

**BAYVIEW MUNICIPAL UTILITY DISTRICT**

**GALVESTON COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2024**

**McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC**  
Certified Public Accountants

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# ***McCall Gibson Swedlund Barfoot Ellis PLLC***

*Certified Public Accountants*

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## **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, 2024, 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, 2024, 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.

### **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 27, 2025

# **BAYVIEW MUNICIPAL UTILITY DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024**

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, 2024. 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.

**BAYVIEW MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**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 \$2,743,303 as of December 31, 2024.

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:

**BAYVIEW MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 4,757,416	\$ 4,636,577	\$ 120,839
Capital Assets (Net of Accumulated Depreciation)	<u>2,680,434</u>	<u>2,830,732</u>	<u>(150,298)</u>
Total Assets	<u>\$ 7,437,850</u>	<u>\$ 7,467,309</u>	<u>\$ (29,459)</u>
Deferred Outflows of Resources	<u>\$ 23,310</u>	<u>\$ 30,645</u>	<u>\$ (7,335)</u>
Long-Term Liabilities	\$ 3,415,000	\$ 3,770,000	\$ 355,000
Other Liabilities	<u>522,871</u>	<u>504,356</u>	<u>(18,515)</u>
Total Liabilities	<u>\$ 3,937,871</u>	<u>\$ 4,274,356</u>	<u>\$ 336,485</u>
Deferred Inflows of Resources	<u>\$ 779,986</u>	<u>\$ 766,204</u>	<u>\$ (13,782)</u>
Net Position:			
Net Investment in Capital Assets	\$ 1,185,292	\$ 969,874	\$ 215,418
Restricted	65,107	92,109	(27,002)
Unrestricted	<u>1,492,904</u>	<u>1,395,411</u>	<u>97,493</u>
Total Net Position	<u>\$ 2,743,303</u>	<u>\$ 2,457,394</u>	<u>\$ 285,909</u>

The following table provides a summary of the District's operations for the years ended December 31, 2024, and December 31, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 746,288	\$ 515,093	\$ 231,195
Charges for Services	831,521	842,270	(10,749)
Other Revenues	<u>100,645</u>	<u>44,410</u>	<u>56,235</u>
Total Revenues	<u>\$ 1,678,454</u>	<u>\$ 1,401,773</u>	<u>\$ 276,681</u>
Expenses for Services	<u>1,392,545</u>	<u>1,463,600</u>	<u>71,055</u>
Change in Net Position	\$ 285,909	\$ (61,827)	\$ 347,736
Net Position, Beginning of Year	<u>2,457,394</u>	<u>2,519,221</u>	<u>(61,827)</u>
Net Position, End of Year	<u>\$ 2,743,303</u>	<u>\$ 2,457,394</u>	<u>\$ 285,909</u>



**BAYVIEW MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The District's combined fund balances as of the fiscal year ended December 31, 2024, were \$3,738,958, an increase of \$106,891 from the prior year.

The General Fund fund balance increased by \$80,441, primarily due to property tax revenues and charges for services exceeding service operations.

The Debt Service Fund fund balance increased by \$734, primarily due to the structure of the District's outstanding debt service requirements.

The Capital Projects Fund fund balance increased by \$25,716.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors did not amend the budget during the current year. Actual revenues were \$256,495 more than budgeted revenues and actual expenditures were \$87,104 more than budgeted expenditures which resulted in a positive variance of \$169,391. See the budget to actual comparison for more information.

**CAPITAL ASSETS**

Capital assets as of December 31, 2024, total \$2,680,434 (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			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 46,839	\$ 46,839	\$
Capital Assets, Net of Accumulated Depreciation:			
Water System	614,976	646,351	(31,375)
Wastewater System	1,505,902	1,591,863	(85,961)
Capacity Interests - GCWA	291,539	301,260	(9,721)
Building	178,323	196,136	(17,813)
Equipment	42,855	48,283	(5,428)
Total Net Capital Assets	<u>\$ 2,680,434</u>	<u>\$ 2,830,732</u>	<u>\$ (150,298)</u>

**BAYVIEW MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**LONG-TERM DEBT ACTIVITY**

As of December 31, 2024, the District had total bond debt payable of \$3,770,000. The changes in the debt position of the District during the fiscal year ended December 31, 2024, are summarized as follows:

Bond Debt Payable, January 1, 2024	\$ 4,110,000
Less: Bond Principal Paid	<u>340,000</u>
Bond Debt Payable, December 31, 2024	<u><u>\$ 3,770,000</u></u>

The District's bonds have not been assigned a rating as of December 31, 2024.

