

**BASTROP COUNTY WATER CONTROL AND
IMPROVEMENT DISTRICT NO. 2**

**FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

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BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

Annual Financial Report
For the Year Ended December 31, 2020

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS }

COUNTY OF BASTROP }

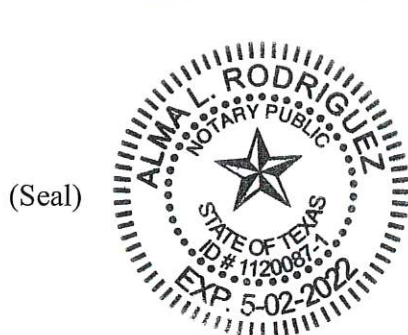
I, Mary Beth O'Hanlon President of the Bastrop County Water Control and Improvement District No. 2 hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 15th day of April, 2021, its annual audit report for the fiscal year ended December 31, 2020, and that copies of the annual report have been filed in the district office, located at 106 Conference Drive, Bastrop, Texas.

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

Date: April 15, 2021

By: Mary Beth O'Hanlon

Sworn to and subscribed to before me this 15th day of April 2021.



Notary: Alma Rodriguez

My Commission expires on: May 2, 2022, Notary Public in and for the State of Texas.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

Annual Financial Report
For the Year Ended December 31, 2020

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FINANCIAL SECTION

WEST, DAVIS & COMPANY

A LIMITED LIABILITY PARTNERSHIP

Independent Auditor's Report

Board of Directors
Bastrop County Water Control & Improvement District No. 2
Bastrop County, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Bastrop County Water Control & Improvement District No. 2 (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluation the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the District at December 31, 2020, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information, identified as Required Supplementary Information 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.

Texas Commission on Environmental Quality Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplemental schedules required by the Texas Commission on Environmental Quality are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules required by the Texas Commission on Environmental Quality are the responsibility of management and were derived from and relate 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 our 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 supplemental schedules required by the Texas Commission on Environmental Quality are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

West, Davis + Company

Austin, Texas
March 31, 2021

BASTROP COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 2

Management Discussion and Analysis For the Year Ended December 31, 2020

In accordance with Governmental Accounting Standards Board Statement 34 (“GASB 34”), the management of Bastrop County Water Control & Improvement District No. 2 (the “District”) offers the following discussion and analysis to provide an overview of the District’s financial activities for the year ended December 31, 2020. Since this information is designed to focus on current year’s activities, resulting changes, and currently known facts, it should be read in conjunction with the District’s financial statements that follow.

The District accounts for water and wastewater services using Proprietary Funds. The District accounts for standby fee and road reconstruction and maintenance using Special Revenue Funds. The government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

FINANCIAL HIGHLIGHTS

- The District’s total net position was approximately \$7.0 million at December 31, 2019. This is an increase of \$1.2 million from the previous year.
- During the year, the District generated approximately \$5.0 million in total revenues.
- Total expenses in the Proprietary Funds for the District’s water and wastewater operations were approximately \$2.4 million for the year ended December 31, 2020. Total standby and road reconstruction and maintenance expenses, which are accounted for in the Special Revenue Funds, were approximately \$1.4 million for the year.

OVERVIEW OF THE DISTRICT

The District, a political subdivision of the State of Texas, was created by the Bastrop County Commissioners Court in 1985. The District was created and organized for the purpose of providing water and wastewater services to customers within its boundaries and in the surrounding area. In 1989, the State of Texas granted the District the additional powers and duties of a road utility district.

Management complies with Sec 11001.012 of the District’s Road Powers by producing an annual financial report which also acts as a conveyance of information to each state representative and state senator who represents the area in the district’s jurisdiction.

BASTROP COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 2

**Management Discussion and Analysis
For the Year Ended December 31, 2020**

In 2020, the following roads were conveyed to the Bastrop County or City:

Ahumo Drive	Koae Court	Ohana Court
Awehi Lane	Konahuanui Lane	Pahoiki Lane
Haou Court	(100-185 block Akaloa to Moku Manu Dr)	Papawai Drive
Huelo Court	Kou Court	Puu Waa Waa Lane
Kaena Lane	Kulua Court	Upola Court
Kaeapapa Lane	Nuuanu Lane	
Kaliu Court	(100-185 block)	
Kimo Court	N Pahihi Drive	

In 2020, \$ 147,496 was spent in the performance of road maintenance and \$743,510 was spent on road reconstruction. The following roads were reconstructed with the use of contracted labor, WCID2 labor and support of the Bastrop County or Bastrop City via Interlocal Agreements.

At the end of 2020, the following roads were still reported as not conveyed to the Bastrop County or Bastrop City because they were not yet complete or still within the warranty period:

Anahulu Ln	Kauai Ct	Oah Ct
Homonu Court	Keanahalululu Ln	Olaa Dr
Kaapahu Dr	Keawakapu Dr	Olomana Ct
Kaeleku Ln	Kipapa Ct	Pahala Court
Kaimuki	Mokulua Lane	Pahalawe Ln
Kamaiki Drive	Ninole Ct	Waimalu Ct
Kapapa	Nuupia	Wainanae Ct

On April 17, 2021, at the annual road meeting, the 1992 Master plan will be updated and communicated to the District residents, the Bastrop County and Bastrop City for the change in road inventory, roads to be reconstructed in 2021, future plans and cost estimates to complete. Our current estimate of costs to complete the project of 100% conveyance of roads to the Bastrop County or Bastrop City is \$6.2 Million.

BASTROP COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 2

Management Discussion and Analysis For the Year Ended December 31, 2020

USING THIS ANNUAL REPORT

The District's reporting is comprised of five parts:

- Management's Discussion and Analysis (this section)
- Basic Financial Statements
 - Government-wide Statement of Net Position
 - Government-wide Statement of Activities
 - Balance Sheet-Governmental Funds
 - Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds
 - Statement of Net Position-Proprietary Funds
 - Statement of Revenues, Expenses and changes in Net Position-Proprietary Funds
 - Statement of Cash Flows-Proprietary Funds
- Notes to the Financial Statements
- Required Supplementary Information
- Texas Commission on Environmental Quality Supplementary Information

The Government-wide financial statements are reported using the flow of economic resources measurement focus and the full accrual basis of accounting. These statements provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. These statements show how services were financed in the short term as well as what resources remain for future spending.

The Proprietary Fund financial statements are considered to operate similar to a business enterprise. These statements present a longer-term view of the property and debt obligations and other matters related to the District's water and wastewater operations.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the information presented in the Government-wide statements and the Fund financial statements.

The Required Supplementary Information presents a comparison statement between the District's adopted budget and its actual results. These schedules are required for the Special Revenue Funds of the District.

The Texas Commission on Environmental Quality Supplementary Information provides additional information and is required to be presented by the TCEQ.

BASTROP COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 2

**Management Discussion and Analysis
For the Year Ended December 31, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Summary Statement of Net Position

(in thousands)

	Governmental Activities		Business-Type Activities		Total		Increase (Decrease)
	2020	2019	2020	2019	2020	2019	
Current and Other Assets	\$ 1,515	\$ 1,419	\$ 4,552	\$ 3,261	\$ 6,067	\$ 4,680	\$ 1,387
Capital and Non-Current Assets	1,285	1,290	7,025	7,359	8,310	8,649	(339)
Total Assets	2,800	2,709	11,577	10,620	14,377	13,329	1,048
Deferred Outflows	-	-	56	50	56	50	6
Total Deferred Outflows	-	-	56	50	56	50	6
Current Liabilities	1,712	1,743	724	582	2,436	2,325	111
Long-Term Liabilities	-	-	4,790	5,060	4,790	5,060	(270)
Total Liabilities	1,712	1,743	5,514	5,642	7,226	7,385	(159)
Capital Assets, Net of Debt	284	290	1,965	2,039	2,249	2,329	(80)
Restricted for Debt Service	-	-	1,099	1,093	1,099	1,093	6
Unrestricted	804	676	3,055	1,896	3,859	2,572	1,287
Total Net Position	\$ 1,088	\$ 966	\$ 6,119	\$ 5,028	\$ 7,207	\$ 5,994	\$ 1,213

The District's total assets were approximately \$14.4 million as of December 31, 2020. Of this amount, approximately \$5.5 million is accounted for by cash and short-term investments. The District had outstanding liabilities of approximately \$7.2 million. The District's unrestricted net assets, which can be used to finance day to day operations, totaled \$3.8 million.

