

BRIDGESTONE MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2025

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
Bridgestone Municipal Utility District
Harris County, Texas

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 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
Bridgestone 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

April 21, 2026

**BRIDGESTONE MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

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

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The 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 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 provides 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 includes all of the District’s assets, liabilities, deferred inflows of resources, and deferred 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 as a whole 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, operating 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.

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

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.

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 \$47,865,161 as of December 31, 2025. A portion of the District's net position reflects its net investment in capital assets which includes land, building, park and the water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding.

The first table on the following page presents a comparative analysis of government-wide changes in net position for the current and prior fiscal years.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 42,508,354	\$ 50,229,562	\$ (7,721,208)
Capital Assets, Net of Depreciation	129,385,377	124,409,927	4,975,450
Right-to-Use Assets, Net of Amortization	856,938	1,105,387	(248,449)
Total Assets	<u>\$ 172,750,669</u>	<u>\$ 175,744,876</u>	<u>\$ (2,994,207)</u>
Deferred Outflows of Resources	\$ 2,717,580	\$ 2,998,850	\$ (281,270)
Bonds Payable	\$ 111,161,999	\$ 115,518,026	\$ 4,356,027
Other Liabilities	4,837,490	9,701,050	4,863,560
Total Liabilities	<u>\$ 115,999,489</u>	<u>\$ 125,219,076</u>	<u>\$ 9,219,587</u>
Deferred Inflows of Resources	\$ 11,603,599	\$ 11,672,746	\$ 69,147
Net Position:			
Net Investment in Capital Assets	\$ 30,344,718	\$ 31,773,824	\$ (1,429,106)
Restricted	899,449	1,995,694	(1,096,245)
Unrestricted	16,620,994	8,082,386	8,538,608
Total Net Position	<u>\$ 47,865,161</u>	<u>\$ 41,851,904</u>	<u>\$ 6,013,257</u>

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

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Tax Revenues	\$ 11,475,262	\$ 10,921,693	\$ 553,569
Charges for Services	9,579,474	8,551,277	1,028,197
Sales Tax Revenues	1,555,688	1,551,486	4,202
Other Revenues	4,358,501	3,463,574	894,927
Total Revenues	<u>\$ 26,968,925</u>	<u>\$ 24,488,030</u>	<u>\$ 2,480,895</u>
Expenses for Services	<u>20,955,668</u>	<u>20,972,407</u>	<u>16,739</u>
Change in Net Position	\$ 6,013,257	\$ 3,515,623	\$ 2,497,634
Net Position, Beginning of Year	<u>41,851,904</u>	<u>38,336,281</u>	<u>3,515,623</u>
Net Position, End of Year	<u>\$ 47,865,161</u>	<u>\$ 41,851,904</u>	<u>\$ 6,013,257</u>

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

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2025, were \$24,676,473, a decrease of \$3,152,514 from the prior year. The General Fund fund balance increased by \$8,590,841, primarily due to service revenues, sales tax revenues, capital advances, land sale proceeds, and property tax revenues exceeding operating costs, administrative costs and capital outlay. The Debt Service Fund fund balance decreased by \$1,228,945, primarily due to the structure of the District's outstanding debt. The Capital Projects Fund fund balance decreased by \$10,514,410, primarily due to the use of bond proceeds sold in prior years for current year expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the General Fund. Actual revenues were \$5,795,041 more than budgeted revenues, actual expenditures were \$1,862,197 more than budgeted expenditures, and other financing sources and uses (net) were more than budgeted by \$794,623. The net result was a positive variance of \$4,727,467. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of December 31, 2025, total \$129,385,377 (net of accumulated depreciation) and include land, construction in progress, buildings, park, and the water, wastewater and drainage systems. Significant capital asset additions during the current fiscal year included the sale of land as well as the construction of the park, water plant no. 4, and wastewater treatment plant no. 2.

Capital Assets At Year-End			
	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 19,743,972	\$ 20,606,027	\$ (862,055)
Construction in Progress	12,202,447	34,851,235	(22,648,788)
Capital Assets Subject to Depreciation:			
Buildings and Improvements	4,736,315	4,463,708	272,607
Water System	32,958,583	27,348,848	5,609,735
Wastewater System	57,549,710	50,779,482	6,770,228
Drainage System	24,052,179	24,052,179	
Park	19,124,837		19,124,837
Less Accumulated Depreciation	(40,982,666)	(37,691,552)	(3,291,114)
Total Net Capital Assets	\$ 129,385,377	\$ 124,409,927	\$ 4,975,450

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

LONG-TERM DEBT ACTIVITY

As of December 31, 2025, the District had total bond debt payable of \$111,335,000. The changes in bonds payable during the current fiscal year are summarized in the following table:

Bond Debt Payable, January 1, 2025	\$ 115,650,000
Less: Bond Principal Paid	<u>(4,315,000)</u>
Bond Debt Payable, December 31, 2025	<u>\$ 111,335,000</u>

The District's underlying rating is "AA-". District bonds carry insured ratings of "AA" by virtue of bond insurance issued by Assured Guaranty Inc. or Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

See also Notes 14 and 15 for information related to the District's lease liability and subscription liability, respectively.

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 Bridgestone Municipal Utility District, c/o Polley Garza PLLC, 1401 Enclave Parkway, Suite 625, Houston, Texas 77077

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

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 1,108,465	\$ 639,882
Investments	14,651,241	1,799,550
Receivables:		
Property Taxes	4,318,711	5,317,003
Penalty and Interest on Delinquent Taxes		
Service Accounts	413,897	
Accrued Interest	9,915	2,376
Due from Other Funds	4,550	50,086
Prepaid Costs	282,947	
Due from City of Houston	376,385	
Chloramination Credit Receivable		
Elevated Storage Tank Credit Receivable		
Subscription-Based Service Asset, Net of Amortization		
Leased Asset, Net of Amortization		
Land		
Construction in Progress		
Capital Assets, Net of Depreciation		
TOTAL ASSETS	\$ 21,166,111	\$ 7,808,897
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	\$ -0-	\$ -0-
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 21,166,111	\$ 7,808,897

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 54,636	\$ 1,802,983	\$	\$ 1,802,983
10,869,301	27,320,092		27,320,092
	9,635,714		9,635,714
		77,336	77,336
	413,897		413,897
	12,291		12,291
	54,636	(54,636)	
37,000	319,947	86,324	406,271
	376,385		376,385
		316,069	316,069
		2,147,316	2,147,316
		263,884	263,884
		593,054	593,054
		19,743,972	19,743,972
		12,202,447	12,202,447
		97,438,958	97,438,958
<u>\$ 10,960,937</u>	<u>\$ 39,935,945</u>	<u>\$ 132,814,724</u>	<u>\$ 172,750,669</u>
<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,717,580</u>	<u>\$ 2,717,580</u>
<u>\$ 10,960,937</u>	<u>\$ 39,935,945</u>	<u>\$ 135,532,304</u>	<u>\$ 175,468,249</u>

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

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

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 787,942	\$ 12,729
Accrued Interest Payable		
Due to Other Funds	50,086	4,550
Security Deposits	1,047,916	
Long-Term Liabilities:		
Subscription Payable, Due Within One Year		
Subscription Payable, Due After One Year		
Lease Payable, Due Within One Year		
Lease Payable, Due After One Year		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 1,885,944	\$ 17,279
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 5,325,252	\$ 6,554,302
FUND BALANCES		
Nonspendable - Prepaid Costs	\$ 282,947	\$
Restricted for Authorized Construction		
Restricted for Debt Service		1,237,316
Assigned to 2026 Budget Deficit	627,237	
Unassigned	13,044,731	
TOTAL FUND BALANCES	\$ 13,954,915	\$ 1,237,316
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 21,166,111	\$ 7,808,897
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 1,476,695	\$ 2,277,366	\$	\$ 2,277,366
	54,636	574,788	574,788
	1,047,916	(54,636)	1,047,916
		57,021	57,021
		246,914	246,914
		177,745	177,745
		455,740	455,740
		4,470,000	4,470,000
		106,691,999	106,691,999
<u>\$ 1,476,695</u>	<u>\$ 3,379,918</u>	<u>\$ 112,619,571</u>	<u>\$ 115,999,489</u>
<u>\$ -0-</u>	<u>\$ 11,879,554</u>	<u>\$ (275,955)</u>	<u>\$ 11,603,599</u>
\$ 37,000	\$ 319,947	\$ (319,947)	\$
9,447,242	9,447,242	(9,447,242)	
	1,237,316	(1,237,316)	
	627,237	(627,237)	
	13,044,731	(13,044,731)	
<u>\$ 9,484,242</u>	<u>\$ 24,676,473</u>	<u>\$ (24,676,473)</u>	<u>\$ -0-</u>
<u>\$ 10,960,937</u>	<u>\$ 39,935,945</u>		
		\$ 30,344,718	\$ 30,344,718
		899,449	899,449
		16,620,994	16,620,994
		<u>\$ 47,865,161</u>	<u>\$ 47,865,161</u>

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

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

Total Fund Balances - Governmental Funds \$ 24,676,473

Amounts reported for governmental activities in the Statement of Net Position are different because:

