

Bastrop County

WCID #2

Board Packet

for

March 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 March 19, 2026 at 6:30 pm in the Board Room located at 112 Corporate Drive, Bastrop, TX 78602.

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 scheduled for Thursday, April 16, 2026 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 January 23, 2026 Meeting of the Board of Directors;
 - b. Approval of minutes from the February 19, 2026 Meeting of the Board of Directors;
 - c. Approval of monthly financial reports for February 2026; and
 - d. 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 and possible action related to Capital Improvement Projects to be funded with bond proceeds– Hightower
- 8.) Discussion and possible action related to the FY 2024 Financial Audit Reports – Hightower
- 9.) Discussion and possible action related to the FY 2025 Financial Audit Reports – Hightower
- 10.) Discussion and possible action related to a Water System Interconnect Interlocal Agreement with the City of Bastrop – Hightower

- 11.) Discuss, consider and take action regarding May 2, 2026, Director Election:
 - a. Accept Certification of Unopposed Candidates.
Aceptar certificación de candidatos únicos.
 - b. Adopt Order Canceling Election.
Adoptar una Orden de cancelación.
- 12.) Board suggestions on future agenda items
- 13.) Adjourn

Paul Hightower Digitally Signed & Certified
March 10, 2026 @ 0752 hours
Kofax Power PDF Solutions

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.

**January 23rd 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 Friday, January 23, 2026, beginning at 3:30 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, VP
Ron Whipple, Director
Michele Plummer, Secretary

BCWCID #2 Staff:

Paul Hightower, General Manager
Patricia Lujan, District Administrator

Absentees

Ruth Bullock, Treasurer

Remote Participation

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

By: MaryBeth O'Hanlon

Time: 3:30PM

- 2.) Salute to Flags – O'Hanlon

- 3.) Public Comments/Announcements:

No public comments.

- 4.) Election Matters-

- a. Consider and take action regarding Adoption of Order Calling Director Election for May 2, 2026;

Considerar la adopción de una Orden de Elección de Directores a celebrarse el 2 de mayo de 2026 y actuar al respecto;

Mr. Hightower stated that the order was attached for the Board to call the election for the 2 seats we have available.

- b. Approve Appointment of Election Agent;

Aprobar la designación del Agente Electoral;

Mr. Hightower stated that the appointment document was written to appoint General Manager Paul Hightower as the Election Agent.

- c. Consider and take action regarding Approval of Election Services Contract and Joint Election Agreement with Bastrop County; and
Considerar la aprobación del Contrato de Servicios Electorales y del Convenio de Elecciones Conjuntas con el Condado de Bastrop y actuar al respecto; y

Mr. Hightower stated that this was the normal contract working in conjunction with Bastrop County to run the election process for us. Tony Corbett had reviewed and approved the contract. The only note was the increase in fee from the last election. Staff recommended approving the contract as presented.

- d. Authorize such other action as may be necessary or convenient to proceed with Director Election.
Autorizar toda otra medida que sea necesaria o conveniente para proceder con la Elección de Directores.

No other business regarding elections is necessary.

Mrs. O'Hanlon called the question.

Motion: Scott Ferguson moved to approve.

Second: Ron Whipple

Vote: Four (4) in favor, One (1) absentee, motion carries.

- 5.) Board suggestions on future agenda items

No comments.

- 6.) Adjourn 3:34 pm

Mrs. O'Hanlon called the question.

Motion: Scott Ferguson moved to adjourn.

Second: Michele Plummer

Vote: Four (4) in favor, One (1) absentee, motion carries.

Authorized Signature

5b.

**February 19th 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, February 19, 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, VP
Michele Plummer, Secretary
Ruth Bullock, Treasurer

BCWCID #2 Staff:

Paul Hightower, General Manager
Patricia Lujan, District Administrator
Darrel Culberson, District Comptroller
Adam Brown, Field Manager

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:

Rebecca Butler expressed concerns regarding the auto-flush we have on Kahana Lane. She stated that it was causing issues with running water and retention, not draining off properly. Adam Brown stated that it had already been repaired and the issues were remedied. The customer was very thankful and wished to express her thanks to the field staff.

No further public comments.

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

Mrs. O'Hanlon stated that the District's next board meeting was on March 19th. Director Bullock stated that she would be out. Other Board Members stated they should be there. Tony Corbett also stated that he would be out of town but could have another colleague fill in.

No further comments or suggestions.

5.) CONSENT AGENDA:

- a. Approval of minutes from the January 15, 2026 Meeting of the Board of Directors;
- b. Approval of monthly financial reports for January 2026; and
- c. Approval of Release of Liens held by District on Real Property.

No comments regarding the Board Meeting minutes.

Mr. Culberson presented the District's financial & cash statements. Mr. Culberson had stated the overall W & WW expenses had increased slightly through the year end, mainly do to more capital expenditures and price increases. Board expressed no issues or concerns.

Paul Hightower read the Release of Liens as noted in the report.

No further questions or comments.

Mrs. O'Hanlon called the question.

Motion: Scott Ferguson moved to approve the Consent Agenda.

Second: Ruth Bullock

Vote: Four (4) in favor, One (1) absentee, 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 posted in the Board packet.

No further comments or discussion.

- 7.) Discussion and review of 2023 capital improvement projects to be funded with bond proceeds—
Hightower

No comments or discussion.

- 8.) Discussion and possible action related to approval of FY 2024 Financial Audit Report –
Hightower

No comments or actions.

- 9.) Discussion and possible action related to approval of FY 2025 Financial Audit Report – Hightower

Mr. Hightower stated that we should be expecting the draft for 2024 next month. Final comments had been reviewed and the auditors were preparing it now.

No comments or actions.

- 10.) Discussion and possible action related to a Water Interconnect ILA with the City of Bastrop – Hightower

Mr. Hightower stated that it's still being reviewed by the City.

No further comments or action.

- 11.) Discussion and possible action regarding adoption of Order Amending Retail Water and Wastewater Fees, Charges and Rates for Residential and Commercial Customers including fees for boring services, cut-across fees, meter relocation fees, and fire hydrant installation fees– Hightower

Mr. Hightower presented the proposed changes to rates and fees, as presented in the packet. Staff explained that the rates & fees were to bring us inline with the entities around us and also to keep up with the price increases in the prior years. Board expressed no concerns, Staff recommended approval.

No further comments or discussion.

Mrs. O'Hanlon called the question.

Motion: Ruth Bullock moved to approve the changes as presented.

Second: Scott Ferguson

Vote: Four (4) in favor, One (1) absentee, motion carries.

- 12.) Discussion and possible action regarding Termination of the Road District Authority of Bastrop County Water Control and Improvement District No. 2– Hightower

1. Conduct Public Hearing for Public Comment relating to revisions to the District Master Plan for Road Improvements.
2. Discussion and possible action relating to approval of a revised District Master Plan for Road Improvements.

Staff presented the revised Master Plan as shown in the packet. Mr. Hightower stated that it had been updated to reflect the District having zero (0) miles of roadway left to improve and that all roads had been turned over to either Bastrop County or the City of Bastrop. Orders from both entities, showing 100% acceptance, was attached to the order and in the packet. Staff recommended approval.

No further comments or discussion.

Mrs. O’Hanlon called the question.

Motion: Scott Ferguson moved to approve the Master Plan as presented.

Second: Michele Plummer

Vote: Four (4) in favor, One (1) absentee, motion carries.

3. Discussion and possible action regarding Termination of the Road District Authority of Bastrop County Water Control and Improvement District No. 2:
 - a. Discussion regarding termination of the District’s Road District Authority and Distribution of Road Fees pursuant to Section 11001.013, Texas Special District Local Laws Code.
 - b. Adopt Order Relating to the Termination of the District’s Road District Powers, Providing for the Payment of Road Fees to the City of Bastrop and Bastrop County, and Containing Other Matters Relating thereto.
 - c. Authorize other action necessary or convenient to the termination of the District’s road district powers

Staff presented the Orders as shown in the packet. The District will retain the collections process for all Road fees. Disbursements will be made to the City and County at the assigned percentage rates shown in the order and payments will be made every 3rd quarter, minus any necessary or attorney fees. Late fees will be given to the necessary entities, as collected with the Road fees, when dispersed according to the 3rd quarter. The District will be responsible for filing and releasing Liens as necessary, for property owners. Board agreed as presented.

No further comments or discussion.

Mrs. O’Hanlon called the question.

Motion: Michele Plummer moved to approve the Termination Orders as presented.

Second: Ruth Bullock

Vote: Four (4) in favor, One (1) absentee, motion carries.

- 13.) Board suggestions on future agenda items

Board stated that if we had any comments relating to the termination of the Road District, we would review as needed. Mr. Hightower stated we should have preliminary review for the elevated tower.

No further comments.

14.) Adjourn 7:19 pm

Mrs. O'Hanlon called the question.

Motion: Scott Ferguson moved to adjourn.

Second: Ruth Bullock

Vote: Four (4) in favor, One (1) absentee, motion carries.

Authorized Signature

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5c.