BASTROP COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 2

**Management Discussion and Analysis
For the Year Ended December 31, 2020**

Summary Statement of Activities

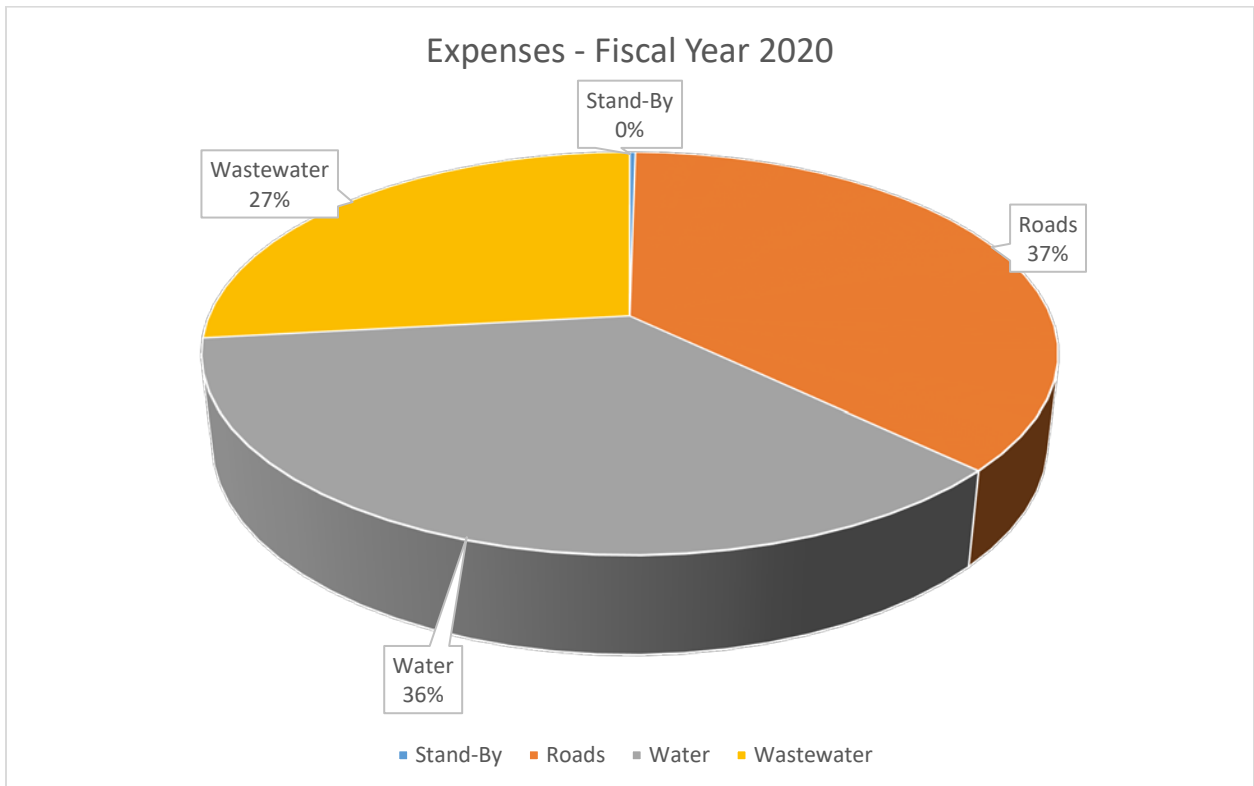
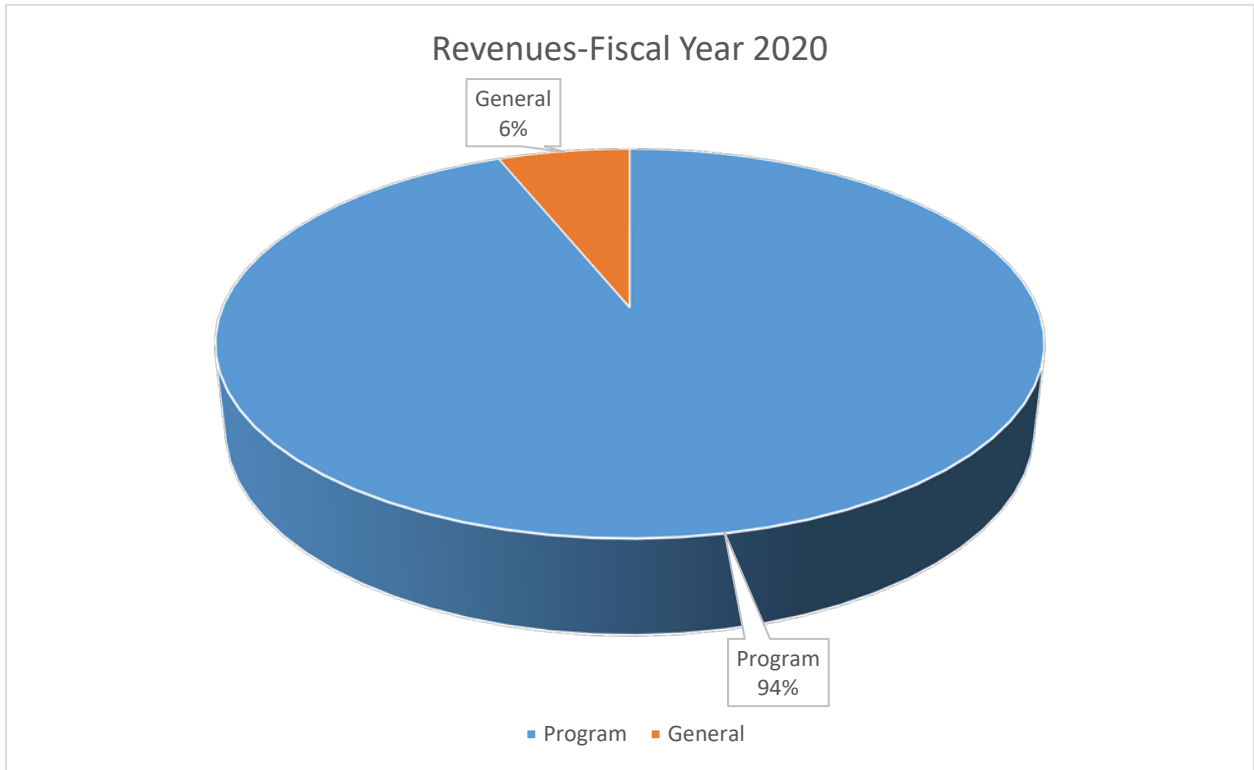
(in thousands)

	Governmental Activities		Business-Type Activities		Total		Increase (Decrease)
	2020	2019	2020	2019	2020	2019	
Program	\$ 1,402	\$ 1,332	\$ 3,347	\$ 2,749	\$ 4,749	\$ 4,081	\$ 668
General	150	122	161	80	311	202	109
Total Revenues	1,552	1,454	3,508	2,829	5,060	4,283	777
Stand-By	10	66	-	-	10	66	(56)
Roads	1,420	871	-	-	1,420	871	549
Water	-	-	1,387	1,337	1,387	1,337	50
Wastewater	-	-	1,030	1,021	1,030	1,021	9
Total Expenses	1,430	937	2,417	2,358	3,847	3,295	552
Change In Net Position	122	517	1,091	471	1,213	988	225
Beginning Net Position	966	449	5,028	4,520	5,994	4,969	1,025
Prior Period Adjustment			-	37	-	37	(37)
Ending Net Position	\$ 1,088	\$ 966	\$ 6,119	\$ 5,028	\$ 7,207	\$ 5,994	\$ 1,213

Revenues were approximately \$5.0 million for the year ended December 31, 2020. Expenses were approximately \$3.8 million for the year ended December 31, 2020. Net position increased \$1.2 million from current year activities. The following charts summarize the sources of revenue and areas of expenses.