Credits due from the North Harris County Regional Water Authority for asset reimbursements are not current financial resources and, therefore, are not reported as assets in the governmental funds. 2,463,385

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in governmental activities and systematically charged to interest expense over the shorter of the remaining life of the new debt or the old debt. 2,717,580

Prepaid bond insurance costs are amortized over the term of the bonds in the government-wide financial statements. 86,324

Capital assets and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 130,242,315

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District. 353,291

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	\$ (574,788)	
Subscription Payable	(303,935)	
Lease Payable	(633,485)	
Bonds Payable	<u>(111,161,999)</u>	<u>(112,674,207)</u>

Total Net Position - Governmental Activities \$ 47,865,161

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

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

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 4,859,077	\$ 6,477,987
Water Service	1,828,400	
Wastewater Service	2,748,732	
Water Authority Fees	3,018,785	
Penalty and Interest	173,957	105,220
Connection, Inspection, and Infrastructure Fees	1,669,950	
Security Service Fees	550,322	
Water Authority Credits	256,966	
Sales Tax Revenues	1,555,688	
Construction Advances	4,716,399	
Gain on Sale of Land		
Investment and Miscellaneous Revenues	673,731	169,984
TOTAL REVENUES	\$ 22,052,007	\$ 6,753,191
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 1,326,512	\$ 29,472
Contracted Services	4,160,671	176,099
Purchased Water Service	1,961,181	
Utilities	588,923	
Water Authority Assessments	489,951	
Repairs and Maintenance	2,742,553	
Depreciation and Amortization		
Other	1,846,209	38,212
Capital Outlay	1,139,789	
Developer Interest		
Debt Service:		
Lease Principal		
Lease Interest		
Bond Principal		4,315,000
Bond Interest		3,505,347
TOTAL EXPENDITURES/EXPENSES	\$ 14,255,789	\$ 8,064,130
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	\$ 7,796,218	\$ (1,310,939)
OTHER FINANCING SOURCES (USES)		
Transfers In/(Out)	\$ (420,363)	\$ 81,994
Proceeds from Sale of Land	1,214,986	
TOTAL OTHER FINANCING SOURCES (USES)	\$ 794,623	\$ 81,994
NET CHANGE IN FUND BALANCES	\$ 8,590,841	\$ (1,228,945)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JANUARY 1, 2025	5,364,074	2,466,261
FUND BALANCES/NET POSITION - DECEMBER 31, 2025	\$ 13,954,915	\$ 1,237,316

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 11,337,064	\$ 138,198	\$ 11,475,262
	1,828,400		1,828,400
	2,748,732		2,748,732
	3,018,785		3,018,785
	279,177	34,430	313,607
	1,669,950		1,669,950
	550,322		550,322
	256,966	(102,984)	153,982
	1,555,688		1,555,688
	4,716,399	(2,943,584)	1,772,815
		310,369	310,369
		10,770	1,571,013
<u>716,528</u>	<u>1,560,243</u>	<u>10,770</u>	<u>1,571,013</u>
\$ 716,528	\$ 29,521,726	\$ (2,552,801)	\$ 26,968,925
\$ 10,500	\$ 1,366,484	\$ 151,549	\$ 1,518,033
	4,336,770		4,336,770
	1,961,181		1,961,181
	588,923		588,923
	489,951		489,951
38,000	2,780,553		2,780,553
		3,539,563	3,539,563
100	1,884,521	(54,762)	1,829,759
11,180,414	12,320,203	(12,320,203)	
118,293	118,293		118,293
		(164,123)	
164,123	164,123		
57,877	57,877		57,877
	4,315,000	(4,315,000)	
	3,505,347	229,418	3,734,765
<u>11,569,307</u>	<u>33,889,226</u>	<u>(12,933,558)</u>	<u>20,955,668</u>
\$ (10,852,779)	\$ (4,367,500)	\$ 10,380,757	\$ 6,013,257
\$ 338,369	\$	\$	\$
	1,214,986	(1,214,986)	
<u>338,369</u>	<u>1,214,986</u>	<u>(1,214,986)</u>	<u>-0-</u>
\$ (10,514,410)	\$ (3,152,514)	\$ 3,152,514	\$
		6,013,257	6,013,257
19,998,652	27,828,987	14,022,917	41,851,904
<u>9,484,242</u>	<u>24,676,473</u>	<u>23,188,688</u>	<u>47,865,161</u>

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

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

Net Change in Fund Balances - Governmental Funds	\$ (3,152,514)
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.	138,198
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	34,430
Governmental funds report repayment of long-term receivables as revenues in the period received. However, in the Statement of Net Position, reimbursements reduce long-term receivables.	(102,984)
Governmental funds do not account for depreciation and amortization. However, capital assets and intangible assets are depreciated and amortized over the estimated useful lives of the assets in governmental activities.	(3,539,563)
Governmental funds report capital outlay as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	8,331,223
Governmental funds report lease payments as expenditures. However, in the Statement of Net Position, the principal portion the lease payments are reported as decreases in long-term liabilities.	164,123
Governmental funds report bond principal and subscription payments as expenditures. However, in the Statement of Net Position, bond principal payments and subscription payments are reported as decreases in long-term liabilities.	4,369,762
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.	(229,418)
Change in Net Position - Governmental Activities	<u>\$ 6,013,257</u>

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

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

NOTE 1. CREATION OF DISTRICT

Bridgestone Municipal Utility District of Harris County, Texas (the “District”) was created effective July 29, 1976, by an Order of the Texas Water Rights Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, parks and recreational facilities 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. The Board of Directors held its first meeting on August 14, 1976, and the first bonds were sold on March 14, 1978.

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 set 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.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

These classifications are defined as follows:

- 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.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and 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, operating costs and administrative costs.

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 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 the 2024 tax levy collections during the period October 1, 2024, to December 31, 2025. In addition, taxes collected from January 1, 2025, to December 31, 2025, for the 2023 and prior tax levies are included in revenue. Recognition of tax revenues for the 2025 tax levy has been deferred until the 2026 fiscal year.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

As of December 31, 2025, the General Fund owed the Debt Service Fund \$50,086 for maintenance tax collections and the Debt Service Fund owed the General Fund \$4,550 for arbitrage expenditures. The General Fund transferred \$81,994 to the Debt Service Fund for infrastructure fees and \$338,369 to the Capital Projects Fund for construction costs.

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 over periods ranging from 10 to 45 years.

Intangible Assets

In accordance with GASB Statement No. 96, the District records its subscription-based meter reading service as an intangible asset (see Note 16). In accordance with GASB Statement No. 87, the District records its leased sewage treatment plant as an intangible asset (see Note 15).

Budgeting

A budget is adopted each year 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 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 budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

Although the District does have employees, it has not established a pension plan. The Internal Revenue Service determined that directors are considered to be employees for federal payroll tax purposes only.

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 are classified in governmental funds 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 has not adopted a formal policy regarding the assignment of fund balances. The District assigned \$627,237 of its General Fund fund balance to cover the projected budgeted deficit for the fiscal year ending 2026.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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.

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

	<u>Series 2014</u>	<u>Series 2015</u>	<u>Refunding Series 2016</u>
Amount Outstanding – December 31, 2025	\$ 3,095,000	\$ 5,310,000	\$ 24,175,000
Interest Rates	3.00% - 4.00%	2.500% - 3.625%	2.25% - 3.00%
Maturity Dates – Serially Beginning/Ending	May 1, 2026/2041	May 1, 2026/2041	May 1, 2026/2036
Interest Payment Dates	May 1/ November 1	May 1/ November 1	May 1/ November 1
Callable Dates	May 1, 2022*	May 1, 2022*	May 1, 2022*

* Or on any other date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2014 term bonds due May 1, 2026, 2028, 2030, 2032, 2034, 2036, 2038, and 2041, are subjected to mandatory redemption on May 1, 2025, 2027, 2029, 2031, 2033, 2035, 2037, and 2039, respectively.

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

NOTE 3. LONG-TERM DEBT (Continued)

	<u>Series 2018</u>	<u>Series 2019</u>	<u>Refunding Series 2019A</u>
Amount Outstanding – December 31, 2025	\$ 6,850,000	\$ 5,420,000	\$ 12,825,000
Interest Rates	3.00% - 4.00%	2.00% - 3.00%	3.00%
Maturity Dates – Serially Beginning/Ending	May 1, 2026/2047	May 1, 2026/2048	May 1, 2026/2035, November 1, 2036
Interest Payment Dates	May 1/ November 1	May 1/ November 1	May 1/ November 1
Callable Dates	May 1, 2023**	May 1, 2024**	May 1, 2024**
	<u>Refunding Series 2020</u>	<u>Refunding Series 2021</u>	<u>Series 2022</u>
Amount Outstanding – December 31, 2025	\$ 1,545,000	\$ 5,155,000	\$ 24,880,000
Interest Rates	3.00%	3.00%	1.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	May 1, 2026/2028	May 1, 2026/2038	May 1, 2026/2050
Interest Payment Dates	May 1/ November 1	May 1/ November 1	May 1/ November 1
Callable Dates	May 1, 2025**	May 1, 2030**	May 1, 2029**

** Or on any other date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2018 term bonds due May 1, 2037, are subject to mandatory redemption on May 1, 2035. Series 2019 term bonds due May 1, 2046 and 2048 are subjected to mandatory redemption on May 1, 2045 and 2047, respectively. Series 2021 Refunding term bonds due May 1, 2036 and 2038 are subjected to mandatory redemption on May 1, 2035 and 2037, respectively. Series 2022 term bonds due May 1, 2042, 2044, 2048, and 2050 are subject to mandatory redemption on May 1, 2041, 2043, 2045, and 2049, respectively.

