



**BOLDLY  
MOVING  
FORWARD**

**CITY OF BAYTOWN, TX**

Annual Comprehensive  
Financial Report

2022-2023  
Fiscal Year Ending  
September 30, 2023



***ANNUAL COMPREHENSIVE  
FINANCIAL REPORT***

of the

**CITY OF BAYTOWN, TEXAS**

For the Year Ended  
September 30, 2023

Issued by:

**Finance Department**

**Jason Reynolds, City Manager  
Carol Flynt, Assistant City Manager  
Brant Gary, Assistant City Manager  
Teresa McKenzie, Director of Finance  
Lianette Leon, Assistant Director of Finance/Controller**

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# CITY OF BAYTOWN, TEXAS

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***INTRODUCTORY SECTION***

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# CITY OF BAYTOWN

FINANCE DEPARTMENT

2401 Market Street • P.O. Box 424  
Baytown, Texas 77522-0424  
(281) 422-8281 • (281) 420-6518 Fax

April 10, 2024

Honorable Mayor, Members of City Council, and Citizens of the City of Baytown, Texas:

The Annual Comprehensive Financial Report (ACFR) of the City of Baytown, Texas (the “City”), for the fiscal year ended September 30, 2023, is hereby submitted as mandated by City Charter. The City Charter requires the City to issue an annual report of its financial position and activities and that an independent Certified Public Accounting firm audit this report. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with management. We believe the data, as presented, is accurate in all material respects and is presented in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial affairs have been included.

The ACFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this letter of transmittal, a copy of the Certificate of Achievement for Excellence in Financial Reporting for the City’s 2022 ACFR presented by the Government Finance Officers Association of the United States and Canada, an organizational chart of the City, and a listing of City officials. The financial section includes the Management’s Discussion and Analysis (MD&A); basic financial statements, including the notes; required supplementary information; combining and individual fund statements and schedules; as well as the independent auditors’ report on these financial statements and schedules. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement, and should be read in conjunction with, the MD&A. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis that is relevant to the financial statement reader.

## *Profile of the City*

The City of Baytown is the third largest city in Harris County. Located east of Houston, Baytown is only 20 miles from downtown, within 35 minutes of the Houston Hobby Airport, and within 45 minutes of the Houston Bush Intercontinental Airport. Houston is readily accessible via Interstate 10 (I-10), a major thoroughfare running through the north side of Baytown. The City encompasses an area of 53 square miles with a current estimated population of 83,902.

The City was incorporated on January 24, 1948, as a Home Rule City operating under the Council-Manager form of government. The City Council is composed of the Mayor and six City Council (the “Council”) members. All six Council members are required to reside within the defined districts from which they are elected. The Mayor is elected at-large, and all Council positions are elected for three-year staggered terms.

City Charter, Article III, Section 32, requires the Council to appoint a City Manager to act as the chief executive officer and head of the administrative branch of the City. It is the responsibility of the City Manager to appoint and remove department heads and conduct the general affairs of the City in accordance with the policies of the Council.

The financial reporting entity includes all funds of the primary government, as well as all of its component units. A component unit is considered to be part of the City's reporting entity when it is determined that the City is financially accountable for the entity or the nature and significance of the relationship between the City and the entity is such that exclusion would cause the City's financial statements to be misleading or incomplete. The City provides a full-range of services, including police and fire protection, emergency medical services, water and sewer services, sanitation services, storm water utility services, parks and recreational facilities, recreation programming, library services, transportation improvements, inspections, and environmental health services. Internal services of the City, accounted for on a cost reimbursement basis, are the central services operations for the garage and warehouse functions and the risk management services.

Discretely presented component units are legally separate entities and not part of the primary government's operations. Accordingly, the Baytown Area Water Authority and the Baytown Municipal Development District are reported separately.

### *Local Economy*

The City's strong industrial tax base provides the foundation for stable economic conditions necessary for maintaining a healthy, vibrant economy. The cornerstones of Baytown's industrial development are the following four world-recognized entities:

- **ExxonMobil**  
The ExxonMobil Baytown Complex is one of the largest integrated and most technologically advanced refining and petrochemical complexes in the world. Founded in 1919, ExxonMobil's Baytown, Texas complex is located on approximately 3,400 acres along the Houston Ship Channel. The Baytown complex is comprised of three manufacturing sites (a refinery, a chemical plant, and an olefins plant), the chemical company's Technology and Engineering Complex.
- **Covestro**  
Another industrial corporate citizen's presence in Baytown, the Covestro Industrial Park, is distinguished by steady expansion. Strategically positioned along Cedar Bayou for barge access, the Baytown plant is located on about 1,700 acres, of which 35% is developed and is home to about 2,000 workers including contract labor and fence-line partners. The Baytown facility is the largest of Covestro's U.S. chemicals operations producing polyurethanes, polycarbonates and coatings, adhesives, and specialties.
- **Chevron Phillips Chemical**  
Chevron Phillips Chemical Company LLC (Chevron Phillips Chemical), with its affiliates, is one of the world's top producers of olefins and polyolefins and a leading supplier of aromatics, alpha olefins, styrenics, specialty chemicals, piping, and proprietary plastics. The company currently has nearly \$19 billion in assets, more than \$14 billion in annual revenues, and is owned equally by Chevron Corporation and Phillips 66. Chevron Phillips Chemical's Cedar Bayou plant in Baytown is the largest of the company's domestic manufacturing facilities with approximately 980 employees and 2,000 contractors. The Cedar Bayou facility consists of approximately 1,800 acres, and is an integrated chemical complex that manufactures ethylene, normal alpha olefins, polyalphaolefins, 1-hexene, and polyethylene.
- **Enterprise Products**  
Enterprise Products Partners L.P., one of the largest publicly-traded energy partnerships and a leading North American provider of midstream energy services, constructed a propane

dehydrogenation (PDH) unit in Industrial District #2, which produces 1.65 billion pounds per year of Polymer Grade Proylene (“PGP”). This facility is contracted with average 15-year fee-based contracts with investment grade companies.

The economic impact of continued expansion in the industrial, logistic, and wholesale distribution sectors in and around Baytown has translated into significant valuation growth in the City’s tax roll. Private sector investment within the City of Baytown has increased significantly over the past few years, with substantial investment in areas such as health care centers, grocery stores, restaurants, and other large-scale retail developments. The City of Baytown, in partnership with the Municipal Development District, Garfield Public Private, and Hyatt, opened a hotel featuring 208 guestrooms, a three-meal restaurant, a 24-hour fitness center, and a unique pool view you cannot get anywhere else in Baytown. A convention center was included in the development and features 18,000 square feet of meeting space under the Hyatt Regency brand. This is the first of several phases for the development of Bayland Island.

With increases in population due to rapid business expansion, the City of Baytown has undertaken a number of transportation and traffic mitigation initiatives, designed to not only alleviate traffic issues within the City, but to provide further development opportunities along these new or expanded commercial corridors. Mitigation projects include opening a Traffic Management Center to control traffic flow and signal synchronization, employing a registered traffic engineer, and the installation of multiple dedicated right and left turn lanes. Major road projects completed in recent years include: expansion of Hunt Road from two lanes to four lanes beyond the H-E-B grocery super center, and extending it west to John Martin Road; extending Santavy Road both east and west; and entrance and exit ramp rebuilds at I-10 and Garth Road. San Jacinto Boulevard and Hunt Road was unveiled in 2019. San Jacinto Boulevard will ultimately be a multi-mile stretch of new roadway from Interstate 10 going south to Cedar Bayou Lynchburg, splitting the heavily trafficked Garth and John Martin Roads. The project was constructed using a different paving technique to ensure a smoother driving surface. In addition to providing a more pleasurable driving experience, the smoother road should increase the life of the street, saving tax payer dollars for decades to come. Speaking of savings, the road was financed by the Baytown Tax Increment Reinvestment Zone (TIRZ).

One of the most noticeable effects of the ongoing expansions in the industrial, logistic, and wholesale distribution enterprises in and around Baytown is the remarkable growth in residential, multi-family, and commercial development. In December 2022, the City of Baytown entered into a Chapter 212 Agreement with ExxonMobil to further secure the company’s investment in the community and greater Houston region. Following the execution of this agreement, ExxonMobil announced in January 2023 that its Baytown facility will be home to the world’s largest low-carbon hydrogen production facility with a final investment decision anticipated in 2024.

Educational opportunities in Baytown continue to expand and are serving not only Baytown, but neighboring communities, as well. Goose Creek Consolidated Independent School District (the “District”) has completed a number of capital projects to better serve the expanding Pre-K-12 population in the District including: three (3) new elementary schools, a new Technology Center, a new Transportation Center, IMPACT Early College High School, and numerous campus upgrades. Lee College, a two-year, public community college, located in Baytown, serves an expanded population base, by offering a myriad of post-secondary academic, vocational, and technical programs leading to certification or an associate degree. Lee College also provides a number of public service and community outreach programs, as well as cultural and other quality of life services. One of the stated goals of Lee College is to become the preferred provider for training and workforce partnerships.

## *Long-Term Planning*

### Baytown 2025 Comprehensive Plan

In 2022, the City Council adopted the Baytown 2040 Comprehensive Plan (the “Plan”). The Plan is an official public document that acts as a general guide for how the City should grow and operate over the next 20 years. The Plan plays many important roles in shaping the future of the community by doing the following:

- Serving as a general “blueprint” for future development (and redevelopment) in and around Baytown with an emphasis on improving the community’s desirability as a place to live, work, play, and shop;
- Documenting the character of the community, as well as anticipated issues, trends, opportunities, and challenges facing the City;
- Providing a common vision supported by a series of goals and objectives for the next 20 years;
- Defining policies to guide daily decision-making regarding Baytown’s physical and economic growth; and
- Establishing a core set of strategies for aggressive implementation that emphasizes action and results.

### Fiscal Sustainability Plan

Finance and Administration created a financial plan that articulates key financial policies and projects revenues and primary expenditures for the coming five fiscal years; provides an assessment of fiscal risks confronting the City; prescribes actions should these risks materialize; and delineates other short-term and longer-term measures that can be considered by Administration and the City Council. The financial plan is subject to annual review and modification by Council as needed.

### Community-Based Strategic Plan

In 2022, the City embarked on an initiative designed to engage citizens and stakeholders in a comprehensive conversation regarding citizen priorities. The completion of a citizen survey, combined with several stakeholder meetings, culminated in the creation of a five-year strategic plan that not only complemented the Baytown 2040 Comprehensive Plan, but also provides the governing body a clear articulation of strategic goals, directives, and associated initiatives. As such, it will serve as a primary guide for Council’s initial goal setting for the next several years. The five overarching directives include: Economic Prosperity, Build a Connected Baytown, Critical Infrastructure and Traffic Flow, Environmental Stewardship, and Outdoor Recreation and Amenities.

### *Relevant Financial Policies – Accounting System and Budgetary Control*

The City’s accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City’s utilities and other proprietary activities are maintained on an accrual basis.

In developing and maintaining the City’s accounting system, consideration is given to the adequacy of the internal controls. Internal accounting controls are designed to ensure reasonable, but not absolute, assurance that assets are protected against loss, misuse, or unauthorized disposition, and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with generally

accepted accounting principles. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits require estimates and judgments by management.

Any internal control evaluation occurs within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. The City Charter provides that the City Manager shall submit a proposed annual budget to the Council. The Council shall adopt the annual budget no later than the twenty-seventh day of the last month of the fiscal year. This budget is reviewed by the Council and is formally adopted by the passage of a budget ordinance. Any amendments providing for additional expenditures shall also provide, by ordinance, for reductions in other expenditures, for supplementary revenues to fund such amendments, or use of available fund balance.

Budgetary control has been established at the department level. Financial reports are produced showing budget and actual expenditures by line item and are distributed monthly to City departmental and divisional management and others upon request. Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled by position, and capital expenditures (items over \$10,000 and having a useful life of one or more years) are monitored and controlled item by item. Revenue budgets are reviewed monthly.

### *Other Information*

#### Independent Audit

Article II, Section 31 of the City Charter requires an audit of the books of accounts, financial records, and transactions of all administrative departments of the City by independent Certified Public Accountants selected by the City Council. This requirement has been met and the independent auditors' report has been included in this report. Additionally, the City's Finance Committee, a subcommittee of the Council, functions as an audit committee that reviews all recommendations made by the independent auditors.

#### Single Audit

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Information related to this single audit, including the schedule of expenditures of federal and state awards, findings and questioned costs, and independent auditors' reports on internal control and compliance with applicable laws and regulations, is issued separately from the ACFR.

As a recipient of federal and state financial assistance, the City is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to both federal and state programs. These internal controls are subject to periodic evaluation by management and the outside auditors of the City's financial statements. As a part of the City's single audit, tests are made to determine the adequacy of the internal controls including that portion related to the administration of federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations.

### *Certificate of Achievement*

The City's dedication to full financial disclosure is evidenced by its participation in the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Baytown, Texas, for its ACFR for the fiscal year ended September 30, 2022. This was the 32nd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

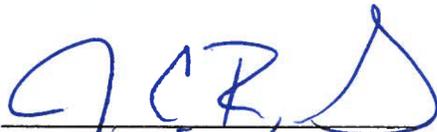
A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year. We believe that the current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA also presented a Distinguished Budget Presentation Award to the City of Baytown, Texas for its annual budget for the fiscal year beginning October 1, 2022. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.

### *Acknowledgments*

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. Appreciation is expressed to City employees throughout the organization, especially those employees of the Finance Department who were instrumental in the successful completion of this report. Certain individuals worked many extra hours and exhibited extraordinary effort in ensuring the accuracy and timeliness of this report, and their contribution to this effort is greatly appreciated.

We would like to thank the Mayor and City Council for their trust and support as we endeavor to conduct the City's financial operations in a transparent, responsible, and efficient manner.



Jason Reynolds, City Manager



Brant Gary, Assistant City Manager



Carol Flynt, Assistant City Manager

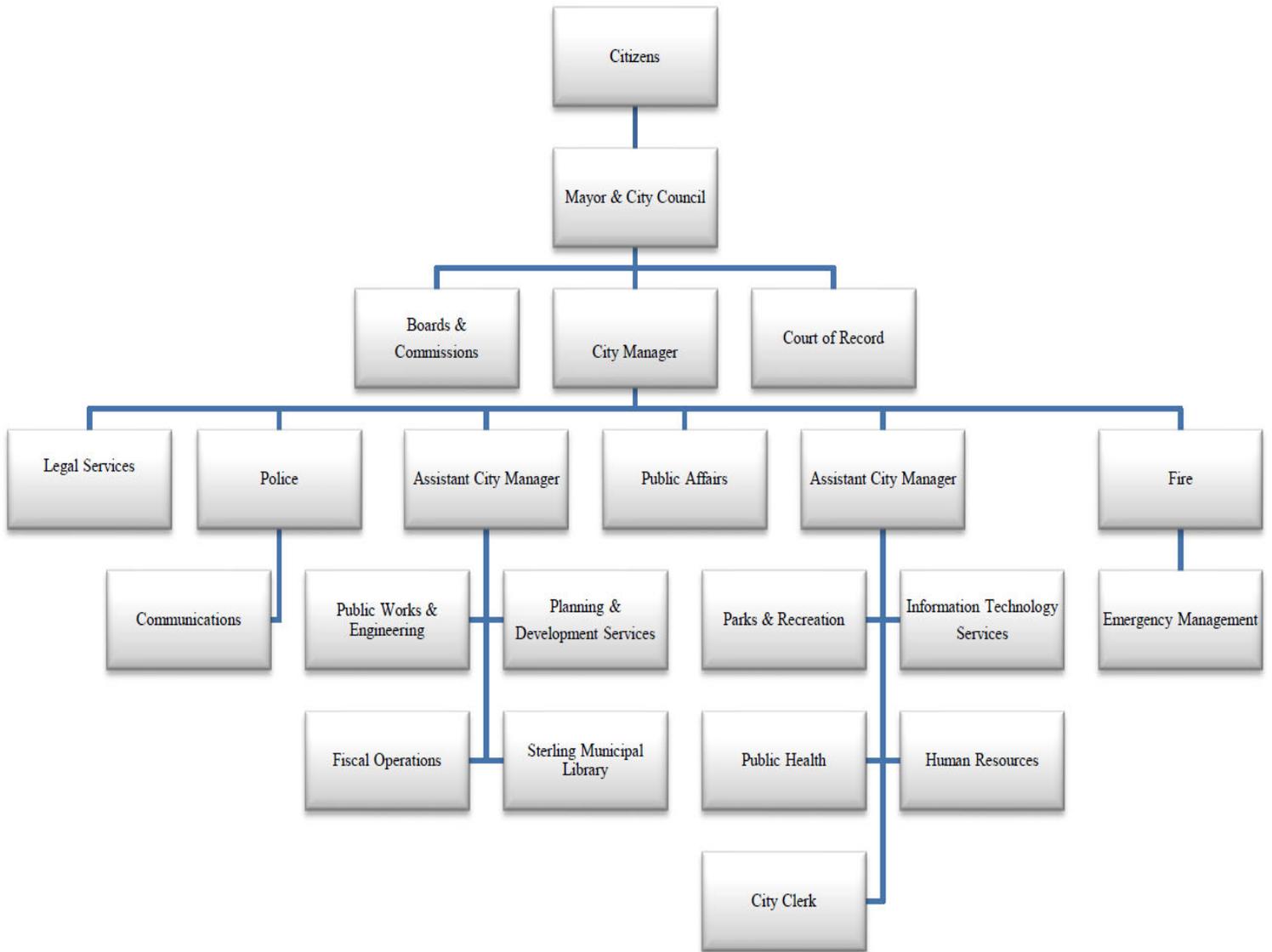


Teresa McKenzie, Director of Finance

# CITY OF BAYTOWN, TEXAS

## ORGANIZATIONAL CHART

For the Year Ended September 30, 2023



**CITY OF BAYTOWN, TEXAS**  
*CERTIFICATE OF ACHIEVEMENT FOR  
EXCELLENCE IN FINANCIAL REPORTING*



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Baytown  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2022

*Christopher P. Morill*

Executive Director/CEO

# CITY OF BAYTOWN, TEXAS

## CITY OFFICIALS

September 30, 2023

<b>City Council</b>	<b>Elective Position</b>	<b>District</b>
Brandon Capetillo	Mayor	
Laura Alvarado	Council Member	District 1
Sarah Graham	Council Member	District 2
Ken Griffith	Council Member	District 3
James Franco	Council Member	District 4
Jacob Powell	Council Member	District 5
Mike Lester	Council Member	District 6

<b>Key Staff</b>	<b>Position</b>
Jason Reynolds	City Manager
Carol Flynt	Assistant City Manager
Brant Gary	Assistant City Manager
Teresa McKenzie	Director of Finance
Fatima Uwakwe	Assistant Director of Finance
Lianette Leon	Assistant Director of Finance/Controller



***FINANCIAL SECTION***

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## ***INDEPENDENT AUDITORS' REPORT***

To the Honorable Mayor,  
City Council Members, and Finance Committee of the  
City of Baytown, Texas:

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Baytown, Texas (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City'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, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, 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.

#### **Responsibility of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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.