**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, 2024**

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>ASSETS</b>		
Cash	\$ 877,658	\$
Investments	524,986	170,561
Cash with Galveston County	99,006	
Receivables:		
Property Taxes	180,606	360,109
Service Accounts	129,091	
Due from Other Funds	10,667	112,253
Prepaid Costs	13,399	
Net Pension Asset		
Land		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<u>\$ 1,835,413</u>	<u>\$ 642,923</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflows - Pensions	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>TOTAL ASSETS AND DEFERRED</b>		
<b>OUTFLOWS OF RESOURCES</b>	<u>\$ 1,835,413</u>	<u>\$ 642,923</u>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 751,759	\$ 1,629,417	\$	\$ 1,629,417
1,533,766	2,229,313		2,229,313
	99,006		99,006
	540,715		540,715
	129,091		129,091
	122,920	(122,920)	
	13,399		13,399
		116,475	116,475
		46,839	46,839
		<u>2,633,595</u>	<u>2,633,595</u>
<u>\$ 2,285,525</u>	<u>\$ 4,763,861</u>	<u>\$ 2,673,989</u>	<u>\$ 7,437,850</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 23,310</u>	<u>\$ 23,310</u>
<u>\$ 2,285,525</u>	<u>\$ 4,763,861</u>	<u>\$ 2,697,299</u>	<u>\$ 7,461,160</u>

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, 2024**

	<u>General Fund</u>	<u>Debt Service Fund</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 49,652	\$
Accrued Interest Payable		
Due to Other Funds	112,253	
Security Deposits	60,300	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<u>\$ 222,205</u>	<u>\$ -0-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 263,596	\$ 528,435
Deferred Inflows - Pensions		
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 263,596</u>	<u>\$ 528,435</u>
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 13,399	\$
Restricted for Authorized Construction		
Restricted for Debt Service		114,488
Unassigned	<u>1,336,213</u>	
<b>TOTAL FUND BALANCES</b>	<u>\$ 1,349,612</u>	<u>\$ 114,488</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 1,835,413</u>	<u>\$ 642,923</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$	\$ 49,652	\$	\$ 49,652
		57,919	57,919
10,667	122,920	(122,920)	
	60,300		60,300
		355,000	355,000
		3,415,000	3,415,000
<u>\$ 10,667</u>	<u>\$ 232,872</u>	<u>\$ 3,704,999</u>	<u>\$ 3,937,871</u>
\$	\$ 792,031	\$ (15,808)	\$ 776,223
		3,763	3,763
<u>\$ - 0 -</u>	<u>\$ 792,031</u>	<u>\$ (12,045)</u>	<u>\$ 779,986</u>
\$	\$ 13,399	\$ (13,399)	\$
2,274,858	2,274,858	(2,274,858)	
	114,488	(114,488)	
	1,336,213	(1,336,213)	
<u>\$ 2,274,858</u>	<u>\$ 3,738,958</u>	<u>\$ (3,738,958)</u>	<u>\$ - 0 -</u>
<u>\$ 2,285,525</u>	<u>\$ 4,763,861</u>		
		\$ 1,185,292	\$ 1,185,292
		65,107	65,107
		1,492,904	1,492,904
		<u>\$ 2,743,303</u>	<u>\$ 2,743,303</u>

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, 2024**

Total Fund Balances - Governmental Funds	\$	3,738,958
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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.		116,475
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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.		19,547
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		2,680,434
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Deferred inflows of resources related to property tax revenues for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District.		15,808
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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	\$ (57,919)	
Bonds Payable	<u>(3,770,000)</u>	<u>(3,827,919)</u>

Total Net Position - Governmental Activities	\$	<u>2,743,303</u>
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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, 2024**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 264,382	\$ 478,270
Water Service	291,376	
Wastewater Service	479,412	
Street Lighting	23,445	
Tap Connection and Inspection Fees	25,775	
Penalty and Interest	11,513	
Investment Revenues	26,411	10,787
Miscellaneous Revenues	29,681	
<b>TOTAL REVENUES</b>	<u>\$ 1,151,995</u>	<u>\$ 489,057</u>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 123,155	\$
Contracted Services	178,461	
Purchased Water Service	120,876	
Utilities	35,945	
Repairs and Maintenance	17,040	
Salaries	395,540	
Depreciation		
Other	200,537	
Debt Service:		
Bond Principal		340,000
Bond Interest		148,323
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 1,071,554</u>	<u>\$ 488,323</u>
<b>NET CHANGE IN FUND BALANCES</b>	\$ 80,441	\$ 734
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - JANUARY 1, 2024</b>	<u>1,269,171</u>	<u>113,754</u>
<b>FUND BALANCES/NET POSITION - DECEMBER 31, 2024</b>	<u><u>\$ 1,349,612</u></u>	<u><u>\$ 114,488</u></u>

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



Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 742,652	\$ 3,636	\$ 746,288
	291,376		291,376
	479,412		479,412
	23,445		23,445
	25,775		25,775
	11,513		11,513
33,766	70,964		70,964
	29,681		29,681
<u>\$ 33,766</u>	<u>\$ 1,674,818</u>	<u>\$ 3,636</u>	<u>\$ 1,678,454</u>
\$	\$ 123,155	\$	\$ 123,155
	178,461		178,461
	120,876		120,876
	35,945		35,945
8,000	25,040		25,040
	395,540	(15,966)	379,574
		150,298	150,298
50	200,587		200,587
	340,000	(340,000)	
	148,323	30,286	178,609
<u>\$ 8,050</u>	<u>\$ 1,567,927</u>	<u>\$ (175,382)</u>	<u>\$ 1,392,545</u>
\$ 25,716	\$ 106,891	\$ (106,891)	\$
		285,909	285,909
2,249,142	3,632,067	(1,174,673)	2,457,394
<u>\$ 2,274,858</u>	<u>\$ 3,738,958</u>	<u>\$ (995,655)</u>	<u>\$ 2,743,303</u>

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, 2024**

Net Change in Fund Balances - Governmental Funds	\$	106,891
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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.		3,636
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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.		(150,298)
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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.		340,000
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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.		(30,286)
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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.		15,966
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Change in Net Position - Governmental Activities	\$	<u>285,909</u>
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The accompanying notes to the financial  
statements are an integral part of this report.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**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.