**Financials –
February 2026**

Bastrop County Water Control and Improvement District #2
Cash & Investment Report
As of February 28, 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%	\$ 634,621	\$ 658,561
	Roads Construction MMA	3131	Roscoe State Bank	1.75%	2,671	2,672
Roads Fund Total					\$ 637,292	\$ 661,233
Debt Service Fund						
	TWDB Reserve Fund - DS	0001	Texpool	3.98%	\$ 190,825	\$ 191,363
	Annual TWDB MMA - DS	4385	First National Bank	0.50%	11	1
	Wastewater Escrow TWDB Loan - DS	1041	Amegy Bank		96,549	96,792
	Debt Service Fund - DS	0004	Texpool	3.98%	557,318	558,892
Debt Service Fund Total					\$ 844,704	\$ 847,048
Capital Fund						
	Water Capital Projects Fund	7780	First National Bank	0.50%	\$ 4,883	\$ 4,883
	Capital Project - Bond Series 2021	0005	Texpool	3.98%	4,095,651	4,077,182
	Water Capital Projects Fund	3653	First National Bank	0.50%	16,441	16,441
	Capital Project - Bond Series 2023	0006	Texpool	3.98%	2,612,931	2,620,308
Capital Fund Total					\$ 6,729,905	\$ 6,718,813
Water Fund						
	Water Operating Account	1469	First National Bank	0.50%	\$ 419,707	\$ 378,243
	Wastewater TWDB Checking	3289	First National Bank	0.00%	572	572
Operating Total:					\$ 420,279	\$ 378,815
	Wastewater /Water MMA	0002	Texpool	3.98%	\$ 405,427	\$ 406,571
	Wastewater /Water Capital	3543	First National Bank	0.50%	47	47
	Wastewater MMA (Water)	5076	First National Bank	0.50%	126	115
Water Fund Total					\$ 825,878	\$ 785,549
Total Cash & Investments					\$ 9,141,439	\$ 9,116,303

5d.

Liens Release

Lien List Recap for:

FEBRUARY 2026

Total Amount of Liens Released	\$0.00
Road Assessments Paid	\$0.00
Standby Assessments Paid	\$0.00
Attorney Fees	\$0.00
Total actually collected	\$0.00
Total Write-Offs	\$0.00

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

March 19, 2026

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

All plants and stations are currently running at 100%. Field Staff got the meters and necessary piping installed for the interconnect with the City of Bastrop. We are expecting to start moving water very soon.

No known issues at this time.

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

Engineering remains at 60% on the elevated tower. We are waiting on the electrical plans to move forward. I'm in the process of arranging a meeting with the City of Bastrop to review it all with them.

No other major projects planned at this time.

6c. Employee & Administrative update:

We were able to hire 1 new employee for the field, still needing 2 more. Office is still moving through all the training for the new software. We experienced a lot less issues this month with the billing and customer portions.

Agenda

Item #8

Discussion regarding
FY2024 Audit Report

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

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

**FOR THE YEAR ENDED
DECEMBER 31, 2024**

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
Annual Financial Report
For the Year Ended December 31, 2024

TABLE OF CONTENTS

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor’s Report on Financial Statements	1
Management’s Discussion & Analysis (Required Supplementary Information).....	4
 <u>Basic Financial Statements</u>	
Government-wide Statement of Net Position	11
Government-wide Statement of Activities.....	12
 <u>Fund Financial Statements</u>	
Balance Sheet-Governmental Fund	14
Reconciliation of Balance Sheet – Governmental Fund to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Fund	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Fund to the Statement of Activities	17
Statement of Net Position-Proprietary Fund.....	18
Statement of Revenues, Expenses and Changes in Net Position-Proprietary Fund	19
Statement of Cash Flows-Proprietary Fund.....	20
Notes to the Financial Statements.....	22
 REQUIRED SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual.....	44
Texas County & District Retirement System (TCDRS):	
Schedule of District Contributions	45
Schedule of District’s Changes in Net Pension Liability and Related Ratios	46
 TEXAS COMMISSION ON ENVIRONMENTAL QUALITY SUPPLEMENTARY INFORMATION	
Index of Supplemental Schedules Required by the Texas Commission on Environmental Quality	48
Supplemental Schedules	49

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FINANCIAL SECTION

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Opinions

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District as of December 31, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

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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 2 consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Texas Commission on Environmental Quality required supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Commission on Environmental Quality required supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Austin, Texas
May 2, 2023

BASTROP COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 2

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Management Discussion and Analysis For the Year Ended December 31, 2024

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, 2024. 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 road reconstruction and maintenance and standby fees using the General Fund. The District accounts for water and wastewater services using a proprietary fund, the Water Wastewater Fund. The government-wide statements are comprised of the Statement of Net Position and the Statement of Activities.

FINANCIAL HIGHLIGHTS

Government-Wide

- The District’s total net position increased by approximately \$234 thousand from the previous year. The District experienced a decrease of approximately \$249 thousand for governmental activities and an increase of approximately \$483 thousand for business-type activities.
- During the year, the District generated approximately \$6.3 million in total revenues which was a 16.46% increase as compared to the prior year. This was most significantly impacted by the increase in charges for services and investment earnings experienced in the current year.

The District’s Funds

- Total expenditures in the General Fund were approximately \$2.1 million for the year ended December 31, 2024, which was an increase of approximately 0.40% compared to prior year.
- Total expenses in the Water Wastewater Fund operations were approximately \$4.0 million for the year ended December 31, 2024, which was an increase of 9% compared to prior year.

OVERVIEW OF THE FINANCIAL REPORT

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

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Management Discussion and Analysis For the Year Ended December 31, 2024

In 2024, the following roads were conveyed to the Bastrop County or City:

Aiea Ct	Kaawa Ln	Kolelole Ln	Pohakuloa Dr
N Alau Ct	Kahana Ln	Kula Ct	Puu Kaua Ct
Aloha Ct	Kahuku Ct	Lanai Ct	N & S Oahu Ct
Bali Hai Ln	Kailua Ln	Lanikai Ct	S Pahihi Dr
Diamond Head Dr	Kaiwi Ct	Lipoa Dr	Upolu Ct
Halawa Ct	Kalihi Ct	Mahalo Ct	Wahane Ln
Hana Ct	Kamaiki Dr	Makaha Dr	Waiialua Ct
Hanauma Dr	Kapapa Ct	Makua Ct	Waimanaloa Ln
Hauula Ct	Kaukonahua Ln	Mala Ct	Wainee Dr
Hawaii Ct	Kauloo Ct	Mokolii Ct	Waipio Ct
Hekili Dr	Kawainui Ln	Moku Ct	Waialea Ct
Helemano Dr	Kawanui Dr	Mokuauia Ct	Waikiki Dr
Hilea Ct	E & W Keamuku Ct	Mokulua	E Koa Ct
Hoku Ct	Keawakapu Dr	Molokini Dr	E & W Ahupu Ln
Honolulu Ln	Keawakapu Dr	Naalehu Ct	E & W Keomuku Ln
Howi Ln	Keehe Ct	Nuu Ct	E & W Waiehu Ln
Hula Ln	Keneka Ln	Olai Ct	E & W Wiamea Ct
Iva Ln	Koele Ct	Palikea Cir	S Pahihi Dr

In 2024, \$14,905 was spent in the performance of road maintenance and \$1,167,218 was spent on road construction. 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 2024, there were no roads reported as not yet conveyed to Bastrop County or Bastrop City.

On March 25, 2023, at the annual road meeting, the 1992 Master plan was updated and communicated to the District residents, Bastrop County, and Bastrop City for the change in road inventory, roads to be reconstructed in 2023, 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 \$6.8 Million.

USING THIS ANNUAL REPORT

The District's reporting is comprised of a series of financial statements. The Statement of Net Position and Statement of Activities (on pages 11 and 12) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements start on page 13. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

The Government-wide financial statements are reported using the 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.

BASTROP COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 2

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Management Discussion and Analysis For the Year Ended December 31, 2024

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 budgets and its actual results. These schedules are required for the General Fund. Also included are the required pension related schedules.

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total assets were approximately \$21.1 million as of December 31, 2024. Of this amount, approximately \$9.9 million is accounted for by cash and cash equivalents. The District had outstanding liabilities of approximately \$12.5 million. The District's unrestricted net position, which can be used to finance day to day operations, totaled \$1.6 million. Total assets decreased compared to the prior year due to a decrease in cash and cash equivalents from current year operations. Total liabilities decreased compared to the prior year due to current year debt payments and a decrease in the net pension liability.

BASTROP COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 2

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Management Discussion and Analysis For the Year Ended December 31, 2024

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 758	\$ 1,107	\$ 9,917	\$ 10,429	\$ 10,675	\$ 11,536
Capital assets	327	301	10,083	10,060	10,410	10,361
Total Assets	1,085	1,408	20,000	20,489	21,085	21,897
Deferred outflows of resources	-	-	168	174	168	174
Total Assets and Deferred Outflows of Resources	1,085	1,408	20,168	20,663	21,253	22,071
Non-current liabilities	-	-	10,770	11,778	10,770	11,778
Other liabilities	85	159	1,636	1,604	1,721	1,763
Total Liabilities	85	159	12,406	13,382	12,491	13,541
Deferred inflows of resources	-	-	8	10	8	10
Total Liabilities and Deferred Inflows of Resources	85	159	12,414	13,392	12,499	13,551
Net Position:						
Net investment in capital assets	328	301	5,786	4,592	6,114	4,893
Restricted - for debt service	-	-	1,003	692	1,003	692
Unrestricted	672	948	965	1,987	1,637	2,935
Total Net Position, as restated (Note 8)	\$ 1,000	\$ 1,249	\$ 7,754	\$ 7,271	\$ 8,754	\$ 8,520

BASTROP COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 2

DRAFT

Management Discussion and Analysis
For the Year Ended December 31, 2024

Revenues were approximately \$6.3 million for the year ended December 31, 2024. Expenses were approximately \$6.1 million for the year ended December 31, 2024. Net position increased approximately \$234 thousand from current year activities. The following chart summarizes the sources of revenue and areas of expenses. Revenues increased compared to the prior year largely due to an increase in charges for services. Expenses increased compared to the prior year largely due to personnel costs and office/operating expenses.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 1,808	\$ 1,359	\$ 4,040	\$ 3,592	\$ 5,848	\$ 4,951
General revenues:						
Capital reserve fees	-	-	-	76	-	76
Investment earnings	1	9	470	386	471	395
Miscellaneous	-	-	-	4	-	4
Total Revenues	<u>1,809</u>	<u>1,368</u>	<u>4,510</u>	<u>4,058</u>	<u>6,319</u>	<u>5,426</u>
Expenses:						
General government	330	307	-	-	330	307
Public works	1,728	1,750	-	-	1,728	1,750
Water wastewater services	-	-	4,027	3,700	4,027	3,700
Total Expenses	<u>2,058</u>	<u>2,057</u>	<u>4,027</u>	<u>3,700</u>	<u>6,085</u>	<u>5,757</u>
Change in net position	(249)	(689)	483	358	234	(331)
Net position, beginning of year	1,249	1,938	7,271	6,913	8,520	8,851
Net position, end of year, as restated	<u>\$ 1,000</u>	<u>\$ 1,249</u>	<u>\$ 7,754</u>	<u>\$ 7,271</u>	<u>\$ 8,754</u>	<u>\$ 8,520</u>

The general fund's fund balance decreased by \$285 thousand due to an increase in public works expenditures.