## **Auditors' 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 auditors' 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 and *Government 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 and *Government 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 City'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 City'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, budgetary comparison information, schedules of changes in net pension liability and total other postemployment benefits liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, 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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining statements and schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such

information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules are fairly stated, in all material aspects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
April 10, 2024

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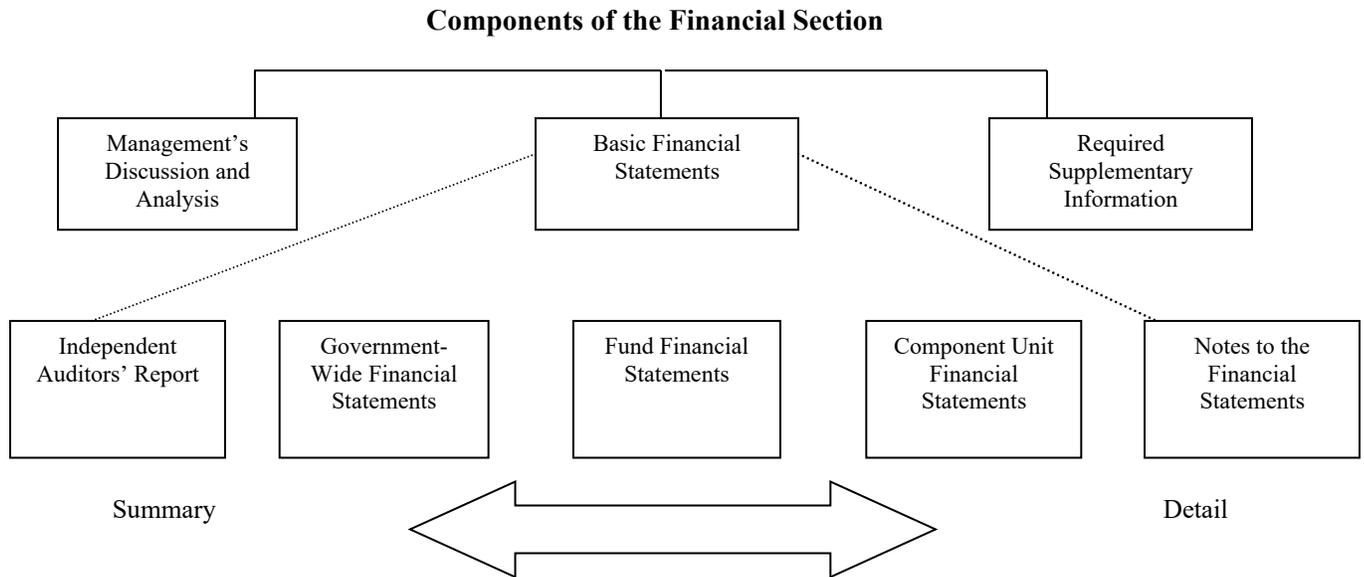
***MANAGEMENT'S DISCUSSION  
AND ANALYSIS***

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**CITY OF BAYTOWN, TEXAS**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**For the Year Ended September 30, 2023**

The purpose of the Management’s Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Baytown, Texas (the “City”) for the year ended September 30, 2023. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City’s activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City’s financial statements, which follow this section.

**THE STRUCTURE OF OUR ANNUAL REPORT**



The City’s basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-Wide Statements**

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City’s financial statements, report information on the City’s activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City’s assets, liabilities, and deferred outflows/inflows 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 City is improving or deteriorating. Other nonfinancial factors, such as the City’s property tax base and the condition of the City’s infrastructure, need to be considered in order to assess the overall health of the City.

The Statement of Activities presents information showing how the City’s net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change

**CITY OF BAYTOWN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2023**

occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City's financials into two classes of activities:

1. *Governmental Activities* – Most of the City's basic services are reported within this class including police and fire protection, municipal court, streets, drainage, leisure services, community development, and general administrative services. This class also includes interest payments on the City's debt. Sales tax, property tax, franchise fees, municipal court fines, and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported within this class. These services include the City's water and sewer services, as well as solid waste collection, storm water utility operations, and water park operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate municipal development district and the legally separate Baytown Area Water Authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The tax increment reinvestment zone; crime control and prevention district; fire control, prevention, and emergency medical services district; and public improvement district funds although also legally separate, function for all practical purposes as departments of the City and, therefore, have been included as an integral part of the primary government.

The government-wide financial statements can be found after the MD&A.

## **FUND FINANCIAL STATEMENTS**

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The two categories of City funds are governmental and proprietary.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 15 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund

**CITY OF BAYTOWN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2023**

balances for the general fund, debt service fund, and capital projects fund. The general fund and capital projects fund are considered to be major funds for reporting purposes. The debt service fund did not meet the technical requirement to be presented as a major fund; however, the City has elected to present as a major fund.

The City adopts an annual appropriated budget for its general; debt service; crime control and prevention district; hotel/motel; and fire control, prevention, and emergency medical services district funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

**Proprietary Funds**

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The enterprise funds are used to account for operations that provide water and wastewater collection, wastewater treatment operations, solid waste collection and disposal, water park operations, and storm water utility operations. The proprietary fund financial statements provide separate information for the respective enterprise funds. The proprietary fund financial statements can be found in the basic financial statements of this report.

The City also uses internal service funds to account for its equipment replacement services and for expenses associated with risk management of health benefits and workers' compensation claims. These internal service funds have been included within governmental activities in the government-wide financial statements.

**Notes to Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

**Other Information**

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund, schedule of changes in net pension liability and related ratios for the Texas Municipal Retirement System (TMRS), schedule of contributions for TMRS, and schedules of changes in total other postemployment benefits (OPEB) liability and related ratios for the City's retiree healthcare benefits and TMRS OPEB benefits. RSI can be found after the notes to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$547,812,273 as of September 30, 2023 in the primary government. The largest portion of the City's net position, \$513,788,705, reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

**CITY OF BAYTOWN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2023

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 194,734,774	\$ 225,110,153	\$ 82,606,990	\$ 60,532,734	\$ 277,341,764	\$ 285,642,887
Capital assets, net	412,050,245	328,694,110	249,407,985	242,095,527	661,458,230	570,789,637
<b>Total Assets</b>	<b>606,785,019</b>	<b>553,804,263</b>	<b>332,014,975</b>	<b>302,628,261</b>	<b>938,799,994</b>	<b>856,432,524</b>
Deferred charge on refunding	3,778,125	4,220,788	477,410	538,629	4,255,535	4,759,417
Deferred outflows - pensions	40,726,306	13,098,971	5,573,291	1,868,228	46,299,597	14,967,199
Deferred outflows - OPEB	6,475,439	10,631,010	928,689	1,485,987	7,404,128	12,116,997
<b>Total Deferred Outflows of Resources</b>	<b>50,979,870</b>	<b>27,950,769</b>	<b>6,979,390</b>	<b>3,892,844</b>	<b>57,959,260</b>	<b>31,843,613</b>
Long-term liabilities	294,911,161	251,038,133	73,339,790	74,811,194	368,250,951	325,849,327
Other liabilities	30,798,585	34,946,598	24,339,805	6,640,416	55,138,390	41,587,014
<b>Total Liabilities</b>	<b>325,709,746</b>	<b>285,984,731</b>	<b>97,679,595</b>	<b>81,451,610</b>	<b>423,389,341</b>	<b>367,436,341</b>
Deferred charge on refunding	185,801	209,026	3,202,878	3,523,165	3,388,679	3,732,191
Deferred inflows - pensions	3,695	20,043,452	-	2,587,427	3,695	22,630,879
Deferred inflows - OPEB	19,067,595	6,137,750	2,606,167	872,164	21,673,762	7,009,914
Deferred inflows - leases	464,930	564,558	26,574	72,130	491,504	636,688
<b>Total Deferred Inflows of Resources</b>	<b>19,722,021</b>	<b>26,954,786</b>	<b>5,835,619</b>	<b>7,054,886</b>	<b>25,557,640</b>	<b>34,009,672</b>
<b>Net Position:</b>						
Net investment in capital assets	312,834,010	226,618,411	200,954,695	192,004,893	513,788,705	418,623,304
Restricted	29,502,852	59,138,284	11,033,635	6,802,407	40,536,487	65,940,691
Unrestricted	(30,003,740)	(16,941,180)	23,490,821	19,207,309	(6,512,919)	2,266,129
<b>Total Net Position</b>	<b>\$ 312,333,122</b>	<b>\$ 268,815,515</b>	<b>\$ 235,479,151</b>	<b>\$ 218,014,609</b>	<b>\$ 547,812,273</b>	<b>\$ 486,830,124</b>

A portion of the primary government's net position, \$40,536,487, represents resources that are subject to external restriction on how they may be used.

The City's total net position increased by \$60,982,149 during the current fiscal year, an increase of 13 percent in comparison to the prior year. Deferred outflows of resources related to pensions increased significantly compared to the prior year due to a decrease in projected and actual earnings and the difference in expected and actual experience for the pension plan. Deferred inflows of resources related to pensions decreased due to the net difference between projected and actual investment earnings on pension plan assets. This decrease was offset by an increase in deferred inflows for other postemployment benefits. Capital assets increased by a net of \$90,668,593 due to current year capital additions. Current and other assets decreased by \$8,301,123 largely due to current year capital expenditures of bond proceeds. Total liabilities increased by \$55,953,000 primarily due to the issuance of new debt and an increase in the net pension liability. Other liabilities increased mainly due to an increase in construction payables due at fiscal year end.

**CITY OF BAYTOWN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
For the Year Ended September 30, 2023

**Statement of Activities**

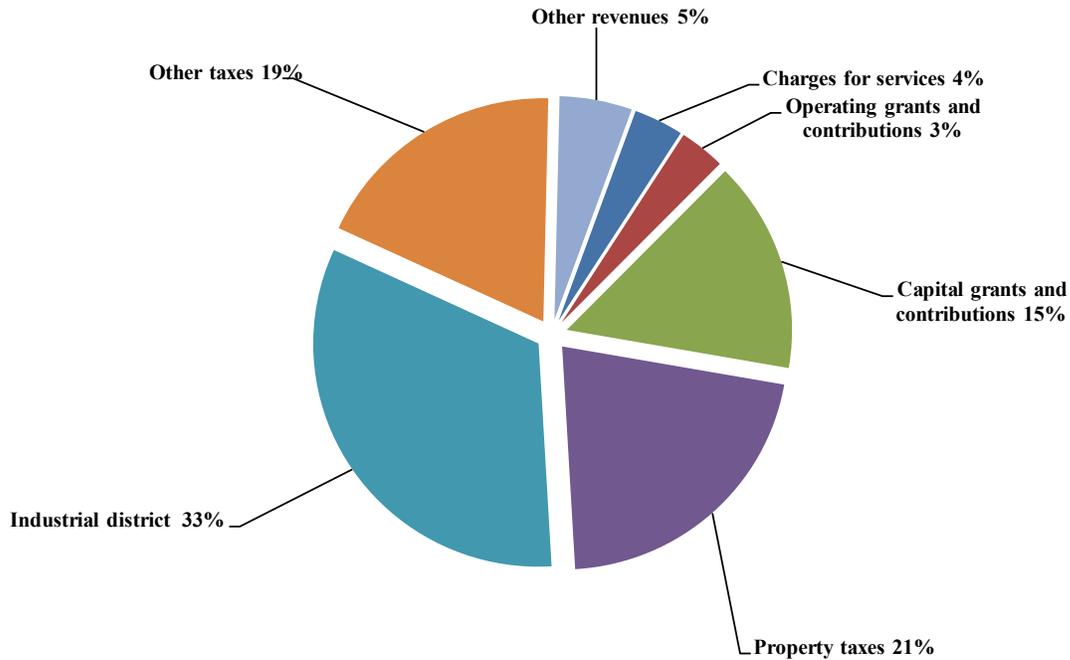
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 7,255,023	\$ 7,231,676	\$ 71,142,737	\$ 64,996,002	\$ 78,397,760	\$ 72,227,678
Operating grants and contributions	6,746,460	8,254,143	1,351,768	1,526,388	8,098,228	9,780,531
Capital grants and contributions	31,321,260	10,473,060	3,987,449	130,977	35,308,709	10,604,037
General revenues:						
Property taxes	43,619,406	38,879,872	-	-	43,619,406	38,879,872
Industrial district	67,030,403	66,118,684	-	-	67,030,403	66,118,684
Other taxes	37,766,028	35,935,898	-	-	37,766,028	35,935,898
Other revenues	10,627,759	7,540,609	3,140,823	580,648	13,768,582	8,121,257
<b>Total Revenues</b>	<u>204,366,339</u>	<u>174,433,942</u>	<u>79,622,777</u>	<u>67,234,015</u>	<u>283,989,116</u>	<u>241,667,957</u>
<b>Expenses</b>						
General government	39,663,698	43,338,424	-	-	39,663,698	43,338,424
Public safety	78,350,694	65,934,972	-	-	78,350,694	65,934,972
Public works	16,481,571	14,561,561	-	-	16,481,571	14,561,561
Public health	5,134,804	4,480,489	-	-	5,134,804	4,480,489
Parks, recreation, and culture	16,974,203	13,135,098	-	-	16,974,203	13,135,098
Interest and fiscal agent fees on long-term debt	4,909,383	4,202,723	-	-	4,909,383	4,202,723
Water and sewer	-	-	45,763,321	40,737,009	45,763,321	40,737,009
Sanitation	-	-	8,321,776	7,327,685	8,321,776	7,327,685
Aquatics	-	-	4,973,048	4,497,100	4,973,048	4,497,100
Bayland Island development	-	-	212,606	209,241	212,606	209,241
Storm water utility	-	-	2,221,863	6,070,667	2,221,863	6,070,667
<b>Total Expenses</b>	<u>161,514,353</u>	<u>145,653,267</u>	<u>61,492,614</u>	<u>58,841,702</u>	<u>223,006,967</u>	<u>204,494,969</u>
<b>Increase in Net Position before Transfers</b>	42,851,986	28,780,675	18,130,163	8,392,313	60,982,149	37,172,988
Transfers	665,621	1,638,818	(665,621)	(1,638,818)	-	-
<b>Change in Net Position</b>	43,517,607	30,419,493	17,464,542	6,753,495	60,982,149	37,172,988
Beginning net position	268,815,515	238,396,022	218,014,609	211,261,114	486,830,124	449,657,136
<b>Ending Net Position</b>	<u>\$ 312,333,122</u>	<u>\$ 268,815,515</u>	<u>\$ 235,479,151</u>	<u>\$ 218,014,609</u>	<u>\$ 547,812,273</u>	<u>\$ 486,830,124</u>

**CITY OF BAYTOWN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2023**

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.

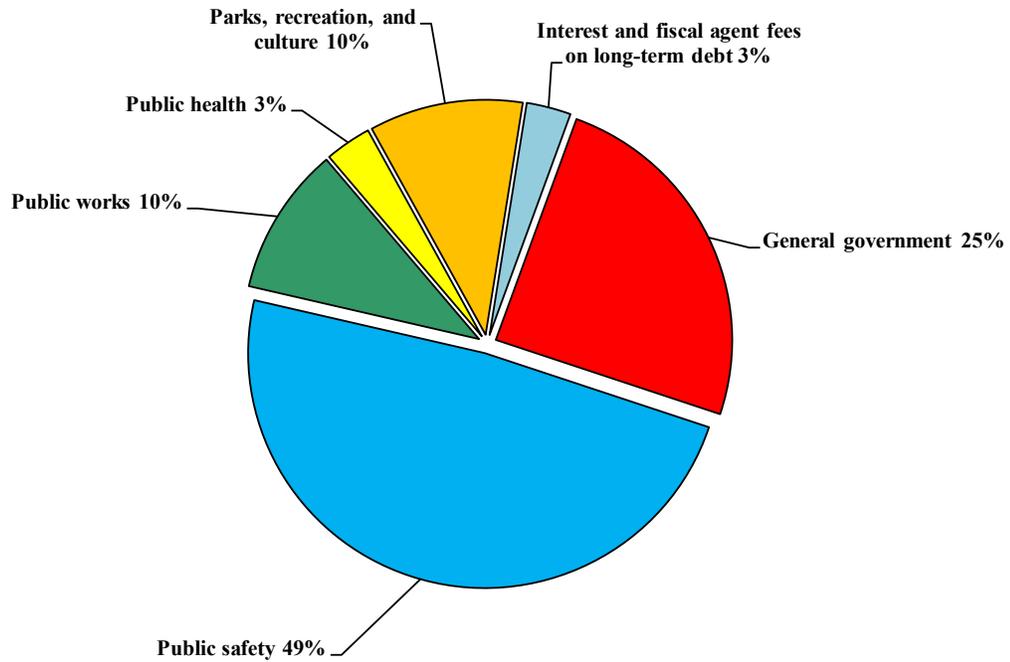
**GOVERNMENTAL ACTIVITIES REVENUES**



For the year ended September 30, 2023, revenues from governmental activities totaled \$204,366,339. Industrial district payments are the City's largest revenue sources at \$67,030,403 or 33 percent. Capital grants and contributions increased by \$20,848,200 or 199 percent largely due to the conveyance of a convention center to the City from the Municipal Development District (MDD). Property taxes increased by \$4,739,534 compared to the prior year due to an increase in the assessed value of properties within the City. Other taxes increased by \$1,830,130 due to an increase in sales tax revenue largely due to an increase in economic activity within the City. Other revenues increased by \$3,087,150 primarily due to an increase in investment earnings as a result of a rise in interest rates.

**CITY OF BAYTOWN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2023**

**GOVERNMENTAL ACTIVITIES EXPENSES**

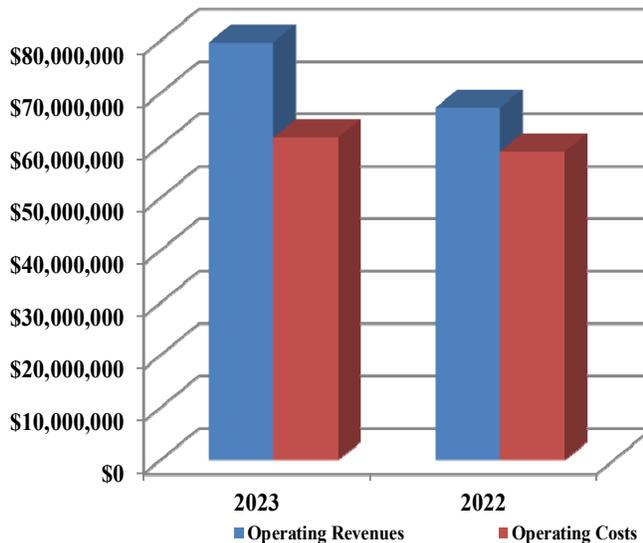


For the year ended September 30, 2023, expenses for governmental activities totaled \$161,514,353. This represents an increase of \$15,861,086 from last year, primarily due to an increase in payroll-related expenses. This net increase was offset by a decrease in general government expenses primarily due to a contribution to Harris County Flood Control for drainage improvements in the prior year.

**CITY OF BAYTOWN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2023**

Business-type activities are shown comparing operating costs to revenues generated by related services.

**BUSINESS-TYPE ACTIVITIES**  
**Revenue vs. Costs**



Total business-type activities revenues increased \$12,388,762 or 18 percent, primarily due to an increase in charges for services. The increase in charges for services is primarily due to an increase in water and sewer fees as a result of an increase in consumption. Expenses had a net increase of \$2,650,912 or 5 percent, primarily due to an increase in payroll-related expenses and water and sewer supplies. After transfers to governmental activities, total net position increased by \$17,464,542 or 8 percent over the prior year.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

**Governmental Funds** – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of \$143,265,830. Of the total governmental fund balance, \$384,369 is nonspendable, \$78,843,361 is restricted for various purposes, and \$40,192,418 is assigned for capital projects. The remaining balance of \$23,845,682 is unassigned.

There was a net decrease in the combined fund balance of \$23,656,647 from the prior year. This decrease in fund balance is in large part due to the decrease in fund balance within the capital projects fund as a result of current year capital expenditures and the general fund due to an increase in expenditures in the current year.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$25,547,318, while total fund balance reached \$25,999,515. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance both represent approximately 21 percent of total general fund

**CITY OF BAYTOWN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2023**

expenditures. The general fund had a decrease in fund balance of \$15,922,180 primarily due to an increase in payroll-related expenditures and transfer outs to the capital project fund for capital expenditures.

The debt service fund has a total fund balance of \$0 in the current and prior year. Property taxes increased due to an increase in assessed value of properties. There was also an increase in transfers from the general fund for debt service payments. Expenditures increased due to an increase in principal and interest payments.

The capital projects fund had a total fund balance of \$94,568,768. The capital projects fund had a decrease in fund balance of \$13,589,103, which was primarily as a result of current year capital expenditures.

**Proprietary Funds** – The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The City's amended budget included a planned decrease in fund balance in the amount of \$19,276,404.

Actual general fund revenues exceeded original and amended budgeted revenues by \$5,077,738. This net positive variance includes the positive variance of \$2,006,893 for taxes which is primarily due to additional property tax and sales tax revenues, \$566,337 for charges for services due to additional ambulance revenue, and \$2,418,917 for investment earnings as a result of a rise in interest rates. This variance also includes a positive variance of \$981,364 for intergovernmental revenue due to an increase in grant revenue and \$135,053 for miscellaneous revenue due to proceeds received from a settlement.

Total expenditures were greater than budgeted amounts by a net \$454,514 for the fiscal year. This is largely due to an increase in expenditures for electric services for the City facilities department.

### **CAPITAL ASSETS**

At the end of fiscal year 2023, the City has invested \$412,050,245 of governmental activities and \$249,407,985 of business-type activities in a variety of capital assets and infrastructure (net of accumulated depreciation).