BASTROP COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 2

**Management Discussion and Analysis
For the Year Ended December 31, 2020**



BASTROP COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 2

Management Discussion and Analysis For the Year Ended December 31, 2020

BUDGETARY HIGHLIGHTS

The Standby Fund finished the year under budget by approximately \$6 thousand primarily due to reduced costs. The Road Fund finished the year under budget by approximately \$142 thousand also primarily due to \$127 thousand in FEMA grants. More detailed information about the District's budgetary comparison is presented in the Required Supplementary Information section.

CAPITAL ASSETS

The District has invested \$15.0 million in infrastructure. A summary of these assets is listed below:

Summary of Capital Assets

(in thousands)

	2020	2019	Increase (Decrease)
Land	\$ 369	\$ 445	\$ (76)
Construction in Progress	130	59	71
Water and Wastewater Improvements	11,942	11,613	329
Road Improvements	1,000	1,000	-
Buildings	178	462	(284)
Machinery and Equipment	1,040	936	104
Vehicles	492	446	46
Total Capital Assets	15,151	14,961	190
Accumulated Depreciation	(6,841)	(6,312)	(529)
Total Capital Assets (Net)	\$ 8,310	\$ 8,649	\$ (339)

LONG TERM DEBT

The District issued no new debt during the year. Bonded indebtedness of the District at year end was \$5.060 million. More detailed information about the District's long-term debt is presented in the Notes to the Basic Financial Statements.

BASTROP COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 2

Management Discussion and Analysis For the Year Ended December 31, 2020

CURRENT ECONOMIC FACTORS

During 2019, the District determined that the District's existing office building and property were surplus to the District's needs and that it was in the best interest of the District and its customers to sell its current office building. On January 24, 2020 the District completed the sale of its office building and associated land for a selling price of \$334,750. The Board has determined that these funds should be segregated and applied to the future purchase of a new office facility. Currently the office staff is housed in a temporary building located on the old site. The District's agreement with the buyer allows the District to continue to rent this space and parking area for eighteen months.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District at PO Box 708, Bastrop, Texas 78602.

BASIC FINANCIAL STATEMENTS

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2020**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>STATEMENT OF NET POSITION</u>
<u>ASSETS</u>			
Cash	\$ 985,799	\$ 675,506	\$ 1,661,305
Investments			
Unrestricted	-	2,697,517	2,697,517
Restricted	-	1,099,371	1,099,371
Receivables			
Assessments Receivable, Net	325,990	-	325,990
Service Accounts Receivable, Net	-	25,947	25,947
FEMA Receivable	231,465	23,500	254,965
Internal Balances	(27,900)	27,900	-
Utility Deposits	-	2,906	2,906
Capital Assets, Net			
Land	269,074	100,029	369,103
Water and Wastewater Improvements	-	6,195,845	6,195,845
Road Improvements	1,000,634	-	1,000,634
Buildings	-	251,113	251,113
Machinery and Equipment	15,144	345,488	360,632
Vehicles	-	132,364	132,364
TOTAL ASSETS	2,800,206	11,577,486	14,377,692
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Plan	-	55,581	55,581
TOTAL DEFERRED OUTFLOWS	-	55,581	55,581
<u>LIABILITIES</u>			
Accounts Payable	153,581	90,364	243,945
Accrued Liabilities	1,000,634	81,744	1,082,378
Deferred Assessment Revenue	325,990	-	325,990
Deferred FEMA Revenue	231,465	23,500	254,965
Customer Deposits	-	258,450	258,450
Long-term Liabilities			
Due Within One Year	-	270,000	270,000
Due After One Year	-	4,790,000	4,790,000
TOTAL LIABILITIES	1,711,670	5,514,058	7,225,728
<u>NET POSITION</u>			
Invested in Capital Assets (Net of Related Debt)	284,218	1,964,839	2,249,057
Restricted for Debt Service	-	1,099,371	1,099,371
Unrestricted	804,318	3,054,801	3,859,119
TOTAL NET POSITION	\$ 1,088,536	\$ 6,119,011	\$ 7,207,547

The accompanying notes are an integral part of these financial statements.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	STATEMENT OF ACTIVITIES
<u>REVENUES</u>			
Water and Wastewater Service	\$ -	\$ 2,375,667	\$ 2,375,667
Tap Fees	-	734,567	734,567
Debt Service Reserve Fee	-	236,241	236,241
Standby Charges	15,790	-	15,790
Road Assessment Fees	1,260,055	-	1,260,055
FEMA Grants	126,669	-	126,669
Other	150,042	19,265	169,307
TOTAL REVENUES	1,552,556	3,365,740	4,918,296
<u>EXPENSES</u>			
Service Operations			
Payroll and Related expenses	155,858	833,615	989,473
Operations	181,148	235,373	416,521
Repairs and Maintenance	4,800	152,000	156,800
Contract Services	800	-	800
Consumable Supplies	29,192	148,545	177,737
Professional Services	171,159	65,858	237,017
Office	20,731	81,028	101,759
Insurance	11,082	25,170	36,252
Depreciation	5,906	694,248	700,154
Debt Service:			
Interest	-	180,999	180,999
Loss on Road Conveyance Obligation	849,021	-	849,021
TOTAL EXPENSES	1,429,697	2,416,836	3,846,533
<u>NON-OPERATING REVENUES</u>			
Rental Income	-	3,300	3,300
Gain on Sale of Building	-	134,334	134,334
Interest and Other	-	3,895	3,895
TOTAL NON-OPERATING REVENUES	-	141,529	141,529
CHANGE IN NET POSITION	122,859	1,090,433	1,213,292
<u>NET POSITION</u>			
Beginning of Year	965,677	5,028,578	5,994,255
Prior Period Adjustment-Pension Plan	-	-	-
End of Year	\$ 1,088,536	\$ 6,119,011	\$ 7,207,547

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

BALANCE SHEET-GOVERNMENTAL FUNDS

DECEMBER 31, 2020

	<u>STANDBY</u>	<u>ROAD</u>	<u>TOTAL</u>	<u>ADJUST- MENTS</u>	<u>STATEMENT OF NET POSITION</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 93,777	\$ 892,022	\$ 985,799	\$ -	\$ 985,799
Assessments Receivable, Net	-	325,990	325,990	-	325,990
FEMA Receivable	-	231,465	231,465	-	231,465
Capital Assets, Net					
Land	-	-	-	269,074	269,074
Road Improvements	-	-	-	1,000,634	1,000,634
Machinery and Equipment	-	-	-	15,144	15,144
Vehicles	-	-	-	-	-
TOTAL ASSETS	<u>\$ 93,777</u>	<u>\$ 1,449,477</u>	<u>\$ 1,543,254</u>	<u>\$ 1,284,852</u>	<u>\$ 2,828,106</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 3	\$ 153,578	\$ 153,581	\$ -	\$ 153,581
Obligation to Transfer Roads to County	-	-	-	1,000,634	1,000,634
Due to Proprietary Fund	162	27,738	27,900	-	27,900
Deferred Assessment Revenue	-	325,990	325,990	-	325,990
Deferred FEMA Revenue	-	231,465	231,465	-	231,465
TOTAL LIABILITIES	<u>165</u>	<u>738,771</u>	<u>738,936</u>	<u>1,000,634</u>	<u>1,739,570</u>
<u>FUND BALANCES</u>					
Assigned Fund Balance	93,612	710,706	804,318	(804,318)	-
TOTAL FUND BALANCES	<u>93,612</u>	<u>710,706</u>	<u>804,318</u>	<u>(804,318)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 93,777</u>	<u>\$ 1,449,477</u>	<u>\$ 1,543,254</u>		
<u>NET POSITION</u>					
Invested in Capital Assets (Net of Related Debt)				284,218	284,218
Unrestricted				804,318	804,318
TOTAL NET POSITION				<u>\$ 1,088,536</u>	<u>\$ 1,088,536</u>