BUDGETARY HIGHLIGHTS

Actual General Fund finished the year under budget by approximately \$95 thousand primarily due to increased road assessment fee collections. More detailed information about the District's budgetary comparison is presented in the Required Supplementary Information section.

BASTROP COUNTY WATER CONTROL & IMPROVEMENT DISTRICT NO. 2

DRAFT

**Management Discussion and Analysis
For the Year Ended December 31, 2024**

CAPITAL ASSETS

The District’s investment in capital assets totals \$328 thousand for governmental activities and \$10.1 million for business-type activities as of December 31, 2024. A summary of these assets is listed below:

Bastrop County WCID #2 Capital Assets
(amounts expressed in thousands, net of accumulated depreciation/amortization)
Figure 8

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 291	\$ 273	\$ 103	\$ 103	\$ 394	\$ 376
Construction in Progress	-	-	95	-	95	-
WWW Improvements	-	-	8,353	8,437	8,353	8,437
Machinery and Equipment	14	15	514	530	528	545
Buildings	-	-	830	788	830	788
Vehicles	23	13	173	165	196	178
Right-of-use assets:						
Lease equipment	-	-	15	24	15	24
Software subscription	-	-	-	13	-	13
Net Capital Assets	<u>\$ 328</u>	<u>\$ 301</u>	<u>\$ 10,083</u>	<u>\$ 10,060</u>	<u>\$ 10,411</u>	<u>\$ 10,361</u>

LONG TERM DEBT

Bonded indebtedness of the District at year end was \$11.7 million. More detailed information about the District’s long-term debt is presented in the Notes to the Basic Financial Statements.

Bastrop County WCID #2
Outstanding Debt
(amounts expressed in thousands)
Figure 9

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenue bonds	\$ -	\$ -	\$ 11,705	\$ 12,645	\$ 11,705	\$ 12,645
Other long-term indebtedness	-	-	37	81	37	81
Total Bonds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,742</u>	<u>\$ 12,726</u>	<u>\$ 11,742</u>	<u>\$ 12,726</u>

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.

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BASIC FINANCIAL STATEMENTS

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash - unrestricted	\$ 438,003	\$ 83,949	\$ 521,952
Cash equivalents - unrestricted	-	550,848	550,848
Cash equivalents - restricted	-	8,797,404	8,797,404
Receivables (net of allowance for uncollectibles):			
Accounts receivable	777,325	27,704	805,029
Internal balances	(457,715)	457,715	-
Total current assets	<u>757,613</u>	<u>9,917,620</u>	<u>10,675,233</u>
Noncurrent Assets:			
Capital assets:			
Assets not being depreciated	290,942	198,219	489,161
Assets being depreciated, net	36,601	9,884,633	9,921,234
Total noncurrent assets	<u>327,543</u>	<u>10,082,852</u>	<u>10,410,395</u>
Total assets	<u>1,085,156</u>	<u>20,000,472</u>	<u>21,085,628</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	-	167,923	167,923
Total deferred outflows of resources	<u>-</u>	<u>167,923</u>	<u>167,923</u>
LIABILITIES			
Accounts payable	84,850	294,574	379,424
Accrued payroll	-	21,227	21,227
Customer deposits	-	348,426	348,426
Current portion of long-term liabilities	-	972,205	972,205
Noncurrent Liabilities:			
Pension liability	-	21,131	21,131
Long-term liabilities, less current portion	-	10,748,499	10,748,499
Total liabilities	<u>84,850</u>	<u>12,406,062</u>	<u>12,490,912</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	-	8,171	8,171
Total deferred inflows of resources	<u>-</u>	<u>8,171</u>	<u>8,171</u>
NET POSITION			
Net investment in capital assets	327,543	5,785,960	6,113,503
Restricted for debt service	-	1,003,310	1,003,310
Unrestricted	672,763	964,892	1,637,655
Total net position	<u>\$ 1,000,306</u>	<u>\$ 7,754,162</u>	<u>\$ 8,754,468</u>

The notes to the financial statement are an integral part of this statement.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 330,068	\$ -	\$ -	\$ -	\$ (330,068)	\$ -	\$ (330,068)
Public works	1,727,575	1,808,102	-	-	80,527	-	80,527
Total governmental activities	2,057,643	1,808,102	-	-	(249,541)	-	(249,541)
Business-type activities:							
Water Wastewater services	4,026,961	4,040,357	-	-	-	13,396	13,396
Total primary government	\$ 6,084,604	\$ 5,848,459	\$ -	\$ -	(249,541)	13,396	(236,145)
General revenues							
Investment earnings					816	469,542	470,358
Total general revenues					816	469,542	470,358
Change in net position							
Net position – beginning					(248,725)	482,938	234,213
Net position – ending					1,249,031	7,271,224	8,520,255
					\$ 1,000,306	\$ 7,754,162	\$ 8,754,468

The notes to the financial statement are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**BALANCE SHEET-GOVERNMENTAL FUND
DECEMBER 31, 2024**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 438,003
Receivables (net of allowance for uncollectibles):	
Accounts receivable	777,325
Total assets	<u>1,215,328</u>
LIABILITIES	
Accounts payable	84,850
Due to other funds	457,715
Total liabilities	<u>542,565</u>
DEFERRED INFLOWS	
Unavailable revenues	777,325
Total deferred inflows	<u>777,325</u>
FUND BALANCES	
Unassigned	<u>(104,562)</u>
Total fund balances	<u><u>\$ (104,562)</u></u>

The notes to the financial statement are an integral part of this statement.

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BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2024

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

Total fund balance – governmental funds	\$ (104,562)
Capital assets of \$408,710, net of accumulated depreciation of \$81,167, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	327,543
Revenues are reported on the accrual basis of accounting and not deferred until collection	777,325
Net position of governmental activities	<u>\$ 1,000,306</u>

The notes to the financial statement are an integral part of this statement.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund
REVENUES	
Road assessment fees	\$ 1,797,978
Investment earnings	816
Total revenues	1,798,794
EXPENDITURES	
Current:	
General government	330,068
Public Works	571,645
Capital outlay	1,182,123
Total expenditures	2,083,836
Net change in fund balances	(285,042)
Fund balance - beginning	180,480
Fund balance - ending	\$ (104,562)

The notes to the financial statement are an integral part of this statement.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE –
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Net change in fund balances--total governmental funds	\$ (285,042)
---	--------------

Governmental funds report capital outlay as expenditures.

However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives and reported as depreciation expenses. This is the amount in which capital outlays exceeded depreciation expense in the current period.

26,193

Revenues are reported on the accrual basis of accounting and are not deferred until collection.

10,124

Change in net position of governmental activities

\$ (248,725)

The notes to the financial statement are an integral part of this statement.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

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**STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2024**

	Water Wastewater Fund
ASSETS	
Current assets:	
Cash - unrestricted	\$ 83,949
Cash equivalents - unrestricted	550,848
Cash equivalents - restricted	8,797,404
Accounts receivable (net of allowance for uncollectibles)	27,704
Due from other funds	457,715
Total current assets	9,917,620
Noncurrent Assets:	
Capital assets:	
Assets not being depreciated	198,219
Assets being depreciated or amortized, net	9,884,633
Total noncurrent assets	10,082,852
Total assets	20,000,472
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	167,923
Total deferred outflows of resources	167,923
LIABILITIES	
Current liabilities:	
Accounts payable	294,574
Salaries and related expenses payable	21,227
Customer deposits	348,426
Current portion of long-term debt	972,205
Total current liabilities	1,636,432
Noncurrent Liabilities:	
Pension liability	21,131
Long-term liabilities, less current portion	10,748,499
Total noncurrent liabilities	10,769,630
Total liabilities	12,406,062
DEFERRED INFLOWS OF RESOURCES	
Pension related	8,171
Total deferred inflows of resources	8,171
NET POSITION	
Net investment in capital assets	5,785,960
Restricted for debt service	1,003,310
Unrestricted	964,892
Total net position	\$ 7,754,162

The notes to the financial statement are an integral part of this statement.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Water Wastewater Fund
OPERATING REVENUES:	
Charges for services, net	\$ 4,040,357
Total operating revenues	<u>4,040,357</u>
OPERATING EXPENSES:	
Personnel services	1,294,156
Operations	398,254
Repairs and maintenance	416,769
Consumables	150,526
Professional services	75,297
Contracted services	10,797
Office expenses	290,900
Insurance	65,240
Depreciation	914,462
Amortization	21,476
Total operating expenses	<u>3,637,877</u>
Operating income	<u>402,480</u>
NONOPERATING REVENUES (EXPENSES):	
Investment earnings	469,542
Interest and other charges	(389,084)
Total nonoperating revenues (expenses)	<u>80,458</u>
Increase in net position	<u>482,938</u>
Total net position – beginning	<u>7,271,224</u>
Total net position – ending	<u>\$ 7,754,162</u>