Major capital asset events during the current year included the following:

- The City invested \$11 million in construction in progress for the fiscal year 2023 for business-type activities for water and sewer improvements.
- The City invested \$45 million in construction in progress for the fiscal year 2023 for governmental activities for drainage improvements.
- The City also spent \$10 million on vehicles and equipment for all of the City's departments.
- The MDD conveyed a convention center to the City for \$28 million during the fiscal year 2023.

More detailed information about the City's capital assets is presented in note III.D. to the financial statements.

**CITY OF BAYTOWN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2023**

**LONG-TERM DEBT**

At the end of the current year, the City's governmental funds had total bonds and certificates of obligation outstanding of \$135,817,108. Of this amount, \$52,927,108 was general obligation debt and \$82,890,000 was certificates of obligation. Business-type activities had total refunding bonds and certificates of obligation outstanding of \$48,792,894 at year end. During the year, the City had a net increase in long-term debt of \$3,585,000.

More detailed information about the City's long-term liabilities is presented in note III.E. to the financial statements.

The City maintains an underlying rating of "AA" from Standard & Poor's and an "Aa2" rating from Moody's Investors Services for general obligation debt. Revenue bonds of the City have an underlying rating of "AA" from Standard & Poor's and an "Aa2" rating by Moody's.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City Council approved a \$257 million budget for the City's major operating funds (general, debt service, hotel/motel tax, aquatics, water and sewer, water and sewer debt service, sanitation, storm water utility, and garage and warehouse operations) for fiscal year 2024. This budget includes a tax rate reduction.

The budget for 2023-2024 highlights the City's priorities while considering the available resources. This year's budget theme "Realigning for a Sustainable Tomorrow" outlines our vision for a financially responsible and forward-thinking approach, as we collectively navigate the challenges and opportunities that lie ahead. The core objective of this budget is to address the current fiscal climate and to lay the foundation for a sustainable and prosperous future for our community. To achieve these goals, we have undertaken a thorough analysis of our financial status, scrutinized departmental expenditures, and engaged in constructive discussions with our city's leadership and stakeholders.

In January 2021, the City of Baytown relaunched a community-engagement effort to develop a City-wide strategic plan to guide decisions about Baytown's future. A strategic plan is the most fundamental guide for a community's future where the plan sets a common direction for the City (a vision) based on the needs expressed by community members. The strategic plan is high-level, broad in nature, and designed to inform more specific policy and decision-making in the future. Our plan relied on heavy public participation in conversations focused on the future. The Strategic Planning Advisory Committee (SPAC), comprised of residents, business owners, and other community stakeholders, led the process. Baytown's 5-year community-based strategic plan is a community vision supported by shared values, goals, and objectives. The City Council unanimously adopted the new 5-year community-based strategic plan on April 14, 2022 for fiscal years 2023-2027.

1. Economic Prosperity
  - a. Align with the action plan for mall renovation
  - b. Attract additional entertainment opportunities for residents
  - c. Match the forward vision land plan for San Jacinto Boulevard
  - d. Development of Evergreen golf course and additional commercial growth in South Baytown
  - e. The growth of Downtown Baytown and Texas Avenue as an eclectic art, cultural, and business center
  - f. Enhance Baytown's perception as a destination city
  - g. Complete the convention center construction plan
  - h. Waterfront commercial development

**CITY OF BAYTOWN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2023**

2. Critical Infrastructure and Traffic Flow
  - a. Increase investment levels into road improvements and pavement preservation
  - b. Review traffic light coordination and efficiency along major traffic points
  - c. Execute planned improvements to Ward Road, Market Street, West Cedar Bayou Lynchburg
  - d. Execute planned improvements to residential streets throughout Baytown
  - e. Complete expansion of the water production and treatment facility to maintain water quality for growing population
  - f. Invest in and execute flood mitigation projects to reduce the risk of future flooding
  - g. Designated water infrastructure projects
  - h. Safe Routes with more biking and pedestrian access to and from schools, including the construction of additional sidewalks
  - i. Improve connectivity of trails, walkways, and bike lanes, including existing street projects and the extension of Goose Creek Trail
  - j. Continue to implement sidewalk master plan to increase pedestrian access and safety, including accessways and Americans with Disabilities Act compliance
  
3. Outdoor Recreation and Amenities
  - a. Explore possibilities to build electric vehicle charging stations
  - b. Signage improvements across the City
  - c. New animal shelter
  
4. Building a Connected Baytown
  - a. Conduct more regular meetings between elected leaders and their constituents in each of the six council districts
  - b. Implement Baytown Police Strategic Plan to instill greater trust and transparency between residents and local law enforcement
  - c. Enhance current policing efforts to create positive interactions between residents and law enforcement
  - d. Increase community outreach and relationship building between law enforcement and local stakeholders, including ethnic groups, religious organizations, and teenagers
  - e. Leverage the Civic Academy to expand volunteer recruitment efforts to empower more residents to serve on local boards and committees
  
5. Beautification and Environmental Stewardship
  - a. Coordinate with local stakeholders to draft and launch an anti-littering campaign
  - b. Partner with local businesses and volunteers on cleanup initiatives
  - c. Work with Baytown Police Department to identify possible areas for increased enforcement of littering
  - d. Leverage current "Clean Team" efforts in addressing general cleanliness
  - e. Evaluate trash management system and programs to recruit sanitation workers
  - f. Continue to evaluate new, data-driven methods and strategies for enforcing residential codes and addressing repeat offenders and infractions
  - g. Continue consistent, proactive code enforcement with noncompliant residences and businesses
  - h. Coordinate with neighborhood watch groups and civic associations to identify opportunities for improved code enforcement
  - i. Market and leverage anonymous hotline for residents to report code infractions
  - j. Evaluate adjustments to staffing levels to address code infractions and eye sores
  - k. Complete planned Urban Land Development Code review and rewrite
  - l. Improve accountability standards for underdeveloped businesses in the downtown district

**CITY OF BAYTOWN, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2023**

- m. Fund additional tree planting, draft a tree preservation ordinance, and pursue other natural beautification efforts
- n. Explore grant funding possibilities to build electric vehicle charging stations
- o. Improve the consistency of wayfinding and other signage improvements across the City
- p. Leverage the new animal shelter and existing animal control efforts to address stray cats and dogs
- q. Offer educational resources to pet adopters to prevent future strays and rescues

Acting on behalf of the City the Baytown-West Chambers County Economic Development Foundation (EDF) provides technical assistance to existing and/or new commercial/retail business, as well as industries seeking to locate, relocate, or expand operations in the Baytown-West Chambers County service area. The availability of Municipal Development District (MDD) funding has proven crucial to providing resources for this endeavor. Programs funded by the MDD include development of new and expansion of existing businesses, acquisition of property for economic development incentives, and continued support of the EDF operations and special programs. There exists a strong public-private partnership comprising the City, the EDF, industry/manufacturers/contractors, educational institutions, other governmental agencies. This partnership has had notable success in implementing a workforce preparedness strategy that addresses current and future manufacturing demands.

The City budget involves a collaborative effort between the City Council, staff, citizens, business owners, customers, and other partners in the Baytown community. Despite challenging economic conditions, the approved budget takes a well-rounded approach to minimize negative effects on our citizens and customers. It also allocates funds to improve and sustain quality-of-life measures and promote economic growth.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to the Finance Director, City of Baytown, Texas, 2401 Market Street, Baytown, TX 77522; telephone 281-420-6531; or for general City information, visit the City's website at <http://www.baytown.org>.

***BASIC FINANCIAL STATEMENTS***

# CITY OF BAYTOWN, TEXAS

## STATEMENT OF NET POSITION

September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and equity in pooled cash and investments	\$ 170,678,549	\$ 78,601,871	\$ 249,280,420
Receivables, net	16,404,313	9,518,992	25,923,305
Leases receivable	485,364	27,142	512,506
Due from component unit	166,505	-	166,505
Internal balances	5,541,015	(5,541,015)	-
Inventories	809,659	-	809,659
Prepays and other assets	649,369	-	649,369
Restricted assets:			
Cash and cash equivalents - debt service	-	-	-
Cash and cash equivalents - fiscal agent	-	-	-
Capital assets:			
Nondepreciable/nonamortizable	113,252,854	20,757,947	134,010,801
Depreciable/amortizable, net	298,797,391	228,650,038	527,447,429
<b>Total Assets</b>	<b>606,785,019</b>	<b>332,014,975</b>	<b>938,799,994</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pensions	40,726,306	5,573,291	46,299,597
Deferred outflows - OPEB	6,475,439	928,689	7,404,128
Deferred charge on refunding	3,778,125	477,410	4,255,535
<b>Total Deferred Outflows of Resources</b>	<b>50,979,870</b>	<b>6,979,390</b>	<b>57,959,260</b>
<b>Liabilities</b>			
Accounts payable	19,899,838	5,222,269	25,122,107
Accrued expenses	4,540,159	22,858	4,563,017
Accrued interest payable	946,064	322,379	1,268,443
Refundable deposits and escrow funds	20,988	3,808,553	3,829,541
Due to primary government	-	-	-
Claims and judgments	2,492,106	-	2,492,106
Unearned revenue	2,899,430	14,470,272	17,369,702
Retainage payable	-	493,474	493,474
Noncurrent liabilities:			
Portion due within one year:			
Leases	61,638	-	61,638
Compensated absences	14,720,439	1,012,763	15,733,202
Total OPEB liability	1,908,865	256,117	2,164,982
Bonds payable	14,769,619	5,750,381	20,520,000
Portion due in more than one year:			
Leases	550,691	-	550,691
Compensated absences	1,635,604	112,530	1,748,134
Net pension liability	81,088,838	11,851,567	92,940,405
Total OPEB liability	43,408,347	6,637,509	50,045,856
Bonds payable	136,767,120	47,718,923	184,486,043
<b>Total Liabilities</b>	<b>325,709,746</b>	<b>97,679,595</b>	<b>423,389,341</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - pensions	3,695	-	3,695
Deferred inflows - OPEB	19,067,595	2,606,167	21,673,762
Deferred inflows - leases	464,930	26,574	491,504
Deferred charge on refunding	185,801	3,202,878	3,388,679
<b>Total Deferred Inflows of Resources</b>	<b>19,722,021</b>	<b>5,835,619</b>	<b>25,557,640</b>
<b>Net Position</b>			
Net investment in capital assets	312,834,010	200,954,695	513,788,705
Restricted for:			
Capital projects	5,035,841	-	5,035,841
Debt service	-	11,033,635	11,033,635
Special projects	24,467,011	-	24,467,011
Unrestricted	(30,003,740)	23,490,821	(6,512,919)
<b>Total Net Position</b>	<b>\$ 312,333,122</b>	<b>\$ 235,479,151</b>	<b>\$ 547,812,273</b>

See Notes to Financial Statements.

**Component Units**

<b>Component Units</b>	
<b>Municipal Development District</b>	<b>Baytown Area Water Authority</b>
\$ 948,195	\$ 9,793,030
1,410,229	156,466
-	-
-	-
-	-
47,688	-
8,359	-
3,978,997	4,231,861
1,919,337	-
-	8,887,020
46,906,233	91,910,855
<u>55,219,038</u>	<u>114,979,232</u>
-	-
-	-
-	-
<u>-</u>	<u>-</u>
1,770,070	793,547
-	-
1,372,024	637,081
-	-
166,505	-
-	-
600,000	-
404,041	285,317
-	-
-	-
-	-
-	2,005,000
-	-
-	-
-	-
-	-
72,051,765	39,132,554
<u>76,364,405</u>	<u>42,853,499</u>
-	-
-	-
-	-
-	-
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>
2,025,189	59,660,321
-	-
-	3,594,780
-	-
(23,170,556)	8,870,632
<u>\$ (21,145,367)</u>	<u>\$ 72,125,733</u>

# CITY OF BAYTOWN, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 39,663,698	\$ 1,042,531	\$ 3,240,934	\$ -
Public safety	78,350,694	3,742,114	2,806,792	-
Public works	16,481,571	2,046,615	628,734	2,350,961
Public health	5,134,804	208,181	-	-
Parks, recreation, and culture	16,974,203	215,582	70,000	28,970,299
Interest and fiscal agent fees	4,909,383	-	-	-
<b>Total Governmental Activities</b>	<u>161,514,353</u>	<u>7,255,023</u>	<u>6,746,460</u>	<u>31,321,260</u>
<b>Business-Type Activities</b>				
Water and sewer	45,763,321	56,109,234	1,351,768	3,987,449
Sanitation	8,321,776	6,964,971	-	-
Bayland Island development	212,606	55,445	-	-
Aquatics	4,973,048	3,943,065	-	-
Storm water utility	2,221,863	4,070,022	-	-
<b>Total Business-Type Activities</b>	<u>61,492,614</u>	<u>71,142,737</u>	<u>1,351,768</u>	<u>3,987,449</u>
<b>Total Primary Government</b>	<u>\$ 223,006,967</u>	<u>\$ 78,397,760</u>	<u>\$ 8,098,228</u>	<u>\$ 35,308,709</u>
<b>Component Units</b>				
Municipal Development District	\$ 40,819,643	\$ 1,661,181	\$ -	\$ 2,041,108
Baytown Area Water Authority	12,583,406	18,161,488	123,258	-
<b>Total Component Units</b>	<u>\$ 53,403,049</u>	<u>\$ 19,822,669</u>	<u>\$ 123,258</u>	<u>\$ 2,041,108</u>

**General Revenues:**

- Taxes:
  - Property taxes
  - Sales and hotel/motel taxes
  - Franchise fees
  - Industrial district payments
  - Investment income
  - Miscellaneous
- Transfers, net

**Total General Revenues and Transfers**

**Change in Net Position**

Beginning net position

**Ending Net Position**

See Notes to Financial Statements.

**Net Revenue (Expense) and Changes in Net Position**

<b>Primary Government</b>			<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Municipal Development District</b>	<b>Baytown Area Water Authority</b>
\$ (35,380,233)	\$ -	\$ (35,380,233)	\$ -	\$ -
(71,801,788)	-	(71,801,788)	-	-
(11,455,261)	-	(11,455,261)	-	-
(4,926,623)	-	(4,926,623)	-	-
12,281,678	-	12,281,678	-	-
(4,909,383)	-	(4,909,383)	-	-
<u>(116,191,610)</u>	<u>-</u>	<u>(116,191,610)</u>	<u>-</u>	<u>-</u>
-	15,685,130	15,685,130	-	-
-	(1,356,805)	(1,356,805)	-	-
-	(157,161)	(157,161)	-	-
-	(1,029,983)	(1,029,983)	-	-
-	1,848,159	1,848,159	-	-
<u>-</u>	<u>14,989,340</u>	<u>14,989,340</u>	<u>-</u>	<u>-</u>
<u>(116,191,610)</u>	<u>14,989,340</u>	<u>(101,202,270)</u>	<u>-</u>	<u>-</u>
-	-	-	(37,117,354)	-
-	-	-	-	5,701,340
<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,117,354)</u>	<u>5,701,340</u>
43,619,406	-	43,619,406	-	-
33,096,797	-	33,096,797	8,499,110	-
4,669,231	-	4,669,231	-	-
67,030,403	-	67,030,403	-	-
9,097,642	3,140,823	12,238,465	931,674	209,842
1,530,117	-	1,530,117	-	-
665,621	(665,621)	-	-	-
<u>159,709,217</u>	<u>2,475,202</u>	<u>162,184,419</u>	<u>9,430,784</u>	<u>209,842</u>
43,517,607	17,464,542	60,982,149	(27,686,570)	5,911,182
268,815,515	218,014,609	486,830,124	6,541,203	66,214,551
<u>\$ 312,333,122</u>	<u>\$ 235,479,151</u>	<u>\$ 547,812,273</u>	<u>\$ (21,145,367)</u>	<u>\$ 72,125,733</u>

# CITY OF BAYTOWN, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2023

	General	Debt Service	Capital Projects	Nonmajor Governmental
<b><u>Assets</u></b>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 17,088,806	\$ 200	\$ 110,683,354	\$ 23,768,592
Receivables, net	8,379,565	1,049,275	491,871	6,483,602
Leases receivable	485,364	-	-	-
Due from component unit	166,505	-	-	-
Due from other funds	6,681,494	-	-	-
Prepays	384,369	-	-	-
Advances to other funds	2,250,000	-	-	-
<b>Total Assets</b>	<b>\$ 35,436,103</b>	<b>\$ 1,049,475</b>	<b>\$ 111,175,225</b>	<b>\$ 30,252,194</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>				
Liabilities:				
Accounts payable	\$ 1,514,034	\$ -	\$ 16,585,654	\$ 1,570,298
Accrued expenditures	4,539,959	200	-	-
Due to other funds	-	-	-	2,707,480
Refundable deposits	20,988	-	-	-
Unearned revenue	877,236	-	-	2,022,194
<b>Total Liabilities</b>	<b>6,952,217</b>	<b>200</b>	<b>16,585,654</b>	<b>6,299,972</b>
Deferred inflows of resources:				
Unavailable revenue - leases	464,930	-	-	-
Unavailable revenue - grants	-	-	20,803	1,254,675
Unavailable revenue - property taxes	2,019,441	1,049,275	-	-
<b>Total Deferred Inflows of Resources</b>	<b>2,484,371</b>	<b>1,049,275</b>	<b>20,803</b>	<b>1,254,675</b>
Fund balances:				
Nonspendable:				
Prepays	384,369	-	-	-
Restricted:				
Capital projects	-	-	54,376,350	-
Special projects	67,828	-	-	24,399,183
Assigned:				
Capital projects	-	-	40,192,418	-
Unassigned	25,547,318	-	-	(1,701,636)
<b>Total Fund Balances</b>	<b>25,999,515</b>	<b>-</b>	<b>94,568,768</b>	<b>22,697,547</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 35,436,103</b>	<b>\$ 1,049,475</b>	<b>\$ 111,175,225</b>	<b>\$ 30,252,194</b>

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

---

\$ 151,540,952  
16,404,313  
485,364  
166,505  
6,681,494  
384,369  
2,250,000  

---

\$ 177,912,997

\$ 19,669,986  
4,540,159  
2,707,480  
20,988  
2,899,430  

---

29,838,043

464,930  
1,275,478  
3,068,716  

---

4,809,124

384,369

54,376,350  
24,467,011

40,192,418  
23,845,682  

---

143,265,830

\$ 177,912,997

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**CITY OF BAYTOWN, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**September 30, 2023**

Total fund balances for governmental funds \$ 143,265,830

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, nondepreciable/nonamortizable	113,252,854	
Capital assets, net depreciable/amortizable	298,797,391	
		412,050,245

Some of the City's revenues will be collected after year end, but are not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the funds.

4,344,194

Internal service funds are used by management to charge the costs of certain services and benefits to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.

Internal service funds' net position	15,491,041	
Capital assets accounted for in capital assets used in governmental activities	(144,902)	
Compensated absences accounted for in long-term liabilities	131,139	
Deferred outflows - pensions accounted for in governmental activities	(506,730)	
Deferred outflows - OPEB accounted for in governmental activities	(79,156)	
Deferred inflows - OPEB accounted for in governmental activities	235,460	
Net pension liability accounted for in long-term liabilities	1,105,511	
Total OPEB liability accounted for in long-term liabilities	574,936	16,807,299

Long-term liabilities and deferred outflows/inflows related to pension and other postemployment benefits (OPEB) are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable, net of unamortized premium	(151,536,739)	
Deferred outflows - charge on refunding	3,778,125	
Deferred inflows - charge on refunding	(185,801)	
Leases	(612,329)	
Compensated absences	(16,356,043)	
Deferred outflows - pensions	40,726,306	
Deferred inflows - pensions	(3,695)	
Net pension liability	(81,088,838)	
Deferred outflows - OPEB	6,475,439	
Deferred inflows - OPEB	(19,067,595)	
Total OPEB liability	(45,317,212)	
Accrued interest payable	(946,064)	(264,134,446)

**Net Position of Governmental Activities** \$ 312,333,122

See Notes to Financial Statements.

