to purchase. In the event any bank from which the District has purchased a brokered certificate of deposit merges with, or is acquired by, another bank in which brokered certificates of deposit are owned by the District, the Investment Officer shall immediate contact the banks and liquidate any brokered certificate that exceeds FDIC insurance levels.

E. Repurchase Agreements. Fully collateralized repurchase agreements with a defined termination date executed with a primary dealer as defined by the Federal Reserve or a financial institution doing business in this state, and that are authorized investments under Section 2256.011 of the Public Funds Investment Act.

F. Mutual Funds. AAA-rated, SEC registered money market mutual funds that are registered and regulated by the Securities and Exchange Commission subject to the limitations set forth in Section 2256.014 of the Public Funds Investment Act.

G. Commercial Paper. Commercial paper that has a stated maturity of 270 days or fewer from the date of its issuance and that is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies, or one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United State or any state, as authorized under Section 2256.013 of the Public Funds Investment Act

H. Investment Pools. AAA-rated, constant-dollar local government investment pools that meet the requirements set forth in the Public Funds Investment Act for the investment of public funds, including Sections 2256.016, .017, .018, and .019, and provided further that such investments must be approved by the Board of Directors of the District by separate resolution.

I. Interest bearing accounts of any FDIC bank in Texas.

IX.
AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

9.01 Authorized Financial Dealers and Institutions. The Board may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of public funds; provided, that a contract may not be for a term longer than two years, and any renewal or extension thereof must be made by the Board by order or resolution.

X.
MISCELLANEOUS

10.01 Policy to be Presented to Investment Officer. The Investment Officer shall be presented a copy of this Investment Policy and shall execute a written instrument substantially in the form attached hereto as **Exhibit "B"** to the effect that the Investment Officer has:

1. received and thoroughly reviewed a copy of this Investment Policy; and

2. implemented procedures and controls to comply with the Investment Policy.

10.02 Business Organizations that Invest or Manage the District's Investment Portfolio. A written copy of this Investment Policy shall be presented to any business organization offering to engage in an investment transaction with the District. For purposes of this Policy, a "*business organization*" means an investment pool or investment management firm under contract with the District to invest or manage the District's investment portfolio that has accepted authority granted by the District under the contract to exercise investment discretion in regard to the District's funds. The qualified representative of the business organization offering to engage in an investment transaction with the District shall execute a written instrument in a form acceptable to the District and the business organization substantially to the effect that the business organization has:

(i) Received and reviewed this Investment Policy; and

(ii) Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the District and the organization that are not authorized under this Investment Policy, except to the extent that the authorization: (A) is dependent on an analysis of the makeup of the District's entire portfolio; (B) requires an interpretation of subjective investment standards; or (C) relates to investment transactions of the District that are not made through

accounts or other contractual arrangements over which the business organization has accepted discretionary investment authority.

The District shall not acquire or otherwise obtain any authorized investment described in this Investment Policy from a business organization that has not delivered the instrument described above.

10.03 Annual Financial Audit. The District, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the District's established investment policies.

10.04 Selection of Authorized Brokers. The District shall annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the District. Approved Investment Brokers are those listed in **Exhibit C** of this Policy.

10.05 Effective Date. This Policy shall be effective immediately upon adoption.

EXHIBIT A - 1

INVESTMENT STRATEGY

DEBT SERVICE FUNDS

Investment Objective:

To purchase investments that will preserve the safety of capital and maximize yield (in that order of priority) taking into account the timing of the District's debt service payments.

Investment Strategy:

To invest in any of the authorized investments listed in Article VIII of the District's Investment Policy, provided that:

1. For funds needed for the District's next debt service payment, the investment shall mature no later than the date the debt service payment is due.

2. For funds in the debt service reserve fund, the maximum stated maturity date of the investment shall be no greater than 24 months after the date of purchase and cannot exceed the final maturity of the underlying bond(s) or note(s) for which it is reserved.

EXHIBIT A – 2

INVESTMENT STRATEGY

CONSTRUCTION FUNDS

Investment Objective:

To purchase investments that will preserve the safety of capital and maximize yield (in that order of priority) taking into account the timing of the District's cash flow requirements for its construction projects.

Investment Strategy:

To invest in any of the authorized investments listed in Article VIII of the District's Investment Policy, provided that:

1. Investment maturities shall generally follow anticipated cash flow requirements. At no time shall the anticipated expenditure schedule be exceeded in an attempt to bolster yield.