The notes to the financial statement are an integral part of this statement.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

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**STATEMENT OF CASHFLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Water Wastewater Fund
Cash flows from operating activities:	
Cash received from customers, users and others	\$ 4,052,687
Cash paid to employees for services	(1,319,231)
Cash paid for goods and services	(1,761,991)
	971,465
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(958,737)
Principal paid on debt	(948,524)
Interest and other charges paid on debt	(389,084)
Net cash flows from capital and related financing activities	(2,296,345)
Cash flows from investing activities:	
Investment earnings	469,542
Net cash flows from investing activities	469,542
Net change in cash and cash equivalents	(855,338)
Cash and cash equivalents - beginning	10,287,539
Cash and cash equivalents - ending	\$ 9,432,201

The notes to the financial statement are an integral part of this statement.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**STATEMENT OF CASHFLOWS (CONTINUED)
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Water Wastewater Fund
	<hr/>
Reconciliation of operating income to net cash flows from operating activities:	
Operating income	\$ 402,480
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation and amortization	935,938
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Accounts and FEMA receivable	(12,321)
Due to/due from other funds	(331,910)
Deferred outflows of resources for pension	5,999
Accrued payroll	6,248
Accounts payable	(22,298)
Customer deposits	24,651
Deferred inflows of resources for pension	(1,635)
Net pension liability	(35,687)
	<hr/>
Total adjustments	568,985
	<hr/>
Net cash flows from operating activities	<u>\$ 971,465</u>

The notes to the financial statement are an integral part of this statement.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

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.

A. Reporting Entity

Bastrop County Water Control and Improvement District No. 2, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of presentation

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 fund financial statements provide information about the District's funds. Separate statements for each fund category—governmental and proprietary. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The District reports the following major governmental funds:

General Fund

The *General Fund* includes road construction and maintenance activity which includes charges to property owners within the District to fund road reconstruction and maintenance within the District. Also included in the *General Fund* is standby activity which is the collection of charges to customers within the District to help fund and pay for utility costs of the District. The standby charges have been discontinued as of 2018. The *General Fund* is a budgeted fund.

Proprietary Fund

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

C. Measurement focus and basis of accounting

Government-wide and Proprietary Financial Statements. The government-wide and proprietary financial statements are reported using the 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Financial Statements. The 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.

D. Net position/Fund Balance

Net Position. Net position in government-wide and proprietary fund financial statements is classified as investment in capital assets, restricted, and unrestricted. The restricted component of net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Fund Balance. 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.
- 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.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budget

The Board adopted an annual budget for the General 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.

F. Pension

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.

G. 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.

H. 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>Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Receivable, net</u>
General Fund	\$ 1,708,679	\$ (931,354)	\$ 777,325
Water Wastewater Fund	27,704	-	27,704
Total	<u>\$ 1,736,383</u>	<u>\$ (931,354)</u>	<u>\$ 805,029</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets

Capital assets, which include land, construction in progress, 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 (except for intangible right-to-use lease equipment and subscription assets, the measurement of which is discussed in notes M and N, respectively, below). 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

Right-to-use lease equipment and subscription assets are amortized over the life of the associated contract.

J. 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.

K. 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. The District has not recognized a liability for accrued leave as it is immaterial to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations, including leases payable and subscriptions payable, are reported as liabilities in the applicable business-type activities statement of net position.

M. Leases

The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide and proprietary financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and any extensions that are deemed reasonably certain to be exercised. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities. Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Subscription-Based Information Technology Arrangements

The District reports a subscription liability and an intangible right-to-use capital asset (known as the subscription asset) on the government-wide and proprietary financial statements for a subscription-based information technology arrangement (SBITA). At the commencement of a SBITA, the District initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the SBITA commencement date, plus certain initial direct costs, including development costs. Subsequently, the subscription asset is amortized on a straight-line basis over the SBITA term. Key estimates and judgments related to SBITAs include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) subscription payments.

- The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The SBITA term includes the noncancellable period of the SBITA and any extensions that are deemed certain to be exercised. Subscription payments included in the measurement of the subscription liability are composed of fixed payments to the SBITA vendor.

The District monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liabilities. Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term liabilities on the Statement of Net Position.

O. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for *Deferred Outflows of Resources*, which represent the consumption of the District's net assets that applies to future periods and therefore will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of net position will sometimes report a separate section for *Deferred Inflows of Resources*, which represent an acquisition of net assets that applies to a future period and therefore will not be recognized as a revenue until a future period. In addition to the above, the governmental and proprietary funds may also report unavailable revenues and receivables and deferred inflows of resources.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

DRAFT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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 (the “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.

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>
<u>Unrestricted</u>				
TexPool	N/A	AAAm	33 Days	\$ 440,903
<u>Restricted</u>				
TexPool	N/A	AAAm	33 Days	\$ 8,424,883

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

2. CASH AND INVESTMENTS (CONTINUED)

The District has restricted \$1,001,071 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.

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.

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.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

2. CASH AND INVESTMENTS (CONTINUED)

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.

The District’s investments in Pools are reported at an amount determined by the fair value per share of the Pool’s underling 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 \$1,167,218 in Road Improvements. The District used operating funds and bond proceeds to acquire \$958,737 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 and amortization in the amount of \$6,712 and \$935,938 has been charged to governmental activities and business-type activities, respectively. The majority of governmental activities capital assets are road and related improvements that have been conveyed to the County.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

3. CAPITAL ASSETS (CONTINUED)

A summary of changes in governmental activities capital assets, net of accumulated depreciation, for the fiscal year ended December 31, 2024 follows:

	Beginning Balances	Additions	Retirements	Transfers In (Out)	Ending Balances
Governmental activities:					
Capital assets, non-depreciable:					
Land	\$ 272,915	\$ 18,027	\$ -	\$ -	\$ 290,942
Road improvements	-	1,167,218	-	(1,167,218)	-
Total capital asset, non-depreciable	<u>272,915</u>	<u>1,185,245</u>	<u>-</u>	<u>(1,167,218)</u>	<u>290,942</u>
Capital assets, depreciable:					
Machinery and equipment	79,138	-	-	-	79,138
Vehicles	23,752	14,878	-	-	38,630
Total capital asset, depreciable	<u>102,890</u>	<u>14,878</u>	<u>-</u>	<u>-</u>	<u>117,768</u>
Less accumulated depreciation for:					
Machinery and equipment	(64,177)	(1,547)	-	-	(65,724)
Vehicles	(10,278)	(5,165)	-	-	(15,443)
Total accumulated depreciation	<u>(74,455)</u>	<u>(6,712)</u>	<u>-</u>	<u>-</u>	<u>(81,167)</u>
Total capital assets, depreciable, net	<u>28,435</u>	<u>8,166</u>	<u>-</u>	<u>-</u>	<u>36,601</u>
Governmental activities capital assets, net	<u>\$ 301,350</u>	<u>\$ 1,193,411</u>	<u>\$ -</u>	<u>\$ (1,167,218)</u>	<u>\$ 327,543</u>

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

DRAFT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

3. CAPITAL ASSETS (CONTINUED)

A summary of changes in business-type activities capital assets, net of accumulated depreciation and amortization, for the fiscal year ended December 31, 2024 follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers In (Out)</u>	<u>Ending Balances</u>
Business-type activities:					
Capital assets, non-depreciable:					
Land	\$ 103,029	\$ -	\$ -	\$ -	\$ 103,029
Construction in progress	-	95,190	-	-	95,190
Total capital asset, non-depreciable	<u>103,029</u>	<u>95,190</u>	<u>-</u>	<u>-</u>	<u>198,219</u>
Capital assets, depreciable:					
Water wastewater improvements	16,154,730	653,632	-	-	16,808,362
Machinery and equipment	1,345,861	62,892	-	-	1,408,753
Buildings	906,475	67,566	-	-	974,041
Vehicles	713,021	79,457	-	-	792,478
Right-of-use assets:					
Lease equipment	32,559	-	-	-	32,559
Software subscription	38,717	-	(38,717)	-	-
Total capital asset, depreciable	<u>19,191,363</u>	<u>863,547</u>	<u>(38,717)</u>	<u>-</u>	<u>20,016,193</u>
Less accumulated depreciation/amortization for:					
Water wastewater improvements	(7,717,451)	(739,303)	-	-	(8,456,754)
Machinery and equipment	(815,968)	(78,646)	-	-	(894,614)
Buildings	(118,426)	(25,635)	-	-	(144,061)
Vehicles	(548,111)	(70,878)	-	-	(618,989)
Right-of-use assets:					
Lease equipment	(8,571)	(8,571)	-	-	(17,142)
Software subscription	(25,812)	(12,905)	38,717	-	-
Total accumulated depreciation/amortization	<u>(9,234,339)</u>	<u>(935,938)</u>	<u>38,717</u>	<u>-</u>	<u>(10,131,560)</u>
Total capital assets, depreciable, net	<u>9,957,024</u>	<u>(72,391)</u>	<u>-</u>	<u>-</u>	<u>9,884,633</u>
Business-type activities capital assets, net, restated	<u>\$ 10,060,053</u>	<u>\$ 22,799</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,082,852</u>

Depreciation and amortization expense was charged as follows:

Governmental Activities:	
Public works	\$ 6,712
Total depreciation, governmental activities	<u>\$ 6,712</u>
Business-Type Activities:	
Water Wastewater services	\$ 935,938
Total depreciation/amortization, business-type activities	<u>\$ 935,938</u>

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

4. LONG-TERM LIABILITIES

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 revenue 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, 2024, the District was in compliance with these deposit and reserve requirements.