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

NOTE 3. LONG-TERM DEBT (Continued)

	<u>Series 2024</u>
Amount Outstanding – December 31, 2025	\$ 22,080,000
Interest Rates	2.00% - 5.00%
Maturity Dates – Serially Beginning/Ending	May 1, 2027/2053
Interest Payment Dates	May 1/ November 1
Callable Dates	May 1, 2029***

*** Or on any other date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2024 term bonds due May 1, 2051 and 2053, are subject to mandatory redemption on May 1, 2050 and 2052.

Changes in bonds payable during the current fiscal year are summarized in the following table:

	<u>January 1, 2025</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2025</u>
Bonds Payable	\$ 115,650,000	\$	\$ 4,315,000	\$ 111,335,000
Unamortized Discounts	(1,299,236)		(55,071)	(1,244,165)
Unamortized Premiums	1,167,262		96,098	1,071,164
Bonds Payable, Net	<u>\$ 115,518,026</u>	<u>\$ -0-</u>	<u>\$ 4,356,027</u>	<u>\$ 111,161,999</u>
			Amount Due Within One Year	\$ 4,470,000
			Amount Due After One Year	<u>106,691,999</u>
			Bonds Payable, Net	<u>\$ 111,161,999</u>

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

NOTE 3. LONG-TERM DEBT (Continued)

As of December 31, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 4,470,000	\$ 3,387,700	\$ 7,857,700
2027	5,110,000	3,249,003	8,359,003
2028	5,420,000	3,088,023	8,508,023
2029	5,160,000	2,924,919	8,084,919
2030	5,815,000	2,751,961	8,566,961
2031-2035	31,375,000	10,888,837	42,263,837
2036-2040	21,380,000	6,542,965	27,922,965
2041-2045	14,280,000	3,945,530	18,225,530
2046-2050	14,175,000	1,702,661	15,877,661
2051-2053	4,150,000	254,000	4,404,000
	<u>\$ 111,335,000</u>	<u>\$ 38,735,599</u>	<u>\$ 150,070,599</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount and certain bonds are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and wastewater system.

As of December 31, 2025, the District had authorized but unissued tax and revenue bonds in the amount of \$38,668 and unlimited tax bonds of \$26,505,000 that may be issued for the purpose of constructing facilities to serve the District and for refunding purposes.

During the year ended December 31, 2025, the District levied an ad valorem debt service tax rate of \$0.27 per \$100 of assessed valuation, which resulted in a tax levy of \$6,393,820 on the adjusted taxable valuation of \$2,367,252,888 for the 2025 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

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 and every 5th year thereafter.

The District is required to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year of the District.

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 collateral 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 collateral is pledged. At fiscal year end, the carrying amount of the District's deposits was \$2,829,816 and the bank balance was \$4,008,388. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits at December 31, 2025, are summarized below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 1,108,465	\$ 791,533	\$ 1,899,998
DEBT SERVICE FUND	639,882	235,300	875,182
CAPITAL PROJECTS FUND	54,636		54,636
TOTAL DEPOSITS	<u>\$ 1,802,983</u>	<u>\$ 1,026,833</u>	<u>\$ 2,829,816</u>

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

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 which is reviewed annually and which may be more restrictive than the Public Funds Investment Act.

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

The District invests in the Texas Short Term Asset Reserve Program ("TexSTAR"), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and Hilltop Securities Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District records its investment in certificates of deposit at acquisition cost.

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

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 11,367,658	\$ 11,367,658
TexSTAR	2,492,050	2,492,050
Certificates of Deposit	791,533	791,533
<u>DEBT SERVICE FUND</u>		
TexPool	1,564,250	1,564,250
Certificate of Deposit	235,300	235,300
<u>CAPITAL PROJECTS FUND</u>		
TexSTAR	10,869,301	10,869,301
TOTAL INVESTMENTS	<u>\$ 27,320,092</u>	<u>\$ 27,320,092</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investments in TexPool and TexSTAR were rated AAAM by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit covered by FDIC insurance and pledged collateral.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers its investments in TexPool and TexSTAR to have maturities of less than one year since the share positions can be redeemed each day at the discretion of the District unless there have been significant changes in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

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.

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

NOTE 6. CAPITAL ASSETS

Changes in capital assets during the current fiscal year are summarized in the following table.

	January 1, 2025	Increases	Decreases	December 31, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 20,606,027	\$ 42,562	\$ 904,617	\$ 19,743,972
Construction in Progress	<u>34,851,235</u>	<u>9,171,181</u>	<u>31,819,969</u>	<u>12,202,447</u>
Total Capital Assets Not Being Depreciated	<u>\$ 55,457,262</u>	<u>\$ 9,213,743</u>	<u>\$ 32,724,586</u>	<u>\$ 31,946,419</u>
Capital Assets Subject to Depreciation				
Buildings and Improvements	\$ 4,463,708	\$ 272,607	\$	\$ 4,736,315
Water System	27,348,848	5,609,735		32,958,583
Wastewater System	50,779,482	6,770,228		57,549,710
Drainage System	24,052,179			24,052,179
Park		<u>19,124,837</u>		<u>19,124,837</u>
Total Capital Assets Subject to Depreciation	<u>\$ 106,644,217</u>	<u>\$ 31,777,407</u>	<u>\$ - 0 -</u>	<u>\$ 138,421,624</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ 555,568	\$ 129,866	\$	\$ 685,434
Water System	11,837,444	760,282		12,597,726
Wastewater System	16,907,978	1,660,278		18,568,256
Drainage System	8,390,562	538,770		8,929,332
Park		<u>201,918</u>		<u>201,918</u>
Total Accumulated Depreciation	<u>\$ 37,691,552</u>	<u>\$ 3,291,114</u>	<u>\$ - 0 -</u>	<u>\$ 40,982,666</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 68,952,665</u>	<u>\$ 28,486,293</u>	<u>\$ - 0 -</u>	<u>\$ 97,438,958</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 124,409,927</u>	<u>\$ 37,700,036</u>	<u>\$ 32,724,586</u>	<u>\$ 129,385,377</u>

NOTE 7. MAINTENANCE TAX

At an election held on August 14, 1976, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.25 per \$100 of assessed valuation of taxable property within the District. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system. During the year ended December 31, 2025, the District levied an ad valorem maintenance tax rate of \$0.22 per \$100 of assessed valuation, which resulted in a tax levy of \$5,209,779 on the adjusted taxable valuation of \$2,367,252,888 for the 2025 tax year.

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

NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 9. EMERGENCY WATER SUPPLY AGREEMENTS

On March 8, 1999, the District approved an Emergency Water Supply Agreement with Bilma Public Utility District. On August 20, 2013, the District approved the Amended and Restated Emergency Water Supply Agreement. Under the terms of the agreement, the district supplying water will bill the receiving district at a rate of \$1.50 per 1,000 gallons of water usage plus the applicable North Harris County Regional Water Authority fee for surface water consumption. If the supplying district is buying the supplied water from any adjoining district, the receiving district will pay for water at a rate per 1,000 gallons equal to the rate paid by the supplying district for such water if such rate is greater than the rate stated above.

On May 1, 2007, the District approved an Emergency Water Supply Contract with Northwest Harris County Municipal Utility District No. 30. Under the terms of the agreement, the district supplying water can either: (1) be repaid in kind, or (2) bill the receiving district at a rate of \$1.50 per 1,000 gallons of water usage or, if the supplying district is buying the supplied water from any adjoining district, bill the receiving district at the rate it is paying for the water. In addition, if the supplying district has converted to use of surface water, the billed cost will be the price per 1,000 gallons the supplying district is paying for surface water. The term of the agreement is for a period of 20 years from the date of execution, unless terminated pursuant to the provisions of the agreement or pursuant to mutual written consent of the districts.

On December 18, 2008, the District approved an Emergency Water Supply Contract with Northwest Harris County Municipal Utility District No. 32. Under the terms of the agreement, the district supplying water can either: (1) be repaid in kind, or (2) bill the receiving district at a rate of \$1.50 per 1,000 gallons of water usage as reflected by the interconnect meter, or such other rate that the districts may agree upon in writing from time-to-time. In addition, if the supplying district has converted to use of surface water, the billed cost will be the actual cost per 1,000 gallons to the supplying district to purchase surface water, or the above rate may be increased by the amount of the fee per 1,000 gallons imposed by the North Harris County Regional Water Authority. The term of the agreement is for a period of 20 years from the date of execution, unless terminated pursuant to the provisions of the agreement or pursuant to mutual written consent of the districts.