Financial Statement Presentation

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:

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**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.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**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 2023 tax levy collections during the period October 1, 2023, to December 31, 2024, and taxes collected from January 1, 2024, to December 31, 2024, for the 2022 and prior tax levies. The 2024 tax levy has been fully deferred to meet planned operating expenditures for the 2025 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, 2024, the District's General Fund owed the Debt Service Fund \$112,253 due to collected but unremitted debt service tax collections and the Capital Projects Fund owed the General Fund \$10,667 for bond issuance costs.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**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:

	<u>Years</u>
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.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**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.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**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, 2024	\$ 1,365,000	\$ 2,405,000
Interest Rate	3.55%	5.21%
Maturity Dates – Serially Beginning/Ending	March 1, 2025 / 2029	September 1, 2025/ 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, 2024:

	January 1, 2024	Additions	Retirements	December 31, 2024
Bonds Payable	<u>\$ 4,110,000</u>	<u>\$ - 0 -</u>	<u>\$ 340,000</u>	<u>\$ 3,770,000</u>
		Amount Due Within One Year		\$ 355,000
		Amount Due After One Year		<u>3,415,000</u>
		Bonds Payable		<u>\$ 3,770,000</u>



**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 3. LONG-TERM DEBT (Continued)**

As of December 31, 2024, the District had no remaining authorized but unissued bonds. As of December 31, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 355,000	\$ 169,231	\$ 524,231
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
2030-2033	1,860,000	248,257	2,108,257
	<u>\$ 3,770,000</u>	<u>\$ 945,185</u>	<u>\$ 4,715,185</u>

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, 2024, the District levied an ad valorem debt service tax rate of \$0.2584 per \$100 of assessed valuation, which resulted in a tax levy of \$519,897 on the adjusted taxable valuation of \$201,169,727 for the 2024 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, 2024**

**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 \$1,629,417 and the bank balance was \$1,640,054. 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, 2024, as listed below:

	<u>Cash</u>
GENERAL FUND	\$ 877,658
CAPITAL PROJECTS FUND	<u>751,759</u>
TOTAL DEPOSITS	<u><u>\$ 1,629,417</u></u>

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.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**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, 2024, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 524,986	\$ 524,986
<u>DEBT SERVICE FUND</u>		
TexPool	170,561	170,561
<u>CAPITAL PROJECTS FUND</u>		
TexPool	<u>1,533,766</u>	<u>1,533,766</u>
TOTAL INVESTMENTS	<u>\$ 2,229,313</u>	<u>\$ 2,229,313</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2024, 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, 2024**

**NOTE 6. CAPITAL ASSETS**

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

	January 1, 2024	Increases	Decreases	December 31, 2024
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 46,839	\$ -0-	\$ -0-	\$ 46,839
<b>Capital Asset Subject to Depreciation</b>				
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			208,680
<b>Total Capital Assets Subject to Depreciation</b>	\$ 4,191,709	\$ -0-	\$ -0-	\$ 4,191,709
<b>Less Accumulated Depreciation</b>				
Water System	\$ 489,761	\$ 31,375	\$	\$ 521,136
Wastewater System	600,795	85,961		686,756
Capacity Interests - GCWA	86,537	9,721		96,258
Building	70,326	17,813		88,139
Equipment	160,397	5,428		165,825
<b>Total Accumulated Depreciation</b>	\$ 1,407,816	\$ 150,298	\$ -0-	\$ 1,558,114
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	\$ 2,783,893	\$ (150,298)	\$ -0-	\$ 2,633,595
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	\$ 2,830,732	\$ (150,298)	\$ -0-	\$ 2,680,434

**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 \$7.00 per unit and the District's commercial rate is \$20.00 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 \$74,303 to the fire department during the current fiscal year.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**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 \$120,876 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.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 9. MAINTENANCE TAX**

On May 4, 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 2024 tax year, the District levied an ad valorem maintenance tax at the rate of \$0.1274 per \$100 of assessed valuation, which resulted in a tax levy of \$256,326 on the adjusted taxable valuation of \$201,169,727. The 2024 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 \$23,445 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.

# BAYVIEW MUNICIPAL UTILITY DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### DECEMBER 31, 2024

#### 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](http://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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	<u>1</u>
Inactive employees entitled but not yet receiving benefits	<u>6</u>
Active employees	<u>5</u>

##### 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 2024 accounting year. The deposit rate payable by the employee members for calendar year 2024 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.