On August 30, 2021, the District issued \$6,775,000 of revenue notes funded by a private placement with Truist Bank. The notes are payable from the revenue of and are secured by a pledge of the net water and wastewater revenues of the District. The debt agreement with the bank requires certain deposits and reserves in place to cover future debt service payments. At December 31, 2024, the District was in compliance with these deposit and reserve requirements.

On December 7, 2023, the District issued \$2,500,000 of revenue notes funded by a private placement with Amegy Bank. The notes are payable to Amegy Bank from the revenue of and are secured by a pledge of the net water and wastewater revenues of the District. The debt agreement with the bank requires certain deposits and reserves in place to cover future debt service payments. At December 31, 2024, the District was in compliance with these deposit and reserve requirements.

These notes described above are summarized as follows:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Principal Balance December 31, 2024</u>
Series 2016	6/23/2016	12/1/2035	1.15 - 4.120%	\$ 6,345,000	\$ 3,935,000
Series 2021	8/30/2021	12/1/2035	1.1750%	6,775,000	5,470,000
Series 2023	12/7/2023	12/31/2033	5.2300%	2,500,000	2,300,000
Total Revenue Notes				<u>\$ 15,620,000</u>	<u>\$ 11,705,000</u>

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

4. LONG-TERM LIABILITIES (CONTINUED)

Future debt service requirements as of the end of the year are as follows:

<u>Years Ending December 31,</u>	<u>Revenue Notes</u>		<u>Leases payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 965,000	\$ 289,674	\$ 7,205	\$ 77
2026	995,000	266,134	6,794	34
2027	1,025,000	241,444	1,705	2
2028	1,055,000	215,616	-	-
2029	1,090,000	188,667	-	-
2030-2034	5,615,000	496,525	-	-
2035	960,000	18,087	-	-
	<u>\$ 11,705,000</u>	<u>\$ 1,716,146</u>	<u>\$ 15,704</u>	<u>\$ 113</u>

Lease liabilities

In March 2020 the District entered into lease agreement for mailing equipment with monthly payments of approximately \$152 ending in March 2025.

In January of 2022 the District entered into a lease agreement for a copier with monthly payments of approximately \$569 ending in April of 2027.

Subscription liabilities

In July of 2021 the District entered into a subscription-based information technology arrangement for software as a service with annual payments of approximately \$25,359 ending in July 2024.

Changes in long-term liabilities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
Business-Type Activities:					
Revenue notes	\$ 12,645,000	\$ -	\$ (940,000)	\$ 11,705,000	\$ 965,000
Lease liabilities	24,228	-	(8,524)	15,704	7,205
Net pension liability - TCDRS	56,818	-	(35,687)	21,131	-
Total business-type activities, restated	<u>\$ 12,726,046</u>	<u>\$ -</u>	<u>\$ (984,211)</u>	<u>\$ 11,741,835</u>	<u>\$ 972,205</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

5. PENSION PLAN

Plan Description

The District participates in the Texas County & District Retirement System (“TCDRS”), which is a statewide, agent multiple-employer, public employee retirement system. 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. The plan provides retirement, disability and survivor benefits. TCDRS is a savings-based plan.

Benefits

TCDRS provides retirement, disability and survivor benefits for all eligible employees. Benefit terms are established by the TCDRS Act. The benefit terms may be amended as of January 1, each year, but must remain in conformity with the Act.

Members can retire at age 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by their employer. Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’s commitment to contribute. At retirement, death or disability, the benefit is calculated by converting the sum of the employee’s accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

For the District’s plan, 6% of each employee’s pay is deposited into their TCDRS 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. 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. 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.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

DRAFT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

5. PENSION PLAN (CONTINUED)

Membership

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

<u>Membership Information</u>	<u>December 31, 2023</u>
Number of active employees entitled to but not yet receiving benefits	9
Number of active employees	18
Average monthly salary*	\$4,533
Average age*	42.91
Average length of service*	5.58
*Averages reported for active employees	
<u>Inactive Employees (or their Beneficiaries) Receiving Benefits</u>	
Number of benefit recipients	3
Average monthly benefit	\$184

Contributions

The contribution rates for employees in TCDRS are either 4%, 5%, 6%, or 7% of employee gross earnings, as adopted by the employer’s governing body. Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer’s plan. Under the state law governing TCDRS, the contribution rate for each entity is determined annually by the actuary and approved by the TCDRS Board of Trustees. The replacement life entry age actuarial cost method is used in determining the contribution rate. The actuarially determined rate is the estimated amount necessary to fund benefits in an orderly manner for each participant over his or her career so that sufficient funds are accumulated by the time benefit payments begin, with an additional amount to finance any unfunded accrued liability.

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 rate is set by the District and was 6% during the current fiscal year. The contribution rate for the District was 10.4% and 10.6% for the calendar years 2024 and 2023 respectively. The District’s contributions to TCDRS for the year ended December 31, 2024 was \$109,689 and equal to the required contributions.

The most recent annual comprehensive financial report for TCDRS can be found at the following link, [TCDRS.org/Employer](https://www.tcdrs.org/Employer).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

5. PENSION PLAN (CONTINUED)

Actuarial Assumptions

The following is a description of the assumptions used in the December 31, 2023 actuarial valuation analysis for Bastrop County Water Control and Improvement District 2. This information may also be found in the Bastrop County Water Control and Improvement District 2 December 31, 2023 Summary Valuation Report:

<u>Economic Assumptions</u>	
Real rate of return	5.00%
Inflation	2.50%
Long-term investment return	7.50%

The assumed long-term investment return of 7.50% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.50% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

Mortality rates for active members, retirees, and beneficiaries were based on the following:

Depositing members – 135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Service retirees, beneficiaries and non-depositing members – 135% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Disabled retirees – 160% of the Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% of the Pub-2010 General Disable Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

All actuarial assumptions that determined the total pension liability as of December 31, 2023, were based on the results of an actuarial experience study for the period January 1, 2017, through December 31, 2020, except where required to be different by GASB 68. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

Long-term Expected Rate of Return. The long-term expected rate of return on pension plan investments is 7.6%. The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. The application of the investment return assumptions was changed for purposes of determining plan liabilities at the March 2022 meeting. All plan liabilities are now valued using a 7.6% discount rate.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

DRAFT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

5. PENSION PLAN (CONTINUED)

The long-term expected rate of return on TCDRS is determined by adding inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information below are based on January 2024 information for a 10-year time horizon. The valuation assumption for long-term expected return is reassessed at a minimum of every four years and the TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The target allocation and best estimates of geometric real rates return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Return</u>
US Equities	11.5%	4.75%
Global Equities	2.5%	4.75%
International Equities - Developed Markets	5.0%	4.75%
International Equities - Emerging Markets	6.0%	4.75%
Investment-Grade Bonds	3.0%	2.35%
Strategic Credit	9.0%	3.65%
Direct Lending	16.0%	7.25%
Distressed Debt	4.0%	6.90%
REIT Equities	2.0%	4.10%
Master Limited Partnerships	2.0%	5.20%
Private Real Estate Partnerships	6.0%	5.70%
Private Equity	25.0%	7.75%
Hedge Funds	6.0%	3.25%
Cash	2.0%	0.60%
	<u>100.0%</u>	

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 sum of:

1. The actuarial present value of benefit payments projected to be made in future periods where the plan assets are projected to be sufficient to meet benefit payments, calculated using the Long-Term Expected Rate of Return.
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

DRAFT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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 7.60%.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance as of December 31, 2022	\$ 620,908	\$ 564,090	\$ 56,818
Changes for the year:			
Service cost at the end of the year	136,426	-	136,426
Interest on TOL and cash flows	56,978	-	56,978
Effect of economic/demographic gains or losses	10,600	-	10,600
Refund of contributions	(6,739)	(6,739)	-
Benefit Payments	(8,788)	(8,788)	-
Administrative expenses	-	(412)	412
Member contributions	-	68,063	(68,063)
Net investment income	-	63,510	(63,510)
Employer contributions	-	100,636	(100,636)
Other	-	7,894	(7,894)
Balance as of December 31, 2023	<u>\$ 809,385</u>	<u>\$ 788,254</u>	<u>\$ 21,131</u>

Sensitivity Analysis

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

	1% Decrease (6.60%)	Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability (asset)	<u>\$ 176,757</u>	<u>\$ 21,131</u>	<u>\$ (105,225)</u>

TCDRS Pension liability, expense, and related deferred outflows of resources and deferred inflows of resources

At December 31, 2024 the District reported a liability of \$21,131. The net pension liability was measured as of December 31, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

DRAFT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

5. PENSION PLAN (CONTINUED)

For the year ended December 31, 2024 the District recognized a pension expense of \$78,365. At December 31, 2024, the District reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,798	\$ 8,171
Changes of assumptions	17,045	-
Net difference between projected and actual earnings on pension plan investments	16,391	-
District contributions made subsequent to the measurement date	109,689	-
Total	\$ 167,923	\$ 8,171

The \$109,689 reported as deferred outflows of resources related to the pension liability, resulting from District contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense
2025	\$ 9,809
2026	9,815
2027	18,975
2028	3,499
2029	5,315
Thereafter	2,650
Total	\$ 50,063

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. 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.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

8. Deficit Fund Equity

As of December 31, 2024, the District recognized a fund balance deficit of \$104,562 in the general fund. The deficit was largely due to an increase in overall costs of parts and supplies. The District plans to apply future operating surpluses toward replenishing the deficit fund balance.

