BAYVIEW MUNICIPAL UTILITY DISTRICT

GALVESTON COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

T A B L E O F C O N T E N T S

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
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Ashlee Martin

Mike M. McCall
(retired)
Debbie Gibson
(retired)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bayview Municipal Utility District
Galveston County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Bayview Municipal Utility District (the "District") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2025, and the respective 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, the Schedule of Changes in Net Pension Asset and Related Ratios and the Schedule of District Contributions 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Board of Directors
Bayview Municipal Utility District

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 supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is 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 supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

March 19, 2026

BAYVIEW MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025

Management's discussion and analysis of Bayview Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2025. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position is the District-wide statement of its financial position presenting information that includes the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI") and other supplementary information. A budgetary comparison schedule is included as RSI for the General Fund. In addition, the Schedule of Changes in Net Pension Asset and Related Ratios and the Schedule of District Contributions are included in RSI.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $3,108,226 as of December 31, 2025.

A portion of the District's net position reflects its net investment in capital assets (water and wastewater facilities less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

The following is a comparative analysis of government-wide changes in net position:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Changes in the Statement of Net Position

	2025	2024	Change Positive (Negative)
Current and Other Assets	$ 4,238,591	$ 4,757,416	$ (518,825)
Capital Assets (Net of Accumulated Depreciation)	3,309,057	2,680,434	628,623
Total Assets	$ 7,547,648	$ 7,437,850	$ 109,798
Deferred Outflows of Resources	$ 18,234	$ 23,310	$ (5,076)
Long-Term Liabilities	$ 3,050,000	$ 3,415,000	$ 365,000
Other Liabilities	622,052	522,871	(99,181)
Total Liabilities	$ 3,672,052	$ 3,937,871	$ 265,819
Deferred Inflows of Resources	$ 785,604	$ 779,986	$ (5,618)
Net Position:			
Net Investment in Capital Assets	$ 1,329,568	$ 1,185,292	$ 144,276
Restricted	72,795	65,107	7,688
Unrestricted	1,705,863	1,492,904	212,959
Total Net Position	$ 3,108,226	$ 2,743,303	$ 364,923

The following table provides a summary of the District's operations for the years ended December 31, 2025, and December 31, 2024.

Summary of Changes in the Statement of Activities

	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	$ 774,103	$ 746,288	$ 27,815
Charges for Services	959,252	831,521	127,731
Other Revenues	131,340	100,645	30,695
Total Revenues	$ 1,864,695	$ 1,678,454	$ 186,241
Expenses for Services	1,499,772	1,392,545	(107,227)
Change in Net Position	$ 364,923	$ 285,909	$ 79,014
Net Position, Beginning of Year	2,743,303	2,457,394	285,909
Net Position, End of Year	$ 3,108,226	$ 2,743,303	$ 364,923

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of the fiscal year ended December 31, 2025, were $3,099,631, a decrease of $639,327 from the prior year.

The General Fund fund balance increased by $198,599, primarily due to property tax revenues and charges for services exceeding service operations.

The Debt Service Fund fund balance increased by $1,421, primarily due to the structure of the District's outstanding debt service requirements.

The Capital Projects Fund fund balance decreased by $839,347, primarily due to capital expenditures exceeding investment revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current year. Actual revenues were $32,699 more than budgeted revenues, actual expenditures were $28,343 less than budgeted expenditures and transfers of $133,457 were not budgeted which resulted in a positive variance of $194,499. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of December 31, 2025, total $3,309,057 (net of accumulated depreciation) and include land, vehicles and equipment as well as the water and wastewater systems and reserved capacity with the Authority.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 78,839	$ 46,839	$ 32,000
Construction in Progress	701,252		701,252
Capital Assets, Net of Accumulated Depreciation:			
Water System	584,322	614,976	(30,654)
Wastewater System	1,420,176	1,505,902	(85,726)
Capacity Interests - GCWA	281,844	291,539	(9,695)
Building	160,559	178,323	(17,764)
Equipment	82,065	42,855	39,210
Total Net Capital Assets	$ 3,309,057	$ 2,680,434	$ 628,623

LONG-TERM DEBT ACTIVITY

As of December 31, 2025, the District had total bond debt payable of $3,415,000. The changes in the debt position of the District during the fiscal year ended December 31, 2025, are summarized as follows:

Bond Debt Payable, January 1, 2025	$ 3,770,000
Less: Bond Principal Paid	355,000
Bond Debt Payable, December 31, 2025	$ 3,415,000

The District's bonds have not been assigned a rating as of December 31, 2025.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Bayview Municipal Utility District, 309 Miles Road, Bacliff, Texas 77518.

BAYVIEW MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2025

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 1,037,931	$
Investments	547,665	172,477
Due from Galveston County Tax Assessor Collector	90,269	
Receivables:		
Property Taxes	178,195	335,375
Service Accounts	118,664	
Due from Other Funds	109,773	129,826
Prepaid Costs	17,028	
Net Pension Asset		
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 2,099,525	$ 637,678
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pensions	$ - 0 -	$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 2,099,525	$ 637,678

The accompanying notes to the financial
statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 612,237	$ 1,650,168	$	$ 1,650,168
991,468	1,711,610		1,711,610
	90,269		90,269
	513,570		513,570
	118,664		118,664
	239,599	(239,599)	
	17,028		17,028
		137,282	137,282
		78,839	78,839
		701,252	701,252
		2,528,966	2,528,966
$ 1,603,705	$ 4,340,908	$ 3,206,740	$ 7,547,648
$ - 0 -	$ - 0 -	$ 18,234	$ 18,234
$ 1,603,705	$ 4,340,908	$ 3,224,974	$ 7,565,882

The accompanying notes to the financial
statements are an integral part of this report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2025

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 84,466	$
Accrued Interest Payable		
Due to Other Funds	129,826	
Security Deposits	61,000	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 275,292	$ -0-
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 276,022	$ 521,769
Deferred Inflows - Pensions		
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 276,022	$ 521,769
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 17,028	$
Restricted for Authorized Construction		
Restricted for Debt Service		115,909
Unassigned	1,531,183	
TOTAL FUND BALANCES	$ 1,548,211	$ 115,909
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,099,525	$ 637,678
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