# BAYVIEW MUNICIPAL UTILITY DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### DECEMBER 31, 2024

#### NOTE 12. PENSION PLAN (Continued)

##### Contributions (Continued)

For the District's accounting year ended December 31, 2024, the annual pension cost for the TCDRS plan for its employees was \$9,676; the actual contributions were \$9,676. The employees contributed \$12,905 to the Plan for the 2024 fiscal year.

##### Actuarial Assumptions

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumption:

Actuarial valuation date	12/31/23
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 <sup>1</sup>	7.60%
Projected salary increases <sup>1</sup>	4.70%
Inflation	2.50%
Cost-of-living adjustments	0.00%

<sup>1</sup> 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, 2023. 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.



**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**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.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**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 2024 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	11.50%	4.75%
Private Equity	25.00%	7.75%
Global Equities	2.50%	4.75%
International Equities-Developed Markets	5.00%	4.75%
International Equities-Emerging Markets	6.00%	4.75%
Investment-Grade Bonds	3.00%	2.35%
Strategic Credit	9.00%	3.65%
Direct Lending	16.00%	7.25%
Distressed Debt	4.00%	6.90%
REIT Equities	2.00%	4.10%
Master Limited Partnerships (MLPs)	2.00%	5.20%
Private Real Estate Partnerships	6.00%	7.75%
Hedge Funds	6.00%	3.25%
Cash Equivalents	2.00%	0.60%

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 12. PENSION PLAN (Continued)**

Net Pension Asset

Changes in Net Pension Liability/(Asset) for the measurement year ended December 31, 2023 are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances of December 31, 2022	\$ 319,625	\$ 415,375	\$ (95,750)
Changes for the year:			
Service Costs	16,948		16,948
Interest on the Total Pension Liability	25,453		25,453
Effect of Economic/Demographic			
Gains or Losses	2,348		2,348
Benefit Payments	(3,381)	(3,381)	
Administrative Expenses		(250)	250
Member Contributions		10,842	(10,842)
Net investment income		45,804	(45,804)
Employer Contributions		8,131	(8,131)
Other		947	(947)
Balances of December 31, 2023	<u>\$ 360,993</u>	<u>\$ 477,468</u>	<u>\$ (116,475)</u>

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	\$ 407,427	\$ 360,993	\$ 321,002
Fiduciary net position	<u>477,466</u>	<u>477,468</u>	<u>477,466</u>
Net pension liability/(asset)	<u>\$ (70,039)</u>	<u>\$ (116,475)</u>	<u>\$ (156,464)</u>

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

**NOTE 12. PENSION PLAN (Continued)**

As of December 31, 2024, 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	\$ 3,507	\$ 2,916
Changes in assumptions	256	7,305
Net difference between projected and actual earnings		3,413
Contributions paid to TCDRS subsequent to the measurement date		9,676
Total	<u>\$ 3,763</u>	<u>\$ 23,310</u>

\$9,676 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, 2024 (i.e. recognized in the District's financial statements for the year ending December 31, 2025). 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:	
2024	\$ (1,096)
2025	1,698
2026	12,027
2027	(2,758)
2028	-0-
Thereafter	-0-

**BAYVIEW MUNICIPAL UTILITY DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2024**

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
Property Taxes	\$ 140,000	\$ 264,382	\$ 124,382
Water Service	320,000	291,376	(28,624)
Wastewater Service	380,000	479,412	99,412
Street Lights	22,500	23,445	945
Penalty and Interest	13,000	11,513	(1,487)
Tap Connection and Inspection Fees	11,500	25,775	14,275
Investment Revenues	1,000	26,411	25,411
Miscellaneous Revenues	<u>7,500</u>	<u>29,681</u>	<u>22,181</u>
<b>TOTAL REVENUES</b>	<u>\$ 895,500</u>	<u>\$ 1,151,995</u>	<u>\$ 256,495</u>
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 46,000	\$ 123,155	\$ (77,155)
Contracted Services	140,000	178,461	(38,461)
Purchased Water Service	118,000	120,876	(2,876)
Utilities	35,700	35,945	(245)
Repairs and Maintenance	25,000	17,040	7,960
Salaries	369,775	395,540	(25,765)
Other	206,950	200,537	6,413
Capital Outlay	<u>43,025</u>	<u></u>	<u>43,025</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 984,450</u>	<u>\$ 1,071,554</u>	<u>\$ (87,104)</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ (88,950)	\$ 80,441	\$ 169,391
<b>FUND BALANCE - JANUARY 1, 2024</b>	<u>1,269,171</u>	<u>1,269,171</u>	<u></u>
<b>FUND BALANCE - DECEMBER 31, 2024</b>	<u>\$ 1,180,221</u>	<u>\$ 1,349,612</u>	<u>\$ 169,391</u>