9. Subsequent Events

The District has evaluated subsequent events as of March , 2026, the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUND
BUDGET TO ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Road assessment fees	\$ 1,606,553	\$ 1,606,553	\$ 1,797,978	\$ 191,425
Investment earnings	5,000	5,000	816	(4,184)
Total revenues	<u>1,611,553</u>	<u>1,611,553</u>	<u>1,798,794</u>	<u>187,241</u>
EXPENDITURES				
Current:				
General government	366,750	366,750	330,068	36,682
Public works	625,800	625,800	571,645	54,155
Capital expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,182,123</u>	<u>(182,123)</u>
Total expenditures	<u>1,992,550</u>	<u>1,992,550</u>	<u>2,083,836</u>	<u>(91,286)</u>
Excess (deficiency) of revenues over expenditures	<u>(380,997)</u>	<u>(380,997)</u>	<u>(285,042)</u>	<u>95,955</u>
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	<u>380,997</u>	<u>380,997</u>	<u>-</u>	<u>(380,997)</u>
Total other financing sources (uses)	<u>380,997</u>	<u>380,997</u>	<u>-</u>	<u>(380,997)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (285,042)</u>	<u>\$ (285,042)</u>

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM (TCDRS) SCHEDULE OF DISTRICT CONTRIBUTIONS FOR THE YEAR ENDED DECEMBER 31, 2024

SCHEDULE OF DISTRICT CONTRIBUTIONS ⁽¹⁾

Year Ending December, 31	Actuarially Determined Contribution ⁽¹⁾	Actual Employer Contribution ⁽¹⁾	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽²⁾	Actual Contribution as a % of Covered Payroll
2018	\$ 36,853	\$ 36,853	\$ -	\$ 518,328	7.1%
2019	45,191	45,191	-	635,593	7.1%
2020	51,494	51,494	-	679,341	7.6%
2021	64,303	64,303	-	745,115	8.6%
2022	87,015	87,015	-	823,222	10.6%
2023	100,636	100,636	-	972,332	10.4%
2024	109,689	109,689	-	1,096,886	10.0%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

⁽¹⁾ TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM (TCDRS)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Schedule of Changes in Net Pension Liability and Related Ratios

	Year Ended December 31,					
	2023	2022	2021	2020	2019	2018
Total Pension Liability						
Service cost	\$ 136,426	\$ 125,387	\$ 111,408	\$ 73,365	\$ 58,854	\$ 59,781
Interest on total pension liability	56,978	44,440	32,859	18,552	9,613	4,842
Effect of plan changes	-	-	-	33,895	19,212	-
Effect of assump. changes or inputs	-	-	3,375	26,888	-	-
Effect of economic/demographic (gains) or losses	10,600	(6,655)	(1,980)	19,952	9,983	(4,796)
Benefit payments/refunds	(15,527)	(3,174)	(11,191)	(3,702)	-	-
Net change in total pension liability	188,477	159,998	134,471	168,950	97,662	59,827
Total pension liability, beginning	620,908	460,910	326,439	157,489	59,827	-
Total pension liability, ending (a)	809,385	620,908	460,910	326,439	157,489	59,827
Fiduciary Net Position						
Employer contributions	100,636	87,015	64,303	51,494	45,191	36,853
Member contributions	68,063	57,626	52,158	40,760	31,780	25,916
Investment income net of inv exp	63,510	(37,890)	69,797	16,239	10,643	701
Benefit payments/refunds	(15,527)	(3,174)	(11,191)	(3,702)	-	-
Administrative expenses	(412)	(331)	(238)	(192)	(118)	(52)
Other	7,894	20,285	3,055	2,636	2,656	1,870
Net change in fiduciary net position	224,164	123,531	177,884	107,235	90,152	65,288
Fiduciary net position, beginning	564,090	440,559	262,675	155,440	65,288	-
Fiduciary net position, ending (b)	788,254	564,090	440,559	262,675	155,440	65,288
NPL / (asset), ending = (a) - (b)	\$ 21,131	\$ 56,818	\$ 20,351	\$ 63,764	\$ 2,049	\$ (5,461)
Fiduciary net position as a % of total pension liability	97.39%	90.85%	95.58%	80.47%	98.70%	109.13%
Pensionable covered payroll	\$ 972,332	\$ 823,222	\$ 745,115	\$ 679,341	\$ 635,593	\$ 518,328
NPL/(asset) as % of covered payroll	2.17%	6.90%	2.73%	9.39%	0.32%	-1.05%

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the standards of GASB 67/68, they should not be shown here. Therefore, we have shown only years for which the new GASB statements have been implemented.

Data is based on actuarial valuation performed as of December 31, 2023 pursuant to Governmental Accounting Standards Board 68. Results are presented as of December 31, 2023 (Measurement Date) and are reported as of December 31, 2024.

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**TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
SUPPLEMENTARY INFORMATION**

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**INDEX OF SUPPLEMENTAL SCHEDULES REQUIRED
BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
FOR THE YEAR ENDED DECEMBER 31, 2024**

(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

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**SERVICES AND RATES
DECEMBER 31, 2024**

1. Services Provided by the District:

- a.) Retail Water
- b.) Retail Wastewater
- c.) Roads

2. Retail Rates Based on 5/8" Meter

Service	Minimum Charge	Minimum Usage	Flate Rate	Rate per first 1000 Gallons Over Minimum	Rate per add'l 1000 Gallons Over Minimum
Water	\$ 35.53	-	No	\$ 4.87	\$4.87-8.18
Wastewater	\$ 90.00	-	Yes	\$ -	\$ -
Surcharge	\$ 8.50	-	Yes	\$ -	\$ -

Total water and wastewater charges per 10,000 gallons usage: \$ 101.44

3. Retail Service Provided:

Number of retail water and/or wastewater connections.

	Active Connections	Active ESFC	Inactive Connections (ESFC)
Single Family & Total Water	2,359	2,359	-
Single Family & Total Wastewater	931	931	-

4. Total Water Consumption During the Fiscal Year:

- a.) Gallons pumped into system: 161,571,535
- b.) Gallons billed to customers: 144,427,490

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
DECEMBER 31, 2024**

	Water Wastewater Fund	General Fund
Personnel (including benefits)	\$ 1,294,156	\$ 371,128
Professional Fees		
Audit	56,700	2,970
Engineering	-	168,581
Legal	10,973	48,320
Investment Management	1,150	-
Accounting	6,474	-
	75,297	219,871
Contracted Services		
Repairs	10,797	-
Administrative		
Directors	-	-
Insurance	65,240	-
Office supplies	290,900	18,223
	356,140	18,223
Maintenance		
Operations	398,254	206,754
Repairs and maintenance	416,769	85,146
Supplies	150,526	591
	965,549	292,491
Capital expenditures	-	1,182,123
Depreciation	935,938	-
Interest	389,084	-
TOTAL EXPENSES	\$ 4,026,961	\$ 2,083,836

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

DRAFT

TEMPORARY INVESTMENTS

DECEMBER 31, 2024

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
Water Wastewater Fund					
Money Market	2065076	Variable	N/A	\$ 1,249	\$ -
Money Market	573543	Variable	N/A	21,856	-
State Investment Pool	7966400002	Variable	N/A	440,903	-
Money Market	831041	Variable	N/A	92,255	-
Money Market	2134385	Variable	N/A	2,239	-
State Investment Pool	7966400001	Variable	N/A	450,497	-
State Investment Pool	7966400004	Variable	N/A	550,574	-
State Investment Pool	7966400005	Variable	N/A	4,890,818	-
State Investment Pool	7966400006	Variable	N/A	2,532,994	-
				<u>\$ 8,983,385</u>	<u>\$ -</u>

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

LONG-TERM DEBT SERVICE REQUIREMENTS

DECEMBER 31, 2024

ANNUAL REQUIREMENTS FOR SERIES 2016

Due During Fiscal Years Ending	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 305,000	\$ 73,659	\$ 378,659
2026	315,000	68,977	383,977
2027	325,000	63,843	388,843
2028	335,000	58,269	393,269
2029	345,000	52,272	397,272
2030	355,000	45,907	400,907
2031	365,000	39,198	404,198
2032	380,000	32,135	412,135
2033	390,000	24,630	414,630
2034	405,000	16,791	421,791
2035	415,000	8,549	423,549
	<u>\$ 3,935,000</u>	<u>\$ 484,230</u>	<u>\$ 4,419,230</u>

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

LONG-TERM DEBT SERVICE REQUIREMENTS

DECEMBER 31, 2024

ANNUAL REQUIREMENTS FOR SERIES 2021

Due During Fiscal Years Ending	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 450,000	\$ 95,725	\$ 545,725
2026	460,000	87,850	547,850
2027	470,000	79,800	549,800
2028	480,000	71,575	551,575
2029	490,000	63,175	553,175
2030	495,000	54,600	549,600
2031	505,000	45,938	550,938
2032	515,000	37,100	552,100
2033	525,000	28,088	553,088
2034	535,000	18,900	553,900
2035	545,000	9,538	554,538
	<u>\$ 5,470,000</u>	<u>\$ 592,289</u>	<u>\$ 6,062,289</u>

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

LONG-TERM DEBT SERVICE REQUIREMENTS

DECEMBER 31, 2024

ANNUAL REQUIREMENTS FOR SERIES 2023

Due During Fiscal Years Ending	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 210,000	\$ 120,290	\$ 330,290
2026	220,000	109,307	329,307
2027	230,000	97,801	327,801
2028	240,000	85,772	325,772
2029	255,000	73,220	328,220
2030	265,000	59,884	324,884
2031	280,000	46,024	326,024
2032	295,000	31,380	326,380
2033	305,000	15,948	320,948
	<u>\$ 2,300,000</u>	<u>\$ 639,626</u>	<u>\$ 2,939,626</u>