The accompanying notes to the financial statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 58,421	$ 142,887	$	$ 142,887
		53,165	53,165
109,773	239,599	(239,599)	
	61,000		61,000
		365,000	365,000
		3,050,000	3,050,000
$ 168,194	$ 443,486	$ 3,228,566	$ 3,672,052
$	$ 797,791	$ (17,503)	$ 780,288
		5,316	5,316
$ - 0 -	$ 797,791	$ (12,187)	$ 785,604
$	$ 17,028	$ (17,028)	$
1,435,511	1,435,511	(1,435,511)	
	115,909	(115,909)	
	1,531,183	(1,531,183)	
$ 1,435,511	$ 3,099,631	$ (3,099,631)	$ - 0 -
$ 1,603,705	$ 4,340,908		
		$ 1,329,568	$ 1,329,568
		72,795	72,795
		1,705,863	1,705,863
		$ 3,108,226	$ 3,108,226

The accompanying notes to the financial statements are an integral part of this report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total Fund Balances - Governmental Funds		$ 3,099,631
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Certain assets are not available in the current period and, therefore, are not reported as assets in the governmental funds. These assets at year end consist of net pension asset.		137,282
Portions of the change in net pension asset that are not immediately recognized as pension expense are recorded as deferred outflows or inflows of resources.		12,918
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		3,309,057
Deferred inflows of resources related to property tax revenues for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District.		17,503
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Accrued Interest Payable	$ (53,165)	
Bonds Payable	(3,415,000)	(3,468,165)
Total Net Position - Governmental Activities		$ 3,108,226

The accompanying notes to the financial statements are an integral part of this report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 255,337	$ 517,071
Water Service	389,357	
Wastewater Service	497,566	
Street Lighting	23,086	
Tap Connection and Inspection Fees	29,150	
Penalty and Interest	20,093	
Investment Revenues	30,421	8,582
Miscellaneous Revenues	16,789	
TOTAL REVENUES	$ 1,261,799	$ 525,653
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 88,976	$
Contracted Services	185,507	
Purchased Water Service	167,177	
Utilities	40,473	
Repairs and Maintenance	48,788	
Salaries	399,416	
Depreciation		
Other	218,345	
Capital Outlay	47,975	
Debt Service:		
Bond Principal		355,000
Bond Interest		169,232
TOTAL EXPENDITURES/EXPENSES	$ 1,196,657	$ 524,232
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 65,142	$ 1,421
OTHER FINANCING SOURCES (USES)		
Transfers In(Out)	$ 133,457	$ -0-
NET CHANGE IN FUND BALANCES	$ 198,599	$ 1,421
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JANUARY 1, 2025	1,349,612	114,488
FUND BALANCES/NET POSITION - DECEMBER 31, 2025	$ 1,548,211	$ 115,909

The accompanying notes to the financial statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 772,408	$ 1,695	$ 774,103
	389,357		389,357
	497,566		497,566
	23,086		23,086
	29,150		29,150
	20,093		20,093
75,548	114,551		114,551
	16,789		16,789
$ 75,548	$ 1,863,000	$ 1,695	$ 1,864,695
$	$ 88,976	$	$ 88,976
	185,507		185,507
	167,177		167,177
	40,473		40,473
42,486	91,274		91,274
	399,416	(14,178)	385,238
		152,604	152,604
5,700	224,045		224,045
733,252	781,227	(781,227)	
	355,000	(355,000)	
	169,232	(4,754)	164,478
$ 781,438	$ 2,502,327	$ (1,002,555)	$ 1,499,772
$ (705,890)	$ (639,327)	$ 1,004,250	$ 364,923
$ (133,457)	$ -0-	$ -0-	$ -0-
$ (839,347)	$ (639,327)	$ 639,327	$
		364,923	364,923
2,274,858	3,738,958	(995,655)	2,743,303
$ 1,435,511	$ 3,099,631	$ 8,595	$ 3,108,226

The accompanying notes to the financial statements are an integral part of this report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Governmental Funds	$	(639,327)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		1,695
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(152,604)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		781,227
Governmental funds report principal payments on long-term liabilities as expenditures. However, in the Statement of Net Position, principal payments are reported as decreases in long-term liabilities.		355,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		4,754
The changes in the net pension asset as well as deferred inflows and outflows of resources are recorded as pension expense in the government-wide financial statements.		14,178
Change in Net Position - Governmental Activities	$	364,923

The accompanying notes to the financial statements are an integral part of this report.

NOTE 1. CREATION OF DISTRICT

Bayview Municipal Utility District, located in Galveston County, Texas (the "District") was created by the State Legislature, Senate Bill 504, effective August 13, 1963. The District was created under the statutes applicable to a Fresh Water Supply District. The Board of Directors held its first meeting on October 8, 1963. Pursuant to the provisions of Chapters 49 and 53 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

<u>Financial Statement Presentation</u>

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification").

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, costs and general expenditures.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund – To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectible within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include 2024 tax levy collections during the period October 1, 2024, to December 21, 2025, and taxes collected from January 1, 2025, to December 31, 2025, for the 2023 and prior tax levies. The 2025 tax levy has been fully deferred to meet planned operating expenditures for the 2026 fiscal year.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of December 31, 2025, the District's General Fund owed the Debt Service Fund $129,826 due to collected but unremitted debt service tax collections and the Capital Projects Fund owed the General Fund $109,773 for amounts paid related to capital expenditures approved to be paid from bond proceeds. During the current fiscal year, the Capital Projects Fund recorded a transfer to the General Fund in the amount of $133,457 to reimburse the General Fund for capital expenditures paid for in a prior year.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has five full time employees. Payments are made into the social security system for them. The Internal Revenue Service has determined that the District's directors are considered "employees" for federal payroll tax purposes only. A separate pension plan has not been established for the directors. See Note 12 for full-time employee's retirement plan.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2018	Series 2023
Amounts Outstanding December 31, 2025	$ 1,110,000	$ 2,305,000
Interest Rate	3.55%	5.21%
Maturity Dates – Serially Beginning/Ending	March 1, 2026 / 2029	September 1, 2026/ 2033
Interest Payment Dates	March 1/ September 1	March 1/ September 1
Callable Dates	March 1, 2024*	N/A**

* Or on any date thereafter, callable at par plus unpaid accrued interest in whole or in part at the option of the District. The bonds maturing on March 1, 2029 are term bonds and are subject to mandatory redemption beginning March 1, 2020.