The accompanying notes are an integral part of these financial statements.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>STANDBY</u>	<u>ROAD</u>	<u>TOTAL</u>	<u>ADJUST- MENTS</u>	<u>STATEMENT OF ACTIVITIES</u>
<u>REVENUES</u>					
Standby Charges	\$ 15,790	\$ -	\$ 15,790	\$ -	\$ 15,790
Road Assessment Fees	-	1,260,055	1,260,055	-	1,260,055
FEMA Grants	-	126,669	126,669	-	126,669
Interest and Other	60	149,982	150,042	-	150,042
TOTAL REVENUES	15,850	1,536,706	1,552,556	-	1,552,556
<u>EXPENDITURES</u>					
Service Operations					
Salary Allocation	-	155,858	155,858	-	155,858
Operations	-	181,148	181,148	-	181,148
Repairs and Maintenance	4,800	-	4,800	-	4,800
Contract Services	-	800	800	-	800
Consumable Supplies	-	29,192	29,192	-	29,192
Professional Fees	4,135	167,024	171,159	-	171,159
Office	890	19,841	20,731	-	20,731
Insurance	-	11,082	11,082	-	11,082
Capital Expenditures	-	849,021	849,021	(849,021)	-
Depreciation	-	-	-	5,906	5,906
Loss on Road Conveyance Obligation	-	-	-	849,021	849,021
TOTAL EXPENDITURES	9,825	1,413,966	1,423,791	5,906	1,429,697
Excess (Deficit) of Revenues Over Expenditures	6,025	122,740	128,765		
CHANGE IN NET POSITION	-	-	-	(5,906)	122,859
<u>FUND BALANCES/NET POSITION</u>					
Beginning of Year	87,587	587,966	675,553	290,124	965,677
End of Year	\$ 93,612	\$ 710,706	\$ 804,318	\$ 284,218	\$ 1,088,536

The accompanying notes are an integral part of these financial statements.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2**STATEMENT OF NET POSITION-PROPRIETARY FUNDS****DECEMBER 31, 2020**

	WATER WASTEWATER	TOTAL PROPRIETARY
<u>ASSETS</u>		
Cash	\$ 675,506	\$ 675,506
Investments		
Unrestricted	2,697,517	2,697,517
Restricted	1,099,371	1,099,371
Service Accounts Receivable, Net	25,947	25,947
FEMA Receivable	23,500	23,500
Due from Other Funds	27,900	27,900
Utility Deposits and Prepaid Expenses	2,906	2,906
Capital Assets, Net		
Land	100,029	100,029
Water and Wastewater Improvements	6,195,845	6,195,845
Road Improvements	-	-
Buildings	251,113	251,113
Machinery and Equipment	345,488	345,488
Vehicles	132,364	132,364
TOTAL ASSETS	11,577,486	11,577,486
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension Plan	55,581	55,581
TOTAL DEFERRED OUTFLOWS	55,581	55,581
<u>LIABILITIES</u>		
Accounts Payable	90,364	90,364
Accrued Liabilities	81,744	81,744
Deferred FEMA Revenue	23,500	23,500
Due to Other Funds	-	-
Customer Deposits	258,450	258,450
Long-term Liabilities		
Due Within One Year	270,000	270,000
Due After One Year	4,790,000	4,790,000
TOTAL LIABILITIES	5,514,058	5,514,058
NET POSITION		
Invested in Capital Assets (Net of Related Debt)	1,964,839	1,964,839
Restricted for Debt Service	1,099,371	1,099,371
Unrestricted	3,054,801	3,054,801
TOTAL NET POSITION	\$ 6,119,011	\$ 6,119,011

The accompanying notes are an integral part of these financial statements.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>WATER WASTEWATER</u>	<u>TOTAL PROPRIETARY</u>
<u>REVENUES</u>		
Water and Wastewater Service	\$ 2,375,667	\$ 2,375,667
Tap Fees	734,567	734,567
Reserve Fee	236,241	236,241
FEMA Grants	-	-
Other	19,265	19,265
TOTAL REVENUES	<u>3,365,740</u>	<u>3,365,740</u>
<u>EXPENSES</u>		
Service Operations		
Payroll and Related expenses	833,615	833,615
Operations	235,373	235,373
Repairs and Maintenance	152,000	152,000
Contract Services	-	-
Consumable Supplies	148,545	148,545
Professional Services	65,858	65,858
Office	81,028	81,028
Insurance	25,170	25,170
Depreciation	694,248	694,248
Debt Service:		
Interest	180,999	180,999
TOTAL EXPENSES	<u>2,416,836</u>	<u>2,416,836</u>
NET OPERATING INCOME	<u>948,904</u>	<u>948,904</u>
NON-OPERATING REVENUES		
Rental Income	3,300	3,300
Gain on Sale of Building	134,334	134,334
Interest and Other	3,895	3,895
TOTAL NON-OPERATING REVENUES	<u>141,529</u>	<u>141,529</u>
CHANGE IN NET POSITION	1,090,433	1,090,433
NET POSITION		
Beginning of Year	5,028,578	5,028,578
Prior Period Adjustment-Pension Plan	-	-
End of Year	<u>\$ 6,119,011</u>	<u>\$ 6,119,011</u>

The accompanying notes are an integral part of these financial statements.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	WATER WASTEWATER	TOTAL PROPRIETARY
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Received from Customers	\$ 3,383,338	\$ 3,383,338
Cash Paid to Employees and Suppliers	(1,480,036)	(1,480,036)
Interest Paid	(180,999)	(180,999)
Net Cash Provided by Operating Activities	1,722,303	1,722,303
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Net Effect of Interfund Balances	9,684	9,684
Net Cash Provided by (Used in) Non-Capital Financing Activities	9,684	9,684
<u>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</u>		
Reduction of Prior Year Pension Expense	-	-
Principal Payments on Notes Payable	(260,000)	(260,000)
Net Cash Provided by (Used in) Capital Financing Activities	(260,000)	(260,000)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Investments	(970,479)	(970,479)
Purchase of Capital Assets	(503,177)	(503,177)
Rental Income	3,300	3,300
Sale of Building Proceeds	323,417	323,417
Interest and Other Income	3,895	3,895
Net Cash Provided by (Used in) Investing Activities	(1,143,044)	(1,143,044)
NET CHANGE IN CASH	328,943	328,943
Cash and Cash Equivalents-Beginning of Year	346,563	346,563
Cash and Cash Equivalents-End of Year	\$ 675,506	\$ 675,506
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 948,904	\$ 948,904
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	694,248	694,248
Decrease in Service Accounts Receivable	(1,149)	(1,149)
Increase in Prepaid Expenses	(317)	(317)
Increase in Deferred Outflows	(5,448)	(5,448)
Increase in Accounts Payable	52,118	52,118
Decrease in Accrued Liabilities	9,752	9,752
Increase in Customer Deposits	24,195	24,195
Net Cash Provided by Operating Activities	\$ 1,722,303	\$ 1,722,303

The accompanying notes are an integral part of these financial statements.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Summary of Significant Accounting Policies

The combined financial statements of Bastrop County Water Control and Improvement District No. 2 (the District) have been prepared in conformity with accounting principles applicable to governmental units that are generally accepted in the United States of America. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Bastrop County Water Control and Improvement District No. 2 (the District), a political subdivision of the State of Texas, was created by the Bastrop County Commissioner’s Court under Chapter 51 of the Texas Water Code on September 23, 1985. The District was created and organized for the purpose of providing water and wastewater services to customers within its boundaries and in the surrounding area. The District’s first Board of Directors meeting was held on October 7, 1985. The original major system assets of the District were awarded to the District by judicial order in July 1986. The District has operated the system since that date.