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

LONG-TERM DEBT SERVICE REQUIREMENTS

DECEMBER 31, 2024

ANNUAL REQUIREMENTS FOR ALL SERIES

Due During Fiscal Years Ending	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 965,000	\$ 289,674	\$ 1,254,674
2026	995,000	266,134	1,261,134
2027	1,025,000	241,444	1,266,444
2028	1,055,000	215,616	1,270,616
2029	1,090,000	188,667	1,278,667
2030	1,115,000	160,391	1,275,391
2031	1,150,000	131,160	1,281,160
2032	1,190,000	100,615	1,290,615
2033	1,220,000	68,666	1,288,666
2034	940,000	35,691	975,691
2035	960,000	18,087	978,087
	<u>\$ 11,705,000</u>	<u>\$ 1,716,145</u>	<u>\$ 13,421,145</u>

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**ANALYSIS OF CHANGES IN GENERAL LONG-TERM DEBT
YEAR ENDED DECEMBER 31, 2024**

	Series 2016	Series 2021	Series 2023	Totals
Interest Rate	1.15 - 4.12%	1.75%	5.23%	
Dates Interest Payable	6/1 : 12/1	6/1 : 12/1	6/1 : 12/1	
Maturity Dates	12/31/2035	12/31/2035	12/31/2033	
Bonds at Beginning of Year	\$ 4,230,000	\$ 5,915,000	\$ 2,500,000	\$ 12,645,000
Bonds Sold During the Year	-	-	-	-
Bonds Defeased During the Year	-	-	-	-
Retirements During the Year	(295,000)	(445,000)	(200,000)	(940,000)
Bonds at End of Year	<u>\$ 3,935,000</u>	<u>\$ 5,470,000</u>	<u>\$ 2,300,000</u>	<u>\$ 11,705,000</u>
Interest Paid During the Year	\$ 77,833	\$ 103,513	\$ 128,571	\$ 309,917
Change in Accrued Interest	-	-	-	-
Interest Expense	<u>\$ 77,833</u>	<u>\$ 103,513</u>	<u>\$ 128,571</u>	<u>\$ 11,705,000</u>
Paying Agent	TWDB			
Bond Authority:				
Bonds	\$ 15,620,000 (a)			
Amount Issued	<u>15,620,000</u>			
Remaining to Be Issued	<u>-</u>			
Cash and Temporary Investments balances as of December 31, 2024				\$ 9,432,201
Average annual debt service payment (principal & interest) for remaining term of all debt				\$ 1,220,104

(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 – WATER WASTEWATER FUND
YEAR ENDED DECEMBER 31, 2024

	AMOUNTS				PERCENT OF FUND TOTAL REVENUE					
	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
REVENUES										
Water and Wastewater Service	\$ 4,040,357	\$ 2,775,188	\$ 2,700,659	\$ 2,365,053	\$ 2,375,667	90%	68%	51%	46%	47%
Tap Connection Fees	-	816,582	698,587	620,779	734,567	0%	20%	13%	12%	15%
Debt Service Reserve Fee	-	75,619	383,779	285,567	236,241	0%	2%	7%	6%	5%
Standby Charges	-	-	3,240	14,741	15,790	0%	0%	0%	0%	0%
Road Assessment Fees	-	-	1,393,043	1,576,034	1,260,055	0%	0%	26%	31%	25%
FEMA Grants	-	-	-	-	126,669	0%	0%	0%	0%	3%
Interest and Other	469,542	391,000	137,875	255,673	310,836	10%	10%	3%	5%	6%
TOTAL REVENUES	4,509,899	4,058,389	5,317,183	5,117,847	5,059,825	100%	100%	100%	100%	100%
EXPENDITURES										
Salary Allocation	1,294,156	1,013,913	1,281,686	1,078,540	989,473	29%	25%	24%	21%	20%
Operations	398,254	401,651	726,138	482,321	416,521	9%	10%	14%	9%	8%
Repairs and Maintenance	416,769	437,021	214,819	225,523	156,800	9%	11%	4%	4%	3%
Contract Services	10,797	98,123	16,100	62,100	800	0%	2%	0%	1%	0%
Consumable Supplies	150,526	157,360	393,211	284,826	177,737	3%	4%	7%	6%	4%
Professional Fees	75,297	108,381	365,490	360,179	237,017	2%	3%	7%	7%	5%
Office	290,900	122,619	171,300	99,523	101,759	6%	3%	3%	2%	2%
Insurance and Other	65,240	37,193	45,013	32,121	36,252	1%	1%	1%	1%	1%
Capital Expenditures	-	-	695,927	806,976	849,021	0%	0%	0%	0%	0%
Depreciation / amortization	935,938	895,245	836,313	729,569	700,154	21%	22%	13%	16%	17%
Interest	389,084	428,163	318,204	175,747	180,999	9%	11%	6%	3%	4%
TOTAL EXPENDITURES	4,026,961	3,699,669	5,064,201	4,337,425	3,846,533	89%	91%	95%	85%	76%
Excess (Deficit) of Revenues over Expenditures	\$ 482,938	\$ 358,720	\$ 252,982	\$ 780,422	\$ 1,213,292	11%	9%	5%	15%	24%
TOTAL ACTIVE RETAIL WATER CONNECTIONS	2,359	2,256	2,187	2,087	2,053					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	931	852	852	828	796					

BASTROP COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 2

**BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
DECEMBER 31, 2024**

Complete District Mailing Address: P.O. Box 708, Bastrop, Texas 78602

District Business Telephone Number: (512) 321-1688

Submission Date of the most recent District Registration form
(TWC Sections 36.054 and 49.054): February 21, 2025

Limit on Fee of Office that a Director may receive during a fiscal year: \$7,200
(Set by Board Resolution - TWC Section 49.060)

Names	Term of Office (Elected or Appointed) or Date of Hire	Fees of Office Paid* (FYE date)	Expense Reimburse- ments (FYE date)	Title at Year End
Directors				
Mary Beth O'Hanlon	Elected 5/22-5/26	\$ -	\$ -	President
Scott Ferguson	Elected 5/24-5/28	\$ -	\$ -	Vice-President
Michele Plummer	Elected 5/22-5/26	\$ -	\$ -	Secretary
Ruth Bullock	Elected 5/24-5/28	\$ -	\$ -	Treasurer
Ron Whipple	Appointed 1/25-5/26	\$ -	\$ -	Director
Key Administrative Personnel:				
Paul Hightower				
Tyler Walsh/Adam Brown				
Dale Culberson				
Consultants				
McLean & Howard		\$ -	\$ -	Attorney
SAMCO Capital Markets		\$ -	\$ -	Financial Advisor
Schaumburg & Polk		\$ -	\$ -	Engineer
Patillo, Brown, & Hill, LLP		\$ -	\$ -	Auditor

Agenda

Item #11

Discussion regarding
Cancellation of May
Director Election

**CERTIFICATION OF UNOPPOSED CANDIDATES FOR OTHER
POLITICAL SUBDIVISIONS (NOT COUNTY) CERTIFICACIÓN DE
CANDIDATOS ÚNICOS
PARA OTRAS SUBDIVISIONES POLITICAS (NO EL CONDADO)**

To: Presiding Officer of Governing Body
Al: Presidente de la entidad gobernante

As the authority responsible for having the official ballot prepared, I hereby certify that the following candidates are unopposed for election to office for the election scheduled to be held on May 2, 2026.

Como autoridad a cargo de la preparación de la boleta de votación oficial, por la presente certifico que los siguientes candidatos son candidatos únicos para elección para un cargo en la elección que se llevará a cabo el 2 de mayo de 2026.

List offices and names of candidates:
Lista de cargos y nombres de los candidatos:

Office(s) Cargo(s)	Candidate(s) Candidato(s)
Board of Directors <i>Junta Directiva</i>	MaryBeth O'Hanlon <i>MaryBeth O'Hanlon</i>
Board of Directors <i>Junta Directiva</i>	Ron Whipple <i>Ron Whipple</i>
Board of Directors <i>Junta Directiva</i>	Michele Plummer <i>Michele Plummer</i>

Signature (Firma)

MaryBeth O'Hanlon

Printed name (Nombre en letra de molde)

(Seal) (sello)

Board President

Title (Puesto)

February 19, 2026

Date of signing (Fecha de firma)

*See reverse side for instructions
(Instrucciones en el reverso)*

**ORDER OF CANCELLATION
DE ORDEN DE CANCELACIÓN**

The Bastrop County WCID2 hereby cancels the election scheduled to be held on
(official name of governing body)
May 2, 2026 in accordance with Section 2.053(a) of the Texas
(date on which election was scheduled to be held)

Election Code. The following candidates have been certified as unopposed and are hereby
elected as follows:

El WCID#2 del condado de Bastrop *por la presente cancela la elección que, de lo contrario,*
(nombre oficial de la entidad gobernante)
se hubiera celebrado el 2 de mayo de 2026 *de conformidad, con*
(fecha en que se hubiera celebrado la elección)

*la Sección 2.053(a) del Código de Elecciones de Texas. Los siguientes candidatos han sido
certificados como candidatos únicos y por la presente quedan elegidos como se haya indicado
a continuación:*

Candidate (Candidato)	Office Sought (Cargo al que presenta candidatura)
MaryBeth O'Hanlon	Board of Directors
<i>MaryBeth O'Hanlon</i>	<i>Junta Directiva</i>
Ron Whipple	Board of Directors
<i>Ron Whipple</i>	<i>Junta Directiva</i>
Michele Plummer	Board of Directors
<i>Michele Plummer</i>	<i>Junta Directiva</i>

A copy of this order will be posted on Election Day at each polling place that would have been
used in the election.