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, 2024**

	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
<b>Total Pension Liability</b>				
Service Cost	\$ 16,948	\$ 18,406	\$ 17,949	\$ 16,038
Interest (on the Total Pension Liability)	25,453	23,245	20,759	18,143
Effect on plan changes				
Changes of assumptions			(514)	16,412
Effect of economic/demographic gains or losses	2,348	(4,468)	623	41
Benefit payments, including refunds of employee contributions	<u>(3,381)</u>	<u>(9,849)</u>	<u>(3,381)</u>	<u>(3,381)</u>
Net change in total pension liability	\$ 41,368	\$ 27,334	\$ 35,436	\$ 47,253
Total pension liability, beginning	<u>319,625</u>	<u>292,291</u>	<u>256,855</u>	<u>209,602</u>
Total pension liability, ending (a)	<u>\$ 360,993</u>	<u>\$ 319,625</u>	<u>\$ 292,291</u>	<u>\$ 256,855</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 8,131	\$ 7,826	\$ 7,900	\$ 7,734
Contributions - employee	10,842	10,434	10,532	10,312
Net investment income	45,804	(26,023)	76,399	30,464
Benefit payments, including refunds of employee contributions	(3,381)	(9,849)	(3,381)	(3,381)
Administrative Expense	(249)	(243)	(234)	(249)
Other	<u>946</u>	<u>1,545</u>	<u>525</u>	<u>463</u>
Net Change in plan fiduciary net position	\$ 62,093	\$ (16,310)	\$ 91,741	\$ 45,343
Plan Fiduciary net position, beginning	<u>415,375</u>	<u>431,685</u>	<u>339,944</u>	<u>294,601</u>
Plan Fiduciary net position, ending (b)	<u>\$ 477,468</u>	<u>\$ 415,375</u>	<u>\$ 431,685</u>	<u>\$ 339,944</u>
<b>Net Pension Liability/(Asset), Ending = (a) - (b)</b>	<u><u>\$ (116,475)</u></u>	<u><u>\$ (95,750)</u></u>	<u><u>\$ (139,394)</u></u>	<u><u>\$ (83,089)</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	132.27%	129.96%	147.69%	132.35%
<b>Covered-employee payroll</b>	\$ 271,039	\$ 260,856	\$ 263,310	\$ 257,811
<b>Net pension liability as a percentage of covered employee payroll</b>	(42.97)%	(36.71)%	(52.94)%	(32.23)%

See accompanying independent auditor's report.

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	Year Ended December 31, 2014
\$ 15,391	\$ 16,456	\$ 15,054	\$ 14,229	\$ 15,006	\$ 13,242
15,792	13,909	12,270	10,252	9,499	8,037
		146	1,361	(3,077)	
				1,208	
572	(2,226)	(1,798)		(5,724)	2,270
<u>(3,381)</u>	<u>(4,251)</u>	<u>(9,326)</u>	<u>(8,715)</u>	<u>(7,607)</u>	<u>(3,381)</u>
\$ 28,374	\$ 23,888	\$ 16,346	\$ 17,127	\$ 9,305	\$ 20,168
<u>181,228</u>	<u>157,340</u>	<u>140,994</u>	<u>123,867</u>	<u>114,562</u>	<u>94,394</u>
<u>\$ 209,602</u>	<u>\$ 181,228</u>	<u>\$ 157,340</u>	<u>\$ 140,994</u>	<u>\$ 123,867</u>	<u>\$ 114,562</u>
\$ 7,642	\$ 7,495	\$ 7,646	\$ 7,259	\$ 6,818	\$ 6,779
10,190	9,993	10,194	9,678	9,091	9,037
39,460	(4,157)	28,473	12,771	(1,214)	9,726
(3,381)	(4,251)	(9,326)	(8,715)	(7,607)	(3,381)
(225)	(193)	(154)	(140)	(121)	(118)
<u>536</u>	<u>417</u>	<u>113</u>	<u>2,253</u>	<u>338</u>	<u>140</u>
\$ 54,222	\$ 9,304	\$ 36,946	\$ 23,106	\$ 7,305	\$ 22,183
<u>240,379</u>	<u>231,075</u>	<u>194,129</u>	<u>171,023</u>	<u>163,718</u>	<u>141,535</u>
\$ 294,601	\$ 240,379	\$ 231,075	\$ 194,129	\$ 171,023	\$ 163,718
<u>\$ (84,999)</u>	<u>\$ (59,151)</u>	<u>\$ (73,735)</u>	<u>\$ (53,135)</u>	<u>\$ (47,156)</u>	<u>\$ (49,156)</u>
140.55%	132.64%	146.86%	137.69%	138.07%	142.91%
\$ 254,748	\$ 249,824	\$ 254,862	\$ 241,952	\$ 227,270	\$ 225,951
(33.37)%	(23.68)%	(28.93)%	(21.96)%	(20.75)%	(21.76)%

See accompanying independent auditor's report.



**BAYVIEW MUNICIPAL UTILITY DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
DECEMBER 31, 2024**

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
2015	\$ 3,023	\$ 6,818	\$ (3,795)	\$ 227,270	3.00%
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)	\$ 322,613	3.00%

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

See accompanying independent auditor's report.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**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 12/31/23 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: 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, 2024**

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

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

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

**2. RETAIL SERVICE PROVIDERS**

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

Based on the rate order effective January 1, 2023.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 14.25	2,000	N	\$ 6.15 \$ 7.60 \$ 15.25	2,001 to 7,000 7,001 to 10,000 10,001 and up
WASTEWATER:	\$ 44.75*	2,000	N	\$ 6.30 \$ 6.50 \$ 8.25	2,001 to 7,000 7,001 to 10,000 10,001 and up
SURCHARGE:					
Commission	0.5% of actual				
Regulatory	water and				
Assessments	wastewater bill				
Street Lighting	\$ 3.00		Y		
Volunteer Fire					
Billing	\$ 7.00		Y		

\* Rate includes a solid waste fee of \$30.00.