# CITY OF BAYTOWN, TEXAS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	General	Debt Service	Capital Projects	Nonmajor Governmental
<b>Revenues</b>				
Taxes and fees	\$ 118,315,525	\$ 15,367,939	\$ -	\$ 14,638,197
Licenses and permits	2,082,869	-	-	-
Charges for services	3,054,313	-	-	514,549
Fines and forfeitures	1,472,787	-	-	130,505
Intergovernmental	2,805,297	435,637	416,067	7,314,988
Investment earnings, net	2,608,461	43,226	5,852,988	592,967
Miscellaneous	1,023,764	7,261	-	499,092
<b>Total Revenues</b>	<b>131,363,016</b>	<b>15,854,063</b>	<b>6,269,055</b>	<b>23,690,298</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	29,905,390	-	982,365	5,705,271
Public safety	67,632,829	-	-	3,863,263
Public works	6,781,931	-	1,801,675	762,750
Public health	4,728,776	-	-	-
Parks, recreation, and culture	11,972,925	-	-	759,188
<b>Capital outlay</b>	1,237,202	-	69,199,481	3,850,302
<b>Debt service:</b>				
Principal	-	15,231,750	-	70,271
Interest and fiscal agent fees	-	5,719,169	-	6,369
Issuance costs	-	-	338,091	-
<b>Total Expenditures</b>	<b>122,259,053</b>	<b>20,950,919</b>	<b>72,321,612</b>	<b>15,017,414</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>9,103,963</b>	<b>(5,096,856)</b>	<b>(66,052,557)</b>	<b>8,672,884</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,557,413	5,096,856	27,117,500	789,482
Transfers (out)	(27,583,556)	-	-	(4,290,330)
Debt issued	-	-	24,270,000	-
Leases	-	-	-	682,600
Premium on debt issued	-	-	1,075,954	-
<b>Total Other Financing Sources (Uses)</b>	<b>(25,026,143)</b>	<b>5,096,856</b>	<b>52,463,454</b>	<b>(2,818,248)</b>
<b>Net Change in Fund Balances</b>	<b>(15,922,180)</b>	<b>-</b>	<b>(13,589,103)</b>	<b>5,854,636</b>
Beginning fund balances	41,921,695	-	108,157,871	16,842,911
<b>Ending Fund Balances</b>	<b>\$ 25,999,515</b>	<b>\$ -</b>	<b>\$ 94,568,768</b>	<b>\$ 22,697,547</b>

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

---

\$ 148,321,661  
2,082,869  
3,568,862  
1,603,292  
10,971,989  
9,097,642  
1,530,117  

---

177,176,432

36,593,026  
71,496,092  
9,346,356  
4,728,776  
12,732,113  
74,286,985

15,302,021  
5,725,538  
338,091

---

230,548,998

---

(53,372,566)

35,561,251  
(31,873,886)  
24,270,000  
682,600  
1,075,954  

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29,715,919

(23,656,647)

166,922,477  

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\$ 143,265,830

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**CITY OF BAYTOWN, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2023**

Net change in fund balances – total governmental funds \$ (23,656,647)

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

Capital outlay, net of contributions to business-type activities and disposals	68,491,096
Depreciation/Amortization	(14,105,260)
Capital contributions from component units and/or developers.	28,970,299

The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Debt principal payments	15,231,750
Lease principal payment	70,271
Debt issued	(24,270,000)
Leases	(682,600)
Premium on bonds	(1,075,954)
Amortization of premium on bonds	1,644,926
Amortization of deferred charges	(419,438)

Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.

Property taxes	94,176
Grants	(1,874,568)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(1,614,298)
Change in net pension liability	(52,616,966)
Change in total OPEB liability	19,439,843
Change in deferred outflows - pensions	27,627,335
Change in deferred outflows - OPEB	(4,155,571)
Change in deferred inflows - pensions	20,039,757
Change in deferred inflows - OPEB	(12,929,845)
Interest expense on bonds	(71,242)

Internal service funds are used by management to charge the costs of providing various services and benefits to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

(619,457)

**Change in Net Position of Governmental Activities** \$ 43,517,607

See Notes to Financial Statements.

**CITY OF BAYTOWN, TEXAS**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**PROPRIETARY FUNDS**  
September 30, 2023

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Water and Sewer</b>	<b>Aquatics</b>	<b>Sanitation</b>	<b>Nonmajor Enterprise</b>
<b>Assets</b>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 78,280,554	\$ -	\$ 50	\$ 321,267
Accounts receivable, net	6,184,033	1,916,489	1,070,220	348,250
Leases receivable	-	-	-	27,142
Inventories	-	-	-	-
Prepaid items	-	-	-	-
<b>Total Current Assets</b>	<b>84,464,587</b>	<b>1,916,489</b>	<b>1,070,270</b>	<b>696,659</b>
Noncurrent assets:				
Capital assets:				
Nondepreciable	20,757,947	-	-	-
Depreciable, net	208,227,149	16,040,766	369,011	4,013,112
<b>Total Capital Assets</b>	<b>228,985,096</b>	<b>16,040,766</b>	<b>369,011</b>	<b>4,013,112</b>
<b>(Net of Accumulated Depreciation)</b>	<b>228,985,096</b>	<b>16,040,766</b>	<b>369,011</b>	<b>4,013,112</b>
<b>Total Noncurrent Assets</b>	<b>228,985,096</b>	<b>16,040,766</b>	<b>369,011</b>	<b>4,013,112</b>
<b>Total Assets</b>	<b>\$ 313,449,683</b>	<b>\$ 17,957,255</b>	<b>\$ 1,439,281</b>	<b>\$ 4,709,771</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	477,410	-	-	-
Deferred outflows - pensions	4,407,789	168,887	432,054	564,561
Deferred outflows - OPEB	682,183	34,448	85,798	126,260
<b>Total Deferred Outflows of Resources</b>	<b>5,567,382</b>	<b>203,335</b>	<b>517,852</b>	<b>690,821</b>

**Business-Type  
Activities -  
Enterprise  
Funds**

<b>Total Enterprise Funds</b>	<b>Internal Service</b>
\$ 78,601,871	\$ 19,137,597
9,518,992	-
27,142	-
-	809,659
-	265,000
88,148,005	20,212,256
20,757,947	-
228,650,038	144,902
249,407,985	144,902
249,407,985	144,902
\$ 337,555,990	\$ 20,357,158
477,410	-
5,573,291	506,730
928,689	79,156
6,979,390	585,886

**CITY OF BAYTOWN, TEXAS**  
**STATEMENT OF NET POSITION (Page 2 of 2)**  
**PROPRIETARY FUNDS**  
September 30, 2023

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Water and Sewer</b>	<b>Aquatics</b>	<b>Sanitation</b>	<b>Nonmajor Enterprise</b>
<b><u>Liabilities</u></b>				
Current liabilities:				
Accounts payable	\$ 4,357,339	\$ 20,513	\$ 602,486	\$ 241,931
Accrued expenses	-	-	22,858	-
Compensated absences	821,267	12,645	86,591	92,260
Refundable deposits	3,808,553	-	-	-
Due to other funds	-	417,817	855,686	2,017,512
Retainage payable	493,474	-	-	-
Unearned	14,470,272	-	-	-
Accrued interest payable	322,379	-	-	-
Bonds payable - current	5,750,381	-	-	-
Total OPEB liability - current	204,278	7,351	19,337	25,151
Advances from other funds	-	2,250,000	-	-
<b>Total Current Liabilities</b>	<b>30,227,943</b>	<b>2,708,326</b>	<b>1,586,958</b>	<b>2,376,854</b>
Noncurrent liabilities:				
Bonds payable, net of premiums	47,718,923	-	-	-
Compensated absences	91,252	1,405	9,621	10,252
Net pension liability	9,836,296	361,828	905,821	747,622
Total OPEB liability	5,135,385	216,177	565,348	720,599
<b>Total Noncurrent Liabilities</b>	<b>62,781,856</b>	<b>579,410</b>	<b>1,480,790</b>	<b>1,478,473</b>
<b>Total Liabilities</b>	<b>93,009,799</b>	<b>3,287,736</b>	<b>3,067,748</b>	<b>3,855,327</b>
<b><u>Deferred Inflows of Resources</u></b>				
Deferred charges on refunding	3,202,878	-	-	-
Deferred inflows - OPEB	2,049,358	79,944	203,278	273,587
Deferred inflows - leases	-	-	-	26,574
<b>Total Deferred Inflows of Resources</b>	<b>5,252,236</b>	<b>79,944</b>	<b>203,278</b>	<b>300,161</b>
<b><u>Net Position</u></b>				
Net investment in capital assets	180,531,806	16,040,766	369,011	4,013,112
Restricted for:				
Debt service	11,033,635	-	-	-
Unrestricted	29,189,589	(1,247,856)	(1,682,904)	(2,768,008)
<b>Total Net Position</b>	<b>\$ 220,755,030</b>	<b>\$ 14,792,910</b>	<b>\$ (1,313,893)</b>	<b>\$ 1,245,104</b>

See Notes to Financial Statements.

<b>Business-Type Activities- Enterprise Funds</b>	
<b>Total</b>	
<b>Enterprise Funds</b>	<b>Internal Service</b>
\$ 5,222,269	\$ 229,852
22,858	2,492,106
1,012,763	117,329
3,808,553	-
3,291,015	682,999
493,474	-
14,470,272	-
322,379	-
5,750,381	-
256,117	23,598
2,250,000	-
<u>36,900,081</u>	<u>3,545,884</u>
47,718,923	-
112,530	13,810
11,851,567	1,105,511
6,637,509	551,338
<u>66,320,529</u>	<u>1,670,659</u>
<u>103,220,610</u>	<u>5,216,543</u>
3,202,878	-
2,606,167	235,460
26,574	-
<u>5,835,619</u>	<u>235,460</u>
200,954,695	144,902
11,033,635	-
23,490,821	15,346,139
<u>\$ 235,479,151</u>	<u>\$ 15,491,041</u>

# CITY OF BAYTOWN, TEXAS

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2023

	Business-Type Activities - Enterprise Funds			
	Water and Sewer	Aquatics	Sanitation	Nonmajor Enterprise
<b>Operating Revenues</b>				
Water and sewer sales	\$ 47,729,025	\$ -	\$ -	\$ -
Service charges and other services	8,380,209	3,943,065	-	4,125,467
Solid waste collection	-	-	6,944,965	-
Other revenue	-	-	20,006	-
<b>Total Operating Revenues</b>	56,109,234	3,943,065	6,964,971	4,125,467
<b>Operating Expenses</b>				
Personnel costs	12,443,303	2,744,785	1,173,862	1,515,780
Supplies	17,659,023	551,108	73,190	85,105
Maintenance	2,833,299	230,686	116,755	223,151
Services	2,769,721	196,967	6,865,090	106,192
Claim payments and fees	-	-	-	-
Miscellaneous	-	236,246	-	-
Depreciation	8,728,512	1,013,256	92,879	504,241
<b>Total Operating Expenses</b>	44,433,858	4,973,048	8,321,776	2,434,469
<b>Operating Income (Loss)</b>	11,675,376	(1,029,983)	(1,356,805)	1,690,998
<b>Nonoperating Revenues (Expenses)</b>				
Investment earnings	3,140,823	-	-	-
Intergovernmental	1,881,496	-	-	-
Interest expense and other	(1,329,463)	-	-	-
<b>Total Nonoperating Revenues</b>	3,692,856	-	-	-
<b>Income (Loss) Before Contributions and Transfers</b>	15,368,232	(1,029,983)	(1,356,805)	1,690,998
<b>Contributions and Transfers</b>				
Capital contributions	7,279,465	-	-	-
Transfers in	2,107,890	-	-	-
Transfers (out)	(3,739,038)	(380,951)	-	(2,475,266)
<b>Total Contributions and Transfers</b>	5,648,317	(380,951)	-	(2,475,266)
<b>Change in Net Position</b>	21,016,549	(1,410,934)	(1,356,805)	(784,268)
Beginning net position	199,738,481	16,203,844	42,912	2,029,372
<b>Ending Net Position</b>	\$ 220,755,030	\$ 14,792,910	\$ (1,313,893)	\$ 1,245,104

See Notes to Financial Statements.

**Business-Type  
Activities -  
Enterprise  
Funds**

<b>Total</b>	
<b>Enterprise Funds</b>	<b>Internal Service</b>
\$ 47,729,025	\$ -
16,448,741	20,482,489
6,944,965	-
20,006	445,104
<u>71,142,737</u>	<u>20,927,593</u>
17,877,730	1,269,113
18,368,426	2,786,224
3,403,891	12,247
9,937,970	46,626
-	18,283,083
236,246	-
10,338,888	40,750
<u>60,163,151</u>	<u>22,438,043</u>
<u>10,979,586</u>	<u>(1,510,450)</u>
3,140,823	-
1,881,496	-
<u>(1,329,463)</u>	<u>-</u>
<u>3,692,856</u>	<u>-</u>
14,672,442	(1,510,450)
7,279,465	-
2,107,890	800,000
<u>(6,595,255)</u>	<u>-</u>
<u>2,792,100</u>	<u>800,000</u>
17,464,542	(710,450)
218,014,609	16,201,491
<u>\$ 235,479,151</u>	<u>\$ 15,491,041</u>

# CITY OF BAYTOWN, TEXAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 1 of 2) For the Year Ended September 30, 2023

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Water and Sewer</b>	<b>Aquatics</b>	<b>Sanitation</b>	<b>Nonmajor Enterprise</b>
<b><u>Cash Flows from Operating Activities</u></b>				
Cash received from customers	\$ 56,037,482	\$ 3,943,065	\$ 6,921,173	\$ 4,129,150
Cash received from interfund charges for central services	-	-	-	-
Cash received from interfund charges for risk management services	-	-	-	-
Cash payments for goods and services	(20,163,563)	(812,264)	(6,103,624)	3,003
Cash payments to employees	(11,789,807)	(2,749,850)	(1,150,358)	(1,602,174)
Other	-	-	20,006	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>24,084,112</b>	<b>380,951</b>	<b>(312,803)</b>	<b>2,529,979</b>
<b><u>Cash Flows from Noncapital and Related Financing Activities</u></b>				
Transfers in	2,107,890	-	-	-
Transfers (out)	(3,739,038)	(380,951)	-	(2,475,266)
Intergovernmental revenue	1,351,768	-	-	-
<b>Net Cash Provided (Used) for Noncapital and Related Financing Activities</b>	<b>(279,380)</b>	<b>(380,951)</b>	<b>-</b>	<b>(2,475,266)</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>				
Acquisition and construction of capital assets	(10,318,485)	-	(53,396)	-
Capital grants	15,000,000	-	-	-
Principal paid on capital debt	(5,453,250)	-	-	-
Interest and fiscal agent fees paid	(2,185,561)	-	-	-
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(2,957,296)</b>	<b>-</b>	<b>(53,396)</b>	<b>-</b>
<b><u>Cash Flows from Investing Activities</u></b>				
Interest received	3,140,823	-	-	-
<b>Net Cash Provided by Investing Activities</b>	<b>3,140,823</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>23,988,259</b>	<b>-</b>	<b>(366,199)</b>	<b>54,713</b>
Beginning cash and cash equivalents	54,292,295	-	366,249	266,554
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 78,280,554</b>	<b>\$ -</b>	<b>\$ 50</b>	<b>\$ 321,267</b>

See Notes to Financial Statements.

<b>Business-Type Activities - Enterprise Funds</b>	
<b>Total</b>	
<b>Enterprise Funds</b>	<b>Internal Service</b>
\$ 71,030,870	\$ 3,044,498
-	2,037,547
-	15,851,568
(27,076,448)	(20,544,742)
(17,292,189)	(1,207,690)
20,006	-
<u>26,682,239</u>	<u>(818,819)</u>
2,107,890	800,000
(6,595,255)	-
1,351,768	-
<u>(3,135,597)</u>	<u>800,000</u>
(10,371,881)	(11,180)
15,000,000	-
(5,453,250)	-
(2,185,561)	-
<u>(3,010,692)</u>	<u>(11,180)</u>
3,140,823	-
<u>3,140,823</u>	<u>-</u>
23,676,773	(29,999)
<u>54,925,098</u>	<u>19,167,596</u>
<u>\$ 78,601,871</u>	<u>\$ 19,137,597</u>

# CITY OF BAYTOWN, TEXAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 2 of 2) For the Year Ended September 30, 2023

	Business-Type Activities - Enterprise Funds			
	Water and Sewer	Aquatics	Sanitation	Nonmajor Enterprise
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ 11,675,376	\$ (1,029,983)	\$ (1,356,805)	\$ 1,690,998
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	8,728,512	1,013,256	92,879	504,241
<b>Changes in Operating Assets and Liabilities:</b>				
<b>(Increase) Decrease in Current Assets:</b>				
Prepaid expenses	-	-	-	-
Accounts receivable	(66,935)	-	(23,792)	3,486
Leases receivable	-	-	-	45,753
Inventory	-	-	-	-
Deferred outflows - pensions	(2,955,414)	(106,184)	(279,758)	(363,707)
Deferred outflows - OPEB	444,539	15,972	42,080	54,707
<b>Increase (Decrease) in Current Liabilities:</b>				
Accounts payable	2,991,889	(15,074)	95,725	46,949
Accrued expenses	-	-	4,759	-
Retainage payable	106,591	-	-	-
Compensated absences	113,195	(5,127)	18,468	6,097
Net pension liability	5,628,662	202,230	532,807	692,689
Total OPEB liability	(2,079,565)	(74,715)	(196,850)	(255,920)
Refundable deposits	(4,817)	-	-	-
Due to other funds	-	417,817	855,686	370,502
Deferred inflows - pensions	(1,881,081)	(86,936)	(228,932)	(390,478)
Deferred inflows - OPEB	1,383,160	49,695	130,930	170,218
Deferred inflows - leases	-	-	-	(45,556)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 24,084,112</b>	<b>\$ 380,951</b>	<b>\$ (312,803)</b>	<b>\$ 2,529,979</b>
Noncash investing, capital, and financing activities:				
Contributions of capital assets	\$ 7,279,465	\$ -	\$ -	\$ -

See Notes to Financial Statements.

<b>Business-Type Activities - Enterprise Funds</b>	
<b>Total</b>	<b>Internal Service</b>
<b>Enterprise Funds</b>	
\$ 10,979,586	\$ (1,510,450)
10,338,888	40,750
-	6,020
(87,241)	-
45,753	-
-	(94,889)
(3,705,063)	(343,061)
557,298	51,602
3,119,489	(80,218)
4,759	75,546
106,591	-
132,633	20,090
7,056,388	653,368
(2,607,050)	(241,394)
(4,817)	-
1,644,005	682,999
(2,587,427)	(239,738)
1,734,003	160,556
(45,556)	-
<u>\$ 26,682,239</u>	<u>\$ (818,819)</u>
<u>\$ 7,279,465</u>	<u>\$ -</u>

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**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2023

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Baytown, Texas (the “City”) was incorporated and has operated under a “Home Rule Charter,” which provides for a Council-Manager form of government, since 1948.

The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to City Council for the administration of all the affairs of the City. The City Manager is responsible for the appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget.

The City provides the following services: public safety (police, fire services, and emergency medical services), municipal court, culture and recreation, streets, drainage, water and sewer services, solid waste collection and disposal, storm water utilities, community development, and general administration.

The City is an independent political subdivision of the State of Texas (the “State”) governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. They present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

**1. Blended Component Units**

**Crime Control and Prevention District**

The Crime Control and Prevention District (CCPD) has been included in the reporting entity as a blended component unit. The CCPD is reported as a blended component unit due to the CCPD providing services almost entirely for the City. The CCPD is funded by a local sales and use tax at a rate of one-eighth of one percent. The expenditure of this tax is restricted for public safety activities. The CCPD is dissolved on the fifth anniversary of the date the CCPD began to levy taxes, if the

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

CCPD has not held a continuation or dissolution referendum (Texas Local Government Code, Chapter 363). The operations of the CCPD are presented as a governmental fund type.

**Fire Control, Prevention, and Emergency Medical Services District**

The Fire Control, Prevention, and Emergency Medical Services District (FCPEMSD) has been included in the reporting entity as a blended component unit. The FCPEMSD is reported as a blended component unit due to the FCPEMSD providing services almost entirely for the City. The FCPEMSD is dedicated to fire safety and emergency medical services and is funded by a local sales and use tax at a rate of one-eighth of one percent. The FCPEMSD is dissolved on the fifth anniversary of the date the FCPEMSD began to levy taxes, if the FCPEMSD has not held a continuation or dissolution referendum (Texas Local Government Code, Chapter 344). The operations of the FCPEMSD are presented as a governmental fund type.