*El Día de las Elecciones se exhibirá una copia de esta orden en todas las mesas electorales que
se hubieran utilizado en la elección.*

President (*Presidente*)

Secretary (*Secretario*)

(seal) (*sello*)

February 19, 2026
Date of adoption (*Fecha de adopción*)

Instructions for sample order of cancellation:

To cancel an election, the governing body must first receive and accept the Certification of Unopposed Candidates form (or the authority may create its own form) from the authority responsible for preparing the ballot. The cancellation order/ordinance must be adopted in an open meeting. The candidates are not required to be present. Certificates of election should be prepared for each unopposed candidate; however, the certificates of election should not be issued until after Election Day, as follows. Section 2.053 provides that the certificate of election shall be issued "in the same manner and at the same time" as for a candidate elected at an election. Therefore, the candidates, who have been declared "elected" at the meeting ordering the cancellation, must wait until after the official election day (even though no election is held) and no earlier than the prescribed canvassing period (even though no canvass is held) to be sworn in and assume their duties. Candidates may complete the Statement of Elected Officer prior to Election Day. The Statement should be kept locally; it does not need to be sent to the Secretary of State's Office. Copies of this order/ordinance must be posted on Election Day at each polling place that would have been used had the election not been cancelled.

An election* may be cancelled if:

- 1) The election is one in which a declaration of write-in candidacy is required; and
- 2) No opposed at-large race is on the ballot* within that election;*and
- 3) Each candidate whose name is to appear on the ballot* is unopposed, with some exceptions;

This means:

- In an all at-large election* (with no single-member districts), if there is one or more opposed at-large races, then all the races go on the ballot within that election.*
- In an election* in which any members of the governing body are elected from single-member districts, an election in a particular district may be cancelled if the candidate is unopposed and the election otherwise meets the above requirements (i.e., there is no at-large opposed race on the ballot).

Note: A general election (for full terms) or a special election (to fill a vacancy in an unexpired term) is considered a *separate election* with a *separate ballot* for purposes of these tests, even if held on the same election date. See our online Cancellation guide for details.

Instrucciones para el ejemplo de orden de cancelación:

Para cancelar una elección, la entidad gobernante primero debe recibir y aceptar, de la autoridad responsable para preparar la boleta, el formulario de Certificación para Candidatos Sin Oposición (o la autoridad puede crear su propio formulario) de la autoridad responsable para preparar la boleta. La orden/ordenanza de cancelación debe ser adoptada en una reunión abierta. No se requiere que los candidatos estén presentes. Se debe preparar un certificado de elección para cada candidato sin oposición; sin embargo, los certificados de elección no se deben emitir hasta el Día de las Elecciones, así como se detalla a continuación. La sección 2.053 indica que el certificado de elección será publicado "en la misma manera y al mismo tiempo" para un candidato elegido en una elección. Por lo tanto, los candidatos que hayan sido declarados "elegido" en la reunión de la cancelación, deben esperar hasta después del día oficial de elecciones (aunque no se hayan llevado una elección) y no antes del período prescrito de la campaña política (aunque no se lleve a cabo la campaña política) a ser jurados y asumir sus deberes. Los candidatos pueden llenar la Declaración de Funcionario Elegido antes del Día de las Elecciones. Este documento se debe mantener en los archivos locales. No es necesario enviarlo a la Oficina del Secretario de Estado. El Día de las Elecciones se debe exhibir una copia de esta orden/ordenanza en todos los sitios de votación que se hubieran utilizado en la elección si no hubiera sido cancelada.

Una elección* puede ser cancelada si:

- 1) *la elección es una en la que se requiere una declaración de candidatos por escrito en la boleta de votación; y,*
- 2) *no hay oposición para la carrera por acumulación en la boleta* de votación dentro de esa elección* y*
- 3) *Todos los candidatos cuyos nombres deben aparecer en la boleta* de votación no tienen oposición, con unas excepciones;*

Esto significa:

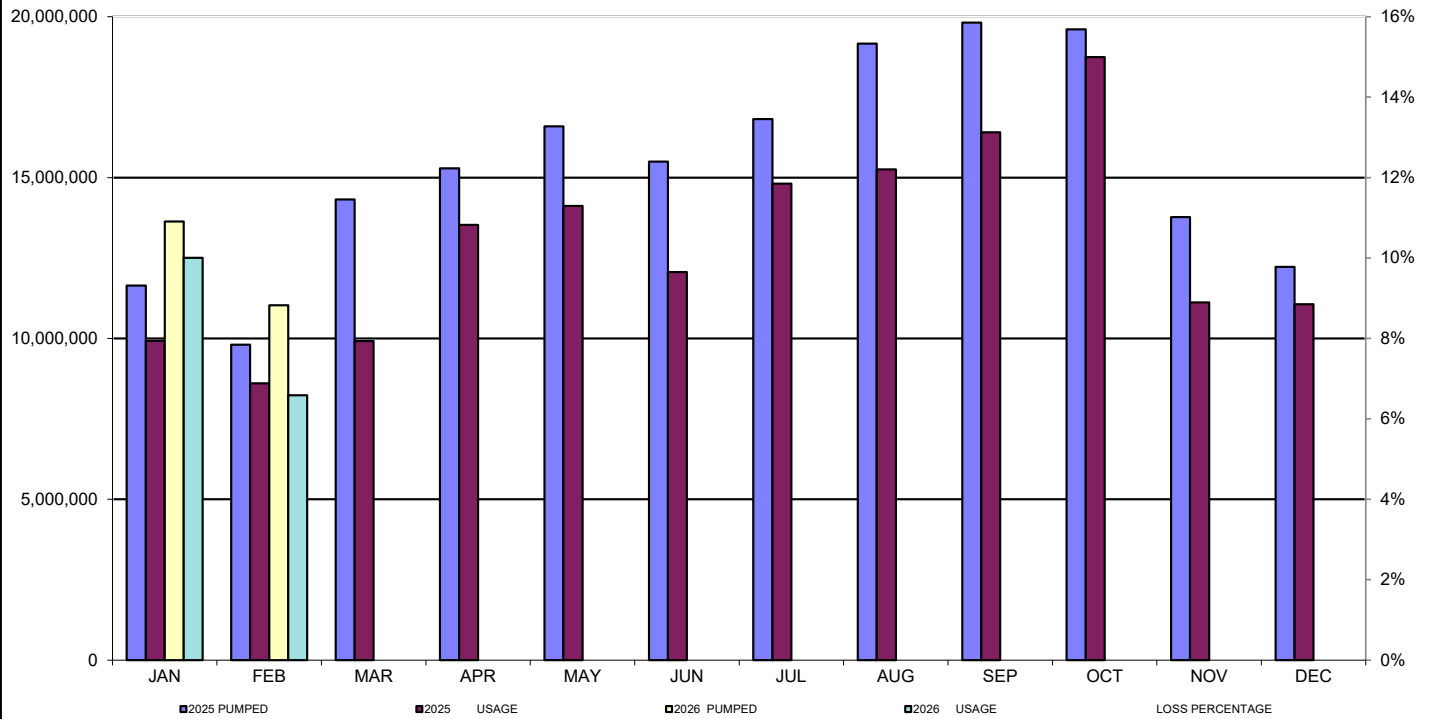
- *En una elección* por acumulación (sin ningún distrito con miembro único), si se encuentra una o más de una carrera por acumulación con oposición, entonces todas las carreras estarán en la boleta dentro de esa elección*.*
- *En una elección* en la que cualquiera de los miembros de la entidad gobernante se eligen de distritos con un solo miembro, se puede cancelar una elección en un distrito específico si hay oposición para el candidato y la elección cumple con los requisitos que anteceden (ej. no hay oposición para la carrera por acumulación en la boleta).*

Nota: Una elección general (con términos completos) o una elección especial (para llenar una vacante de un término no vencido) es considerada como una elección distinta con una boleta distinta con los propósitos de estas pruebas, aunque se lleven a cabo en la misma fecha electoral. Vea nuestra guía de cancelación en línea para más detalles.

Misc Reports

Consumption Report

MONTH	2025 PUMPED	2025	2026	2026	2026	ACTIVE	LOSS
	WATER	USAGE	PUMPED	USAGE	PUMPED		
	OF WATER	OF WATER	WATER	OF WATER	UNBILLED	METERS	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					
APR	15,289,055	13,530,994					
MAY	16,589,422	14,115,350					
JUN	15,499,315	12,062,500					
JUL	16,816,336	14,814,711					
AUG	19,163,468	15,252,108					
SEP	19,816,181	16,404,569					
OCT	19,603,392	18,745,991					
NOV	13,768,497	11,116,008					
DEC	12,222,495	11,064,330					
TOTALS	184,534,124	155,557,126	24,666,895	20,741,057	1,921,890		



FEBRUARY 2026

BCWCID#2

Re-Cap of Wastewater Tap Applications

WASTEWATER TAPS:

2026 Complete.....	4
2026 Pending	12
2025 Complete.....	38
2024 Pending	1
2024 Complete.....	47
2023 Complete.....	32
2022 Complete.....	35
2021 Complete.....	34
2020 Complete.....	43
2019 Complete.....	34
2018 Complete.....	52
2017 Complete	35
2016 Complete	40
2015 Complete	32
2014 Complete	26

Active Wastewater Customers: 978

FEBRUARY 2026

BCWCID#2

Re-Cap of Water Tap Applications WATER TAPS:

2026 Complete.....	8
2026 Pending	16
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