** The Series 2023 bonds were sold via private placement.

The following is a summary of transactions regarding bonds payable for the year ended December 31, 2025:

	January 1, 2025	Additions	Retirements	December 31, 2025
Bonds Payable	$ 3,770,000	$ - 0 -	$ 355,000	$ 3,415,000

Amount Due Within One Year	$ 365,000
Amount Due After One Year	3,050,000
Bonds Payable	$ 3,415,000

NOTE 3. LONG-TERM DEBT (Continued)

As of December 31, 2025, the District had no remaining authorized but unissued bonds. As of December 31, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 365,000	$ 154,880	$ 519,880
2027	380,000	140,003	520,003
2028	395,000	124,420	519,420
2029	415,000	108,394	523,394
2030	430,000	96,906	526,906
2031-2033	1,430,000	151,351	1,581,351
	$ 3,415,000	$ 775,954	$ 4,190,954

The bonds are payable from an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. During the year ended December 31, 2025, the District levied an ad valorem debt service tax rate of $0.2496 per $100 of assessed valuation, which resulted in a tax levy of $511,718 on the adjusted taxable valuation of $204,726,318 for the 2025 tax year. The bond orders require the District to levy and collection an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of each issue.

BAYVIEW MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was $1,650,168 and the bank balance was $1,653,606. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2025, as listed below:

	Cash
GENERAL FUND	$ 1,037,931
CAPITAL PROJECTS FUND	612,237
TOTAL DEPOSITS	$ 1,650,168

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

All investments are recorded at cost, which the District considers to be fair value. The District invests in TexPool, an external investment pool that is not SEC-registered. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reports purposes. There are no limitations or restrictions on withdrawals from TexPool.

As of December 31, 2025, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	$ 547,665	$ 547,665
DEBT SERVICE FUND		
TexPool	172,477	172,477
CAPITAL PROJECTS FUND		
TexPool	991,468	991,468
TOTAL INVESTMENTS	$ 1,711,610	$ 1,711,610

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2025, the District's investment in TexPool was rated AAAm by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

BAYVIEW MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025:

	January 1, 2025	Increases	Decreases	December 31, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 46,839	$ 32,000	$	$ 78,839
Construction in Progress		749,227	47,975	701,252
Total Capital Assets Not Being Depreciated	$ 46,839	$ 781,227	$ 47,975	$ 780,091
Capital Asset Subject to Depreciation				
Water System	$ 1,136,112	$	$	$ 1,136,112
Wastewater System	2,192,658			2,192,658
Capacity Interests - GCWA	387,797			387,797
Building	266,462			266,462
Equipment	208,680	47,975		256,655
Total Capital Assets Subject to Depreciation	$ 4,191,709	$ 47,975	$ -0-	$ 4,239,684
Less Accumulated Depreciation				
Water System	$ 521,136	$ 30,654	$	$ 551,790
Wastewater System	686,756	85,726		772,482
Capacity Interests - GCWA	96,258	9,695		105,953
Building	88,139	17,764		105,903
Equipment	165,825	8,765		174,590
Total Accumulated Depreciation	$ 1,558,114	$ 152,604	$ -0-	$ 1,710,718
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 2,633,595	$ (104,629)	$ -0-	$ 2,528,966
Total Capital Assets, Net of Accumulated Depreciation	$ 2,680,434	$ 676,598	$ 47,975	$ 3,309,057

NOTE 7. CONTRACT FOR FIRE SUPPRESSION SERVICES

On December 19, 2019, a contract was entered into between the District and Bacliff Volunteer Fire Department (Bacliff VFD) in accordance with a proposal approved by the voters within the District. The monthly residential rate is $9.00 per unit and the District's commercial rate is $22.00 per unit.

The contract provides for the fire department to present financial statements representing the current condition of the funds held and expended by the fire department from the truck fund account. The District, by majority vote of its directors, may request an audit of the funds held and expended by the fire department from the truck fund account. The audit will be furnished by the fire department within sixty days from the date of the request. The District reimbursed a total of $90,053 to the fire department during the current fiscal year.

NOTE 8. WATER SUPPLY CONTRACT

On August 4, 2022, the District executed the Amended and Restated Municipal System Customer Contract (the "Contract") with the Gulf Coast Water Authority (the "Authority") for the supply of potable water. The Contract shall become effective upon the earlier to occur of (i) the execution of amended and restated contracts in substantially the form of this Contract by all of the Municipal System Customers under Municipal System Contracts in effect as of April 15, 2022, or (ii) to the extent this Contract has not been signed by one or more of such Customers, upon the termination of the existing Municipal System Contracts for such Customers, which termination date is December 31, 2027, unless earlier termination occurs pursuant to the terms of such contracts. If and when such condition has been satisfied, the Contract shall become effective, and the date on which such conditions are satisfied shall be the "Effective Date". The Authority shall promptly notify the Customers in writing upon the satisfaction of the condition precedent to the effectiveness of this Contract and identifying the Effective Date.

The Contract completely amends, repeals and replaces and supersedes any prior agreements between the Authority and the District (or their predecessors in interest) regarding the subject matter herein, including, without limitation, the Mainland Water Project Customer Contract, entered into between the Authority, formerly known as Galveston County Water Authority, and the District on August 7, 1981, as amended by the First Amendment, dated as of September 16, 1981, the Second Amendment, dated as of September 1, 1991, the Third Amendment, dated as of June 18, 1998, the Fourth Amendment, dated as of July 16, 1998, the Fifth Amendment, dated as of June 16, 2011, the Sixth Amendment, dated as of May 15, 2014, and the Seventh Amendment, dated as of May 1, 2015. As of the date of this Contract, the District has reserved capacity in the amount of 388,000 gallons of water per day. The Authority will bill the District monthly for Raw Water Charges, Municipal System Debt Service Charges, Municipal System Operating Charges, Budgeted Capital Charges, Excess Use Charges, if any, and amounts charged under the Authority's rate order, if any, commencing in the first month following the effective date of the Contract. In addition, the Authority will bill the District monthly in advance for all Municipal System Debt Service Charges and Raw Water Charges. All billings are to be sent to the District not later than the fifth (5th) day of each month. The amount billed is due and payable by the District by the twenty-fifth (25th) day of the month. During the current fiscal year, the District recorded purchased water service in the amount of $167,177 in relation to this Contract with the Authority.