District employs winter averaging for wastewater usage?	<u>          </u>	<u>  X  </u>
	Yes	No

Total monthly charges per 10,000 gallons usage: Water: \$67.80 Wastewater: \$95.75 Surcharge: \$10.67

See accompanying independent auditor's report.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

**2. RETAIL SERVICE PROVIDERS (Continued)**

**b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	<u>664</u>	<u>591</u>	x 1.0	<u>591</u>
1"	<u>52</u>	<u>48</u>	x 2.5	<u>120</u>
1½"	<u>3</u>	<u>2</u>	x 5.0	<u>10</u>
2"	<u>21</u>	<u>20</u>	x 8.0	<u>160</u>
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>740</u>	<u>661</u>		<u>881</u>
Total Wastewater Connections	<u>670</u>	<u>618</u>	x 1.0	<u>618</u>

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

Water Accountability Ratio: 91.27 %  
(Gallons billed/Gallons purchased)

Gallons billed to customers: 35,516,000

Gallons purchased: 38,909,000      From: Gulf Coast Water Authority

See accompanying independent auditor's report.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

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

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

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Galveston County, Texas

Is the District located within a city?

Entirely ☐ Partly ☒ 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 ☒ 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 ☒

See accompanying independent auditor's report.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

PERSONNEL EXPENDITURES (Including Benefits)	
Office Salaries	\$ 132,501
Field Salaries	189,416
Payroll Taxes	23,940
Insurance	40,007
Retirement Plan	<u>9,676</u>
TOTAL PERSONNEL	<u>\$ 395,540</u>
PROFESSIONAL FEES:	
Auditing	\$ 17,750
Engineering	92,262
Legal	8,800
Delinquent Tax Attorney	843
Financial Advisor	<u>3,500</u>
TOTAL PROFESSIONAL FEES	<u>\$ 123,155</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	<u>\$ 120,876</u>
CONTRACTED SERVICES:	
Garbage	\$ 172,988
Tax Collector	<u>5,473</u>
TOTAL CONTRACTED SERVICES	<u>\$ 178,461</u>
UTILITIES:	
Electricity	\$ 29,849
Telephone	<u>6,096</u>
TOTAL UTILITIES	<u>\$ 35,945</u>
REPAIRS AND MAINTENANCE	<u>\$ 17,040</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 12,300
Insurance	14,893
Legal Notices	2,918
Office Supplies and Postage	7,650
Operating Supplies	86,852
Training	360
Other	<u>21,435</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 146,408</u>

See accompanying independent auditor's report.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

TAP CONNECTIONS	\$ <u>4,790</u>
OTHER EXPENDITURES:	
Chemicals	\$ 6,801
Equipment Rental	1,451
Laboratory Fees	10,518
Permit Fees	15,591
Truck Costs	6,534
Regulatory Assessment	3,476
Sludge Disposal	3,270
Other	<u>1,698</u>
TOTAL OTHER EXPENDITURES	\$ <u>49,339</u>
TOTAL EXPENDITURES	<u>\$ 1,071,554</u>

Number of persons employed by the District	<u>5</u>	Full-Time	<u>-0-</u>	Part-Time
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See accompanying independent auditor's report.



**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**INVESTMENTS**  
**DECEMBER 31, 2024**

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 498,948	\$
TexPool	XXXX0004	Varies	Daily	<u>26,038</u>	<u></u>
TOTAL GENERAL FUND				<u>\$ 524,986</u>	<u>\$ - 0 -</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	<u>\$ 170,561</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0003	Varies	Daily	<u>\$ 1,533,766</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u><u>\$ 2,229,313</u></u>	<u><u>\$ - 0 -</u></u>

See accompanying independent auditor's report.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
JANUARY 1, 2024	\$	199,198	\$	355,526
Adjustments to Beginning				
Balance		<u>(4,875)</u>		<u>(8,722)</u>
	\$	194,323	\$	346,804
Original 2024 Tax Levy	\$	242,422	\$	491,695
Adjustment to 2024 Tax Levy		<u>13,904</u>		<u>28,202</u>
		256,326		519,897
TOTAL TO BE				
ACCOUNTED FOR		\$ 450,649		\$ 866,701
TAX COLLECTIONS:				
Prior Years	\$	187,053	\$	338,266
Current Year		<u>82,990</u>		<u>168,326</u>
		270,043		506,592
TAXES RECEIVABLE -				
DECEMBER 31, 2024		<u>\$ 180,606</u>		<u>\$ 360,109</u>
TAXES RECEIVABLE BY				
YEAR:				
2024	\$	173,336	\$	351,571
2023		2,070		3,749
2022		1,282		1,626
2021		693		927
2020		338		528
2019 and Prior		<u>2,887</u>		<u>1,708</u>
TOTAL	\$	<u>180,606</u>	\$	<u>360,109</u>