In 1989, House Bill No. 2341 was enacted giving the District authority to administer a road utility district. As created under Article III, Section 52, of the Texas Constitution, the District may provide for the reconstruction, maintenance and operation of roads within the District. The Board may issue bonds on a vote of a two-thirds majority of the voters of the District, or the territory to be affected by the bonds, voting at an election called and held for that purpose.

Most recently, Senate Bill No. 749 was enacted effective September 1, 2017, setting the District’s maximum monthly charge for road construction and maintenance at \$21 for each developed or undeveloped lot, tract, or reserve in the District. These laws restrict to 10% the amount the District may use for administrative purposes and requires that not less than 15% of the charges be used for road maintenance.

The reporting entity of the District encompasses those activities and functions over which the District’s elected officials exercise significant oversight or control. The District is governed by a five-member Board of Directors (the Board) that has been elected by District residents. The funds presented in this report are within the oversight responsibility of the Board, in accordance with Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting. There are no component units of the District, nor is the District a component unit of any other entity.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

A. Basis of Presentation, Basis of Accounting

Government-wide Financial Statements:

The government-wide financial statements, the **Statement of Net Position** and the **Statement of Activities**, report information on all of the activities of the District. The effect of interfund activity is removed from these statements. Governmental activities, supported by standby and road construction and maintenance assessments, are reported separately from business-type activities, which rely primarily on fees and charges for water and wastewater services.

Fund Financial Statements:

The governmental fund financial statement columns are labeled **Government Funds Balance Sheet** and **Governmental Funds Revenue, Expenditures and Changes in Fund Balance**. In the fund financial statements, the accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The District reports the following major governmental funds:

Special Revenue Funds

Standby Fund: The Standby Fund includes collection of charges to customers within the District to help fund and pay for utility costs of the District. These charges have been discontinued as of this fiscal year. It is a budgeted fund.

Road Construction and Maintenance Fund: The Road Construction and Maintenance Fund includes charges to property owners within the District to fund road reconstruction and maintenance within the District. It is a budgeted fund.

Proprietary Funds

Water Fund: The Water Fund is an enterprise fund used to account for the operations of the District's water service system, including maintenance of and capital improvements to the system.

Wastewater Fund: The Wastewater Fund is an enterprise fund used to account for the operations of the District's wastewater collection system, including maintenance of and capital improvements to the system.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

B. Measurement Focus, Basis of Accounting

The Government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental Fund financial statements are reported using the current financial resources management focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the liability is incurred, except for principal and interest on long term debt, which is recognized as an expenditure to the extent that it has matured. General capital asset acquisitions are reported as expenditures in major governmental funds. Proceeds of general long-term debt are reported as other financing sources.

C. Fund Balances

The District has adopted GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Nonspendable – Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constraints imposed by external providers or imposed by constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

Assigned – For the General Fund, amounts that are appropriated by the Board or Board designee, if any, that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned – Amounts that are available for any purpose; these amounts can be reported only in the District’s General Fund.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District’s highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has not delegated the authority to assign fund balance.

D. Budget

The Board adopted an annual budget for the Standby Fund and Road Fund on the basis consistent with generally accepted accounting principles. The District does not prepare budgets for other funds. The District’s Board of Directors utilizes the budget as a management tool for planning and cost control purposes. All annual appropriations lapse at fiscal year end.

E. Pensions

The District participates in the Texas County & District Retirement System (TCDRS) which covers substantially all full- and part-time non-temporary employees. TCDRS is a statewide, agent multiple-employer, public employee retirement system that provides retirement, disability and survivor benefits.

F. Cash and Cash Equivalents

These include cash on deposit as well as investments with maturities of three months or less at the time of purchase. The investments, consisting of certificates of deposit are recorded at cost, which approximates fair market value.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. Summary of Significant Accounting Policies (continued)

G. Assessment and Service Accounts Receivable

The District provides for uncollectible accounts receivable using the allowance method of accounting for bad debts. Under this method of accounting, a provision for uncollectible accounts is charged to earnings. The allowance account is increased or decreased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the allowance. As of the end of the year, the allowance for uncollectible accounts was as follows:

<u>Fund</u>	<u>Allowance for Doubtful Accounts</u>
Standby	\$ 494,398
Road	1,770,000
Water	10,177
Wastewater	4,414
Total Government-wide	<u>\$ 2,278,989</u>

H. Capital Assets

Capital assets, which include Land, Administrative Facilities and Equipment, Water Production and Distribution System, Wastewater Collection System, Road Improvements, Vehicles, and Machinery and Equipment are reported in the applicable governmental or business-type activities columns in the Government-wide financial statements. Items purchased or acquired are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded as capital assets at estimated fair market value at the time received. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Water and Wastewater Improvements	7-39
Buildings and Improvements	7-39
Road Improvements	25
Machinery and Equipment	5-25
Vehicles	5

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. Summary of Significant Accounting Policies (continued)

I. Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivable and payables if there is intent to repay that amount and if the debtor fund has the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

J. Accrued Leave

It is the District's policy to allow employees to accrue personal leave as earned up to a maximum of forty hours and to accrue sick leave as earned with limitation. Upon termination, employees are paid for accrued personal leave, but not for accrued sick leave.

K. Long-Term Debt

In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental and business-type activities statement of net position.

L. Deferred Outflows and Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period. GASB Statement No. 63 became effective for fiscal years beginning after December 15, 2011 and has been implemented in the financial statements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 is effective for fiscal years beginning after December 15, 2012 and has been implemented in these financial statements.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

M. Recently Issued Accounting Pronouncements

In March 2018, the GASB issued GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of GASB Statement No. 88 is to improve the consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This statement is effective for reporting periods beginning after June 15, 2018. GASB Statement No. 88 has been implemented in these financial statements.

2. Cash and Investments

The investment policies of the District are governed by State statute and an adopted District Investment Policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District's Investment Policy include: depositories must be FDIC-insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; securities collateralizing time deposits are held by independent third-party trustees.

Cash – At year end, deposits were held by the District's depository bank in accounts that were secured at the balance sheet date by Federal Deposit Insurance Corporation (FDIC) coverage or by pledged collateral held by the District's agent bank in the District's name.

Investments - 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 be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restriction, (1) obligations of the US Treasury, certain US Agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) banker's acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2. Cash and Investments (continued)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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.

Not all assets meeting the definition of an investment are required to be reported at fair value. Including among excepted investments are certain investments held by 2a7-like external investments pools. As detailed below the District has invested funds in specific 2a7-like external investment pools that are valued at amortized cost and not subject to the fair value hierarchy levels.

The District's investments at year end are shown below.

<u>Investment</u>	<u>Fair Value Level</u>	<u>Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
Unrestricted-				
Money Market	1	AAA	1 Day	\$ 463,733
TexPool	N/A	AAAm	1 Day	\$2,233,784
Restricted-				
Money Market	1	AAA	1 Day	\$ 642,139
TexPool	N/A	AAAm	1 Day	\$ 457,232

The District has restricted \$1,099,371 of investments in accordance with Texas Water Development Board (the "TWDB") note requirements for escrow and future debt service payments.

Analysis of Specific Cash and Investment Risks – GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and, if so, the reporting of certain related disclosures.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

2. Cash and Investments (continued)

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent but not in the District’s name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterpart or the counterpart’s trust department or agent but not in the District’s name. At year end, the District was not exposed to custodial credit risk.