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

NOTE 10. WATER AND WASTEWATER SERVICE AGREEMENTS

KLEIN UNITED METHODIST CHURCH

On May 17, 2005, the District entered into a Water Supply and Wastewater Treatment Service Agreement with Klein United Methodist Church (KUMC). KUMC constructed, at its sole cost, the water line extension and wastewater connection necessary to provide an amount of water not to exceed 3,300 gallons per day (gpd) of capacity in the District's water treatment facilities and the wastewater treatment plant not to exceed 2,800 gpd of capacity. The District owns, operates and maintains the lines located between the point of connection to the District's system. The water and wastewater rates charged to KUMC will not exceed the rates charged to in-district commercial customers for similar services. The term of this agreement is 40 years.

KLEIN INDEPENDENT SCHOOL DISTRICT

On November 15, 2005, the District entered into a Water Supply and Wastewater Treatment Service Agreement with Klein Independent School District (Klein) in which the District constructed, at Klein's sole cost, the water line and wastewater collection line necessary to provide an amount of water not to exceed 40,000 gallons per day (gpd) of capacity in the District's water treatment facilities and the wastewater treatment plant not to exceed 30,000 gpd of capacity. Klein paid the District \$87,600 for capacity in the District's water plant and \$84,000 for capacity in the District's wastewater treatment plant. Klein received credits toward the costs of capacity in the amounts of \$54,000 for a 2.4-acre future water plant site and \$5,600 for a 10-foot waterline easement. Thus, the total payment by Klein for its capacity was \$112,000. The District owns, operates and maintains the lines located between the point of connection to the District's system. The water and wastewater rates charged to Klein will not exceed the rates charged to out-of-district commercial for similar services. The term of this agreement is 40 years.

SPRING EDUCATIONAL FOUNDATION d/b/a BHA-HOUSTON

On January 23, 2020, the District entered into an Out-of-District Service Agreement with Spring Educational Foundation d/b/a BHA-Houston (BHA) in which the District agrees to sell and deliver to BHA at the point of connection in an amount not to exceed 4,667 gallons per day (gpd) of capacity in the District's water treatment facilities and the wastewater treatment plant. The District owns, operates and maintains the lines located between the point of connection to the District's system. The water and wastewater rates charged to BHA will not exceed the rates charged to out-of-district non-taxable entities for similar services. The term of this agreement is 40 years.

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

NOTE 10. WATER AND WASTEWATER SERVICE AGREEMENTS (Continued)

REBECCA VILLAGE BUSINESS PARK, LP

On February 21, 2020, the District entered into an Out-of-District Service Agreement with Rebecca Village Business Park, LP (Rebecca) in which the District agrees to sell and deliver to Rebecca at the point of connection and in an amount not to exceed 7,200 gallons per day (gpd) of capacity in the District's water treatment facilities. Rebecca will be responsible for extending a private waterline to tap into an existing ten-foot waterline, and upon completion, will be eligible to receive water from the District. The District owns, operates and maintains the lines located between the point of connection to the District's system. The water and wastewater rates charged to Rebecca will not exceed the rates charged to out-of-district commercial entities for similar services. Rebecca must construct an onsite private sanitary sewer treatment system and the District will require Rebecca to annex into the District and connect to the District's sanitary sewer collection system once capacity is available in Lift Station No. 4 or after a period of ten years from the execution of the Agreement, whichever occurs later. The term of this agreement is 40 years.

LINCOLN WOOD BAPTIST CHURCH, INC.

On September 1, 2020, the District entered into an Out-of-District Service Agreement with Lincoln Wood Baptist Church, Inc. (Church) in which the District agrees to sell and deliver to the Church at the point of connection an amount not to exceed 360 gallons per day (gpd) of capacity in the District's water treatment facilities and 300 gpd of capacity in the District's wastewater treatment plant. The Church will be responsible for the construction of sanitary sewer and collection system improvements, and upon completion, will be eligible to receive wastewater from the District. The District owns, operates and maintains the lines located between the point of connection to the District's system. The Church shall pay a capital recovery fee to the District for 360 gpd of capacity in the Water Plant and for 300 gpd of capacity in the Wastewater Treatment Plant. The water and wastewater rates charged to the Church will not exceed the rates charged to out-of-district non-taxable entities for similar services. The term of this agreement is 40 years.

NOTE 11. UNREIMBURSED COSTS

In accordance with the terms of certain development financing agreements, Developers within the District have made expenditures on behalf of the District for certain water, sewer and drainage facilities. Reimbursements will come from proceeds of future bond sales or surplus operating funds.

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

NOTE 12. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the “Act”), as passed by the 75th Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals.

The Authority charges a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The current fee charged is \$2.60 per 1,000 gallons of water pumped from each well. The District recorded expenditures of \$489,951 for fees assessed during the current fiscal year.

On December 19, 2006, the District approved the Groundwater Transfer Agreement-Buyer (the “Agreement”) with the Authority. This Agreement was amended on June 1, 2010. In accordance with the Agreement, the District has elected to participate in the groundwater transfer program of the Authority, under the Regulations for Buy/Sell Agreement for Implementation of the Groundwater Transfer Program adopted by the Authority on September 8, 2003, as amended, and agrees to assume all rights and obligations of a seller. The Authority has agreed to the District electing the buyer status. The District agrees to buy and receive water from the Authority and the Authority agrees to sell and deliver water to the District at the minimum and maximum volumes as set forth in the Agreement.

On December 1, 2020, the Authority and the District entered into an Amended Water Supply Agreement. The Authority will make available for sale and delivery to the District a volume of Authority water between 0.441 million gallons per day (MGD) and 1.057 MGD. The agreement is in effect until January 1, 2040, and may be extended for 10-year periods thereafter.

The current rate for purchased water is \$3.05 per 1,000 gallons of water. The District recorded expenditures of \$1,961,181 for water purchased from the Authority during the current fiscal year.

Chloramine Conversion Reimbursement

The Authority required the District to convert its water systems to chloramine disinfection for as long as it is connected to the Authority’s system. The District has completed its chloramine system. The District’s reimbursable cost of this system was \$449,562. The Authority calculated the reimbursement at 6% interest over a 30-year period. The District began receiving chloramine conversion credits on the December 2010 Authority billing. Total credits earned in the current fiscal year were \$32,660. Of this amount, \$12,921 was a return of principal with the balance being applicable to interest.

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

NOTE 12. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY
(Continued)

Chloramine Conversion Reimbursement (Continued)

The following is a schedule of the remaining chloramine conversion credits (principal only) to be received under the terms of the agreement.

<u>Fiscal Year</u>	<u>Principal</u>
2026	\$ 13,696
2027	14,518
2028	15,389
2029	16,312
2030	17,291
2031-2035	103,318
2036-2040	<u>135,545</u>
	<u>\$ 316,069</u>

Elevated Storage Tank Reimbursement

The Authority authorized a capital reimbursement credit to the District in the total amount of \$3,087,533 in connection with the construction of an elevated storage tank. The Authority calculated the reimbursement credit at 6% interest over a 30-year period. The credit amount is applied monthly and the District began receiving the elevated storage tank credits on the September 2010 Authority billing. Total credits earned in the current fiscal year were \$224,306. Of this amount, \$90,063 was a return of principal with the balance being applicable to interest. The following is a schedule of the remaining elevated storage tank credits (principal only) to be received under the terms of the agreement.

<u>Fiscal Year</u>	<u>Principal</u>
2026	\$ 95,467
2027	101,195
2028	107,267
2029	113,703
2030	120,525
2031-2035	720,174
2036-2040	<u>888,985</u>
	<u>\$ 2,147,316</u>

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

NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT

The District has entered into a Strategic Partnership Agreement (“SPA”) with the City of Houston, Texas. Under the agreement, and in accordance with Subchapter F of Chapter 43 of the Local Government Code, the City has annexed a tract of land within the District for limited purposes. The District will continue to develop, to own, and to operate and maintain a water, wastewater, and drainage system in the District. The City may not annex the District for full purposes during the term of this agreement. The City imposes a Sales and Use Tax within the boundaries of the District under the SPA on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under future amendments to Chapter 321 of the Tax Code. The City pays to the District one-half of all Sales and Use Tax revenues collected within the District within 30 days of the City receiving the funds from the State Comptroller’s office. The term of this SPA is 30 years from the effective date of April 3, 2007. During the current fiscal year, the District recorded revenues in the amount of \$1,555,688 in relation to this agreement.

NOTE 14. WASTEWATER TREATMENT PLANT LEASE

The District executed a Lease Agreement with Option to Purchase with AUC Group, L.P. for a 200,000 gallons-per-day sewage treatment plant. The term of the lease is 60 months from the first day of the month following delivery and installation of the equipment. The lease may be extended at the District’s option on a month-to-month basis in the amount of \$17,000 per month. At year end, prepaid lease payments total \$37,000. The District implemented GASB Statement No. 87 with respect to this lease. The plant is recorded as a right-to-use asset in the Statement of Net Position.

The total cost of the equipment was \$912,391 which the District is amortizing using the straight-line method over 60 months. The District recorded current year amortization expense of \$182,478 on the equipment which resulted in a net book value of \$593,054.