**Tax Increment Reinvestment Zone Number One**

The Tax Increment Reinvestment Zone (TIRZ) Number One was created in 2001 as a development/redevelopment financing tool and is included in the reporting entity as a blended component unit. The TIRZ is reported as a blended component unit due to the TIRZ providing services almost entirely for the City. The TIRZ provides a method to finance public improvements in a designated zone utilizing the property tax increment, or growth in value, subsequent to the creation of the TIRZ. The operations of the TIRZ are presented as a governmental fund type.

**Crossings at Baytown Public Improvement District**

The Crossings at Baytown Public Improvement District (PID) was created pursuant to Chapter 372 of the Texas Local Government Code. The City created the PID as a mechanism to finance public infrastructure improvements within the PID boundaries. These improvements consist of the construction of street and roadway improvements, water lines, sanitary sewer lines, storm sewers, sidewalks, parks, public landscaping, recreational amenities, contingency provisions, engineering services, financing costs, and administrative and legal services for the PID. The City Council found that the improvements would serve to promote the construction of single-family units and confer a special benefit to properties within the PID. Consequently, it would be necessary to apportion the costs of the improvements against property owners in the PID by special assessments. Initially, the public improvements would be prefunded by the developers of the residential subdivisions within the PID. The developers would then be entitled to receive reimbursement of the public improvement costs, subject to limitations contained in their development agreements with the City.

**Bay Creek Public Improvement District**

The Bay Creek Public Improvement District (PID) was created pursuant to Chapter 372 of the Texas Local Government Code. The City created the PID as a mechanism to finance public infrastructure improvements within the PID boundaries. These improvements consist of the construction of street and roadway improvements, water lines, sanitary sewer lines, storm sewers, sidewalks, parks, public landscaping, recreational amenities, contingency provisions, engineering services, financing costs, and administrative and legal services for the PID. The City Council found that the improvements would serve to promote the construction of single-family units and confer a special benefit to properties within the PID. Consequently, it would be necessary to apportion the costs of the improvements against property owners in the PID by special assessments. Initially, the public improvements would be prefunded by the developers of the residential subdivisions within the PID. The developers would

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

then be entitled to receive reimbursement of the public improvement costs, subject to limitations contained in their development agreements with the City.

**Bayview Heights Public Improvement District**

The Bayview Heights Public Improvement District (PID) was created pursuant to Chapter 372 of the Texas Local Government Code. The City created the PID as a mechanism to finance public infrastructure improvements within the PID boundaries. These improvements consist of the construction of street and roadway improvements, water lines, sanitary sewer lines, storm sewers, sidewalks, parks, public landscaping, recreational amenities, contingency provisions, engineering services, financing costs, and administrative and legal services for the PID. The City Council found that the improvements would serve to promote the construction of single-family units and confer a special benefit to properties within the PID. Consequently, it would be necessary to apportion the costs of the improvements against property owners in the PID by special assessments. Initially, the public improvements would be prefunded by the developers of the residential subdivisions within the PID. The developers would then be entitled to receive reimbursement of the public improvement costs, subject to limitations contained in their development agreements with the City.

The CCPD, FCPMSD, TIRZ, and PID funds are reported as special revenue funds and do not issue separate financial statements.

**2. Discretely Presented Component Units**

**Baytown Area Water Authority**

The Baytown Area Water Authority (BAWA) was created to purchase and distribute surface and/or water supplies to the City and seven other smaller entities and neighborhoods. The boundaries of BAWA include the entire City and most of the City's extraterritorial jurisdiction in east Harris County, Texas. The City Council appoints all members of the governing board of BAWA and approves any debt issued by BAWA. Separate financial statements of BAWA may be obtained from the finance department of the City.

**Municipal Development District**

The Municipal Development District (MDD) was created to levy and account for the collection of a sales and use tax at the rate of one-half of one percent for the purpose of financing economic development projects that provide economic benefit and diversify the economic base of the community. The boundaries of the MDD include the portion of the City that is in Harris County and exclude the portion that is in Chambers County. City Council appoints all members of the governing board of the MDD and approves any debt issued by the MDD. Separate financial statements are not issued for the MDD.

**B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

**C. Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the City's funds, including its blended component units. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following governmental funds:

The *general fund* is used to account for and report all financial resources not accounted for and reported in another fund. The principal sources of revenues include local property taxes, sales taxes, franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government; public safety; public works; public health; and parks, recreation, and culture. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The primary source of revenue for debt service is local property taxes. The debt service fund did not meet the technical requirement to be presented as a major fund, however the City has elected to present as a major fund.

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The special revenue funds are considered nonmajor funds for reporting purposes.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The capital projects fund is considered a major fund for reporting purposes.

The City reports the following proprietary funds:

The *enterprise funds* are used to account for and report the operations that provide water and wastewater collection, wastewater treatment operations, solid waste collection and disposal, water park operations (aquatics), and storm utility operations. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

continuing basis will be financed or recovered primarily through user charges. The water and sewer fund is considered a major fund for reporting purposes. The City has elected to present the sanitation and aquatic funds as major funds. The nonmajor funds include the Bayland Island fund and storm water utility fund.

Additionally, the City reports the following fund types:

*Internal service funds* account for services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis. These funds include the central services operation for the garage and warehouse and the risk management fund.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

**F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Cash and Equity in Pooled Cash and Investments**

The City maintains a pooled cash and investments account. Each fund whose monies are deposited in the pooled cash and investments account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest-bearing accounts and other investments are displayed on the combined balance sheet as “cash and equity in pooled cash and investments.”

**2. Investments**

Investments, except for certain investment pools and commercial paper, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Commercial paper is reported at amortized cost.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. government
- Money market mutual funds that meet certain criteria
- Collateralized certificates of deposit and share certificates
- Fully collateralized repurchase agreements that meet certain criteria
- Bankers’ acceptances
- Commercial paper that meets certain criteria
- Guaranteed investment contracts that meet certain criteria
- Statewide investment pools

**3. Inventories and Prepaid Items**

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Inventories in the central services fund consist of expendable supplies held for consumption and are carried at weighted-average cost. The weighted-average cost is recorded as an expenditure at the time of consumption. Certain payments to vendors

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

reflect costs applicable to future accounting periods (prepaid expenditures) and are recognized as expenditures when utilized.

**4. Restricted Assets**

Certain resources of BAWA are set aside for the repayment of revenue bonds, which are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants. The bond reserve requirement account is used to segregate resources accumulated for debt service payments over the next 12 months.

**5. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<b>Asset Description</b>	<b>Estimated Useful Life</b>
Buildings	15 to 50 years
Improvements other than buildings	5 to 50 years
Machinery and equipment	3 to 30 years
Infrastructure	10 to 50 years

**6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
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Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred inflows related to leases are amortized over the terms of the leases.

At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, leases, and grants. These amounts are deferred and recognized as inflows of resources in the period that the amounts becomes available.

**7. Compensated Employee Absences**

It is the City's policy to permit employees to accumulate certain earned but unused benefits. Amounts accumulated, up to certain amounts, may be paid to employees upon termination of employment. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

**8. Long-Term Obligations**

In government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund. Although a portion of the general obligation debt was directly related to the purchase of water and sewer infrastructure, the debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of water system revenues.

**9. Leases**

**Lessee**

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible, right-to-use lease asset (the “lease asset”) in the government-wide financial statements. The City recognizes lease liabilities and lease assets with an initial, individual value of at least \$5,000 or more.

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

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

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

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

**Lessor**

The City is a lessor for noncancellable leases. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

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

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**10. Subscription-Based Information Technology Arrangements**

The City has noncancellable subscription-based information technology arrangements (SBITAs) to finance the use of information technology software. The City would recognize a liability (the “subscription liability”) and an intangible, right-to-use subscription asset (the “subscription asset”) in the government-wide financial statements. The City’s SBITAs to report are immaterial to the financial statements as a whole and are not recognized as a subscription liability or a subscription asset.

**11. Net Position Flow Assumption**

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**12. Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**13. Fund Balance Policies**

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted fund balance.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. By resolution approved by the City Council, the City does not utilize this category of fund balance.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. By resolution approved by the City Council, the City does not utilize this category of fund balance.

**14. Estimates**

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

**15. Pensions**

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**16. Other Postemployment Benefits**

The City participates in a defined benefit group-term life insurance plan administered by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

The City administers an additional single-employer defined benefit OPEB plan, known as the City of Baytown Retiree Healthcare Plan (the "Plan"). The City elected, by ordinance, to provide medical benefits for eligible retirees and their dependents. The premiums are based on a combination of years of service and hire date, and the coverage levels for retirees are the same as the coverage provided to active employees. The City has elected to subsidize premiums for the Plan and funding is provided on a pay-as-you-go basis.

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

**G. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefits from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property Taxes**

Property taxes are levied during October of each year and are due upon receipt of the City's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

**3. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and internal service funds are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

The City prepares its general and special revenue funds' annual budgets on a basis that differs from generally accepted accounting principles (GAAP). The budgets and all transactions are presented in accordance with the City's method (budgetary basis) in the schedule of revenues, expenditures, and changes in fund balances – budget and actual (budgetary basis) for the general and special revenue funds to provide a meaningful comparison of actual results with the budget. The major differences between budgetary and GAAP basis of accounting for the general fund's budget are that some revenue and expenditures within the general fund do not have an adopted budget. The debt service fund's budget is adopted and presented in accordance with GAAP.

On or before May 31 of each year, all departments of the City submit requests for appropriations to the City Manager so that a budget may be prepared. At least 60 days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning the following October 1. The operating budget includes proposed expenditures and the means of financing them. The City Council holds public hearings and a final budget must be prepared and adopted no later than September 27. The annual budget adopted by ordinance by the City Council covers the general; debt service; crime control and prevention district; hotel/motel; fire control, prevention, and emergency medical services district; water and sewer; sanitation; storm water; and central services funds. The budget is legally enacted at the department level by the City Council through passage of an ordinance prior to the beginning of the fiscal year.

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

The City Council must approve any supplemental budget appropriations at the department level. The City Manager is authorized to transfer budgeted amounts within departments within any fund. During the fiscal year ended September 30, 2023, the City Manager approved various budget revisions within departments.

**A. Deficit Fund Balance/Net Position**

The central services fund reported deficit net position of \$1,207,018 due to an increase in the cost for fuel. The MDD fund reported a deficit net position of \$21,145,367 due to the conveyance of a convention center to the City. The storm water utility fund reported a deficit in net position of \$2,542,864 due to capital contributions to the water and sewer fund. The sanitation fund reported a deficit in net position of \$1,313,893 due to an increase in contract fees for garbage collection. The CDBG fund reported a deficit fund balance of \$1,654,348 due to the deferral of revenue related to federal grant reimbursements that have not been approved yet. The Crossings at Baytown PID fund reported a negative fund balance of \$20,978 and the Bayview Heights PID fund reported a negative fund balance of \$26,310 due to administrative expenses in the prior year related to the creation of the PIDs.

**B. Expenditures in Excess of Appropriations**

Expenditures exceeded appropriations at the legal level of control as follows:

General fund:		
City facilities	\$	871,548
Transfers (out)	\$	1,269,000

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2023, the City and its component units had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)	Credit Risk
Commercial paper	\$ 19,457,110	0.47	A-1/A-1+/P-1/F1/F1+
U.S. government and agencies	39,866,864	1.21	N/A
U.S. Treasury notes	29,795,072	0.13	N/A
External investment pools			
TexPool	125,126,155	0.07	AAA-m
TexSTAR	38,656,052	0.08	AAA-m
<b>Total</b>	<b>\$ 252,901,253</b>		
Portfolio weighted average maturity		0.29	

**Fair Value Measurements**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value establishing a three-level fair value hierarchy that describes the inputs used to measure assets and liabilities:

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Fair value is measured in a manner consistent with one of the three approaches: market approach, cost approach, and the income approach. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or groups of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts, such as cash flows, to a single current (discounted) amount.

As of September 30, 2023, the City had the following recurring fair value measurements:

	<b>September 30, 2023</b>	<b>Fair Value Measurements Using  Quoted Prices in Active Markets for Identical Assets (Level 1)</b>
<b>Investments by Fair Value Level</b>		
<u>U.S. Government Agency Bonds/Notes</u>		
Federal Home Loan Bank	\$ 17,163,329	\$ 17,163,329
Federal Home Loan Mortgage Corp	22,703,535	22,703,535
Treasury Notes	29,795,072	29,795,072
<b>Total</b>	\$ 69,661,936	\$ 69,661,936

U.S. Government agency bonds and notes and collateralized mortgage obligations are classified in Level 1 and are valued using the market approach.

*Interest rate risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

*Credit risk.* The City’s investment policy limits investments in no-load money market mutual funds rated as to investment quality not less than “AAA” by a nationally recognized investment rating firm.

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**For the Year Ended September 30, 2023**

As of September 30, 2023, the City's investments in the investment pools were rated "AAAm" by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency. More specifically, the investments in U.S. agencies held by the City as of September 30, 2023 consist of a variety of bonds and discount notes issued by the Federal Home Loan Bank and Federal Home Loan Mortgage Corporation.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2023, the fair value of pledged securities and FDIC coverage exceeded bank balances.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

**TexPool**

TexPool was established as a trust company with the Treasurer of the State as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool "AAAm". As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

**TexSTAR**

The Texas Short-Term Asset Reserve Fund (TexSTAR) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a

**CITY OF BAYTOWN, TEXAS**  
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For the Year Ended September 30, 2023

board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

TexSTAR is measured at amortized cost. TexSTAR’s strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. The City has no unfunded commitments related to TexSTAR. TexSTAR has a redemption notice period of one day and may redeem daily. TexSTAR’s authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexSTAR’s liquidity.

**B. Receivables**

The following comprise receivable balances at year end:

**Governmental Funds**

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental</b>	<b>Total Funds</b>
Taxes	\$ 6,753,039	\$ 1,402,125	\$ -	\$ 2,005,994	\$ 10,161,158
Accounts	3,410,077	-	436,871	656,256	4,503,204
Intergovernmental	-	-	-	102,531	102,531
Interest	351,791	-	55,000	-	406,791
Grants	108,895	-	-	3,718,821	3,827,716
Less allowance	(2,244,237)	(352,850)	-	-	(2,597,087)
	<u>\$ 8,379,565</u>	<u>\$ 1,049,275</u>	<u>\$ 491,871</u>	<u>\$ 6,483,602</u>	<u>\$ 16,404,313</u>

**Proprietary Funds**

	<b>Water and Sewer</b>	<b>Aquatics</b>	<b>Sanitation</b>	<b>Nonmajor Enterprise</b>	<b>Total Funds</b>
Taxes	\$ -	\$ 1,916,489	\$ 3,591	\$ -	\$ 1,920,080
Accounts	6,640,687	-	1,066,629	348,250	8,055,566
Interest	40,625	-	-	-	40,625
Less allowance	(497,279)	-	-	-	(497,279)
	<u>\$ 6,184,033</u>	<u>\$ 1,916,489</u>	<u>\$ 1,070,220</u>	<u>\$ 348,250</u>	<u>\$ 9,518,992</u>

**C. Leases Receivable**

The City has entered into several lease agreements (the “Agreements”) as a lessor for the use of their towers and land located throughout the City with the lessee monitoring communication signals on the towers. The City has also entered into lease agreements for the use of Bayland Island’s Harbor Master Facility. The Agreements range from 31 to 80 months after extension options in which it is reasonably certain that these options will be exercised. As of September 30, 2023, the value of the leases receivable is \$485,364 for governmental activities and \$27,142 for business-type activities. The interest rate on the leases receivable ranges from 2.1 to 4.5%. The lease revenue that was recorded with charges for services for fiscal year 2023 was \$99,628 for governmental activities and \$45,556 for business-type activities which equals the amounts that were amortized for deferred inflows of resources for leases in the current year. The amount recorded for interest revenue for leases receivable was \$24,085 for governmental activities and \$1,107 for business-type activities.

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

The remaining principal and interest payments, along with the amortization of the deferred inflows of resources, from the Agreements are as follows:

<b>Fiscal Year Ending Sep. 30</b>	<b>Governmental Activities</b>			<b>Amortization of Deferred Inflows</b>
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2024	\$ 95,618	\$ 19,885	\$ 115,503	\$ 99,628
2025	100,011	15,493	115,504	99,628
2026	104,605	10,898	115,503	99,628
2027	109,411	6,093	115,504	99,628
2028	75,719	1,283	77,002	66,418
<b>Total</b>	<b>\$ 485,364</b>	<b>\$ 53,652</b>	<b>\$ 539,016</b>	<b>\$ 464,930</b>

<b>Fiscal Year Ending Sep. 30</b>	<b>Business-Type Activities</b>			<b>Amortization of Deferred Inflows</b>
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2024	\$ 27,142	\$ 193	\$ 27,335	\$ 26,574

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

**D. Capital Assets**

**1. Governmental Activities**

A summary of changes in capital assets for the year ended is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reclassifications/ (Decreases)</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 19,721,539	\$ 3,500	\$ -	\$ 19,725,039
Construction in progress	65,423,461	45,039,379	(16,935,025)	93,527,815
<b>Total Capital Assets Not Being Depreciated/Amortized</b>	<u>85,145,000</u>	<u>45,042,879</u>	<u>(16,935,025)</u>	<u>113,252,854</u>
Capital assets being depreciated/amortized:				
Buildings	93,220,937	41,908,920	-	135,129,857
Improvements other than buildings	24,670,269	9,568,905	-	34,239,174
Machinery and equipment	68,163,515	10,090,978	(458,795)	77,795,698
Infrastructure	238,779,218	7,102,138	-	245,881,356
Right-to-use asset	-	682,600	-	682,600
<b>Total Capital Assets Being Depreciated/Amortized</b>	<u>424,833,939</u>	<u>69,353,541</u>	<u>(458,795)</u>	<u>493,728,685</u>
Less accumulated depreciation/amortization for:				
Buildings	(35,920,664)	(2,522,825)	-	(38,443,489)
Improvements other than buildings	(8,711,678)	(1,046,500)	-	(9,758,178)
Machinery and equipment	(50,616,885)	(4,906,642)	458,795	(55,064,732)
Infrastructure	(86,035,602)	(5,601,610)	-	(91,637,212)
Right-to-use asset	-	(27,683)	-	(27,683)
<b>Total Accumulated Depreciation/Amortization</b>	<u>(181,284,829)</u>	<u>(14,105,260)</u>	<u>458,795</u>	<u>(194,931,294)</u>
<b>Total Capital Assets, Net Governmental Activities</b>	<u>243,549,110</u>	<u>55,248,281</u>	<u>-</u>	<u>298,797,391</u>
<b>Capital Assets, Net</b>	<u>\$ 328,694,110</u>	<u>\$ 100,291,160</u>	<u>\$ (16,935,025)</u>	<u>412,050,245</u>
				(152,149,068)
				3,778,125
				(185,801)
				49,340,509
				<u>Net Investment in Capital Assets</u>
				<u>\$ 312,834,010</u>

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

Depreciation was charged to governmental functions as follows:

General government	\$ 1,768,684
Public safety	3,647,369
Public works	6,667,418
Public health	210,830
Parks, recreation, and culture	1,770,209
Capital assets held by the City's internal service funds are charged to various functions based on their usage of the assets	40,750
<b>Total Governmental Activities Depreciation/Amortization Expense</b>	<b><u>\$ 14,105,260</u></b>

**2. Construction Commitments – Governmental Activities**

The City has active governmental activities construction projects as of September 30, 2023. The projects include the following:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Commitment</u>
Allen and Edgebrook Street Reconstruction	\$ 4,944,170	\$ 4,769,661	\$ 174,509
Baker Road Lift Station	4,500,000	4,491,140	8,860
Bluebill Bay and Angelfish Cove Improvements	1,944,411	84,443	1,859,968
Cedar Bayou Crossing Improvements	661,177	548,109	113,068
Sjolander/Crosby	14,881,322	6,139,366	8,741,956
Chambers Commons	7,638,279	3,680,861	3,957,418
City Gateway Monument #3	106,271	98,530	7,741
Danubina Area Drainage Improvements	20,026,186	5,666,973	14,359,213
Evergreen Strategic Plan	499,800	473,816	25,984
Garth Road Improvements	24,414,939	6,846,221	17,568,718
Goose Creek Trail Phase VII	692,005	392,739	299,266
I-10 Lift Station	10,135,749	1,288,510	8,847,239
I-10 Lift Station #1 Improvements	3,366,362	268,509	3,097,853
Lincoln Cedars and Julie Ann Villa Drainage Improvements	2,705,364	2,540,826	164,538
Public Safety Building	71,500,000	55,173,144	16,326,856
Reconstruction of Fairway	3,106,146	2,640,920	465,226
Reconstruction of Savell	3,579,753	3,113,660	466,093
Texas Avenue Drainage Improvements	4,998,599	1,159,366	3,839,233
Wayne Gray Sports Complex Improvements	2,131,317	851,252	1,280,065
<b>Total</b>	<b><u>\$ 181,831,850</u></b>	<b><u>\$ 100,228,046</u></b>	<b><u>\$ 81,603,804</u></b>