Concentration of Credit Risk – This risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy – The District’s general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term “short-term” refers to investments which have a remaining term of one year or less at time of purchase. The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools – Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the “Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other person who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least on nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio with one half of one percent of the value of its shares.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

2. Cash and Investments (continued)

The District's investments in Pools are reported at an amount determined by the fair value per share of the Pool's underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like Pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

TexPool – The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAM by Standard & Poor's and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average \$1.00 per unit net asset value; however, the \$1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

3. Capital Assets

During the year the District used operating funds to reconstruct \$849,021 in Road Improvements and acquire \$720,043 in Water and Wastewater System Improvements and other supporting assets serving the District's residents. All of the District's facilities, other than Road Improvements, are being depreciated over their estimated useful lives. Depreciation in the amount of \$5,906 and \$694,248 has been charged to governmental activities and business-type activities, respectively. The majority of governmental activities capital assets are road and related improvements that will be conveyed to the County in the future.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3. Capital Assets (continued)

	<u>1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2020</u>
<u>Governmental Activities:</u>				
Land	\$ 269,074	\$ -	\$ -	\$ 269,074
Road Improvements	1,000,634	849,021	(849,021)	1,000,634
Machinery & Equipment	70,077	-	-	70,077
Vehicles	10,278	-	-	10,278
Total	<u>1,350,063</u>	<u>849,021</u>	<u>(849,021)</u>	<u>1,350,063</u>
<u>Accumulated Depreciation:</u>				
Road Improvements	-	-	-	-
Machinery & Equipment	(50,055)	-	(4,878)	(54,933)
Vehicles	(9,250)	-	(1,028)	(10,278)
Total	<u>(59,305)</u>	<u>-</u>	<u>(5,906)</u>	<u>(65,211)</u>
Road Capital Assets (Net)	<u>\$ 1,290,758</u>	<u>\$ 849,021</u>	<u>\$ (854,927)</u>	<u>\$ 1,284,852</u>
 <u>Business-Type Activities:</u>				
Land	\$ 176,166	\$ -	\$ (76,137)	\$ 100,029
W/WW Improvements	11,613,060	328,705	-	11,941,765
Buildings	462,084	-	(283,641)	178,443
Buildings-In Progress	58,872	71,549	-	130,421
Machinery & Equipment	865,775	103,538	-	969,313
Vehicles	435,861	45,556	-	481,417
Total	<u>13,611,818</u>	<u>549,348</u>	<u>(359,778)</u>	<u>13,801,388</u>
<u>Accumulated Depreciation:</u>				
W/WW Improvements	(5,184,929)	-	(560,991)	(5,745,920)
Buildings	(223,926)	170,695	(4,520)	(57,751)
Machinery & Equipment	(552,164)	-	(71,661)	(623,825)
Vehicles	(291,977)	-	(57,076)	(349,053)
Total	<u>(6,252,996)</u>	<u>170,695</u>	<u>(694,248)</u>	<u>(6,776,549)</u>
W/WW Capital Assets (Net)	<u>\$ 7,358,822</u>	<u>\$ 720,043</u>	<u>\$ (1,054,026)</u>	<u>\$ 7,024,839</u>

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

4. Long-Term Debt

On June 23, 2016, the District issued \$6,345,000 of revenue notes funded by a private placement with TWDB. The notes are payable to the TWDB from the proceeds of and are secured by a pledge of the net water and wastewater revenues of the District. The debt agreement with the TWDB requires certain deposits and reserves in place to cover future debt service payments. At December 31, 2020, the District was in compliance with these deposit and reserve requirements.

<u>Bonds:</u>	<u>Balance</u> <u>1/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2020</u>
Revenue Bonds, Series 2016	\$ 5,320,000	-	(260,000)	\$ 5,060,000
Total Bond Indebtedness	\$ 5,320,000	\$ -	\$ (260,000)	\$ 5,060,000

Debt service requirements on long-term debt as of the end of the year are as follows:

<u>Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2021	\$ 270,000	\$ 175,747	\$ 445,747
2022	275,000	169,672	444,672
2023	285,000	162,962	447,962
2024	295,000	155,666	450,666
2025	305,000	147,318	452,318
2026-2030	1,675,000	578,535	2,253,535
2031-2035	1,955,000	242,603	2,197,603
Totals	\$ 5,060,000	\$ 1,632,503	\$ 6,692,503

5. Pension Plan

The District participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.

A. A brief description of the benefit terms is as follows:

- 1) All full- and part-time employees participate in the plan, regardless of the number of hours they work in a year. Temporary employees are not eligible for membership.
- 2) The plan provides retirement, disability and survivor benefits.
- 3) TCERS is a savings-based plan. For the District's plan, 6% of each employee's pay is deposited into his or her TCERS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to an annuity.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

5. Pension Plan (continued)

- 4) There are no automatic COLAs. Each year, the District may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
- 5) Benefit terms are established under the TCDRS Act. They may be amended as of January 1 each year but must remain in conformity with the Act.

B. Membership information is shown in the chart below.

C. The district's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Bastrop County Water Control and Improvement District 2 contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the district and are currently 5%. Contributions to the pension plan from the district for 2018 are shown in the Schedule of Employer Contributions.

D. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

Membership Information

Members	Dec.31,2018	Dec.31,2019
Number of inactive employees entitled to but not yet receiving benefits:	1	4
Number of active employees:	12	12
Average monthly salary*:	\$3,697	4,041
Average age*:	43.37	40.25
Average length of service in years*:	7.50	7.61

Inactive Employees (or their Beneficiaries) Receiving Benefits

Number of benefit recipients:	0	1
Average monthly benefit:	\$0	\$119

**Averages reported for active employees.*

The District's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

5. Pension Plan (continued)

Actuarial Assumptions – The following is a description of the assumptions used in the December 31, 2019 actuarial valuation analysis for the District.

Economic Assumptions - TCDRS system-wide economic assumptions:

Real rate of return	5.25%
Inflation	2.75%
Long-term investment return	8.00%

The assumed long-term investment return of 8% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 8% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.

Employer-specific economic assumptions:

Growth in membership	0.00%
Payroll growth for funding calculations	0.00%

Discount Rate – The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan’s fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

5. Pension Plan (continued)

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years. The discount rate used is 8.1%.

Changers in Net Pension Liability/(Asset)

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of December 31, 2018	\$ 59,827	\$ 65,288	\$ (5,462)
Service Cost	58,854		58,854
Interest on Total Pension Liability	9,613		9,613
Effect of Plan Changes	19,212		19,212
Effect of Economic/demographic gains or losses	9,984		9,984
Effect of Assumptions Changes or Inputs	-		-
Refund of Contributions	-	-	-
Benefit Payments	-	-	-
Administrative Expenses		(118)	118
Member Contributions		31,780	(31,780)
Net Investment Income		10,643	(10,643)
Employer Contributions		45,191	(45,191)
Other	-	2,656	(2,656)
Balances as of December 31, 2019	<u>\$ 157,490</u>	<u>\$ 155,440</u>	<u>\$ 2,049</u>

Sensitivity Analysis – The following presents the net pension liability calculated using the discount rate of 8.10%, 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 (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease 7.10%	Current Rate 8.10%	1% Increase 9.10%
Total Pension Liability	\$ 187,246	\$ 157,489	\$ 133,476
Fiduciary Net Position	155,440	155,440	155,440
Net Pension Liability (Asset)	<u>31,806</u>	<u>2,049</u>	<u>(21,964)</u>

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

5. Pension Plan (continued)

	<u>Total Pension Expense</u>
Service Cost	\$ 58,854
Interest on Total Pension Liability	9,613
Effect of Plan Changes	19,212
Administrative Expenses	118
Member Contributions	(31,780)
Expected Investment Return Net of Investment Expenses	(8,446)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of Economic/Demographic Gains or Losses	673
Recognition of Assumption Changes or Inputs	-
Recognition of Investment Gains or Losses	(67)
Other	<u>(2,656)</u>
Pension Expense	<u>\$ 45,521</u>

As of December 31, 2018, the Deferred Inflows and Outflows of Resources are as follows:

	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>
Differences between Expected and Actual Experience	\$ 3,925	\$ 8,875
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings	640	-
Contribution made Subsequent to Measurement Date	-	46,547

Amounts currently reported as Deferred Outflows and Deferred Inflows of Resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

2019	\$ 606
2020	606
2021	605
2222	235
2023	673
Thereafter	1,585

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

6. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the year, the District obtained liability coverage to address this risk.

7. Commitments and Contingencies

The District leases certain equipment under various lease purchase agreements which expire on various dates through 2024. The leases had initial terms of one to five years. Future minimum annual rentals under noncancelable leases were \$14,794.

8. Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

9. Subsequent Events

The District has evaluated subsequent events as of March 31, 2021, the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world. While the disruption is expected to be temporary, there is uncertainty around the severity and duration. Therefore, while this issue may negatively impact the District’s results of operations and financial position, the related financial impact cannot be reasonably estimated at the time. The District is actively managing its operations to maintain its cash flow and management believes that the District has adequate liquidity.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

10. Reconciliation of Government-wide and Fund Financial Statements

Amounts reported for governmental activities in the statement of net position are different because:

Governmental Funds Total Fund Balances	\$ 804,318
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,284,852
Obligation to transfer roads to county are not financial uses and, therefore, are not reported in the funds	<u>(1,000,634)</u>
Total Net Position	<u>\$ 1,088,536</u>

Amounts reported for governmental activities in the statement of activities are different because:

Governmental Funds Excess of Revenues over Expenditures	\$ 128,765
Governmental funds report capital outlays as expenditures however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or losses on road conveyances	
Capital Outlay	849,021
Depreciation Expense	(5,906)
Loss on Road Conveyance Obligation	<u>(849,021)</u>
Change in Net Position	<u>\$ 122,859</u>

REQUIRED SUPPLEMENTARY INFORMATION

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

STANDBY FUND

BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2020

	ORIGINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Standby Charges	\$ 10,000	\$ 15,790	\$ 5,790
Interest and Other	-	60	60
TOTAL REVENUES	10,000	15,850	5,850
<u>EXPENDITURES</u>			
Service Operations			
Salary Allocation	5,000	-	5,000
Operations	-	-	-
Repairs and Maintenance	-	4,800	(4,800)
Contract Services	-	-	-
Consumable Supplies	-	-	-
Professional Fees	5,000	4,135	865
Office	-	890	(890)
Insurance	-	-	-
TOTAL EXPENDITURES	10,000	9,825	175
Excess (Deficit) of			
Revenues over Expenditures	-	6,025	6,025
FUND BALANCE			
Beginning of Year	87,587	87,587	-
End of Year	\$ 87,587	\$ 93,612	\$ 6,025

The accompanying notes are an integral part of these financial statements.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

ROAD FUND

BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2020

	ORIGINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Road Assessment Fees	\$ 1,244,000	\$ 1,260,055	\$ 16,055
FEMA Grants	-	126,669	126,669
Interest and Other	183,200	149,982	(33,218)
TOTAL REVENUES	1,427,200	1,536,706	109,506
<u>EXPENDITURES</u>			
Service Operations			
Salary Allocation	166,500	155,858	10,642
Operations	233,600	181,148	52,452
Repairs and Maintenance	20,500	-	20,500
Contract Services	160,000	800	159,200
Consumable Supplies	130,000	29,192	100,808
Professional Fees	158,000	167,024	(9,024)
Office	18,550	19,841	(1,291)
Insurance	500	11,082	(10,582)
Capital Expenditures	559,000	849,021	(290,021)
TOTAL EXPENDITURES	1,446,650	1,413,966	32,684
Excess (Deficit) of			
Revenues over Expenditures	(19,450)	122,740	142,190
FUND BALANCE			
Beginning of Year	587,966	587,966	-
End of Year	\$ 568,516	\$ 710,706	\$ 142,190

The accompanying notes are an integral part of these financial statements.

TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

SUPPLEMENTARY INFORMATION

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
INDEX OF SUPPLEMENTAL SCHEDULES REQUIRED
BY THE TEXAS WATER COMMISSION
FOR THE YEAR ENDED DECEMBER 31, 2020

(Schedules included are checked; explanatory notes are provided for omitted schedules).

- Schedule of Services and Rates
- Schedule of General Fund Expenditures
- Temporary Investments
- Analysis of Taxes Levied and Receivable
 - None
- General Long Term Debt Service Requirements by Years
- Analysis of Changes in General Long Term Debt
- Comparative Schedule of Revenues and Expenditures – All Funds
- Board Members, Key Personnel, and Consultants

**BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
SERVICES AND RATES
DECEMBER 31, 2020**

1. Services Provided by the District:

Retail Water Roads
Retail Wastewater

2. Retail Rates Based on 5/8” Meter

	Minimum	Minimum	Flat	Rate per first	Rate per add'l
	Charge	Usage	Rate	1000 Gallons	1000 Gallons
			Y/N	Over Minimum	Over Minimum
Water:	\$ 34.50	-0-	N	\$ 4.73	\$ 4.73-8.32
Wastewater:	\$ 88.00	-0-	Y	\$ -0-	\$ -0-
Surcharge:	17.00				

Total water and wastewater charges per 10,000 gallons usage: \$ 195.25

3. Retail Service Provided: Number of retail water and/or wastewater connections.

	Active	Active	Inactive
	Connections	ESFC	Connections
			(ESFC)
Single Family & Total	2,053	2,053	0

4. Total Water Consumption During the Fiscal Year:

Gallons pumped into system: 163,543,452
Gallons billed to customers: 140,472,206

5. Standby Fees: The District ceased assessing standby fees after 2017.

6. Anticipated sources of funds to be used for debt service payments: Water & Wastewater Revenue

7. Location of District:

The District is located entirely within Bastrop County.
The District is located partially within the City of Bastrop.
The District is located partially within the City of Bastrop ETJ.
The general membership of the Board is not appointed by an office outside the District.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**SCHEDULE OF EXPENSES BY FUND
YEAR ENDED DECEMBER 31, 2020**

	<u>W/WW FUND</u>	<u>STANDBY FUND</u>	<u>ROAD FUND</u>	<u>TOTALS</u>
Personnel (including benefits)	\$ 833,615	\$ -	\$ 155,858	\$ 989,473
Professional Fees				
Audit	16,320	1,200	6,480	24,000
Engineering	7,670	-	113,282	120,952
Legal	9,805	601	34,662	45,068
Accounting	32,063	2,334	12,600	46,997
	<u>65,858</u>	<u>4,135</u>	<u>167,024</u>	<u>237,017</u>
Contracted Services				
Repairs	-	-	800	800
	<u>-</u>	<u>-</u>	<u>800</u>	<u>800</u>
Administrative				
Director Salaries and Payroll Taxes	-	-	-	-
Insurance	25,170	-	11,082	36,252
Office Supplies	81,028	890	19,841	101,759
	<u>106,198</u>	<u>890</u>	<u>30,923</u>	<u>138,011</u>
Maintenance				
Operations	235,373	-	181,148	416,521
Repairs and Maintenance	152,000	4,800	-	156,800
Supplies	148,545	-	29,192	177,737
	<u>300,545</u>	<u>4,800</u>	<u>29,192</u>	<u>334,537</u>
Capital Expenditures	<u>-</u>	<u>-</u>	<u>849,021</u>	<u>849,021</u>
Depreciation	<u>694,248</u>	<u>-</u>	<u>5,906</u>	<u>700,154</u>
Interest	<u>180,999</u>	<u>-</u>	<u>-</u>	<u>180,999</u>
TOTAL EXPENDITURES	<u><u>\$ 2,181,463</u></u>	<u><u>\$ 9,825</u></u>	<u><u>\$ 1,238,724</u></u>	<u><u>\$ 3,430,012</u></u>

Number of persons employed by the District: 12
(Does not include independent contractors or consultants)

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

TEMPORARY INVESTMENTS

DECEMBER 31, 2020

FUNDS	IDENTIFICATION OR CERTIFICATE NUMBER	INTEREST RATE	MATURITY DATE	BALANCE AT END OF YEAR	ACCRUED INTEREST RECEIVABLE AT END OF YEAR
<u>WATER FUND</u>					
Money Market	831041	Variable	N/A	\$ 642,139	-
Money Market	2065076	Variable	N/A	71,282	-
Money Market	2134385	Variable	N/A	246,450	-
Money Market	573543	Variable	N/A	146,001	-
State Investment Pool	7966400001	Variable	N/A	457,232	-
State Investment Pool	7966400002	Variable	N/A	1,620,578	-
State Investment Pool	7966400003	Variable	N/A	613,206	-
Total				<u>3,796,888</u>	<u>-</u>
TOTALS - ALL FUNDS				<u><u>\$ 3,796,888</u></u>	<u><u>\$ -</u></u>