Lease payments in the amount of \$18,500 began April 1, 2024, with payments being made over 60 months at 8.00% interest. The following schedule reflects the current year change in capital lease payable:

Lease Payable-January 1, 2025		\$	797,608
Less: Principal Paid			(164,123)
Lease Payable-December 31, 2025			<u>633,485</u>

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

NOTE 14. WASTEWATER TREATMENT PLANT LEASE (Continued)

Future minimum lease payments are summarized in the following table:

Fiscal Year	Principal	Interest	Total
2026	\$ 177,745	\$ 44,255	\$ 222,000
2027	192,497	29,503	222,000
2028	208,475	13,525	222,000
2029	54,768	732	55,500
	\$ 633,485	\$ 88,015	\$ 721,500
Lease due within one year		\$ 177,745	
Lease due after one year		455,740	
		\$ 633,485	

NOTE 15. SUBSCRIPTION-BASED SERVICE AGREEMENT

In accordance with the requirements of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements* the District recorded a right-to-use asset and related subscription payable in its financial statements pertaining to the subscription service agreement it has with Badger Meter dated December 4, 2020. The term of the agreement continues through November 3, 2030.

Monthly payments are based on the number of connections serviced times the contractual rate per connection, which is currently \$0.89 per connection per month. The monthly costs are approximately \$5,690 per month but will vary from time-to-time as the number of connections change. Current year subscription payments totaled approximately \$68,280 with \$54,762 allocated to principal and the remainder to interest.

The subscription liability was measured using the remaining subscription term and discount rate of 4.05%. The subscription based service asset is amortized using the straight-line method over the term of the agreement ending in 2030.

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

NOTE 15. SUBSCRIPTION-BASED SERVICE AGREEMENT (Continued)

Right-to-use assets, current amortization expense, and accumulated amortization are summarized in the following table.

	January 1, 2025	Increases	Decreases	December 31, 2025
Intangible Assets Subject to Amortization				
Subscription Based Service	\$ 560,685	\$	\$	\$ 560,685
Accumulated Amortization				
Subscription Based Service	<u>230,830</u>	<u>65,971</u>	<u></u>	<u>296,801</u>
Total Intangible Assets, Net of Accumulated Amortization	<u>\$ 329,855</u>	<u>\$ 65,971</u>	<u>\$ - 0 -</u>	<u>\$ 263,884</u>

The change in subscription payable during the current fiscal year is summarized in the following table:

	January 1, 2025	Additions	Retirements	December 31, 2025
Subscription Payable	<u>\$ 358,697</u>	<u>\$ -0-</u>	<u>\$ 54,762</u>	<u>\$ 303,935</u>

Future subscription payments, including the amount due within one year and amounts due after one year, are summarized in the following table:

Fiscal Year	Principal	Interest	Total
2026	\$ 57,021	\$ 11,259	\$ 68,280
2027	59,374	8,906	68,280
2028	61,824	6,456	68,280
2029	64,375	3,905	68,280
2030	<u>61,341</u>	<u>1,249</u>	<u>62,590</u>
	<u>\$ 303,935</u>	<u>\$ 31,775</u>	<u>\$ 335,710</u>
Amount Due Within One Year			\$ 57,021
Amount Due After One Year			<u>246,914</u>
Total Subscription Payable			<u>\$ 303,935</u>

BRIDGESTONE MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2025

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

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 4,930,000	\$ 4,859,077	\$ (70,923)
Water Service	2,500,000	1,828,400	(671,600)
Wastewater Service	2,600,000	2,748,732	148,732
Water Authority Fees	2,500,000	3,018,785	518,785
Penalty and Interest	100,000	173,957	73,957
Connection and Inspection Fees	500,000	1,669,950	1,169,950
Water Authority Credits	256,966	256,966	
Sales Tax Revenues	1,500,000	1,555,688	55,688
Security Service Fees	535,000	550,322	15,322
Construction Advances		4,716,399	4,716,399
Investment and Miscellaneous Revenues	835,000	673,731	(161,269)
TOTAL REVENUES	\$ 16,256,966	\$ 22,052,007	\$ 5,795,041
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 735,000	\$ 1,326,512	\$ (591,512)
Contracted Services	4,274,000	4,160,671	113,329
Purchased Water and Pumpage Fees	2,500,000	2,451,132	48,868
Utilities	500,000	588,923	(88,923)
Other	1,533,750	1,846,209	(312,459)
Capital Outlay and Repairs	2,850,842	3,882,342	(1,031,500)
TOTAL EXPENDITURES	\$ 12,393,592	\$ 14,255,789	\$ (1,862,197)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 3,863,374	\$ 7,796,218	\$ 3,932,844
OTHER FINANCING SOURCES (USES)			
Transfers In/(Out)	\$	\$ (420,363)	\$ (420,363)
Proceeds from Sale of Land		1,214,986	1,214,986
TOTAL OTHER FINANCING SOURCES (USES)	\$ -0-	\$ 794,623	\$ 794,623
NET CHANGE IN FUND BALANCE	\$ 3,863,374	\$ 8,590,841	\$ 4,727,467
FUND BALANCE - JANUARY 1, 2025	5,364,074	5,364,074	
FUND BALANCE - DECEMBER 31, 2025	\$ 9,227,448	\$ 13,954,915	\$ 4,727,467

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
DECEMBER 31, 2025

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

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

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

2. RETAIL SERVICE PROVIDERS

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

The following rates are based on the rate order approved September 16, 2025.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 8.00	3,000	N	\$ 1.30 1.70 1.75 2.00	3,001 to 10,000 10,001 to 20,000 20,001 to 30,000 30,001 and up

WASTEWATER: \$ 29.79
(includes solid waste)

Y

SURCHARGE:

Regional Water Authority Fees \$ 4.05 per 1,000 gallons of water usage

District employs winter averaging for wastewater usage?

_____	<u>X</u>
Yes	No

Total monthly charges per 10,000 gallons usage: Water: \$17.10 Wastewater: \$29.79 Surcharge: \$40.50

See accompanying independent auditor's report.

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

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<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>5,872</u>	<u>5,847</u>	x 1.0	<u>5,847</u>
1"	<u>200</u>	<u>194</u>	x 2.5	<u>485</u>
1½"	<u>41</u>	<u>39</u>	x 5.0	<u>195</u>
2"	<u>214</u>	<u>209</u>	x 8.0	<u>1,672</u>
3"	<u>5</u>	<u>5</u>	x 15.0	<u>75</u>
4"	<u>7</u>	<u>7</u>	x 25.0	<u>175</u>
6"	<u>7</u>	<u>7</u>	x 50.0	<u>350</u>
8"	<u>11</u>	<u>11</u>	x 80.0	<u>880</u>
10"	<u>1</u>	<u>1</u>	x 115.0	<u>115</u>
Total Water Connections	<u><u>6,358</u></u>	<u><u>6,320</u></u>		<u><u>9,794</u></u>
Total Wastewater Connections	<u><u>6,109</u></u>	<u><u>6,071</u></u>	x 1.0	<u><u>6,071</u></u>

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

Gallons pumped into system: 187,743,000 Water Accountability Ratio: 91%
(Gallons billed/Gallons pumped and purchased)

Gallons billed to customers: 754,842,000

Gallons purchased: 641,889,000 From: North Harris County Regional
Water Authority

See accompanying independent auditor's report.

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

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

Does the District have Debt Service standby fees? Yes No

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:

Harris County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

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

PROFESSIONAL FEES:	
Auditing	\$ 36,500
Engineering	824,217
Legal	464,195
Financial Advisor	<u>1,600</u>
TOTAL PROFESSIONAL FEES	<u>\$ 1,326,512</u>
PURCHASED WATER SERVICE	<u>\$ 1,961,181</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 139,251
General Manager and Employees	328,441
Operations and Billing	383,204
Solid Waste Disposal	1,918,575
Security	<u>1,391,200</u>
TOTAL CONTRACTED SERVICES	<u>\$ 4,160,671</u>
UTILITIES	<u>\$ 588,923</u>
REPAIRS AND MAINTENANCE	<u>\$ 2,742,553</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 30,842
Property and Health Insurance	242,998
Meetings, Office Supplies and Postage	205,757
Website, Communications and Other	<u>174,599</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 654,196</u>
CAPITAL OUTLAY	<u>\$ 1,139,789</u>
OTHER EXPENDITURES:	
Chemicals	\$ 406,311
Laboratory Fees	148,163
Connection, Reconnection, and Inspection Fees	421,078
Water Authority Assessments	489,951
Permit Fees and Regulatory Assessments	95,410
Sludge Hauling	<u>121,051</u>
TOTAL OTHER EXPENDITURES	<u>\$ 1,681,964</u>
TOTAL EXPENDITURES	<u>\$ 14,255,789</u>

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
INVESTMENTS
DECEMBER 31, 2025

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 11,367,658	\$
TexSTAR	XXXX2220	Varies	Daily	138,436	
TexSTAR	XXXX2221	Varies	Daily	71,102	
TexSTAR	XXXX2224	Varies	Daily	1,656,323	
TexSTAR	XXXX2225	Varies	Daily	362,467	
TexSTAR	XXXX2226	Varies	Daily	117,643	
TexSTAR	XXXX2227	Varies	Daily	146,079	
Certificate of Deposit	XXXX3245	4.50%	04/30/26	158,966	4,802
Certificate of Deposit	XXXX5320	4.15%	02/21/26	161,698	2,427
Certificate of Deposit	XXXX9065	4.00%	02/04/26	238,376	1,489
Certificate of Deposit	XXXX8058	4.00%	02/14/26	<u>232,493</u>	<u>1,197</u>
TOTAL GENERAL FUND				<u>\$ 14,651,241</u>	<u>\$ 9,915</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 1,564,250	\$
Certificate of Deposit	XXXX2365	4.05%	04/01/26	<u>235,300</u>	<u>2,376</u>
TOTAL DEBT SERVICE FUND				<u>\$ 1,799,550</u>	<u>\$ 2,376</u>
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	XXXX4440	Varies	Daily	<u>\$ 10,869,301</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u><u>\$ 27,320,092</u></u>	<u><u>\$ 12,291</u></u>

See accompanying independent auditor's report.