The Contract will remain in effect from the effective date until December 31, 2062, and thereafter until payments in full of the principal, premium, if any, and interest on all Municipal System Bonds or Seller's Revenue Bonds and all related fees to be paid under any bond resolution or indenture securing the same.

NOTE 9. MAINTENANCE TAX

On May 10, 1991, the voters of the District approved the levy and collection of a maintenance tax not to exceed $0.15 per $100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system. For the 2025 tax year, the District levied an ad valorem maintenance tax at the rate of $0.1310 per $100 of assessed valuation, which resulted in a tax levy of $268,570 on the adjusted taxable valuation of $204,726,318. The 2025 tax levy has been fully deferred.

NOTE 10. STREET LIGHTING

On April 23, 1997, the Texas Legislature passed a bill which allows the District, with voter approval, to install, operate and maintain street lighting. The District can assess the cost of installation, operating and maintaining the street lighting as an additional charge on the monthly billings of the District's customers. On May 7, 1998, the voters of the District approved street lighting for the District. Beginning in June 1998, the District began assessing an additional $2.00 charge on each customer's monthly billing. Effective January 1, 2009, this charge was increased to $3.00. During the current year, the District recorded $23,086 in revenues related to street lighting.

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property, general liability, automobile, boiler and machinery, errors and omissions and workers compensation coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 12. PENSION PLAN

Plan Description

The District provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System ("TCDRS"). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of more than 850 nontraditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis which can be obtained at www.tcdrs.org.

Benefits Provided

The plan provisions are adopted by the governing body of the District, within the options available in the Texas state statutes governing the TCDRS ("TCDRS Act"). Members can retire at ages 60 and above with 10 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 80 or more. Members are vested after 10 years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by the District.

Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credit. The level of these monetary credits is adopted by the governing body of the District within the actuarial constraints imposed by the TCDRS Act so 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 deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

As of December 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled but not yet receiving benefits	6
Active employees	6

Contributions

The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using the actuarially determined rate of 3.00% for the months of the 2025 accounting year. The deposit rate payable by the employee members for calendar year 2025 is the rate of 4.00% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

NOTE 12. PENSION PLAN (Continued)

Contributions (Continued)

For the District's accounting year ended December 31, 2025, the annual pension cost for the TCDRS plan for its employees was $9,663; the actual contributions were $9,663. The employees contributed $12,884 to the Plan for the 2025 fiscal year.

Actuarial Assumptions

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumption:

Actuarial valuation date	12/31/24
Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining Amortization period	0.0 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment return [1]	7.60%
Projected salary increases [1]	4.70%
Inflation	2.50%
Cost-of-living adjustments	0.00%

1 Includes inflation at the stated rate

The demographic assumptions were developed from an actuarial experience investigation of TCDRS over the years 2017-2020. They were recommended by Milliman and adopted by the TCDRS Board of Trustees in December of 2021. All economic assumptions were recommended by Milliman and adopted by the TCDRS Board of Trustees in March of 2021. These assumptions, except where required to be different by GASB 68, are used to determine the total pension liability as of December 31, 2024. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

Mortality rates were based on the following:

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

NOTE 12. PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.6%. The discount rate in the previous year was 7.6%.

In order to determine the discount rate to be used, the actuary used an alternative method to determine the sufficiency of the fiduciary net position in all future years. This alternative method reflects the funding requirements under the funding policy and the legal requirements under the TCDRS Act:

1) TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.

2) Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.

3) The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.

4) Any increased cost due to the adoption of a cost-of-living adjustment is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses. Therefore, the actuary has used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

NOTE 12. PENSION PLAN (Continued)

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2025 information for a 10-year time horizon.

Note that the valuation assumption for the long-term expected return is re-assessed in detail at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	13.00%	5.35%
Private Equity	25.00%	8.15%
Global Equities	4.00%	5.15%
International Equities-Developed Markets	6.00%	4.75%
International Equities-Emerging Markets	0.00%	4.75%
Investment-Grade Bonds	3.00%	2.55%
Strategic Credit	9.00%	3.70%
Direct Lending	16.00%	6.85%
Distressed Debt	4.00%	6.80%
REIT Equities	2.00%	3.95%
Master Limited Partnerships (MLPs)	2.00%	4.95%
Commodities	2.00%	1.00%
Private Real Estate Partnerships	6.00%	5.75%
Hedge Funds	6.00%	3.60%
Cash Equivalents	2.00%	1.10%

NOTE 12. PENSION PLAN (Continued)

Net Pension Asset

Changes in Net Pension Liability/(Asset) for the measurement year ended December 31, 2024 are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances of December 31, 2023	$ 360,993	$ 477,468	$ (116,475)
Changes for the year:			
Service Costs	20,332		20,332
Interest on the Total Pension Liability	28,855		28,855
Effect of Econimic/Demographic Gains or Losses	2,559		2,559
Benefit Payments	(3,381)	(3,381)	
Administrative Expenses		(298)	298
Member Contributions		12,901	(12,901)
Net investment income		49,076	(49,076)
Employer Contributions		9,676	(9,676)
Other		1,198	(1,198)
Balances of December 31, 2024	$ 409,358	$ 546,640	$ (137,282)

Sensitivity Analysis **-** The following presents the net pension liability/(asset) of the District, calculated using the discount rate of 7.60%, as well as what the District net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension Liability	$ 460,904	$ 409,358	$ 364,945
Fiduciary net position	546,640	546,640	546,640
Net pension liability/(asset)	$ (85,736)	$ (137,282)	$ (181,695)

NOTE 12. PENSION PLAN (Continued)

As of December 31, 2025, the District reported deferred inflows and outflows of resources related to pensions from the following sources:

	Deferred Inflows of resources	Deferred Outflows of resources
Differences between expected and actual experience	$ 1,016	$ 3,734
Changes in assumptions	170	4,837
Net difference between projected and actual earnings	4,130	
Contributions paid to TCDRS subsequent to the measurement date		9,663
Total	$ 5,316	$ 18,234

$9,663 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2025 (i.e. recognized in the District's financial statements for the year ending December 31, 2026). Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2025	$ (70)
2026	10,259
2027	(4,527)
2028	(2,407)
2029	-0-
Thereafter	-0-