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

**3. Business-Type Activities**

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2023:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reclassifications/ (Decreases)</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 1,898,968	\$ -	\$ -	\$ 1,898,968
Construction in progress	14,710,347	11,195,641	(7,047,009)	18,858,979
<b>Total Capital Assets Not Being Depreciated</b>	<u>16,609,315</u>	<u>11,195,641</u>	<u>(7,047,009)</u>	<u>20,757,947</u>
Capital assets being depreciated:				
Buildings and systems	63,468,072	1,612,623	-	65,080,695
Improvements other than buildings	301,782,282	10,754,828	-	312,537,110
Machinery and equipment	13,680,830	1,135,263	(57,581)	14,758,512
<b>Total Capital Assets Being Depreciated</b>	<u>378,931,184</u>	<u>13,502,714</u>	<u>(57,581)</u>	<u>392,376,317</u>
Less accumulated depreciation for:				
Buildings and systems	(59,055,617)	(1,287,784)	-	(60,343,401)
Improvements other than buildings	(84,367,368)	(8,023,460)	-	(92,390,828)
Machinery and equipment	(10,021,987)	(1,027,644)	57,581	(10,992,050)
<b>Total Accumulated Depreciation</b>	<u>(153,444,972)</u>	<u>(10,338,888)</u>	<u>57,581</u>	<u>(163,726,279)</u>
<b>Total Capital Assets, Net Business-Type Activities</b>	<u>225,486,212</u>	<u>3,163,826</u>	<u>-</u>	<u>228,650,038</u>
<b>Capital Assets, Net</b>	<u>\$ 242,095,527</u>	<u>\$ 14,359,467</u>	<u>\$ (7,047,009)</u>	<u>249,407,985</u>
				(53,469,304)
				477,410
				(3,202,878)
				7,741,482
			<b>Net Investment in Capital Assets</b>	<u>\$ 200,954,695</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 8,728,512
Sanitation	92,879
Bayland Island	212,288
Storm water	291,953
Aquatics	1,013,256
<b>Total Business-Type Activities Depreciation Expense</b>	<u>\$ 10,338,888</u>

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

**4. Construction Commitments – Business-Type Activities**

The City has active business-type activities construction projects as of September 30, 2023. The projects include the following:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Commitment</u>
West District WWTP Building Upgrades	\$ 2,000,000	\$ 22,300	\$ 1,977,700
Baker Road Lift Station	450,000	364,906	85,094
East District WWTP Phase I	7,334,000	608,968	6,725,032
East District WWTP Phase II	32,394,114	549,590	31,844,524
Goose Creek Lift Station	5,468,652	3,064,549	2,404,103
Lanie Lift Station Upgrades	300,000	18,129	281,871
North East WWTP Study	95,379	88,387	6,992
Sjolander & Crosby Cedar Bayou Utilities	13,114,222	3,065,775	10,048,447
South Main Storm Sewer	2,260,000	282,220	1,977,780
<b>Total</b>	<b>\$ 63,416,367</b>	<b>\$ 8,064,824</b>	<b>\$ 55,351,543</b>

**5. Discretely Presented Component Units**

The following is a summary of changes in capital assets for BAWA for the year ended September 30, 2023:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,877,960	\$ -	\$ -	\$ 2,877,960
Construction in progress	2,124,256	3,884,804	-	6,009,060
<b>Total Capital Assets Not Being Depreciated</b>	<b>5,002,216</b>	<b>3,884,804</b>	<b>-</b>	<b>8,887,020</b>
Capital assets, being depreciated:				
Buildings	58,944,489	271,553	-	59,216,042
Improvements other than buildings	58,914,226	-	-	58,914,226
Machinery and equipment	7,099,668	63,876	-	7,163,544
<b>Total Capital Assets Being Depreciated</b>	<b>124,958,383</b>	<b>335,429</b>	<b>-</b>	<b>125,293,812</b>
<b>Total Capital Assets</b>	<b>129,960,599</b>	<b>4,220,233</b>	<b>-</b>	<b>134,180,832</b>
Less accumulated depreciation for:				
Buildings	(2,425,415)	(1,201,479)	-	(3,626,894)
Improvements other than buildings	(22,836,805)	(1,553,964)	-	(24,390,769)
Machinery and equipment	(4,907,547)	(457,747)	-	(5,365,294)
<b>Total Accumulated Depreciation</b>	<b>(30,169,767)</b>	<b>(3,213,190)</b>	<b>-</b>	<b>(33,382,957)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>94,788,616</b>	<b>(2,877,761)</b>	<b>-</b>	<b>91,910,855</b>
<b>Discretely Presented Component Unit</b>				
<b>Capital Assets, Net</b>	<b>\$ 99,790,832</b>	<b>\$ 1,007,043</b>	<b>\$ -</b>	<b>100,797,875</b>
		Less associated debt		(41,137,554)
		<b>Net Investment in Capital Assets</b>		<b>\$ 59,660,321</b>

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

The following is a summary of changes in capital assets for MDD for the year ended September 30, 2023

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ 36,368,037	\$ 38,063,094	\$ (74,431,131)	\$ -
<b>Total Capital Assets Not Being Depreciated</b>	<u>36,368,037</u>	<u>38,063,094</u>	<u>(74,431,131)</u>	<u>-</u>
Capital assets being depreciated:				
Buildings	-	74,431,131	(27,524,898)	46,906,233
<b>Total Capital Assets Being Depreciated</b>	<u>-</u>	<u>74,431,131</u>	<u>(27,524,898)</u>	<u>46,906,233</u>
<b>Total Capital Assets</b>	<u>36,368,037</u>	<u>112,494,225</u>	<u>(101,956,029)</u>	<u>46,906,233</u>
			Less associated debt	<u>(44,881,044)</u>
			<b>Net Investment in Capital Assets</b>	<u>\$ 2,025,189</u>

**E. Long-Term Debt**

The following is a summary of changes in the City's primary government and component units total long-term liabilities for the year ended September 30, 2023. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds, notes, and other payables:					
General obligation bonds	\$ 61,453,858	\$ -	\$ 8,526,750	\$ 52,927,108	\$ 8,009,619
Certificates of obligation	65,325,000	24,270,000	6,705,000	82,890,000	6,760,000
Plus deferred amounts:					
For premiums	16,288,603	1,075,954	1,644,926	15,719,631	-
Leases	-	682,600	70,271	612,329	61,638
	<u>143,067,461</u>	<u>26,028,554</u>	<u>16,946,947</u>	<u>152,149,068</u> *	<u>14,831,257</u>
Other liabilities:					
Net pension liability	28,471,872	52,616,966	-	81,088,838	-
Total OPEB liability	64,757,055	-	19,439,843	45,317,212	1,908,865
Compensated absences	14,741,745	14,881,868	13,267,570	16,356,043	14,720,439
	<u>107,970,672</u>	<u>67,498,834</u>	<u>32,707,413</u>	<u>142,762,093</u>	<u>16,629,304</u>
<b>Total Governmental Activities</b>	<u>\$ 251,038,133</u>	<u>\$ 93,527,388</u>	<u>\$ 49,654,360</u>	<u>\$ 294,911,161</u>	<u>\$ 31,460,561</u>
			<b>Long-term debt due in more than one year</b>	<u>\$ 263,450,600</u>	
			<b>*Debt associated with capital assets</b>	<u>\$ 152,149,068</u>	

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Business-Type Activities</b>					
General obligation bonds	\$ 29,561,144	\$ -	\$ 4,203,250	\$ 25,357,894	\$ 4,455,381
Certificates of obligation	24,685,000	-	1,250,000	23,435,000	1,295,000
Less deferred amounts:					
For premiums	5,276,535	-	600,125	4,676,410	-
	<u>59,522,679</u>	<u>-</u>	<u>6,053,375</u>	<u>53,469,304</u> *	<u>5,750,381</u>
Other liabilities:					
Net pension liability	4,795,179	7,056,388	-	11,851,567	-
Total OPEB liability	9,500,676	-	2,607,050	6,893,626	256,117
Compensated absences	992,660	1,026,026	893,393	1,125,293	1,012,763
	<u>15,288,515</u>	<u>8,082,414</u>	<u>3,500,443</u>	<u>19,870,486</u>	<u>1,268,880</u>
<b>Total Business-Type Activities</b>	<u>\$ 74,811,194</u>	<u>\$ 8,082,414</u>	<u>\$ 9,553,818</u>	<u>\$ 73,339,790</u>	<u>\$ 7,019,261</u>

**Long-term debt due in more than one year**      \$ 66,320,529

**\*Debt associated with capital assets**      \$ 53,469,304

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Discretely Presented Component Units</b>					
Revenue bonds					
BAWA	\$ 40,550,000	\$ -	\$ 1,970,000	\$ 38,580,000 *	\$ 2,005,000
MDD	62,765,000	-	-	62,765,000 **	-
Total revenue bonds	<u>103,315,000</u>	<u>-</u>	<u>1,970,000</u>	<u>101,345,000</u>	<u>2,005,000</u>
Less deferred amounts:					
For premiums					
BAWA	2,726,040	-	168,486	2,557,554 *	-
MDD	9,648,737	-	361,972	9,286,765 **	-
Total premiums	<u>12,374,777</u>	<u>-</u>	<u>530,458</u>	<u>11,844,319</u>	<u>-</u>
<b>Total Discretely Presented Component Units</b>	<u>\$ 115,689,777</u>	<u>\$ -</u>	<u>\$ 2,500,458</u>	<u>\$ 113,189,319</u>	<u>\$ 2,005,000</u>

**Long-term debt payable in more than one year**      \$ 111,184,319

**\*Debt associated with BAWA capital assets**      \$ 41,137,554 \*

**\*\*Debt associated with MDD**      \$ 72,051,765 \*\*  
Less debt for governmental activities asset      (27,170,721)  
**Debt associated with MDD capital assets**      44,881,044

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$1,811,586

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

makes up the internal service funds' compensated absences, net pension liability, and total OPEB liability, which is included in the above amounts for governmental activities. The governmental activities compensated absences, net pension liability, and total OPEB liability are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

**MDD Series 2021 Bonds**

In September of 2021 MDD issued a series of bonds ("2021 Bonds") in the aggregate of \$62,765,000 for the purposes of financing the costs required to design, acquire, construct, equip, and furnish an upscale full-service hotel with just over 200 rooms, as well as a public, City-owned convention center facility along with surface or structured parking and certain public facilities and infrastructure improvements. The issuance of this debt is part of an overall project ("Convention Center and Hotel Project") that includes the management and operation of the newly constructed hotel and convention center facilities. Together, the City and MDD will work as follows: (i) the City will lease to the MDD, pursuant to a ground lease (onetime payment of \$10), a tract of land located in the City as well as owned by the City, on which the hotel ("Hotel Unit") and convention center facilities ("City Facilities Unit") will be constructed; (ii) MDD will file a condominium declaration pursuant to which a Hotel Unit, City Facilities Unit, and General Common Elements will be created; (iii) the MDD will retain ownership of the Hotel Unit; and (iv) the MDD will convey the City Facilities Unit, upon completion of construction, to the City, and the City will then lease the City Facilities Unit to the MDD, pursuant to a City Facilities Unit lease agreement (\$10/month) for use as public meeting and convention center facilities along with public parking.

The Convention Center and Hotel Project will be planned, designed, and constructed pursuant to a Development Management Agreement between MDD and the Development Manager and a Design-Build Agreement with a final guaranteed maximum price between MDD and DPR Construction (the "Design/Builder"). The Hotel and City Facilities Units will be prepared for opening by Hyatt Corporation ("Hyatt") pursuant to a Technical Services Agreement between MDD and Hyatt, and after opening, managed, and operated by Hyatt pursuant to a Hotel Services Agreement between MDD and Hyatt. The 2021 bonds are secured through a pledge of operating revenues from the Hotel and Convention Center Facilities Units as well as sales tax revenue collected by MDD.

**Certificates of Obligation, Series 2022**

During the current year, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2022 (the "Certificates") in the amount of \$24,270,000. Proceeds from the sale of the Certificates will be used for all or any part of the costs associated with (i) the design, construction, and equipment of streets, sidewalks, and related infrastructure; (ii) the design, construction, and equipment of storm water drainage facilities and improvements; (iii) the design, construction, renovation, and equipment of firefighting facilities and the purchase of related land and/or rights-of-way located in the vicinity of the 2200 block of Market Street; (iv) the design, construction, renovation, and equipment of public safety facilities; (v) the design, construction, renovation, and equipment of parks and recreational facilities; (vi) the design, construction, renovation, and equipment of improvements to existing municipal buildings and facilities, including (a) buildings and facilities for municipal courts, public works, facilities maintenance, mosquito control, and environmental health and community services; (b) the Arts League Building; and (c) Sterling Library; and (vii) the cost of professional services incurred in connection therewith. The Certificates will mature during fiscal year 2042 and have an interest rate ranging from 4% to 5%.

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

Long-term governmental activities debt at year end was comprised of the following debt issues:

Description	Interest Rate (%)	Maturity Date	Original Issue	Net Retirement	Outstanding
<b>General Obligation Bonds:</b>					
Refunding, Series 2014	2.00 - 4.00	2034	\$ 28,520,000	\$ 17,255,000	\$ 11,265,000
Refunding, Series 2015	2.00 - 5.00	2035	11,135,000	5,525,706	5,609,294
Refunding, Series 2016	2.00 - 5.00	2028	8,337,324	4,059,510	4,277,814
Refunding, Series 2019	3.00 - 5.00	2030	5,965,000	1,935,000	4,030,000
Refunding, Series 2019A	3.00 - 5.00	2031	9,530,000	3,430,000	6,100,000
Refunding, Series 2020	3.00 - 5.00	2032	16,555,000	5,870,000	10,685,000
Refunding, Series 2021A	4.00 - 5.00	2033	11,781,670	821,670	10,960,000
<b>Total General Obligation Bonds</b>			<u>91,823,994</u>	<u>38,075,216</u>	<u>52,927,108</u>
<b>Certificates of Obligation:</b>					
Series 2015	2.00 - 5.00	2035	6,600,000	2,145,000	4,455,000
Series 2016	2.00 - 5.00	2036	17,635,000	4,755,000	12,880,000
Series 2017	4.00 - 5.00	2027	18,010,000	9,860,000	8,150,000
Series 2019A	3.00 - 4.00	2024	6,925,000	5,260,000	1,665,000
Series 2020	3.00 - 5.00	2040	36,300,000	3,855,000	32,445,000
Series 2022	4.13 - 5.00	2042	24,270,000	975,000	23,295,000
<b>Total Certificates of Obligation</b>			<u>109,740,000</u>	<u>16,760,000</u>	<u>82,890,000</u>
<b>Total General Bonded Debt</b>			<u>\$ 204,583,994</u>	<u>\$ 57,855,216</u>	<u>\$ 135,817,108</u>
<b>Leases:</b>					
EKG Monitors and Defibrillators	2.45	2032	\$ 682,600	\$ 70,271	\$ 612,329
<b>Total Leases</b>			<u>\$ 682,600</u>	<u>\$ 70,271</u>	<u>\$ 612,329</u>

Long-term business-type activities debt at year end was comprised of the following debt issues:

Description	Interest Rate (%)	Maturity Date	Original Issue	Net Retirement	Outstanding
<b>General Obligation Bonds:</b>					
General Obligation and Refunding Series, 2015	2.00 - 5.00	2035	\$ 14,175,000	\$ 7,034,294	\$ 7,140,706
General Obligation and Refunding Series, 2016	2.00 - 5.00	2028	27,192,676	14,385,488	12,807,188
General Obligation and Refunding Series, 2021A	4.00 - 5.00	2033	5,813,330	403,330	5,410,000
<b>Total General Obligation Bonds</b>			<u>47,181,006</u>	<u>21,419,782</u>	<u>25,357,894</u>
<b>Certificates of Obligation:</b>					
Certificates of Obligation, Series 2014	2.00 - 4.00	2034	11,715,000	4,220,000	7,495,000
Certificates of Obligation, Series 2019	3.00 - 5.00	2039	18,440,000	2,500,000	15,940,000
<b>Total Certificates of Obligation</b>			<u>30,155,000</u>	<u>6,720,000</u>	<u>23,435,000</u>
<b>Total Bonded Debt</b>			<u>\$ 77,336,006</u>	<u>\$ 28,139,782</u>	<u>\$ 48,792,894</u>

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

The discretely presented component units' debt at year end was comprised of the following debt issues:

Description	Interest Rate (%)	Maturity Date	Original Issue	Net Retirement	Outstanding
<b>Revenue Bonds</b>					
<b>BAWA</b>					
Series 2012	2.00 - 3.50	2032	\$ 8,315,000	\$ 5,175,000	\$ 3,140,000
Series 2018	4.00 - 5.00	2038	22,040,000	1,340,000	20,700,000
Series 2019	3.00 - 4.00	2038	17,315,000	2,575,000	14,740,000
<b>MDD</b>					
Series 2021A	2.50 - 4.00	2051	18,055,000	-	18,055,000
Series 2021B	3.50 - 5.00	2051	14,030,000	-	14,030,000
Series 2021C	4.00 - 5.00	2051	30,680,000	-	30,680,000
<b>Total Revenue Bonds</b>			<u>110,435,000</u>	<u>9,090,000</u>	<u>101,345,000</u>
<b>Total Bonded Debt</b>			<u>\$ 110,435,000</u>	<u>\$ 9,090,000</u>	<u>\$ 101,345,000</u>

The annual requirements to amortize bond and certificate debt issues outstanding at year end were as follows:

Fiscal Year Ending Sept. 30	Discretely Presented Component Units				Total Primary Government
	Governmental Activities		Business-Type Activities		
	Principal	Interest	Principal	Interest	
2024	\$ 14,769,619	\$ 5,333,794	\$ 5,750,381	\$ 1,800,663	\$ 27,654,457
2025	12,854,168	4,702,906	6,040,832	1,541,150	25,139,056
2026	12,569,938	4,130,035	5,695,062	1,291,333	23,686,368
2027	11,857,591	3,600,723	4,732,409	1,048,814	21,239,537
2028	9,700,728	3,157,205	4,424,273	874,086	18,156,292
2029-2033	38,750,147	10,642,893	13,454,854	2,717,638	65,565,532
2034-2038	23,534,917	4,175,851	7,425,083	738,186	35,874,037
2039-2042	11,780,000	752,491	1,270,000	21,431	13,823,922
<b>Total</b>	<u>\$ 135,817,108</u>	<u>\$ 36,495,898</u>	<u>\$ 48,792,894</u>	<u>\$ 10,033,301</u>	<u>\$ 231,139,201</u>

Fiscal Year Ending Sept. 30	Discretely Presented Component Units				Total
	MDD		BAWA		
	Principal	Interest	Principal	Interest	
2024	\$ -	\$ 2,759,125	\$ 2,005,000	\$ 1,528,994	\$ 6,293,119
2025	-	2,759,125	2,040,000	1,442,669	6,241,794
2026	1,025,000	2,739,263	2,080,000	1,354,219	7,198,482
2027	1,070,000	2,698,575	2,120,000	1,264,269	7,152,844
2028	1,440,000	2,648,013	2,160,000	1,172,400	7,420,413
2029-2033	8,455,000	12,250,737	12,215,000	4,422,801	37,343,538
2034-2038	11,085,000	10,033,500	14,810,000	1,830,450	37,758,950
2039-2043	14,555,000	7,039,000	1,150,000	34,500	22,778,500
2044-2048	15,990,000	3,597,000	-	-	19,587,000
2049-2051	9,145,000	607,550	-	-	9,752,550
<b>Total</b>	<u>\$ 62,765,000</u>	<u>\$ 47,131,888</u>	<u>\$ 38,580,000</u>	<u>\$ 13,050,302</u>	<u>\$ 161,527,190</u>

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds is from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

**Leases**

The City has entered into a lease agreement as lessee for the use of EKG monitors and defibrillators. As of September 30, 2023 the value of the lease liability was \$612,329. The City is required to make yearly payments of \$76,640. The lease interest rate is based on the City’s incremental borrowing rate of 2.45%. In addition, the City’s right-to-use lease asset will be amortized using a straight-line basis over the term of the lease. The value of the right-to-use assets as of the end of the current fiscal year was \$682,600 with accumulated amortization of \$27,683. The future principal and interest payments as of September 30, 2023 for governmental activities were as follows:

Fiscal Year Ending Sep. 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 61,638	\$ 15,002	\$ 76,640
2025	63,148	13,492	76,640
2026	64,695	11,945	76,640
2027	66,280	10,360	76,640
2028	67,904	8,736	76,640
2029-2032	288,664	17,895	306,559
<b>Total</b>	<b>\$ 612,329</b>	<b>\$ 77,430</b>	<b>\$ 689,759</b>

**Federal Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage legislation consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed or are not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the IRS rules and regulations.