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

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JANUARY 1, 2025	\$ 4,180,671		\$ 5,577,657	
Adjustments to Beginning				
Balance	<u>(85,382)</u>	\$ 4,095,289	<u>(112,102)</u>	\$ 5,465,555
Original 2025 Tax Levy	\$ 5,186,495		\$ 6,365,244	
Adjustment to 2025 Tax Levy	<u>23,284</u>	<u>5,209,779</u>	<u>28,576</u>	<u>6,393,820</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 9,305,068		\$ 11,859,375
 TAX COLLECTIONS:				
Prior Years	\$ 3,978,919		\$ 5,305,970	
Current Year	<u>1,007,438</u>	<u>4,986,357</u>	<u>1,236,402</u>	<u>6,542,372</u>
 TAXES RECEIVABLE -				
DECEMBER 31, 2025		<u>\$ 4,318,711</u>		<u>\$ 5,317,003</u>
 TAXES RECEIVABLE BY				
YEAR:				
2025		\$ 4,202,341		\$ 5,157,418
2024		65,939		87,919
2023		12,217		16,290
2022		8,092		11,040
2021		5,719		7,796
2020		5,277		7,196
2019		8,971		14,354
2018		5,528		8,844
2017 and Prior		<u>4,627</u>		<u>6,146</u>
TOTAL		<u>\$ 4,318,711</u>		<u>\$ 5,317,003</u>

See accompanying independent auditor's report.

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

	2025	2024	2023	2022
PROPERTY VALUATIONS:				
Land	\$ 582,950,552	\$ 562,904,429	\$ 553,814,398	\$ 534,824,487
Improvements	2,100,891,583	2,120,858,515	2,131,410,444	1,887,731,465
Personal Property	111,759,290	115,541,114	108,925,957	98,840,191
Exemptions	(428,348,537)	(417,132,886)	(480,955,000)	(440,934,378)
TOTAL PROPERTY VALUATIONS	\$ 2,367,252,888	\$ 2,382,171,172	\$ 2,313,195,799	\$ 2,080,461,765
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.27	\$ 0.28	\$ 0.28	\$ 0.2936
Maintenance	0.22	0.21	0.21	0.2152
TOTAL TAX RATES PER \$100 VALUATION	\$ 0.49	\$ 0.49	\$ 0.49	\$ 0.5088
ADJUSTED TAX LEVY*	\$ 11,603,599	\$ 11,672,746	\$ 11,334,660	\$ 10,585,389
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	19.34 %	98.68 %	99.75 %	99.82 %

* 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 \$0.25 per \$100 of assessed valuation approved by voters on August 14, 1976.

See accompanying independent auditor's report.

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

S E R I E S - 2 0 1 4

Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2026	\$ 130,000	\$ 112,512	\$ 242,512
2027	135,000	108,453	243,453
2028	145,000	104,078	249,078
2029	150,000	99,281	249,281
2030	160,000	94,050	254,050
2031	165,000	88,463	253,463
2032	175,000	82,513	257,513
2033	185,000	76,097	261,097
2034	195,000	69,210	264,210
2035	205,000	61,703	266,703
2036	215,000	53,566	268,566
2037	225,000	44,900	269,900
2038	235,000	35,700	270,700
2039	245,000	26,100	271,100
2040	260,000	16,000	276,000
2041	270,000	5,400	275,400
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
	<u>\$ 3,095,000</u>	<u>\$ 1,078,026</u>	<u>\$ 4,173,026</u>

See accompanying independent auditor's report.

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

S E R I E S - 2 0 1 5

Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2026	\$ 250,000	\$ 170,238	\$ 420,238
2027	250,000	163,675	413,675
2028	250,000	156,488	406,488
2029	275,000	148,612	423,612
2030	275,000	140,363	415,363
2031	300,000	131,550	431,550
2032	300,000	122,176	422,176
2033	325,000	112,206	437,206
2034	325,000	101,644	426,644
2035	350,000	90,456	440,456
2036	350,000	78,644	428,644
2037	375,000	66,409	441,409
2038	400,000	53,082	453,082
2039	400,000	39,081	439,081
2040	425,000	24,378	449,378
2041	460,000	8,337	468,337
2042			
2043			
2044			
2045			
2046			
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2050			
2051			
2052			
2053			
	<u>\$ 5,310,000</u>	<u>\$ 1,607,339</u>	<u>\$ 6,917,339</u>

See accompanying independent auditor's report.

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

S E R I E S - 2 0 1 6 R E F U N D I N G

Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2026	\$ 2,040,000	\$ 641,412	\$ 2,681,412
2027	2,120,000	591,962	2,711,962
2028	2,195,000	538,025	2,733,025
2029	2,330,000	481,463	2,811,463
2030	2,425,000	418,994	2,843,994
2031	2,520,000	351,000	2,871,000
2032	2,595,000	277,425	2,872,425
2033	2,670,000	198,450	2,868,450
2034	2,085,000	127,125	2,212,125
2035	2,160,000	63,450	2,223,450
2036	1,035,000	15,525	1,050,525
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
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2051			
2052			
2053			
	<u>\$ 24,175,000</u>	<u>\$ 3,704,831</u>	<u>\$ 27,879,831</u>

See accompanying independent auditor's report.

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

S E R I E S - 2 0 1 8

Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2026	\$ 200,000	\$ 263,000	\$ 463,000
2027	200,000	257,000	457,000
2028	225,000	250,344	475,344
2029	225,000	242,750	467,750
2030	225,000	234,594	459,594
2031	250,000	225,687	475,687
2032	250,000	216,000	466,000
2033	250,000	206,000	456,000
2034	275,000	195,500	470,500
2035	275,000	184,500	459,500
2036	300,000	173,000	473,000
2037	300,000	161,000	461,000
2038	325,000	148,500	473,500
2039	325,000	135,500	460,500
2040	350,000	122,000	472,000
2041	350,000	108,000	458,000
2042	400,000	93,000	493,000
2043	400,000	77,000	477,000
2044	400,000	61,000	461,000
2045	425,000	44,500	469,500
2046	450,000	27,000	477,000
2047	450,000	9,000	459,000
2048			
2049			
2050			
2051			
2052			
2053			
	<u>\$ 6,850,000</u>	<u>\$ 3,434,875</u>	<u>\$ 10,284,875</u>

See accompanying independent auditor's report.

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

S E R I E S - 2 0 1 9

Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2026	\$ 150,000	\$ 150,256	\$ 300,256
2027	150,000	147,256	297,256
2028	150,000	144,256	294,256
2029	175,000	141,006	316,006
2030	175,000	137,178	312,178
2031	175,000	132,913	307,913
2032	175,000	128,538	303,538
2033	200,000	123,725	323,725
2034	200,000	118,350	318,350
2035	200,000	112,850	312,850
2036	225,000	106,725	331,725
2037	225,000	99,975	324,975
2038	225,000	93,225	318,225
2039	250,000	86,100	336,100
2040	250,000	78,600	328,600
2041	275,000	70,725	345,725
2042	275,000	62,475	337,475
2043	300,000	53,850	353,850
2044	300,000	44,850	344,850
2045	300,000	35,850	335,850
2046	325,000	26,475	351,475
2047	350,000	16,350	366,350
2048	370,000	5,550	375,550
2049			
2050			
2051			
2052			
2053			
	<u>\$ 5,420,000</u>	<u>\$ 2,117,078</u>	<u>\$ 7,537,078</u>

See accompanying independent auditor's report.

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

S E R I E S - 2 0 1 9 A R E F U N D I N G

Due During Fiscal Years Ending December 31	Principal Due May 1 **	Interest Due May 1/ November 1	Total
2026	\$ 485,000	\$ 377,475	\$ 862,475
2027	500,000	362,700	862,700
2028	525,000	347,325	872,325
2029	610,000	330,300	940,300
2030	1,085,000	304,875	1,389,875
2031	1,155,000	271,275	1,426,275
2032	1,160,000	236,550	1,396,550
2033	1,110,000	202,500	1,312,500
2034	1,065,000	169,875	1,234,875
2035	1,505,000	131,325	1,636,325
2036	3,625,000	87,375	3,712,375
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
	<u>\$ 12,825,000</u>	<u>\$ 2,821,575</u>	<u>\$ 15,646,575</u>

**The schedule above includes a final payment which is due on November 1, 2036.

See accompanying independent auditor's report.