2. Market conditions and arbitrage regulations shall be considered to avoid arbitrage.

EXHIBIT A-3

INVESTMENT STRATEGY
UNRESTRICTED OPERATING FUNDS

Investment Objective:

To purchase investments that will preserve the safety of capital, maximize liquidity, and maximize yield (in that order of priority), taking into account the District's monthly operating expenses, capital improvements, special projects, and other expenditures and ensuring the availability of funds as necessary.

Investment Strategy:

To invest in any of the authorized investments listed in Article VIII of the District's Investment Policy, provided that the investment will mature no later than 24 months after the date of purchase. Investments must meet projected cash flow requirements.

EXHIBIT B
List of Approved Brokers and Investment Firms

Agenda
Item #12

Discussion regarding
Approving FY2026
Audit Engagement

PATTILLO, BROWN & HILL, L.L.P.
401 West State Highway 6
Waco, Texas 76710
254.772.4901 | pbhcpa.com

November 9, 2026

Bastrop County WCID#2
112 Corporate Dr
Bastrop, TX 78602

The following represents our understanding of the services we will provide Bastrop County WCID #2 (the "Entity").

You have requested that we audit the governmental activities, the business-type activities, and each major fund of the Entity as of December 31, 2026, and for the year then ended and the related notes, which collectively comprise the Entity's basic financial statements as listed in the table of contents. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

The objectives of our audit 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 opinion. 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 auditing standards generally accepted in the United States of America (GAAS); will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and 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.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that the management's discussion and analysis, budgetary comparison information, and pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis.

- Budgetary Schedules.

- Texas County & District Retirement System (TCDRS) Schedule of Pension Contributions

- Texas County & District Retirement System Changes in Net Pension Liability and Related Ratios

Supplementary information other than RSI will accompany the Entity's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and perform certain additional procedures, including comparing and reconciling the supplementary information to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and additional procedures in accordance with U.S. GAAS. We intend to provide an opinion on the following supplementary information in relation to the basic financial statements as a whole.

- Texas Commission on Environmental Quality Supplemental Schedules

- Other Supplemental Schedules

Auditor Responsibilities

We will conduct our audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- 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 the Entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

- 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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Conclude, based on the audit evidence obtained, whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of the Entity's basic financial statements. Our report will be addressed to those charged with governance of the Entity. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditor's report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Compliance with Laws and Regulations

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the Entity's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

Management Responsibilities

Our audit will be conducted on the basis that management and those charged with governance acknowledge and understand that they have responsibility:

a. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America.
b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.
c. To provide us with:
    i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters.
    ii. Additional information that we may request from management for the purpose of the audit.
    iii. Unrestricted access to persons within the Entity from whom we determine it necessary to obtain audit evidence.
    iv. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report.
    v. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
d. For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by us.
e. For identifying and ensuring that the Entity complies with the laws and regulations applicable to its activities.
f. For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole.
g. For acceptance of nonattest services, including identifying the proper party to oversee nonattest work.

h. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets.
i. For informing us of any known or suspected fraud affecting the Entity involving management, employees with significant role in internal control and others where fraud could have a material effect on the financials.
j. For the accuracy and completeness of all information provided.

With regard to the supplementary information referred to above, you acknowledge and understand your responsibility: (a) for the preparation of the supplementary information in accordance with the applicable criteria; (b) to provide us with the appropriate written representations regarding supplementary information; (c) to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) to present the supplementary information with the audited basic financial statements, or if the supplementary information will not be presented with the audited basic financial statements, to make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

Engagement Administration, Fees and Timing

We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If for whatever reason your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

The timing of our audit will be scheduled for performance and completion as follows:

Document internal control and preliminary tests	March 2027
Mail confirmations	January 2027
Perform year-end audit procedures	March 2027
Issue audit report	April 2027

Kent Willis is the engagement partner for the audit services specified in this letter. His responsibilities include supervising Pattillo, Brown & Hill, LLP's services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Our fees for these services will be at our standard hourly rates plus out-of-pocket cost (such as reports reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed $38,525. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket

costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional cost.

Other Matters

During the course of the engagement, we may communicate with you or your personnel via fax or email, and you should be aware that communication in those mediums contains a risk of misdirected or intercepted communications. In addition to fax and email, our firm also exchanges data over the internet using other methods (such as portals) or store electronic data via software applications hosted remotely through a third-party vendor's secured portal and/or cloud.

Regarding the electronic dissemination of audited financial statements, including financial statements published electronically on your Internet website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

Our firm may transmit confidential information that you provided us to third parties in order to facilitate delivering our services to you. These service providers may be located within or outside the United States. For example, such transmissions might include, but not be limited to, investment information to verify valuation. We have obtained confidentiality agreements with all our service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have the appropriate procedures in place to prevent the unauthorized release of confidential information to others. We will remain responsible for the work provided by any third-party service providers used under this agreement. By your signature below, you consent to having confidential information transmitted to entities outside the firm. Please feel free to inquire if you would like additional information regarding the transmission of confidential information to entities outside the firm.