See accompanying independent auditor's report.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
PROPERTY VALUATIONS:				
Land	\$ 86,710,384	\$ 86,478,868	\$ 64,523,330	\$ 63,046,572
Improvements	149,534,608	130,752,245	117,654,325	98,634,380
Personal Property	8,481,100	8,723,570	6,734,050	6,322,357
Exemptions	<u>(43,556,365)</u>	<u>(33,866,707)</u>	<u>(28,391,668)</u>	<u>(22,837,614)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 201,169,727</u>	<u>\$ 192,087,976</u>	<u>\$ 160,520,037</u>	<u>\$ 145,165,695</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.2584	\$ 0.2548	\$ 0.1806	\$ 0.2006
Maintenance	<u>0.1274</u>	<u>0.1407</u>	<u>0.1424</u>	<u>0.1500</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.3858</u>	<u>\$ 0.3955</u>	<u>\$ 0.3230</u>	<u>\$ 0.3506</u>
ADJUSTED TAX LEVY*	<u>\$ 776,223</u>	<u>\$ 759,865</u>	<u>\$ 518,602</u>	<u>\$ 509,117</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>32.38 %</u>	<u>99.23 %</u>	<u>99.44 %</u>	<u>99.68 %</u>

\* 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.

See accompanying independent auditor's report.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2024**

S E R I E S   2 0 1 8			
Due During Fiscal Years Ending December 31	Principal Due March 1	Interest Due March 1/ September 1	Total
2025	\$ 255,000	\$ 43,931	\$ 298,931
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			
	<u>\$ 1,365,000</u>	<u>\$ 124,871</u>	<u>\$ 1,489,871</u>

See accompanying independent auditor's report.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2024**

S E R I E S   2 0 2 3			
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1/ September 1	Total
2025	\$ 100,000	\$ 125,300	\$ 225,300
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
	<u>\$ 2,405,000</u>	<u>\$ 820,314</u>	<u>\$ 3,225,314</u>

See accompanying independent auditor's report.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**DECEMBER 31, 2024**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 355,000	\$ 169,231	\$ 524,231
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
	<u>\$ 3,770,000</u>	<u>\$ 945,185</u>	<u>\$ 4,715,185</u>

See accompanying independent auditor's report.

**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

Description	Original Bonds Issued	Bonds Outstanding January 1, 2024
Bayview Municipal Utility District Unlimited Tax and Revenue Bonds - Series 2018	\$ 2,500,000	\$ 1,610,000
Bayview Municipal Utility District Unlimited Tax and Revenue Bonds - Series 2023	<u>2,500,000</u>	<u>2,500,000</u>
TOTAL	<u>\$ 5,000,000</u>	<u>\$ 4,110,000</u>

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

Debt Service Fund cash and investment balances as of December 31, 2024: \$ 170,561

Average annual debt service payment (principal and interest) for remaining term  
of all debt: \$ 523,909

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				Paying Agent
Bonds Sold	Retirements		Bonds Outstanding December 31, 2024	
	Principal	Interest		
\$	\$ 245,000	\$ 52,806	\$ 1,365,000	Branch Banking & Trust Co., Houston, TX
	95,000	95,517	2,405,000	ZB, N.A. dba Amegy Bank Houston, TX
<u>\$ - 0 -</u>	<u>\$ 340,000</u>	<u>\$ 148,323</u>	<u>\$ 3,770,000</u>	

See accompanying independent auditor's report.