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

S E R I E S - 2 0 2 0 R E F U N D I N G

Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2026	\$ 460,000	\$ 39,450	\$ 499,450
2027	500,000	25,050	525,050
2028	585,000	8,775	593,775
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
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2048			
2049			
2050			
2051			
2052			
2053			
	<u>\$ 1,545,000</u>	<u>\$ 73,275</u>	<u>\$ 1,618,275</u>

See accompanying independent auditor's report.

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

S E R I E S - 2 0 2 1 R E F U N D I N G

Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2026	\$ 155,000	\$ 152,325	\$ 307,325
2027	200,000	147,000	347,000
2028	195,000	141,075	336,075
2029	195,000	135,225	330,225
2030	245,000	128,625	373,625
2031	290,000	120,600	410,600
2032	285,000	111,975	396,975
2033	330,000	102,750	432,750
2034	375,000	92,175	467,175
2035	370,000	81,000	451,000
2036	615,000	66,225	681,225
2037	960,000	42,600	1,002,600
2038	940,000	14,100	954,100
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
	<u>\$ 5,155,000</u>	<u>\$ 1,335,675</u>	<u>\$ 6,490,675</u>

See accompanying independent auditor's report.

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

S E R I E S - 2 0 2 2

Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2026	\$ 600,000	\$ 598,032	\$ 1,198,032
2027	650,000	573,032	1,223,032
2028	725,000	545,532	1,270,532
2029	750,000	516,032	1,266,032
2030	775,000	485,532	1,260,532
2031	800,000	457,032	1,257,032
2032	825,000	431,657	1,256,657
2033	850,000	410,782	1,260,782
2034	875,000	393,530	1,268,530
2035	900,000	375,780	1,275,780
2036	925,000	357,530	1,282,530
2037	950,000	338,187	1,288,187
2038	975,000	317,369	1,292,369
2039	1,000,000	295,394	1,295,394
2040	1,050,000	271,675	1,321,675
2041	1,075,000	246,440	1,321,440
2042	1,100,000	220,612	1,320,612
2043	1,125,000	194,190	1,319,190
2044	1,175,000	166,877	1,341,877
2045	1,200,000	137,924	1,337,924
2046	1,250,000	107,299	1,357,299
2047	1,275,000	75,737	1,350,737
2048	1,300,000	43,550	1,343,550
2049	1,350,000	20,550	1,370,550
2050	1,380,000	6,900	1,386,900
2051			
2052			
2053			
	<u>\$ 24,880,000</u>	<u>\$ 7,587,175</u>	<u>\$ 32,467,175</u>

See accompanying independent auditor's report.

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

S E R I E S - 2 0 2 4

Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2026	\$	\$ 883,000	\$ 883,000
2027	405,000	872,875	1,277,875
2028	425,000	852,125	1,277,125
2029	450,000	830,250	1,280,250
2030	450,000	807,750	1,257,750
2031	500,000	784,000	1,284,000
2032	500,000	761,500	1,261,500
2033	525,000	741,000	1,266,000
2034	550,000	719,500	1,269,500
2035	600,000	696,500	1,296,500
2036	625,000	672,000	1,297,000
2037	650,000	646,500	1,296,500
2038	675,000	620,000	1,295,000
2039	700,000	592,500	1,292,500
2040	750,000	563,500	1,313,500
2041	800,000	532,500	1,332,500
2042	850,000	499,500	1,349,500
2043	900,000	464,500	1,364,500
2044	925,000	428,000	1,353,000
2045	975,000	390,000	1,365,000
2046	1,025,000	350,000	1,375,000
2047	1,075,000	308,000	1,383,000
2048	1,125,000	275,250	1,400,250
2049	1,200,000	240,000	1,440,000
2050	1,250,000	191,000	1,441,000
2051	1,325,000	139,500	1,464,500
2052	1,375,000	85,500	1,460,500
2053	1,450,000	29,000	1,479,000
	<u>\$ 22,080,000</u>	<u>\$ 14,975,750</u>	<u>\$ 37,055,750</u>

See accompanying independent auditor's report.

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

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	\$ 4,470,000	\$ 3,387,700	\$ 7,857,700
2027	5,110,000	3,249,003	8,359,003
2028	5,420,000	3,088,023	8,508,023
2029	5,160,000	2,924,919	8,084,919
2030	5,815,000	2,751,961	8,566,961
2031	6,155,000	2,562,520	8,717,520
2032	6,265,000	2,368,334	8,633,334
2033	6,445,000	2,173,510	8,618,510
2034	5,945,000	1,986,909	7,931,909
2035	6,565,000	1,797,564	8,362,564
2036	7,915,000	1,610,590	9,525,590
2037	3,685,000	1,399,571	5,084,571
2038	3,775,000	1,281,976	5,056,976
2039	2,920,000	1,174,675	4,094,675
2040	3,085,000	1,076,153	4,161,153
2041	3,230,000	971,402	4,201,402
2042	2,625,000	875,587	3,500,587
2043	2,725,000	789,540	3,514,540
2044	2,800,000	700,727	3,500,727
2045	2,900,000	608,274	3,508,274
2046	3,050,000	510,774	3,560,774
2047	3,150,000	409,087	3,559,087
2048	2,795,000	324,350	3,119,350
2049	2,550,000	260,550	2,810,550
2050	2,630,000	197,900	2,827,900
2051	1,325,000	139,500	1,464,500
2052	1,375,000	85,500	1,460,500
2053	1,450,000	29,000	1,479,000
	<u>\$ 111,335,000</u>	<u>\$ 38,735,599</u>	<u>\$ 150,070,599</u>

See accompanying independent auditor's report.

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

Description	Original Bonds Issued	Bonds Outstanding January 1, 2025
Bridgestone Municipal Utility District		
Waterworks and Sewer System Combination Unlimited		
Tax and Revenue Bonds - Series 2014	\$ 4,040,000	\$ 3,220,000
Bridgestone Municipal Utility District		
Waterworks and Sewer System Combination Unlimited		
Tax and Revenue Bonds - Series 2015	6,410,000	5,535,000
Bridgestone Municipal Utility District		
Waterworks and Sewer System Combination Unlimited		
Tax and Revenue Refunding Bonds - Series 2016	35,055,000	26,130,000
Bridgestone Municipal Utility District		
Waterworks and Sewer System Combination Unlimited		
Tax and Revenue Bonds - Series 2018	7,400,000	7,050,000
Bridgestone Municipal Utility District		
Waterworks and Sewer System Combination Unlimited		
Tax and Revenue Bonds - Series 2019	5,670,000	5,545,000
Bridgestone Municipal Utility District		
Unlimited Tax Refunding Bonds - Series 2019A	16,640,000	13,285,000
Bridgestone Municipal Utility District		
Unlimited Tax Refunding Bonds - Series 2020	4,020,000	2,015,000
Bridgestone Municipal Utility District		
Unlimited Tax Refunding Bonds - Series 2021	5,810,000	5,310,000
Bridgestone Municipal Utility District		
Unlimited Tax Bonds - Series 2022	26,050,000	25,480,000
Bridgestone Municipal Utility District		
Unlimited Tax Bonds - Series 2024	<u>22,080,000</u>	<u>22,080,000</u>
TOTAL	<u><u>\$ 133,175,000</u></u>	<u><u>\$ 115,650,000</u></u>

See accompanying independent auditor's report.

Current Year Transactions				Bonds Outstanding December 31, 2025	Paying Agent
Bonds Sold	Retirements				
	Principal	Interest			
\$	\$ 125,000	\$ 116,338	\$ 3,095,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	225,000	176,034	5,310,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	1,955,000	683,912	24,175,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	200,000	269,000	6,850,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	125,000	153,006	5,420,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	460,000	391,650	12,825,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	470,000	53,400	1,545,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	155,000	156,975	5,155,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	600,000	622,032	24,880,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
		883,000	22,080,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
<u>\$ - 0 -</u>	<u>\$ 4,315,000</u>	<u>\$ 3,505,347</u>	<u>\$ 111,335,000</u>		

See accompanying independent auditor's report.

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

	Unlimited Tax and Revenue Bonds	Unlimited Tax Bonds
Bond Authority:		
Amount Authorized by Voters	\$ 115,412,000	\$ 75,000,000
Amount Issued	(115,373,332)	(48,495,000)
Remaining to be Issued	\$ 38,668	\$ 26,505,000
 Debt Service Fund cash and investment balances as of December 31, 2025:		\$ 2,439,432
Average annual debt service payment for remaining term of all bond debt:		\$ 5,359,664

See accompanying independent auditor's report.