BAYVIEW MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

BAYVIEW MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 280,000	$ 255,337	$ (24,663)
Water Service	389,300	389,357	57
Wastewater Service	507,400	497,566	(9,834)
Street Lights	24,000	23,086	(914)
Penalty and Interest	14,000	20,093	6,093
Tap Connection and Inspection Fees	11,500	29,150	17,650
Investment Revenues		30,421	30,421
Miscellaneous Revenues	2,900	16,789	13,889
TOTAL REVENUES	$ 1,229,100	$ 1,261,799	$ 32,699
EXPENDITURES			
Service Operations:			
Professional Fees	$ 109,100	$ 88,976	$ 20,124
Contracted Services	178,000	185,507	(7,507)
Purchased Water Service	140,000	167,177	(27,177)
Utilities	37,200	40,473	(3,273)
Repairs and Maintenance	26,000	48,788	(22,788)
Salaries	446,500	399,416	47,084
Other	248,700	218,345	30,355
Capital Outlay	39,500	47,975	(8,475)
TOTAL EXPENDITURES	$ 1,225,000	$ 1,196,657	$ 28,343
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 4,100	$ 65,142	$ 61,042
OTHER FINANCING SOURCES(USES)			
Transfers In	$ -0-	$ 133,457	$ 133,457
NET CHANGE IN FUND BALANCE	$ 4,100	$ 198,599	$ 194,499
FUND BALANCE - JANUARY 1, 2025	1,349,612	1,349,612	
FUND BALANCE - DECEMBER 31, 2025	$ 1,353,712	$ 1,548,211	$ 194,499

See accompanying independent auditor's report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED DECEMBER 31, 2025

	Year Ended December 31, 2024	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Total Pension Liability				
Service Cost	$ 20,332	$ 16,948	$ 18,406	$ 17,949
Interest (on the Total Pension Liability)	28,855	25,453	23,245	20,759
Effect on plan changes				
Changes of assumptions				(514)
Effect of economic/demographic gains or losses	2,559	2,348	(4,468)	623
Benefit payments, including refunds of employee contributions	(3,381)	(3,381)	(9,849)	(3,381)
Net change in total pension liability	$ 48,365	$ 41,368	$ 27,334	$ 35,436
Total pension liability, beginning	360,993	319,625	292,291	256,855
Total pension liability, ending (a)	$ 409,358	$ 360,993	$ 319,625	$ 292,291
Plan Fiduciary Net Position				
Contributions - employer	$ 9,676	$ 8,131	$ 7,826	$ 7,900
Contributions - employee	12,901	10,842	10,434	10,532
Net investment income	49,076	45,804	(26,023)	76,399
Benefit payments, including refunds of employee contributions	(3,381)	(3,381)	(9,849)	(3,381)
Administrative Expense	(298)	(249)	(243)	(234)
Other	1,198	946	1,545	525
Net Change in plan fiduciary net position	$ 69,172	$ 62,093	$ (16,310)	$ 91,741
Plan Fiduciary net position, beginning	477,468	415,375	431,685	339,944
Plan Fiduciary net position, ending (b)	$ 546,640	$ 477,468	$ 415,375	$ 431,685
Net Pension Liability/(Asset), Ending = (a) - (b)	$ (137,282)	$ (116,475)	$ (95,750)	$ (139,394)
Plan fiduciary net position as a percentage of the total pension liability	133.54%	132.27%	129.96%	147.69%
Covered-employee payroll	$ 322,528	$ 271,039	$ 260,856	$ 263,310
Net pension liability as a percentage of covered employee payroll	(42.56)%	(42.97)%	(36.71)%	(52.94)%

See accompanying independent auditor's report.

Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
$ 16,038	$ 15,391	$ 16,456	$ 15,054	$ 14,229	$ 15,006
18,143	15,792	13,909	12,270	10,252	9,499
					(3,077)
16,412			146	1,361	1,208
41	572	(2,226)	(1,798)		(5,724)
(3,381)	(3,381)	(4,251)	(9,326)	(8,715)	(7,607)
$ 47,253	$ 28,374	$ 23,888	$ 16,346	$ 17,127	$ 9,305
209,602	181,228	157,340	140,994	123,867	114,562
$ 256,855	$ 209,602	$ 181,228	$ 157,340	$ 140,994	$ 123,867
$ 7,734	$ 7,642	$ 7,495	$ 7,646	$ 7,259	$ 6,818
10,312	10,190	9,993	10,194	9,678	9,091
30,464	39,460	(4,157)	28,473	12,771	(1,214)
(3,381)	(3,381)	(4,251)	(9,326)	(8,715)	(7,607)
(249)	(225)	(193)	(154)	(140)	(121)
463	536	417	113	2,253	338
$ 45,343	$ 54,222	$ 9,304	$ 36,946	$ 23,106	$ 7,305
294,601	240,379	231,075	194,129	171,023	163,718
$ 339,944	$ 294,601	$ 240,379	$ 231,075	$ 194,129	$ 171,023
$ (83,089)	$ (84,999)	$ (59,151)	$ (73,735)	$ (53,135)	$ (47,156)
132.35%	140.55%	132.64%	146.86%	137.69%	138.07%
$ 257,811	$ 254,748	$ 249,824	$ 254,862	$ 241,952	$ 227,270
(32.23)%	(33.37)%	(23.68)%	(28.93)%	(21.96)%	(20.75)%

See accompanying independent auditor's report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
DECEMBER 31, 2025

Fiscal Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll (1)	Actual Contribution as a Percentage of Covered Payroll
2016	$ 3,266	$ 7,259	$ (3,993)	$ 241,952	3.00%
2017	$ 1,019	$ 7,646	$ (6,627)	$ 254,862	3.00%
2018	$ 1,074	$ 7,495	$ (6,421)	$ 249,824	3.00%
2019	$ 484	$ 7,642	$ (7,158)	$ 254,748	3.00%
2020	$ 180	$ 7,734	$ (7,554)	$ 257,811	3.00%
2021	$ -0-	$ 7,900	$ (7,900)	$ 263,310	3.00%
2022	$ 2,374	$ 7,826	$ (5,452)	$ 260,856	3.00%
2023	$ 2,060	$ 8,131	$ (6,071)	$ 271,039	3.00%
2024	$ 1,226	$ 9,676	$ (8,450)	$ 322,528	3.00%
2025	$ 9,663	$ 9,663	$ -0-	$ 322,107	3.00%

(1) Payroll is calculated based on contributions as reported to TCDRS.