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

**F. Interfund Transactions**

Transfers between the primary government funds during the year were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	Water and sewer	\$ 1,561,163
General	Aquatics	250,000
General	Nonmajor governmental	746,250
Debt service	Water and sewer	1,589,875
Debt service	Nonmajor governmental	3,506,981
Capital projects	General	26,533,500
Capital projects	Water and sewer	88,000
Capital projects	Nonmajor enterprise	496,000
Water and sewer	Aquatics	130,951
Water and sewer	Nonmajor enterprise	1,939,840
Water and sewer	Nonmajor governmental	37,099
Internal service	General	300,000
Internal service	Water and sewer	500,000
Nonmajor governmental	Nonmajor enterprise	39,426
Nonmajor governmental	General	750,056
		<u>\$ 38,469,141</u>

Transfers to the debt service fund are for debt service principal and interest payments from funds with collection authorization. Transfers to the capital project funds are for the finance of various capital expenditures. Transfers to nonmajor governmental funds are to provide matching funds for various grant programs. Transfers to the general, water and sewer, and internal service funds are to finance various governmental expenditures in accordance with budget authorizations.

The composition of interfund balances as of year end was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>
General	Nonmajor governmental	\$ 2,707,480
General	Sanitation	855,686
General	Internal service	682,999
General	Storm water	2,017,512
General	Aquatics	417,817
		<u>\$ 6,681,494</u>

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

The composition of interfund advances as of year end was as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amounts</u>
General	Aquatics	<u>\$ 2,250,000</u>

The amount payable to the general fund from the aquatics fund relates to a working capital loan as result of the City having to close its water parks in response to the COVID-19 pandemic. It is anticipated that the aquatics fund will pay back the advance over the next five years if sufficient resources are available; however, the City is providing for a maximum of up to ten years.

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

**G. Fund Equity**

As of September 30, 2023, \$7,819,641 of the City’s total fund balance is restricted by enabling legislation.

**IV. OTHER INFORMATION**

**A. Risk Management**

The City 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 City participates along with 2,824 other entities in the Texas Municipal League’s Intergovernmental Risk Pools (the “Pool”). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

The City maintains a self-insurance program for medical benefits and workers’ compensation. The risk management internal service fund pays claims and judgments, maintains loss reserves, and purchases insurance coverage as required. A third-party administrator pays group medical benefits and workers’ compensation claims. Revenues are recognized from payroll deductions for employee dependent coverage, from City contributions for employee coverage, and from interest earnings.

Group medical benefits have an annually negotiated specific and aggregate stop-loss policy. The fund provides the first dollar coverage of claims up to the casualty insurance policy’s deductible amounts. This policy also contains aggregate excess loss coverage for claims in excess of approximately \$3 million, less any amounts reimbursed on the individual stop-loss insurance. Medical claims liabilities have been recorded at \$1,703,105 as of September 30, 2023.

The City maintains third-party coverage for workers’ compensation claims that exceed \$300,000 per individual claim. Workers’ compensation claims and judgments at year end have been recorded at \$789,001. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of allocation to specific claims.

Changes in the balances of claim liabilities during the past year are as follows:

<b>Reconciliation of Changes in the Aggregate Liabilities for Claims and Judgments:</b>	<b>2023</b>	<b>2022</b>
Unpaid claims, beginning of year	\$ 2,416,560	\$ 2,272,414
Plus: incurred claims (including IBNR)	13,795,634	12,546,517
Less: claim payments	(13,720,088)	(12,402,371)
<b>Unpaid Claims, End of Year</b>	<b>\$ 2,492,106</b>	<b>\$ 2,416,560</b>

**B. Related Party Transactions**

The City and BAWA entered into an agreement on November 26, 1996 to provide treated water to the City. BAWA is contractually obligated to provide treated water to the City with a maximum obligation of 14.22 million gallons per day per month through calendar year 2040. Should the

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

consumption exceed the contract quantity by ten percent, a five percent surcharge shall be charged against that portion of the consumption that exceeds the contract quantity.

**C. Contingent Liabilities**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that resolution of these matters will not have a material adverse effect of the financial condition of the City.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. With the exception of medical and workers' compensation claims, no other claim liabilities are reported at year end.

**D. Pension Plan**

**Texas Municipal Retirement System**

The City participates as one of 909 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the "TMRS Act") as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees (the "Board"); however, TMRS is not fiscally dependent on the State. TMRS issues a publicly available annual comprehensive financial report that can be obtained at [tmrs.com](http://tmrs.com).

All eligible employees of the City are required to participate in TMRS.

**Benefits Provided**

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the member's benefit is calculated based on the sum of the member's contributions, with interest, and the City-financed monetary credits, with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest.

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<b>2023</b>	<b>2022</b>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees Covered by Benefit Terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	559
Inactive employees entitled to, but not yet receiving, benefits	456
Active employees	896
<b>Total</b>	1,911

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City-matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.29% and 17.56% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2023 were \$13,952,947, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-Distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active members, healthy retirees, and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. The assumptions were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for the annuity purchase rates is based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, TMRS' actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global equity	35.0%	7.7%
Core fixed income	6.0%	4.9%
Non-core fixed income	20.0%	8.7%
Other public and private market	12.0%	8.1%
Real estate	12.0%	5.8%
Hedge funds	5.0%	6.9%
Private equity	10.0%	11.8%
<b>Total</b>	<b>100.0%</b>	

Discount Rate

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in statute. Based on that assumption, TMRS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(A)	(B)	(A) - (B)
Changes for the year:			
Service cost	\$ 12,593,996	\$ -	\$ 12,593,996
Interest	27,855,064	-	27,855,064
Difference between expected and actual experience	9,077,246	-	9,077,246
Contributions - employer	-	12,629,578	(12,629,578)
Contributions - employee	-	5,113,571	(5,113,571)
Net investment income	-	(27,936,906)	27,936,906
Benefit payments, including refunds of employee contributions	(18,889,707)	(18,889,707)	-
Administrative expense	-	(241,643)	241,643
Other changes	-	288,352	(288,352)
<b>Net Changes</b>	<b>30,636,599</b>	<b>(29,036,755)</b>	<b>59,673,354</b>
Balance at December 31, 2021	415,815,475	382,548,424	33,267,051
<b>Balance at December 31, 2022</b>	<b>\$ 446,452,074</b>	<b>\$ 353,511,669</b>	<b>\$ 92,940,405</b>

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 6.75%, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 158,665,037	\$ 92,940,405	\$ 39,215,271

Pension Plan Fiduciary Net Position

Detailed information about TMRS's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$19,666,874.

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 10,812,193	\$ 3,695
Changes in actuarial assumptions	117,041	-
Difference between projected and actual investment earnings	24,493,594	-
Contributions subsequent to the measurement date	10,876,769	-
<b>Total</b>	<b>\$ 46,299,597</b>	<b>\$ 3,695</b>

\$10,876,769 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year Ended September 30:</b>	<b>Pension Expense</b>
2024	\$ 4,635,987
2025	9,076,957
2026	9,457,321
2027	12,248,868
<b>Total</b>	<b>\$ 35,419,133</b>

**E. Other Postemployment Benefits**

**1. TMRS - Supplemental Death Benefits**

Plan Description

The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The SDBF's funding policy assures that adequate resources are available to meet all

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

death benefit payments for the upcoming year. The SDBF is a pay-as-you-go fund, and any excess contributions are available for future SDBF benefits.

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

Participation in the SDBF as of December 31, 2022 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	411
Inactive employees entitled to, but not yet receiving, benefits	124
Active employees	896
<b>Total</b>	<b>1,431</b>

Total OPEB Liability

The City's total OPEB liability of \$2,336,646 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement period, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	4.05%
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.50% and 3.00% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Due to the higher mortality rates associated with the global pandemic, the TMRS Board adopted changes to the assumptions and methodology used for calculating 2023 and 2024 rates as determined in the December 31, 2021 and December 31, 2022 actuarial valuations, respectively.

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Changes for the year:	
Service cost	\$ 160,712
Interest	63,645
Differences between expected and actual experience	(36,422)
Changes of assumptions	(1,200,681)
Benefit payments*	(58,441)
	<b>Net Changes</b> (1,071,187)
Beginning balance	3,407,833
	<b>Ending balance</b> \$ 2,336,646

\*Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the City's yearly contributions for retirees.

The discount rate increased from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	<b>1% Decrease in Discount Rate (3.05%)</b>	<b>Discount Rate (4.05%)</b>	<b>1% Increase in Discount Rate (5.05%)</b>
City's Total OPEB Liability	\$ 2,796,740	\$ 2,336,646	\$ 1,976,832

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City recognized OPEB expense of \$134,115. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 61,422	\$ 279,076
Changes in actuarial assumptions	478,320	1,048,600
Contributions subsequent to the measurement date	55,452	-
<b>Total</b>	\$ 595,194	\$ 1,327,676

\$55,452 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2024.

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Fiscal Year Ended September 30</b>	<b>OPEB Expense</b>
2024	\$ (105,674)
2025	(127,849)
2026	(132,092)
2027	(161,593)
2028	(192,544)
Thereafter	(68,182)
	<u>\$ (787,934)</u>

**2. Postemployment Healthcare Plan**

Plan Description

The City administers a single-employer defined benefit OPEB plan, known as the City of Baytown Retiree Healthcare Plan (the “Plan”). The Plan offers medical benefits for eligible retirees and their dependents. The premiums are based on a combination of years of service and hire date, and the coverage levels for retirees are the same as coverage provided to active employees. Upon the death of the retiree, spouses are eligible to receive the same coverage at the same rate. Like the retiree, the coverage is supplemental once the spouse is eligible for Medicare. The City requires all covered retirees/spouses to apply for Medicare when eligible in order to continue coverage under the City’s Plan.

Employees hired after January 1, 2010 are not eligible for benefits under this Plan.

A separate, audited GAAP basis postemployment benefit plan report is not available for this Plan.

Participation in the Plan as of December 31, 2022 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	278
Active employees	247
<b>Total</b>	<u>525</u>

Funding Policy

The City has elected to subsidize premiums for the Plan and funding is provided on a pay-as-you-go basis. There are no assets accumulated in a trust.

Total OPEB Liability

The City’s total OPEB liability of \$49,874,192 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement period, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate*	4.05%
Actuarial cost method	Individual entry-age normal
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the TMRS.
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Healthcare trends rates	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.25% after 15 years Post-65: Initial rate of 6.10% declining to an ultimate rate of 4.25% after 11 years.
Participation rates	Hired before January 1, 2004: 85% for retirees with 10 or more years of service; 0% for retirees with less than 10 years of service; Hired on or after January 1, 2004: 85% for retirees with 25 or more years of service; 40% for retirees with 20 to 24 years of service; 20% for retirees with 15 to 19 years of service; 0% for retirees with less than 15 years of service Retirees hired on or after January 1, 2004 with less than 25 years of service are assumed to discontinue their health coverage when they become eligible for Medicare.

\* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Changes for the year:	
Service cost	\$ 1,927,192
Interest	1,300,835
Difference between expected and actual experience	(10,995,118)
Changes of assumptions	(10,976,752)
Benefit payments	(2,231,863)
	<u>Net Changes</u>
	(20,975,706)
Beginning balance	70,849,898
	<u>Ending Balance</u>
	\$ 49,874,192

Changes in benefit terms were related to the benefits provided to Medicare retirees. Changes of assumptions reflect a change in the discount rate from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022, the removal of excise tax load, and revised TMRS demographic and salary increase assumptions.

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

Sensitivity of Total OPEB Liability to the Discount Rate

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the Plan's total OPEB liability, calculated using a discount rate of 4.05%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	<b>1% Decrease in Discount Rate (3.05%)</b>	<b>Discount Rate (4.05%)</b>	<b>1% Increase in Discount Rate (5.05%)</b>
City's Total OPEB Liability	\$ 54,185,381	\$ 49,874,192	\$ 45,951,413

Sensitivity of Total OPEB Liability to the Healthcare Costs Trend Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the Plan's total OPEB liability, calculated using the assumed trend rates, as well as what the Plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate Assumption</b>	<b>1% Increase</b>
City's Total OPEB Liability	\$ 45,078,051	\$ 49,874,192	\$ 55,433,747

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2023, the City recognized OPEB income of \$570,201. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 3,306	\$ 12,066,361
Changes in actuarial assumptions	5,261,919	8,279,725
Contributions subsequent to the measurement date	1,543,709	-
<b>Total</b>	<b>\$ 6,808,934</b>	<b>\$ 20,346,086</b>

\$1,543,709 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2024.

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2023

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Fiscal Year Ended September 30</b>	<b>OPEB Expense</b>
2024	\$ (4,266,669)
2025	(5,539,646)
2026	(5,274,546)
	<u>\$ (15,080,861)</u>

**3. Aggregate Total OPEB Expenses/Expenditures**

The City recognized aggregate total OPEB income of \$436,086 during the fiscal year ending September 30, 2023 related to the City’s TMRS and City-administered OPEB plans.

**F. Tax Abatements**

**Chapter 380 Economic Development Agreements**

Chapter 380 of the Texas Local Government Code, *Miscellaneous Provisions Relating to Municipal Planning and Development*, provides the authority to the governing body of a municipality to establish and provide for the administration of one or more programs to promote state or local economic development and to stimulate business and commercial activity in the municipality.

Sales Taxes

The City has entered into sales tax abatement agreements (the “Agreements”) with several developers as authorized by Chapter 380 of the Texas Local Government Code.

Under each Agreement, the developers must meet certain commercial/retail development and/or employment requirements in order to have a portion of their sales taxes abated. The minimum limitation value varies by Agreement. Each Agreement provides for recapture in the event of material breach. The following summarizes the current Agreements over 10% of total taxes abated:

- A developer constructed a retail development of at least 60,000 square feet (the “Project”) for the purpose of promoting economic development in the City and stimulating business and commercial activity. The retail store opened for business in December 2014. The Agreement expires 15 years after January 1 following the year in which a certificate of occupancy is issued for the Project. The City will make payments to the developer from sales tax revenues at an amount equal to 1% of taxable sales generated by the Project. For the year ended September 30, 2023, the total amount of taxes abated were \$468,367 for the City and \$156,122 for the MDD.
- A developer will construct a new shopping center with approximately 170,000 square feet of new retail shops and anchored by a 120,000 square-foot grocery store (the “Project”) for the purpose of creating and/or retaining at least 135 full-time equivalent (FTE) employees. The City has granted the developer a tax limitation of \$2.5 million for a period of 10 years. In order to be eligible to receive the limitation, the developer must have invested at least \$21 million during the time period beginning April 10, 2014 and ending December 31, 2015, and the taxable value for the property should have a minimum value of \$15 million. The City will

**CITY OF BAYTOWN, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2023**

make annual payments to the developer from sales tax revenues at an amount equal to 1% of taxable sales generated by the Project beginning 14 months after the grocery store opens to the public. For the year ended September 30, 2023, the total amount of taxes abated was \$368,834 for the City.

- A developer will construct an HEB grocery store (the “Project”) for the purpose of creating and/or retaining at least 100 FTE employees. The City has granted the developer a tax limitation of \$2.75 million for a period of 10 years. In order to be eligible to receive the limitation, the developer must have invested at least \$15 million during the time period beginning May 26, 2016 and ending January 1, 2018, and the taxable value for the property should have a minimum value of \$10 million. The City will make annual payments to the developer from sales tax revenues at an amount equal to 100% of annual sales tax collected at the Project over \$50,000. For the year ended September 30, 2023, the total amount of taxes abated was \$280,795 for the City.

Property Taxes

On April 20, 2022, the City entered into a Chapter 380 agreement with a developer to construct a public golf course and related amenities, features, and retail businesses (the “Project”) on land that the City is leasing to the developer. Upon completion of the Project, the value of the property shall be at least \$10 million. In return, the City will provide the developer with a \$6 million cash incentive payment and agreed to reimburse the developer for any City property taxes that become due within twenty years from the date of execution of this agreement. Additionally, the City will also waive any related permit fees for the construction of the Project. For the year ended September 30, 2023, the total amount of taxes abated was \$57,949 for the City.

**G. Section 212 Agreement**

A Chapter 212 agreement is part of the Texas Local Government Code (Section 212.172) that grants cities the ability to enter a written contract with property owners to grant land immunity from annexation for a period not to exceed a total duration of 45 years. Additionally, this allows the City to receive funds in lieu of taxes without providing services to the property.

On September 24, 2019, the City entered into a Section 212 agreement (the “Agreement”) with Enterprise Products Operating LLC. As part of the Agreement, the City will receive two payments of \$33 million in October 2019 and July 2020 for the design and construction of a public safety building. The City will not annex the property through calendar year 2054 and in exchange will receive annual contractual payments as defined in the Agreement.

In December 2022, the City approved a Section 212 agreement (the “Agreement”) with ExxonMobil beginning January 1, 2023 through December 31, 2057. As part of the Agreement, ExxonMobil will make 4 annual payments of \$18,750,000 in years 2024 through 2027 towards the design and construction of a multipurpose event center, or another building with a substantial community benefit. The City will not annex the property through calendar year 2057 and in exchange will receive annual contractual payments as defined in the Agreement.

**CITY OF BAYTOWN, TEXAS**  
*NOTES TO FINANCIAL STATEMENTS (Continued)*  
 For the Year Ended September 30, 2023

**H. Restatement**

The City has restated beginning net position for governmental activities for additions to construction in progress.

	<b>Governmental Activities</b>
<b>Beginning net position as reported</b>	\$ 265,792,743
Construction in progress	3,022,772
<b>Beginning net position , as restated</b>	<b>\$ 268,815,515</b>

***REQUIRED SUPPLEMENTARY INFORMATION***

**CITY OF BAYTOWN, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND (BUDGET BASIS) (Page 1 of 2)**  
**For the Year Ended September 30, 2023**

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>				
Taxes	\$ 116,308,632	\$ 116,308,632	\$ 118,315,525	\$ 2,006,893
Licenses and permits	2,652,467	2,652,467	2,082,869	(569,598)
Charges for services	2,487,976	2,487,976	3,054,313	566,337
Fines and forfeitures	1,934,015	1,934,015	1,472,787	(461,228)
Intergovernmental	1,823,933	1,823,933	2,805,297	981,364
Investment earnings, net	189,544	189,544	2,608,461	2,418,917
Miscellaneous	888,711	888,711	1,023,764	135,053
<b>Total Revenues</b>	<u>126,285,278</u>	<u>126,285,278</u>	<u>131,363,016</u>	<u>5,077,738</u>
<b><u>Expenditures</u></b>				
General government:				
General administration	3,230,660	3,216,112	3,212,529	3,583
Fiscal operation	3,252,794	3,133,134	3,133,134	-
Legal services	1,583,499	1,122,718	1,122,718	-
Information technology services	5,624,658	5,384,441	5,070,368	314,073
Planning and development	5,523,355	3,713,972	3,713,972	-
Human resources	1,703,404	1,422,847	1,422,847	-
City clerk	1,708,789	1,088,050	1,088,050	-
Municipal court	1,885,720	1,685,765	1,685,765	-
City facilities	3,263,863	4,387,949	5,259,497	(871,548) *
General overhead	5,910,167	4,224,626	4,196,510	28,116
Public safety:				
Police	29,918,599	34,193,841	34,193,841	-
Fire	28,260,269	30,818,946	30,818,946	-
Emergency management	379,255	369,846	369,846	-
Communication	2,371,490	2,250,196	2,250,196	-
Public works:				
Public works administration	668,675	604,185	604,185	-
Streets and drainage	3,031,238	2,755,235	2,755,235	-
Traffic control	2,132,209	2,156,101	2,156,101	-
Engineering	1,501,871	1,266,410	1,266,410	-
Public health:				
Health and welfare	5,614,930	4,736,148	4,728,776	7,372

**CITY OF BAYTOWN, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND (BUDGET BASIS) (Page 2 of 2)**  
**For the Year Ended September 30, 2023**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b><u>Expenditures (continued)</u></b>				
Parks, recreation, and culture:				
Parks and recreation	\$ 9,736,642	\$ 9,250,648	\$ 9,250,516	\$ 132
Library	3,035,919	2,786,167	2,722,409	63,758
Capital outlay	1,466,533	1,237,202	1,237,202	-
<b>Total Expenditures</b>	121,804,539	121,804,539	122,259,053	(454,514)
<b>Excess of Revenues Over Expenditures</b>	4,480,739	4,480,739	9,103,963	4,623,224
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers in	2,557,413	2,557,413	2,557,413	-
Transfers (out)	(26,314,556)	(26,314,556)	(27,583,556)	(1,269,000) *
<b>Total Other Financing (Uses)</b>	(23,757,143)	(23,757,143)	(25,026,143)	(1,269,000)
<b>Net Change in Fund Balance</b>	\$ (19,276,404)	\$ (19,276,404)	(15,922,180)	\$ 3,354,224
Beginning fund balance			41,921,695	
		<b>Ending Fund Balance</b>	\$ 25,999,515	

**Notes to Required Supplementary Information (RSI):**

1. Annual budgets are adopted on a basis that differs from generally accepted accounting principles (GAAP).
2. \*Expenditures exceed appropriations at the legal level of control.