The audit documentation for this engagement is the property of Pattillo, Brown & Hill, LLP and constitutes confidential information. However, we may be requested to make certain audit documentation available to federal or state agencies and the U.S. Government Accountability Office pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of Pattillo, Brown & Hill's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to these agencies and regulators. The regulators and agencies may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

Further, we will be available during the year to consult with you on financial management and accounting matters of a routine nature.

During the course of the audit, we may observe opportunities for economy in, or improved controls over, your operations. We will bring such matters to the attention of the appropriate level of management, either orally or in writing.

We agree to retain our audit documentation or work papers for a period of at least five years from the date of our report.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to management and those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the Entity's significant accounting practices.
- Significant difficulties, if any, encountered during the audit.
- Uncorrected misstatements, other than those we believe are trivial, if any.
- Disagreements with management, if any.
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process.
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.
- Representations we requested from management.
- Management consultations with other accountants, if any.
- Significant issues, if any, arise from the audit that were discussed, or the subject of correspondence, with management.

We have attached a copy of our latest external peer review report of our firm for your consideration and files.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, compliance over major federal award programs including our respective responsibilities.

We appreciate the opportunity to be your financial statement auditors and look forward to working with you and your staff.

Respectfully,
Pattillo, Brown & Hill, L.L.P.



Kent Willis, CPA
Waco, Texas

RESPONSE:

This letter correctly sets forth our understanding.

Acknowledged and agreed on behalf of Bastrop County WCID#2 by:

Name: _____

Title: _____

Date: _____

ERICKSEN KRENTEL LLP
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

Report on the Firm's System of Quality Control

December 12, 2025

To the Partners of Pattillo, Brown & Hill, LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Pattillo, Brown & Hill, LLP (the firm) in effect for the year ended May 31, 2025. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards* including compliance audits under the Single Audit Act; an audit of an employee benefit plan; and an audit performed under FDICIA.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Pattillo, Brown & Hill, LLP in effect for the year ended May 31, 2025, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass, pass with deficiency(ies)* or *fail*. Pattillo, Brown & Hill, LLP has received a peer review rating of *pass*.