See accompanying independent auditor's report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2025

NOTE 1. NET PENSION ASSET - TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM

Assumptions

The following methods and assumptions were used to determine contribution rates:

Valuation Date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	0.0 years (based on contribution rate calculated in 12/31/24 valuation)
Asset Valuation Method	5-year, smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7%, average, including inflation.
Investment Rate of Return	7.50%, net of investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assured to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods reflected in Schedule	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions reflected in Schedule	2015: No changes in plan provision were reflected in the schedule. 2016: No changes in plan provision were reflected in the schedule. 2017: New Annuity purchase rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the schedule. 2019: No changes in plan provision were reflected in the schedule. 2020, 2021, 2022, 2023, 2024: No changes in plan provision were reflected in the schedule.

See accompanying independent auditor's report.

BAYVIEW MUNICIPAL UTILITY DISTRICT

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

DECEMBER 31, 2025

BAYVIEW MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2025

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

X	Retail Water		Wholesale Water		Drainage
X	Retail Wastewater		Wholesale Wastewater	X	Irrigation
	Parks/Recreation	X	Fire Protection		Security
X	Solid Waste/Garbage		Flood Control		Roads
X	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
X	Other (specify): Street Lighting				

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

Based on the rate order effective December 22, 2025.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 22.38	2,000	N	$ 6.15	2,001 to 7,000
				$ 7.60	7,001 to 10,000
				$ 15.25	10,001 and up
WASTEWATER:	$ 55.52*	2,000	N	$ 6.30	2,001 to 7,000
				$ 6.50	7,001 to 10,000
				$ 8.25	10,001 and up
SURCHARGE:					
Commission Regulatory Assessments	0.5% of actual water and wastewater bill				
Street Lighting	$ 3.00		Y		
Volunteer Fire Billing	$ 9.00		Y		

* Rate includes a solid waste fee of $32.64.

District employs winter averaging for wastewater usage? ___ Yes X No

Total monthly charges per 10,000 gallons usage: Water: $75.93 Wastewater: $106.52 Surcharge: $12.75

See accompanying independent auditor's report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2025

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	669	586	x 1.0	586
1"	52	48	x 2.5	120
1½"	3	2	x 5.0	10
2"	21	20	x 8.0	160
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	745	656		876
Total Wastewater Connections	678	616	x 1.0	616

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Water Accountability Ratio: 89.12%
(Gallons billed/Gallons purchased)

Gallons billed to customers: 36,359,000

Gallons purchased: 40,798,000 From: Gulf Coast Water Authority

See accompanying independent auditor's report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2025

4. **STANDBY FEES** (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes ___ No _X_

Does the District have Operation and Maintenance standby fees? Yes ___ No _X_

5. **LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes __X__ No ______

County in which District is located:

Galveston County, Texas

Is the District located within a city?

Entirely _____ Partly ___X___ Not at all _____

City in which the District is partly located:

Kemah, Texas

Is the District located within a city's extraterritorial jurisdiction (ETJ)?

Entirely __X__ Partly _______ Not at all _____

ETJ's in which District is located:

City of League City, Texas.
City of Kemah, Texas
Texas City, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No ___X___

See accompanying independent auditor's report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2025

PERSONNEL EXPENDITURES (Including Benefits)		
Office Salaries	$	119,642
Field Salaries		202,134
Payroll Taxes		23,145
Insurance		44,832
Retirement Plan		9,663
TOTAL PERSONNEL	$	399,416
PROFESSIONAL FEES:		
Auditing	$	18,750
Engineering		49,035
Legal		16,744
Delinquent Tax Attorney		947
Financial Advisor		3,500
TOTAL PROFESSIONAL FEES	$	88,976
PURCHASED SERVICES FOR RESALE:		
Purchased Water Service	$	167,177
CONTRACTED SERVICES:		
Garbage	$	178,168
Tax Collector		7,339
TOTAL CONTRACTED SERVICES	$	185,507
UTILITIES:		
Electricity	$	33,227
Telephone		7,246
TOTAL UTILITIES	$	40,473
REPAIRS AND MAINTENANCE	$	48,788
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	9,600
Insurance		32,573
Legal Notices		2,250
Office Supplies and Postage		18,374
Operating Supplies		83,814
Training		1,647
Other		19,414
TOTAL ADMINISTRATIVE EXPENDITURES	$	167,672

See accompanying independent auditor's report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2025

CAPITAL OUTLAY	$	47,975
TAP CONNECTIONS	$	11,021
OTHER EXPENDITURES:		
Chemicals	$	6,370
Equipment Rental		1,369
Laboratory Fees		9,433
Permit Fees		6,944
Truck Costs		3,852
Regulatory Assessment		2,903
Sludge Disposal		8,550
Other		231
TOTAL OTHER EXPENDITURES	$	39,652
TOTAL EXPENDITURES	$	1,196,657

Number of persons employed by the District 5 Full-Time -0- Part-Time

See accompanying independent auditor's report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
INVESTMENTS
DECEMBER 31, 2025

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0001	Varies	Daily	$ 520,502	$
TexPool	XXXX0004	Varies	Daily	27,163	
TOTAL GENERAL FUND				$ 547,665	$ - 0 -
DEBT SERVICE FUND					
TexPool	XXXX0002	Varies	Daily	$ 172,477	$ - 0 -
CAPITAL PROJECTS FUND					
TexPool	XXXX0003	Varies	Daily	$ 991,468	$ - 0 -
TOTAL - ALL FUNDS				$ 1,711,610	$ - 0 -

See accompanying independent auditor’s report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2025

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JANUARY 1, 2025	$ 180,606		$ 360,109	
Adjustments to Beginning Balance	(808)	$ 179,798	(1,312)	$ 358,797
Original 2025 Tax Levy	$ 253,314		$ 482,650	
Adjustment to 2025 Tax Levy	15,256	268,570	29,068	511,718
TOTAL TO BE ACCOUNTED FOR		$ 448,368		$ 870,515
TAX COLLECTIONS:				
Prior Years	$ 172,346		$ 348,746	
Current Year	97,827	270,173	186,394	535,140
TAXES RECEIVABLE - DECEMBER 31, 2025		$ 178,195		$ 335,375
TAXES RECEIVABLE BY YEAR:				
2025		$ 170,743		$ 325,324
2024		1,640		3,326
2023		1,480		2,681
2022		992		1,258
2021		689		922
2020 and Prior		2,651		1,864
TOTAL		$ 178,195		$ 335,375