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
YEAR ENDED DECEMBER 31, 2020**

DUE DURING FISCAL YEARS ENDING	ANNUAL REQUIREMENTS FOR SERIES 2016		
	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2021	270,000	175,747	445,747
2022	275,000	169,672	444,672
2023	285,000	162,962	447,962
2024	295,000	155,666	450,666
2025	305,000	147,318	452,318
2026	315,000	137,954	452,954
2027	325,000	127,685	452,685
2028	335,000	116,538	451,538
2029	345,000	104,544	449,544
2030	355,000	91,814	446,814
2031	365,000	78,395	443,395
2032	380,000	64,270	444,270
2033	390,000	49,259	439,259
2034	405,000	33,581	438,581
2035	415,000	17,098	432,098
2036	-	-	-
	<u>\$ 5,060,000</u>	<u>\$ 1,632,503</u>	<u>\$ 6,692,503</u>

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
YEAR ENDED DECEMBER 31, 2020**

DUE DURING FISCAL YEARS ENDING	ANNUAL REQUIREMENTS FOR ALL SERIES		
	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2021	270,000	175,747	445,747
2022	275,000	169,672	444,672
2023	285,000	162,962	447,962
2024	295,000	155,666	450,666
2025	305,000	147,318	452,318
2026	315,000	137,954	452,954
2027	325,000	127,685	452,685
2028	335,000	116,538	451,538
2029	345,000	104,544	449,544
2030	355,000	91,814	446,814
2031	365,000	78,395	443,395
2032	380,000	64,270	444,270
2033	390,000	49,259	439,259
2034	405,000	33,581	438,581
2035	415,000	17,098	432,098
2036	-	-	-
	<u>\$ 5,060,000</u>	<u>\$ 1,632,503</u>	<u>\$ 6,692,503</u>

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**ANALYSIS OF CHANGES IN GENERAL LONG TERM DEBT
YEAR ENDED DECEMBER 31, 2020**

	SERIES 2016	TOTALS
Interest Rate	1.15- 4.12%	
Dates Interest Payable	6/1 : 12/1	
Maturity Dates	12/1/2035	
Bonds at Beginning of Year	\$ 5,320,000	\$ 5,320,000
Bonds Sold During the Year	-	-
Bonds Defeased During the Year	-	-
Retirements During the Year	<u>(260,000)</u>	<u>(260,000)</u>
Bonds at End of Year	<u>\$ 5,060,000</u>	<u>\$ 5,060,000</u>
Interest Paid During the Year	\$ 180,999	\$ 180,999
Change in Accrued Interest	<u>-</u>	<u>-</u>
Interest Expense	<u>\$ 180,999</u>	<u>\$ 180,999</u>
Paying Agent	TWDB	
	<u>Revenue Bonds</u>	
Bond Authority:		
Bonds	\$ 7,090,000	(a)
Amount Issued	\$ 7,090,000	
Remaining To Be Issued	\$ -	
Debt Service Fund Cash and Temporary Investments balances as of December 31, 2020		<u>\$ 457,232</u>
Average annual debt service payment (principal & interest) for remaining term of all debt		<u>\$ 446,167</u>

(a) Since the District has no taxing authority, it has no specific standing authorization to issue bonds.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - ALL FUNDS
FOR THE FIVE YEARS ENDED DECEMBER 31, 2020**

	AMOUNTS				
	2020	2019	2018	2017	2016
REVENUES					
Water and Wastewater Service	2,375,667	2,121,670	2,065,669	1,844,975	1,853,629
Tap Connection Fees	734,567	467,329	673,394	469,814	496,397
Debt Service Reserve Fee	236,241	160,173	152,069	143,542	45,984
Standby Charges	15,790	3,407	21,090	47,150	48,665
Road Assessment Fees	1,260,055	1,328,741	1,205,250	919,061	736,217
FEMA Grants	126,669	-	10,837	336,399	88,190
Interest and Other	310,836	202,277	234,632	298,659	104,934
TOTAL REVENUES	5,059,825	4,283,597	4,362,941	4,059,600	3,374,016
EXPENDITURES					
Salary Allocation	989,473	900,443	874,960	690,772	663,350
Operations	416,521	475,934	655,488	528,467	503,304
Repairs and Maintenance	156,800	171,738	318,910	100,275	102,076
Contract Services	800	65,725	590,420	211,026	51,629
Consumable Supplies	177,737	171,221	258,889	357,851	172,396
Professional Fees	237,017	300,740	215,542	192,991	238,115
Office	101,759	102,046	77,358	51,916	75,359
Insurance and Other	36,252	54,566	36,147	26,697	29,573
Capital Expenditures	849,021	182,148	630,101	661,618	281,926
Depreciation	700,154	684,890	714,522	649,339	589,825
Interest	180,999	185,349	188,902	191,964	91,532
TOTAL EXPENDITURES	3,846,533	3,294,800	4,561,239	3,662,916	2,799,085
Excess (Deficit) of Revenues over Expenditures	<u>1,213,292</u>	<u>988,797</u>	<u>(198,298)</u>	<u>396,684</u>	<u>574,931</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>2,053</u>	<u>1,964</u>	<u>1,740</u>	<u>1,644</u>	<u>1,556</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>698</u>	<u>698</u>	<u>698</u>	<u>648</u>	<u>605</u>

PERCENT OF REVENUES				
2020	2019	2018	2017	2016
47%	50%	47%	45%	55%
15%	11%	15%	12%	15%
5%	4%	3%	4%	1%
0%	0%	0%	1%	1%
25%	31%	28%	23%	22%
3%	0%	0%	8%	3%
6%	5%	5%	7%	3%
100%	100%	100%	100%	100%
20%	21%	20%	17%	20%
8%	11%	15%	13%	15%
3%	4%	7%	2%	3%
0%	2%	14%	5%	2%
4%	4%	6%	9%	5%
5%	7%	5%	5%	7%
2%	2%	2%	1%	2%
1%	1%	1%	1%	1%
17%	4%	14%	16%	8%
14%	16%	16%	16%	17%
4%	4%	4%	5%	3%
76%	77%	105%	90%	83%
24%	23%	-5%	10%	17%

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
YEAR ENDED DECEMBER 31, 2020**

DISTRICT MAILING ADDRESS: PO Box 708, Bastrop, Texas 78602

DISTRICT BUSINESS TELEPHONE NUMBER: (512) 321-1688

LIMITS ON FEES OF OFFICE THAT A DIRECTOR MAY RECEIVE DURING A FISCAL YEAR: \$7,200

<u>NAMES AND ADDRESSES</u>	<u>TERM OF OFFICE</u>	<u>SALARY FYE 12/31/20</u>	<u>REIMBURSEMENTS FYE 12/31/20</u>	<u>TITLE AT YEAR END</u>
<u>DIRECTORS</u>				
Mary Beth O'Hanlon	Elected 5/18-5/22	\$ -	\$ -	President
Scott Ferguson	Elected 11/20-5/24	-	-	Vice-President
Ron Whipple	Elected 11/20-5/24	-	-	Secretary
Sam Kier	Elected 5/18-5/22	-	-	Treasurer
Butch Carmack	Elected 5/18-5/22	-	-	Director
		<u>\$ -</u>	<u>\$ -</u>	

CONSULTANTS

McLean & Howard		\$ 41,364	\$ -	Attorney
Judy Osborn		\$ 400		Attorney
McCreary Veselka Bragg & Allen		\$ 3,304		Attorney
Befco Engineering		\$ 120,952	\$ -	Engineer
Municipal Accounts & Consulting		\$ 46,997	\$ -	Accountant
West, Davis & Company		\$ 24,000	\$ -	Auditor