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

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	\$ 4,859,077	\$ 4,680,767	\$ 4,333,095
Water Service	1,828,400	1,725,577	1,680,263
Wastewater Service	2,748,732	2,727,399	2,589,242
Solid Waste Disposal			
Water Authority Fees	3,018,785	2,731,594	3,773,425
Penalty and Interest	173,957	77,488	96,323
Connection, Inspection, and Infrastructure Fees	1,669,950	707,818	988,343
Water Authority Credits	256,966	235,552	278,380
Sales Tax Revenues	1,555,688	1,551,486	1,594,929
Security Service Fees	550,322	568,648	248,300
Construction Advances	4,716,399		1,005,746
Investment and Miscellaneous Revenues	673,731	1,064,142	1,155,297
TOTAL REVENUES	\$ 22,052,007	\$ 16,070,471	\$ 17,743,343
EXPENDITURES			
Professional Fees	\$ 1,326,512	\$ 1,144,743	\$ 723,295
Contracted Services	4,160,671	3,728,366	2,965,450
Purchased Water Service	1,961,181	2,259,613	2,700,579
Utilities	588,923	567,115	399,391
Water Authority Assessments	489,951	620,278	821,084
Repairs and Maintenance	2,742,553	2,476,008	2,242,317
Other	1,846,209	1,982,451	1,663,955
Capital Outlay	1,139,789	9,790,520	11,826,342
TOTAL EXPENDITURES	\$ 14,255,789	\$ 22,569,094	\$ 23,342,413
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 7,796,218	\$ (6,498,623)	\$ (5,599,070)
OTHER FINANCING SOURCES (USES)			
Transfers In/(Out)	\$ (420,363)	\$ (2,014,815)	\$
Proceeds from Sale of Land	1,214,986		
TOTAL OTHER FINANCING SOURCES (USES)	\$ 794,623	\$ (2,014,815)	\$ - 0 -
NET CHANGE IN FUND BALANCE	\$ 8,590,841	\$ (8,513,438)	\$ (5,599,070)
BEGINNING FUND BALANCE	5,364,074	13,877,512	19,476,582
ENDING FUND BALANCE	\$ 13,954,915	\$ 5,364,074	\$ 13,877,512

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
\$ 3,907,031	\$ 3,691,694	21.8 %	29.1 %	24.3 %	25.4 %	28.0 %
1,723,765	1,519,535	8.3	10.7	9.5	11.2	11.5
1,821,214	1,391,665	12.5	17.0	14.6	11.8	10.6
818,328	1,115,387				5.3	8.5
3,847,600	3,148,097	13.7	17.0	21.3	25.0	23.9
87,986	85,049	0.8	0.5	0.5	0.6	0.6
574,515	383,055	7.6	4.4	5.6	3.7	2.9
256,966	256,966	1.2	1.5	1.6	1.7	1.9
1,548,305	1,477,297	7.1	9.7	9.0	10.1	11.2
167,700		2.5	3.5	1.4	1.1	
219,816		21.4		5.7	1.4	
420,563	116,579	3.1	6.6	6.5	2.7	0.9
<u>\$ 15,393,789</u>	<u>\$ 13,185,324</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 1,041,984	\$ 957,404	6.0 %	7.1 %	4.1 %	6.8 %	7.3 %
2,796,920	2,823,474	18.9	23.2	16.7	18.2	21.4
3,037,597	3,330,260	8.9	14.1	15.2	19.7	25.3
494,806	409,627	2.7	3.5	2.3	3.2	3.1
1,052,264	217,332	2.2	3.9	4.6	6.8	1.6
1,674,527	2,682,640	12.4	15.4	12.6	10.9	20.3
1,236,354	964,603	8.4	12.3	9.4	8.0	7.3
1,895,395	9,645,240	5.2	60.9	66.7	12.3	73.2
<u>\$ 13,229,847</u>	<u>\$ 21,030,580</u>	<u>64.7 %</u>	<u>140.4 %</u>	<u>131.6 %</u>	<u>85.9 %</u>	<u>159.5 %</u>
\$ 2,163,942	\$ (7,845,256)	35.3 %	(40.4) %	(31.6) %	14.1 %	(59.5) %
\$ 11,261,278	\$ (750,000)					
<u>\$ 11,261,278</u>	<u>\$ (750,000)</u>					
\$ 13,425,220	\$ (8,595,256)					
6,051,362	14,646,618					
<u>\$ 19,476,582</u>	<u>\$ 6,051,362</u>					

See accompanying independent auditor's report.

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

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	\$ 6,477,987	\$ 6,238,447	\$ 5,907,308
Penalty and Interest	105,220	105,963	70,100
Infrastructure Fees		470,357	
Investment and Miscellaneous Revenues	<u>169,984</u>	<u>150,201</u>	<u>146,938</u>
TOTAL REVENUES	<u>\$ 6,753,191</u>	<u>\$ 6,964,968</u>	<u>\$ 6,124,346</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 234,108	\$ 242,899	\$ 223,802
Debt Service Principal	4,315,000	4,170,000	3,350,000
Debt Service Interest and Fees	3,515,022	3,366,636	2,832,422
Bond Issuance Costs			
Payment to Refunded Escrow Agent			
TOTAL EXPENDITURES	<u>\$ 8,064,130</u>	<u>\$ 7,779,535</u>	<u>\$ 6,406,224</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (1,310,939)</u>	<u>\$ (814,567)</u>	<u>\$ (281,878)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 81,994	\$ 2,183,421	\$
Payment to Refunded Bond Escrow Agent			
Proceeds from Issuance of Long-Term Debt			
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 81,994</u>	<u>\$ 2,183,421</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ (1,228,945)	\$ 1,368,854	\$ (281,878)
BEGINNING FUND BALANCE	<u>2,466,261</u>	<u>1,097,407</u>	<u>1,379,285</u>
ENDING FUND BALANCE	<u>\$ 1,237,316</u>	<u>\$ 2,466,261</u>	<u>\$ 1,097,407</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>6,320</u>	<u>6,316</u>	<u>6,297</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>6,071</u>	<u>6,075</u>	<u>6,062</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
\$ 5,326,031	\$ 5,035,786	95.9 %	89.5 %	96.5 %	97.5 %	98.4 %
108,404	65,237	1.6	1.5	1.1	2.0	1.3
28,735	13,333	2.5	6.8	2.4	0.5	0.3
<u>\$ 5,463,170</u>	<u>\$ 5,114,356</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 170,090	\$ 186,460	3.5 %	3.5 %	3.7 %	3.1 %	3.6 %
3,080,000	4,410,000	63.9	59.9	54.7	56.4	86.2
2,741,525	2,484,944	52.0	48.3	46.2	50.2	48.6
	231,313					4.5
	5,000					0.1
<u>\$ 5,991,615</u>	<u>\$ 7,317,717</u>	<u>119.4 %</u>	<u>111.7 %</u>	<u>104.6 %</u>	<u>109.7 %</u>	<u>143.0 %</u>
<u>\$ (528,445)</u>	<u>\$ (2,203,361)</u>	<u>(19.4) %</u>	<u>(11.7) %</u>	<u>(4.6) %</u>	<u>(9.7) %</u>	<u>(43.0) %</u>
\$	\$ 750,000					
	(6,029,296)					
	5,810,000					
	451,359					
<u>\$ - 0 -</u>	<u>\$ 982,063</u>					
\$ (528,445)	\$ (1,221,298)					
1,907,730	3,129,028					
<u>\$ 1,379,285</u>	<u>\$ 1,907,730</u>					
<u>6,295</u>	<u>6,283</u>					
<u>6,062</u>	<u>6,043</u>					

See accompanying independent auditor's report.

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

District Mailing Address - Bridgestone Municipal Utility District
c/o Polley Garza PLLC
1401 Enclave Parkway, Suite 625
Houston, TX 77077

District Telephone Number - (346) 440-1275

Board Members	Term of Office (Elected or <u>Appointed</u>)	Fees of Office for the year ended <u>December 31, 2025</u>	Expense Reimbursements for the year ended <u>December 31, 2025</u>	<u>Title</u>
Johnny Pack	05/24 05/28 (Elected)	\$ 7,200	\$ 1,507	President
Joe Marks	05/24 05/28 (Elected)	\$ 2,210	\$ -0-	Vice- President
Jeff Gebhart	10/24 05/26 (Appointed)	\$ 7,200	\$ 1,096	Secretary
Michael Crayton	05/22 05/26 (Elected)	\$ 6,851	\$ -0-	Assistant Secretary
Nancy Woollard	05/24 05/28 (Elected)	\$ 6,886	\$ 875	Treasurer

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

The most recent submission date of the District Registration Form was on November 5, 2024.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on July 25, 2023. Fees of Office are the amounts actually paid to a Director during the District’s current fiscal year.

See accompanying independent auditor’s report.

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

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2025</u>	<u>Title</u>
Polley Garza PLLC	05/14/01	\$ 462,347	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	01/11/99	\$ 36,500 \$ 9,000	Auditor AUP Services
Myrtle Cruz, Inc.	11/16/78	\$ 149,396	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	07/01/96	\$ 29,472	Delinquent Tax Attorney
Quiddity Engineering, LLC	04/01/93	\$ 2,343,178	Engineer
The GMS Group, LLC	10/02/12	\$ 1,600	Financial Advisor
Mary Jarmon	05/15/07	\$ -0-	Investment Officer
Water District Management Company, Inc.	05/05/09	\$ 1,534,309	Operator
Equi-Tax, Inc.	07/28/77	\$ 100,487	Tax Assessor/ Collector
Harris County	01/01/04	\$ 1,391,200	Law Enforcement

See accompanying independent auditor's report.