See accompanying independent auditor's report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024	2023	2022
PROPERTY VALUATIONS:				
Land	$ 102,681,999	$ 86,710,384	$ 86,478,868	$ 64,523,330
Improvements	138,534,298	149,534,608	130,752,245	117,654,325
Personal Property	8,980,820	8,481,100	8,723,570	6,734,050
Exemptions	(45,470,799)	(43,556,365)	(33,866,707)	(28,391,668)
TOTAL PROPERTY VALUATIONS	$ 204,726,318	$ 201,169,727	$ 192,087,976	$ 160,520,037
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.2496	$ 0.2584	$ 0.2548	$ 0.1806
Maintenance	0.1310	0.1274	0.1407	0.1424
TOTAL TAX RATES PER $100 VALUATION	$ 0.3806	$ 0.3858	$ 0.3955	$ 0.3230
ADJUSTED TAX LEVY*	$ 780,288	$ 776,223	$ 759,865	$ 518,602
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	36.43 %	99.36 %	99.45 %	99.57 %

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate of $0.15 per $100 of assessed valuation approved by voters on May 4, 1991.

BAYVIEW MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2025

	SERIES 2018		
Due During Fiscal Years Ending December 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2026	$ 260,000	$ 34,790	$ 294,790
2027	270,000	25,383	295,383
2028	285,000	15,531	300,531
2029	295,000	5,236	300,236
2030			
2031			
2032			
2033			
	$ 1,110,000	$ 80,940	$ 1,190,940

See accompanying independent auditor's report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2025

	SERIES 2023		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2026	$ 105,000	$ 120,090	$ 225,090
2027	110,000	114,620	224,620
2028	110,000	108,889	218,889
2029	120,000	103,158	223,158
2030	430,000	96,906	526,906
2031	455,000	74,503	529,503
2032	475,000	50,798	525,798
2033	500,000	26,050	526,050
	$ 2,305,000	$ 695,014	$ 3,000,014

See accompanying independent auditor’s report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2025

	ANNUAL REQUIREMENTS FOR ALL SERIES		
Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	$ 365,000	$ 154,880	$ 519,880
2027	380,000	140,003	520,003
2028	395,000	124,420	519,420
2029	415,000	108,394	523,394
2030	430,000	96,906	526,906
2031	455,000	74,503	529,503
2032	475,000	50,798	525,798
2033	500,000	26,050	526,050
	$ 3,415,000	$ 775,954	$ 4,190,954

See accompanying independent auditor's report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2025

Description	Original Bonds Issued	Bonds Outstanding January 1, 2025
Bayview Municipal Utility District Unlimited Tax and Revenue Bonds - Series 2018	$ 2,500,000	$ 1,365,000
Bayview Municipal Utility District Unlimited Tax and Revenue Bonds - Series 2023	2,500,000	2,405,000
TOTAL	$ 5,000,000	$ 3,770,000

Bond Authority:	Tax Bonds	Refunding Bonds
Amount Authorized by Voters	$ 5,000,000	$ *
Amount Issued	5,000,000	
Remaining to be Issued	$ - 0 -	$ *

Debt Service Fund cash and investment balances as of December 31, 2025:	$ 172,477
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 523,869

See Note 3 for interest rates, interest payment dates and maturity dates.

* Included in amount authorized by voters for tax bonds.

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding December 31, 2025	Paying Agent
$	$ 255,000	$ 43,931	$ 1,110,000	Branch Banking & Trust Co., Houston, TX
	100,000	125,301	2,305,000	ZB, N.A. dba Amegy Bank Houston, TX
$ - 0 -	$ 355,000	$ 169,232	$ 3,415,000	

See accompanying independent auditor's report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 255,337	$ 264,382	$ 226,072
Water Service	389,357	291,376	361,029
Wastewater Service	497,566	479,412	421,036
Street Lighting	23,086	23,445	23,109
Penalty and Interest	20,093	11,513	13,371
Tap Connection and Inspection Fees	29,150	25,775	23,725
Investment Revenues	30,421	26,411	24,303
Miscellaneous Revenues	16,789	29,681	13,561
TOTAL REVENUES	$ 1,261,799	$ 1,151,995	$ 1,106,206
EXPENDITURES			
Service Operations:			
Professional Fees	$ 88,976	$ 123,155	$ 51,694
Contracted Services	185,507	178,461	148,416
Purchased Water Service	167,177	120,876	134,500
Utilities	40,473	35,945	35,083
Repairs and Maintenance	48,788	17,040	20,322
Salaries	399,416	395,540	347,666
Other	218,345	200,537	203,806
Capital Outlay	47,975		
TOTAL EXPENDITURES	1,196,657	1,071,554	941,487
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 65,142	$ 80,441	$ 164,719
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	$ 133,457	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 198,599	$ 80,441	$ 164,719
BEGINNING FUND BALANCE	1,349,612	1,269,171	1,104,452
ENDING FUND BALANCE	$ 1,548,211	$ 1,349,612	$ 1,269,171

See accompanying independent auditor’s report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
$ 214,285	$ 182,252	20.3 %	23.0 %	20.5 %	20.5 %	19.6 %
341,989	320,803	30.9	25.3	32.6	32.8	34.3
395,688	363,009	39.4	41.6	38.1	38.0	38.8
22,749	22,618	1.8	2.0	2.1	2.2	2.4
12,754	11,674	1.6	1.0	1.2	1.2	1.2
29,900	10,750	2.3	2.2	2.1	2.9	1.2
7,409	139	2.4	2.3	2.2	0.7	
17,522	23,323	1.3	2.6	1.2	1.7	2.5
$ 1,042,296	$ 934,568	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 52,567	$ 54,447	7.1 %	10.7 %	4.7 %	5.0 %	5.8 %
132,044	119,364	14.7	15.5	13.4	12.7	12.8
105,848	103,635	13.2	10.5	12.2	10.2	11.1
32,807	31,322	3.2	3.1	3.2	3.1	3.4
22,895	10,755	3.9	1.5	1.8	2.2	1.2
315,564	316,767	31.7	34.3	31.4	30.3	33.9
170,311	212,396	17.3	17.4	18.4	16.3	22.7
1,165	5,743	3.8			0.1	0.6
833,201	854,429	94.9 %	93.0 %	85.1 %	79.9 %	91.5 %
$ 209,095	$ 80,139	5.1 %	7.0 %	14.9 %	20.1 %	8.5 %
$ - 0 -	$ - 0 -					
$ 209,095	$ 80,139					
895,357	815,218					
$ 1,104,452	$ 895,357					