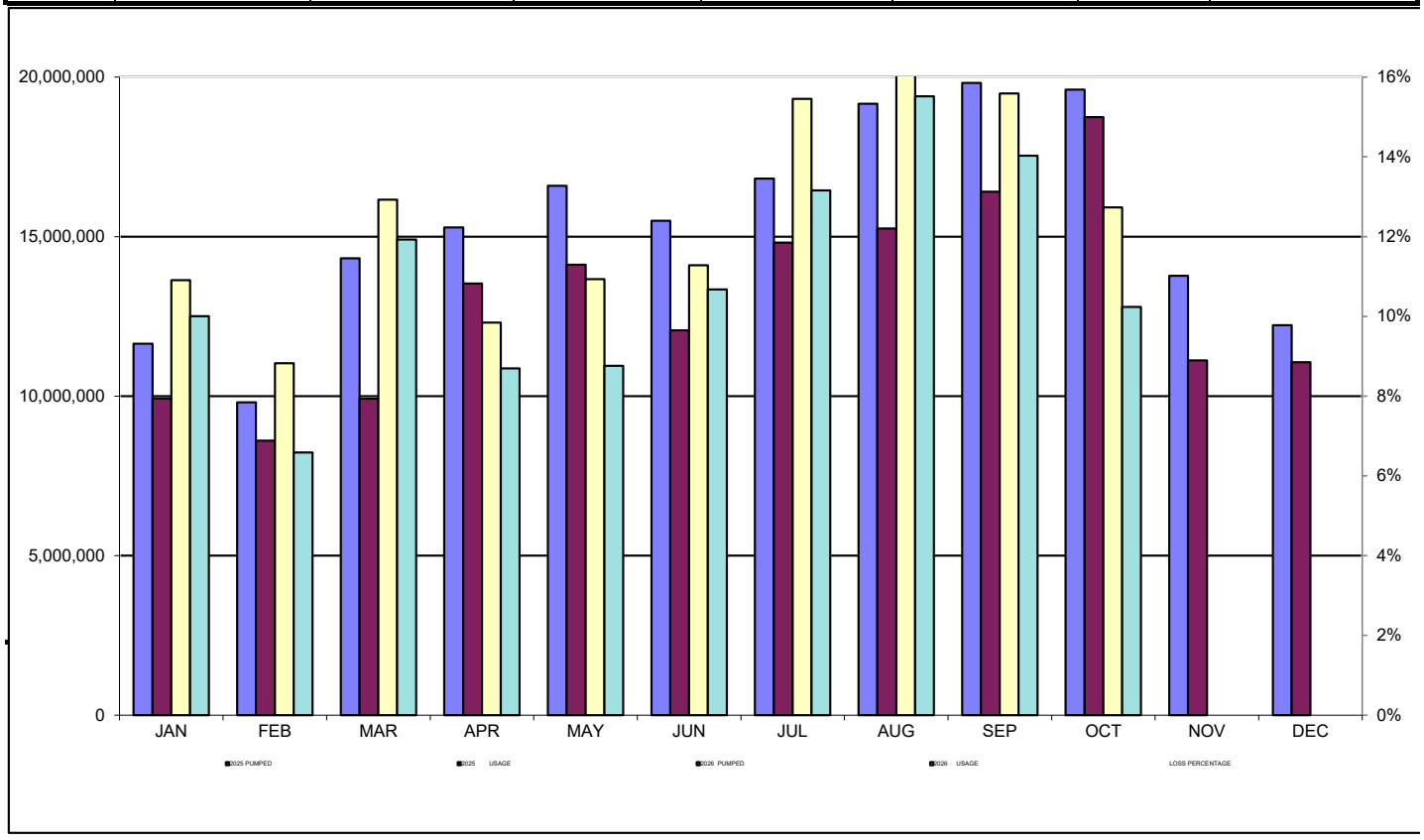
Ericksen Krentel, LLP

Certified Public Accountants

Misc Reports

Consumption Report

MONTH	2025 PUMPED WATER	2025 USAGE OF WATER	2026 PUMPED WATER	2026 USAGE OF WATER	2026 PUMPED UNBILLED	ACTIVE METERS	LOSS PERCENTAGE %
JAN	11,644,829	9,929,979	13,634,738	12,507,970	797,340	2,453	2%
FEB	9,804,440	8,605,351	11,032,157	8,233,087	1,124,550	2,463	15%
MAR	14,316,694	9,915,235	16,160,071	14,909,761	996,275	2,459	2%
APR	15,289,055	13,530,994	12,302,753	10,867,224	1,017,925	2,472	3%
MAY	16,589,422	14,115,350	13,664,992	10,953,128	1,516,911	2,464	9%
JUN	15,499,315	12,062,500	14,105,324	13,347,815	780,530	2,467	0%
JUL	16,816,336	14,814,711	19,320,757	16,446,450	1,098,000	2,490	9%
AUG	19,163,468	15,252,108	21,091,292	19,394,245	1,780,957	2,481	0%
SEP	19,816,181	16,404,569	19,482,257	17,535,742	1,305,610	2,511	3%
OCT	19,603,392	18,745,991	15,914,780	12,799,346	1,492,635	2,510	10%
NOV	13,768,497	11,116,008					
DEC	12,222,495	11,064,330					
TOTALS	**184,534,124**	**155,557,126**	**156,709,121**	**136,994,768**	**11,910,733**		



OCTOBER 2026
BCWCID#2

Re-Cap of Wastewater Tap Applications

WASTEWATER TAPS:

2026 Complete…….	42
2026 Pending ……...	7
2025 Complete…….	38
2024 Complete…….	47
2023 Complete…….	32
2022 Complete…….	35
2021 Complete…….	34
2020 Compete……..	43
2019 Complete…….	34
2018 Complete……..….	52
2017 Complete ……..……	35
2016 Complete ……..……	40
2015 Complete …….	32
2014 Complete ..……	26

Active WasteWater Customers: 1009

Prepared by: Patricia Lujan 11/13/2026

OCTOBER 2026
BCWCID#2

Re-Cap of Water Tap Applications
WATER TAPS:

2026 Complete…..…….....	69
2026 Pending	11
2025 Complete…..…….....	90
2024 Complete……..…….....	99
2023 Complete……	78
2022 Complete……	117
2021 Complete……	112
2020 Complete…….……..	119
2019 Complete…….……....	96
2018 Complete……...	96
2017 Complete……	78
2016 Complete ……..	88
2015 Complete ……..	60
2014 Complete …….	39
2013 Complete……	35
2012 Complete…….....	37
2011 Complete……	42
2010 Complete……	49
2009 Complete……	43
2008 Complete……	35
2007 Complete……	47
2006 Pending……..	1 (Sac-N-Pac)
2006 Complete…….	25
2005 Complete…….	26
2004 Complete……..	39
2003 Complete……..	72
2002 Complete..……	113

Prepared by: Patricia Lujan 11/13/2026