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

	Amounts		
	2024	2023	2022
<b>REVENUES</b>			
Property Taxes	\$ 264,382	\$ 226,072	\$ 214,285
Water Service	291,376	361,029	341,989
Wastewater Service	479,412	421,036	395,688
Street Lighting	23,445	23,109	22,749
Penalty and Interest	11,513	13,371	12,754
Tap Connection and Inspection Fees	25,775	23,725	29,900
Investment Revenues	26,411	24,303	7,409
Miscellaneous Revenues	29,681	13,561	17,522
<b>TOTAL REVENUES</b>	<u>\$ 1,151,995</u>	<u>\$ 1,106,206</u>	<u>\$ 1,042,296</u>
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 123,155	\$ 51,694	\$ 52,567
Contracted Services	178,461	148,416	132,044
Purchased Water Service	120,876	134,500	105,848
Utilities	35,945	35,083	32,807
Repairs and Maintenance	17,040	20,322	22,895
Salaries	395,540	347,666	315,564
Other	200,537	203,806	170,311
Capital Outlay			1,165
<b>TOTAL EXPENDITURES</b>	<u>1,071,554</u>	<u>941,487</u>	<u>833,201</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 80,441	\$ 164,719	\$ 209,095
<b>BEGINNING FUND BALANCE</b>	<u>1,269,171</u>	<u>1,104,452</u>	<u>895,357</u>
<b>ENDING FUND BALANCE</b>	<u><u>\$ 1,349,612</u></u>	<u><u>\$ 1,269,171</u></u>	<u><u>\$ 1,104,452</u></u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 182,252	\$ 137,520	23.0 %	20.5 %	20.5 %	19.6 %	15.3 %
320,803	328,655	25.3	32.6	32.8	34.3	36.6
363,009	363,009	41.6	38.1	38.0	38.8	40.4
22,618	22,473	2.0	2.1	2.2	2.4	2.5
11,674	12,627	1.0	1.2	1.2	1.2	1.4
10,750	15,800	2.2	2.1	2.9	1.2	1.8
139	2,321	2.3	2.2	0.7		0.3
23,323	15,609	2.6	1.2	1.7	2.5	1.7
<u>\$ 934,568</u>	<u>\$ 898,014</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 54,447	\$ 50,344	10.7 %	4.7 %	5.0 %	5.8 %	5.6 %
119,364	111,930	15.5	13.4	12.7	12.8	12.5
103,635	108,546	10.5	12.2	10.2	11.1	12.1
31,322	29,281	3.1	3.2	3.1	3.4	3.3
10,755	37,518	1.5	1.8	2.2	1.2	4.2
316,767	310,958	34.3	31.4	30.3	33.9	34.6
212,396	201,863	17.4	18.4	16.3	22.7	22.5
5,743	49,026			0.1	0.6	5.5
<u>854,429</u>	<u>899,466</u>	<u>93.0 %</u>	<u>85.1 %</u>	<u>79.9 %</u>	<u>91.5 %</u>	<u>100.3 %</u>
\$ 80,139	\$ (1,452)	<u>7.0 %</u>	<u>14.9 %</u>	<u>20.1 %</u>	<u>8.5 %</u>	<u>(0.3) %</u>
<u>815,218</u>	<u>816,670</u>					
<u>\$ 895,357</u>	<u>\$ 815,218</u>					

See accompanying independent auditor's report.

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

	Amounts		
	2024	2023	2022
<b>REVENUES</b>			
Property Taxes	\$ 478,270	\$ 286,731	\$ 286,344
Interest on Investments	10,787	2,628	544
Miscellaneous Revenues		3,000	
<b>TOTAL REVENUES</b>	<u>\$ 489,057</u>	<u>\$ 292,359</u>	<u>\$ 286,888</u>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$	\$	\$ 1,000
Debt Service Principal	340,000	235,000	225,000
Debt Service Interest and Fees	<u>148,323</u>	<u>61,326</u>	<u>69,491</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 488,323</u>	<u>\$ 296,326</u>	<u>\$ 295,491</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 734</u>	<u>\$ (3,967)</u>	<u>\$ (8,603)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-Term Debt Issued	<u>\$ - 0 -</u>	<u>\$ 130,250</u>	<u>\$ - 0 -</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 734	\$ 126,283	\$ (8,603)
<b>BEGINNING FUND BALANCE</b>	<u>113,754</u>	<u>(12,529)</u>	<u>(3,926)</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 114,488</u>	<u>\$ 113,754</u>	<u>\$ (12,529)</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>661</u>	<u>657</u>	<u>641</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>618</u>	<u>613</u>	<u>599</u>

See accompanying independent auditor's report.

		Percentage of Total Revenue				
<u>2021</u>	<u>2020</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
\$ 285,195	\$ 273,951	97.8 %	98.1 %	99.8 %	100.0 %	99.9 %
18	348	2.2	0.9	0.2		0.1
			1.0			
<u>\$ 285,213</u>	<u>\$ 274,299</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 1,000	\$ 1,000	%	%	0.3 %	0.4 %	0.4 %
220,000	210,000	69.5	80.4	78.4	77.1	76.6
77,390	85,023	30.3	21.0	24.2	27.1	31.0
<u>\$ 298,390</u>	<u>\$ 296,023</u>	<u>99.8 %</u>	<u>101.4 %</u>	<u>102.9 %</u>	<u>104.6 %</u>	<u>108.0 %</u>
<u>\$ (13,177)</u>	<u>\$ (21,724)</u>	<u>0.2 %</u>	<u>(1.4) %</u>	<u>(2.9) %</u>	<u>(4.6) %</u>	<u>(8.0) %</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>					
\$ (13,177)	\$ (21,724)					
9,251	30,975					
<u>\$ (3,926)</u>	<u>\$ 9,251</u>					
634	638					
<u>597</u>	<u>601</u>					

See accompanying independent auditor's report.



**BAYVIEW MUNICIPAL UTILITY DISTRICT**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**DECEMBER 31, 2024**

<b>Employees:</b>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2024</u>	<u>Title</u>
Janice Hoffman	04/29/24	\$ 34,560	Office Manager/ Investment Officer
Richard Evans	02/08/08	\$ 105,433	Superintendent
<b>Consultants:</b>			
Norton Rose Fulbright US LLP	10/15/90	\$ -0-	Former General Counsel
Stephen DonCarlos	02/15/24	\$ 8,800	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	12/06/90	\$ 17,750	Auditor
Oller Engineering, Inc.	04/01/18	\$ 92,262	Engineer
Galveston County Tax Office	07/01/94	\$ 901	Tax Assessor/ Collector
SAMCO Capital Markets	06/10/99	\$ 3,500	Financial Advisor

See accompanying independent auditor's report.