See accompanying independent auditor’s report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 517,071	$ 478,270	$ 286,731
Interest on Investments	8,582	10,787	2,628
Miscellaneous Revenues			3,000
TOTAL REVENUES	$ 525,653	$ 489,057	$ 292,359
EXPENDITURES			
Tax Collection Expenditures	$	$	$
Debt Service Principal	355,000	340,000	235,000
Debt Service Interest and Fees	169,232	148,323	61,326
TOTAL EXPENDITURES	$ 524,232	$ 488,323	$ 296,326
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,421	$ 734	$ (3,967)
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$ - 0 -	$ - 0 -	$ 130,250
NET CHANGE IN FUND BALANCE	$ 1,421	$ 734	$ 126,283
BEGINNING FUND BALANCE	114,488	113,754	(12,529)
ENDING FUND BALANCE	$ 115,909	$ 114,488	$ 113,754
TOTAL ACTIVE RETAIL WATER CONNECTIONS	656	661	657
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	616	618	613

See accompanying independent auditor’s report.

			Percentage of Total Revenue			
2022	2021	2025	2024	2023	2022	2021
$ 286,344	$ 285,195	98.4 %	97.8 %	98.1 %	99.8 %	100.0 %
544	18	1.6	2.2	0.9	0.2	
				1.0		
$ 286,888	$ 285,213	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 1,000	$ 1,000	%	%	%	0.3 %	0.4 %
225,000	220,000	67.5	69.5	80.4	78.4	77.1
69,491	77,390	32.2	30.3	21.0	24.2	27.1
$ 295,491	$ 298,390	99.7 %	99.8 %	101.4 %	102.9 %	104.6 %
$ (8,603)	$ (13,177)	0.3 %	0.2 %	(1.4) %	(2.9) %	(4.6) %
$ - 0 -	$ - 0 -					
$ (8,603)	$ (13,177)					
(3,926)	9,251					
$ (12,529)	$ (3,926)					
641	634					
599	597					

See accompanying independent auditor’s report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2025

District Mailing Address - Bayview Municipal Utility District
309 Miles Road
Bacliff, TX 77518

District Telephone Number - (281) 339-1959

Board Members	Term of Office (Elected or Appointed)	Fees of office for the year ended December 31, 2025	Expense Reimbursements for the year ended December 31, 2025	Title
Brian Weisinger	11/22 – 11/26 (Elected)	$ 2,250	$ -0-	President
Nicholas Maudlin	11/22 – 11/26 (Appointed)	$ 1,950	$ -0-	Vice President
Edward Koch	11/24 – 11/28 (Elected)	$ 2,250	$ -0-	Secretary
Leland Gregory	11/22 – 11/26 (Appointed)	$ 1,800	$ -0-	Assistant Secretary
James Wistinghausen	11/24 – 11/28 (Elected)	$ 1,350	$ -0-	Director

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: August 7, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by the Texas Water Code Section 49.060. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2025

Employees:	Date Hired	Fees for the year ended December 31, 2025	Title
Janice Hoffman	04/29/24	$ 55,680	Office Manager/ Investment Officer
Richard Evans	02/08/08	$ 112,088	Superintendent
Consultants:			
Stephen DonCarlos	02/15/24	$ 16,744	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	12/06/90	$ 18,750	Auditor
Oller Engineering, Inc.	04/01/18	$ 313,288	Engineer
Galveston County Tax Office	07/01/94	$ 189	Tax Assessor/ Collector
SAMCO Capital Markets	06/10/99	$ 3,500	Financial Advisor

See accompanying independent auditor's report.

BAYVIEW MUNICIPAL UTILITY DISTRICT

OTHER SUPPLEMENTARY INFORMATION

BAYVIEW MUNICIPAL UTILITY DISTRICT
PRINCIPAL TAXPAYERS
DECEMBER 31, 2025
(UNAUDITED)

Taxpayer	Type of Property	Taxable Value by Tax Year 2025
SROA 2919 S Hwy 146 TX LLC	Business	$ 6,598,300
Texas Corinthian Yacht Club	Business	4,918,491
Matthew Warren Inc	Business	4,608,660
Materson Charles Edward and Tiffany Lea	Business	3,711,916
Pinkley William E &	Residence	3,505,245
Kemah RV Resort LLC	Business	2,800,000
Bayfront Properties LLC	Business	2,610,000
Marine Inc	Business	2,397,890
Austin Trust Company - Trustee	Business	2,198,160
Girard Louis M	Residence	2,102,300
	Total	$ 35,450,962
	Percent of Assessed Valuation	17.32 %

See accompanying independent auditor's report.

BAYVIEW MUNICIPAL UTILITY DISTRICT
ASSESSED VALUE BY CLASSIFICATION
DECEMBER 31, 2025
(UNAUDITED)

Classification of Assessed Valuation (a)

	2025	
Type of Property	Taxable Value	%
Single Family Residence	$ 136,743,366	66.79
Multi-Family Residence	4,509,206	2.20
Vacant Lots and Land Tracts	17,148,028	8.38
Rural Land, Non-Qualified Open Space	12,580,885	6.15
Commercial Real Property	23,964,807	11.71
Gas Distribution System	419,280	0.20
Electric Company (Including Co-Op)	821,730	0.40
Telephone Company (Including Co-Op)	248,350	0.12
Cable Television Company	477,840	0.23
Commercial Personal Property	6,551,860	3.20
Industrial and Manufacturing Personal Property	408,830	0.20
Tangible Other Personal Mobile Home	850,056	0.42
Special Inventory Tax	2,080	0.00
Total Appraised Value	$ 204,726,318	100.00

Appraisal District ("GCAD") prior to adjustments and exemptions. Such value may differ from the original certified assessed valuation and any supplements or adjustments thereto, as supplied by GCAD.

See accompanying independent auditor's report.