**CITY OF BAYTOWN, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**For the Year Ended September 30, 2023**

	Measurement Year*			
	2014	2015	2016	2017
<b>Total Pension Liability</b>				
Service cost	\$ 6,471,577	\$ 8,127,561	\$ 8,639,660	\$ 9,505,851
Interest (on the total pension liability)	17,784,453	18,735,575	19,146,665	20,476,853
Difference between expected and actual experience	(808,317)	551,216	2,654,261	4,775,043
Change of assumptions	-	(594,640)	-	-
Benefit payments, including refunds of employee contributions	(9,907,018)	(11,469,477)	(10,675,604)	(11,658,784)
<b>Net Change in Total Pension Liability</b>	<b>13,540,695</b>	<b>15,350,235</b>	<b>19,764,982</b>	<b>23,098,963</b>
Beginning total pension liability	255,781,341	269,322,036	284,672,271	304,437,253
<b>Ending Total Pension Liability</b>	<b>\$ 269,322,036</b>	<b>\$ 284,672,271</b>	<b>\$ 304,437,253</b>	<b>\$ 327,536,216</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 8,047,897	\$ 8,914,739	\$ 8,895,386	\$ 9,799,029
Contributions - employee	3,084,135	3,484,275	3,578,436	3,946,676
Net investment income	12,060,112	330,488	15,208,788	33,524,553
Benefit payments, including refunds of employee contributions	(9,907,018)	(11,469,477)	(10,675,604)	(11,658,784)
Administrative expense	(125,912)	(201,293)	(171,743)	(173,706)
Other	(10,352)	(9,943)	(9,253)	(8,803)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>13,148,862</b>	<b>1,048,789</b>	<b>16,826,010</b>	<b>35,428,965</b>
Beginning plan fiduciary net position	210,817,601	223,966,463	225,015,252	241,841,262
<b>Ending Plan Fiduciary Net Position</b>	<b>\$ 223,966,463</b>	<b>\$ 225,015,252</b>	<b>\$ 241,841,262</b>	<b>\$ 277,270,227</b>
<b>Net Pension Liability</b>	<b>\$ 45,355,573</b>	<b>\$ 59,657,019</b>	<b>\$ 62,595,991</b>	<b>\$ 50,265,989</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	83.16%	79.04%	79.44%	84.65%
<b>Covered Payroll</b>	\$ 44,050,070	\$ 49,770,734	\$ 51,122,246	\$ 56,381,087
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	102.96%	119.86%	122.44%	89.15%

\*Only nine years of information is currently available. The City will build this schedule over the next one-year period.

Measurement Year*				
2018	2019	2020	2021	2022
\$ 10,127,083	\$ 10,545,309	\$ 11,508,530	\$ 12,080,272	\$ 12,593,996
21,995,577	23,230,034	24,653,471	26,056,865	27,855,064
(171,679)	813,552	12,778	5,884,509	9,077,246
-	625,913	-	-	-
(13,478,701)	(14,264,999)	(14,951,922)	(16,387,333)	(18,889,707)
18,472,280	20,949,809	21,222,857	27,634,313	30,636,599
327,536,216	346,008,496	366,958,305	388,181,162	415,815,475
<u>\$ 346,008,496</u>	<u>\$ 366,958,305</u>	<u>\$ 388,181,162</u>	<u>\$ 415,815,475</u>	<u>\$ 446,452,074</u>
\$ 10,480,633	\$ 11,058,056	\$ 11,658,876	\$ 12,432,056	\$ 12,629,578
4,194,650	4,413,690	4,725,986	4,925,880	5,113,571
(8,307,740)	41,757,202	23,745,617	44,049,995	(27,936,906)
(13,478,701)	(14,264,999)	(14,951,922)	(16,387,333)	(18,889,707)
(160,519)	(235,850)	(153,594)	(203,716)	(241,643)
(8,387)	(7,085)	(5,993)	1,395	288,352
(7,280,064)	42,721,014	25,018,970	44,818,277	(29,036,755)
277,270,227	269,990,163	312,711,177	337,730,147	382,548,424
<u>\$ 269,990,163</u>	<u>\$ 312,711,177</u>	<u>\$ 337,730,147</u>	<u>\$ 382,548,424</u>	<u>\$ 353,511,669</u>
<u>\$ 76,018,333</u>	<u>\$ 54,247,128</u>	<u>\$ 50,451,015</u>	<u>\$ 33,267,051</u>	<u>\$ 92,940,405</u>
78.03%	85.22%	87.00%	92.00%	79.18%
\$ 59,923,569	\$ 62,546,317	\$ 67,105,132	\$ 70,356,852	\$ 73,051,021
126.86%	86.73%	75.18%	47.28%	127.23%

**CITY OF BAYTOWN, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**For the Year Ended September 30, 2023**

	Fiscal Year			
	2014	2015	2016	2017
Actuarially determined contribution	\$ 8,038,778	\$ 8,457,544	\$ 8,816,321	\$ 9,559,801
Contributions in relation to the actuarially determined contribution	(7,860,733)	(8,382,681)	(8,816,321)	(9,559,801)
Contribution deficiency (excess)	\$ 178,045	\$ 74,863	\$ -	\$ -
 Covered payroll	 \$ 43,136,904	 \$ 46,789,701	 \$ 50,270,039	 \$ 54,987,984
 Contributions as a percentage of covered payroll	 18.22%	 17.92%	 17.54%	 17.39%

**Notes to Required Supplementary Information:**

1. Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years (longest amortization ladder)
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period December 31, 2014 - December 31, 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

3. Other Information:

There were no benefit changes during the year.

<b>Fiscal Year</b>					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 10,405,269	\$ 10,811,996	\$ 11,453,850	\$ 12,246,744	\$ 12,953,718	\$ 13,952,947
<u>(10,405,269)</u>	<u>(10,811,996)</u>	<u>(11,453,850)</u>	<u>(12,246,744)</u>	<u>(12,953,718)</u>	<u>(13,952,947)</u>
<u>\$ -</u>					
\$ 59,592,299	\$ 61,478,073	\$ 65,800,160	\$ 69,676,086	\$ 74,509,317	\$ 79,405,012
17.46%	17.59%	17.41%	17.58%	17.39%	17.57%

**CITY OF BAYTOWN, TEXAS**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**For the Year Ended September 30, 2023**

	Measurement Year*			
	2017	2018	2019	2020
<b>Total OPEB Liability</b>				
Service cost	\$ 73,295	\$ 95,878	\$ 81,310	\$ 120,789
Interest (on the total pension liability)	75,086	76,375	94,941	74,332
Difference between expected and actual experience	-	271,772	(458,161)	(55,817)
Change of assumptions	184,572	(163,718)	425,532	436,778
Benefit payments**	(22,552)	(23,969)	(18,764)	(20,132)
<b>Net Change in Total OPEB Liability</b>	310,401	256,338	124,858	555,950
Beginning total OPEB liability	1,961,041	2,271,442	2,527,780	2,652,638
<b>Ending Total OPEB Liability</b>	<u>\$ 2,271,442</u>	<u>\$ 2,527,780</u>	<u>\$ 2,652,638</u>	<u>\$ 3,208,588</u>
<b>Covered-Employee Payroll</b>	\$ 56,381,087	\$ 59,923,569	\$ 62,546,317	\$ 67,105,132
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	4.03%	4.22%	4.24%	4.78%

\*Only six years of information is currently available. The City will build this schedule over the next four-year period.

\*\*Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

**Notes to Required Supplementary Information:**

1. Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	4.05%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.50% and 3.00% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

3. Other Information:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period of December 31, 2014 to December 31, 2018.

There were no benefit changes during the year.

<b>Measurement Year*</b>	
<b>2021</b>	<b>2022</b>
\$ 154,785	\$ 160,712
65,157	63,645
(72,397)	(36,422)
107,985	(1,200,681)
(56,285)	(58,441)
199,245	(1,071,187)
3,208,588	3,407,833
<u>\$ 3,407,833</u>	<u>\$ 2,336,646</u>
\$ 70,356,852	\$ 73,051,021
4.84%	3.20%

**CITY OF BAYTOWN, TEXAS**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**RETIREE MEDICAL PROGRAM**  
**For the Year Ended September 30, 2023**

	Measurement Year*			
	2017	2018	2019	2020
<b>Total OPEB Liability</b>				
Service cost	\$ 1,861,181	\$ 1,986,766	\$ 1,487,097	\$ 1,915,956
Interest (on the total pension liability)	2,838,019	2,730,655	2,154,784	1,954,304
Changes of benefit terms	-	(23,899,416)	-	-
Difference between expected and actual experience	159,845	(1,239,134)	14,206	(9,960,290)
Change of assumptions	5,418,885	(1,485,071)	11,111,807	5,438,103
Benefit payments	(2,259,781)	(2,404,734)	(2,116,616)	(1,877,684)
<b>Net Change in Total OPEB Liability</b>	8,018,149	(24,310,934)	12,651,278	(2,529,611)
Beginning total OPEB liability	74,687,980	82,706,129	58,395,195	71,046,473
<b>Ending Total OPEB Liability</b>	<u>\$ 82,706,129</u>	<u>\$ 58,395,195</u>	<u>\$ 71,046,473</u>	<u>\$ 68,516,862</u>
 <b>Covered-Employee Payroll</b>	 \$ 32,060,676	 \$ 28,787,235	 \$ 29,139,987	 \$ 30,750,114
 <b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	 257.97%	 202.85%	 243.81%	 222.82%

\*Only six years of information is currently available. The City will build this schedule over the next four-year period.

**Notes to Required Supplementary Information:**

1. Changes in Assumptions:

Changes in assumptions reflect a change in the discount rate from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022.

2. Other Information

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension s* (GASB 75).

<b>Measurement Year*</b>	
<b>2021</b>	<b>2022</b>
\$ 2,030,932	\$ 1,927,192
1,370,813	1,300,835
-	-
(322,792)	(10,995,118)
1,237,458	(10,976,752)
<u>(1,983,375)</u>	<u>(2,231,863)</u>
2,333,036	(20,975,706)
68,516,862	70,849,898
<u>\$ 70,849,898</u>	<u>\$ 49,874,192</u>
\$ 25,264,705	\$ 26,635,548
280.43%	187.25%

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***COMBINING STATEMENTS  
AND SCHEDULES***

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**CITY OF BAYTOWN, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**

For the Year Ended September 30, 2023

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Revenues</b>				
Property taxes	\$ 16,417,870	\$ 16,417,870	\$ 15,367,939	\$ (1,049,931)
Intergovernmental	1,359,300	1,359,300	435,637	(923,663)
Investment earnings	20,000	20,000	43,226	23,226
Miscellaneous	-	-	7,261	7,261
<b>Total Revenues</b>	<u>17,797,170</u>	<u>17,797,170</u>	<u>15,854,063</u>	<u>(1,943,107)</u>
<b>Expenditures</b>				
<b>Debt service:</b>				
Principal	19,324,981	19,435,000	15,231,750	4,203,250
Interest and fiscal agent fees	6,598,922	6,988,903	5,719,169	1,269,734
Issuance costs	500,000	-	-	-
<b>Total Expenditures</b>	<u>26,423,903</u>	<u>26,423,903</u>	<u>20,950,919</u>	<u>5,472,984</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	(8,626,733)	(8,626,733)	(5,096,856)	3,529,877
<b>Other Financing Sources (Uses)</b>				
Transfers in	6,770,909	6,770,909	5,096,856	(1,674,053)
<b>Total Other Financing Sources</b>	<u>6,770,909</u>	<u>6,770,909</u>	<u>5,096,856</u>	<u>(1,674,053)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,855,824)</u>	<u>\$ (1,855,824)</u>	-	<u>\$ 1,855,824</u>
Beginning fund balance			-	
<b>Ending Fund Balance</b>			<u>\$ -</u>	

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# **CITY OF BAYTOWN, TEXAS**

## ***NONMAJOR GOVERNMENTAL FUNDS***

September 30, 2023

### ***SPECIAL REVENUE FUNDS***

The **Special Revenue Funds** are used to account for and report the proceeds of specific revenue resources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

#### ***Community Development Block Grant Fund***

This fund is used to account for the operations of projects utilizing grant funds received from the Department of Housing and Urban Development (HUD). Such revenues are restricted to expenditures for specified projects approved/outlined by HUD.

#### ***Emergency Management Fund***

This fund is used to account for the revenues and expenditures for the emergency management program. The City receives funds from local industries and a federal grant from Federal Emergency Management Agency that the City matches for emergency preparedness activities.

#### ***Library Fund***

This fund is used to account for funds granted by the State of Texas Library and the Department of Education. The grants are restricted for use for library services for the disadvantaged population and literacy programs.

#### ***Crime Control and Prevention District Fund***

This fund is used to account for a one-eighth percent sales tax. The tax is dedicated to crime control and prevention programs. The district is dissolved on the fifth anniversary of the date the district began to levy taxes for district purposes, if the district has not held a continuation or dissolution referendum (Texas Local Government Code, Chapter 363).

#### ***Police Grant Fund***

This fund is used to account for revenues and grants provided to the City by the U.S. Department of Justice - Office of Justice Programs and the Office of National Drug Control Policy, forfeitures of seized funds or assets, and local agency contributions. The funds are restricted to use for crime prevention and drug resistance programs for school-aged children.

#### ***Hotel/Motel Fund***

This fund is used to account for the accumulation of resources from the hotel/motel tax levied by the City. These funds are spent to promote the progress and development of the City within the guidelines set forth on disposition of revenues collected under the authority of the Texas Hotel Occupancy Tax Act (Article 1269, Vernon's Texas Civil Statutes).

#### ***Fire Control, Prevention, and Emergency Medical Services (EMS) District Fund***

This fund is dedicated to fire safety and emergency medical services and the adoption of a proposed local sales and use tax at a rate of one-eighth of one percent. The district is dissolved on the fifth anniversary of the date the district began to levy taxes for district purposes, if the district has not held a continuation or dissolution referendum (Texas Local Government Code, Chapter 344).

#### ***Tax Increment Reinvestment Zone (TIRZ) No. 1 Fund***

This fund is used to finance public improvements in a designated zone utilizing the property tax increment, or growth in value, subsequent to the creation of the zone.

#### ***Crossings at Baytown Public Improvement District (PID) Fund***

This fund is used to track the special assesment revenue and development expenditures in the Crossings at Baytown PID.

#### ***Bay Creek Public Improvement District (PID) Fund***

This fund is used to track the special assesment revenue and development expenditures in the Bay Creek PID.

#### ***Bayview Heights Public Improvement District (PID) Fund***

This fund is used to track the special assesment revenue and development expenditures in the Bayview Heights PID.

#### ***Other Special Revenues Fund***

This fund is dedicated to special revenue. The majority of the special revenue is from grants for recovery from Hurricane Ike. Other special revenues consists of various sources such as revenues for permit fees and other local grants.

**CITY OF BAYTOWN, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)**  
September 30, 2023

	Special Revenue Funds			
	Community Development Block Grant	Emergency Management	Library	Crime Control and Prevention District
<b>Assets</b>				
Current assets:				
Cash and equity in pooled cash and investments	\$ -	\$ 97,805	\$ 124,110	\$ 1,962,557
Taxes receivable	-	-	-	388,078
Accounts receivable	2,742,740	224,521	-	-
<b>Total Assets</b>	<u>\$ 2,742,740</u>	<u>\$ 322,326</u>	<u>\$ 124,110</u>	<u>\$ 2,350,635</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 945,144	\$ -	\$ 12,435	\$ 3,487
Due to other funds	1,486,861	8,414	-	-
Unearned revenue	710,408	3,486	-	-
<b>Total Liabilities</b>	<u>3,142,413</u>	<u>11,900</u>	<u>12,435</u>	<u>3,487</u>
Deferred inflows of resources:				
Unavailable revenue - grants	1,254,675	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>1,254,675</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted:				
Special projects	-	310,426	111,675	2,347,148
Unassigned	(1,654,348)	-	-	-
<b>Total Fund Balances</b>	<u>(1,654,348)</u>	<u>310,426</u>	<u>111,675</u>	<u>2,347,148</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 2,742,740</u>	<u>\$ 322,326</u>	<u>\$ 124,110</u>	<u>\$ 2,350,635</u>

**Special Revenue Funds**

<u>Police Grant</u>	<u>Hotel/Motel</u>	<u>Fire Control, Prevention, and EMS District</u>	<u>TIRZ No. 1</u>	<u>Crossings at Baytown PID</u>	<u>Bay Creek PID</u>
\$ -	\$ 2,605,768	\$ 2,164,644	\$ 4,576,424	\$ -	\$ 20,543
-	337,239	392,251	-	6,301	-
1,478,802	-	1,869	-	-	-
<u>\$ 1,478,802</u>	<u>\$ 2,943,007</u>	<u>\$ 2,558,764</u>	<u>\$ 4,576,424</u>	<u>\$ 6,301</u>	<u>\$ 20,543</u>
\$ 187,157	\$ 29,278	\$ -	\$ 16,692	\$ -	\$ -
1,143,970	-	-	-	27,279	14,646
-	-	-	-	-	-
<u>1,331,127</u>	<u>29,278</u>	<u>-</u>	<u>16,692</u>	<u>27,279</u>	<u>14,646</u>
-	-	-	-	-	-
-	-	-	-	-	-
147,675	2,913,729	2,558,764	4,559,732	-	5,897
-	-	-	-	(20,978)	-
<u>147,675</u>	<u>2,913,729</u>	<u>2,558,764</u>	<u>4,559,732</u>	<u>(20,978)</u>	<u>5,897</u>
<u>\$ 1,478,802</u>	<u>\$ 2,943,007</u>	<u>\$ 2,558,764</u>	<u>\$ 4,576,424</u>	<u>\$ 6,301</u>	<u>\$ 20,543</u>

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**CITY OF BAYTOWN, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)**  
September 30, 2023

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Bayview Heights PID</u>	<u>Other Special Revenues</u>	
<b><u>Assets</u></b>			
Current assets:			
Cash and equity in pooled cash and investments	\$ -	\$ 12,216,741	\$ 23,768,592
Taxes receivable	-	882,124	2,005,993
Accounts receivable	-	29,677	4,477,609
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 13,128,542</b>	<b>\$ 30,252,194</b>
<b><u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u></b>			
Liabilities:			
Accounts payable	\$ -	\$ 376,105	\$ 1,570,298
Due to other funds	26,310	-	2,707,480
Unearned revenue	-	1,308,300	2,022,194
<b>Total Liabilities</b>	<b>26,310</b>	<b>1,684,405</b>	<b>6,299,972</b>
Deferred inflows of resources:			
Unavailable revenue - grants	-	-	1,254,675
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>1,254,675</b>
Fund balances:			
Restricted:			
Special projects	-	11,444,137	24,399,183
Unassigned	(26,310)	-	(1,701,636)
<b>Total Fund Balances</b>	<b>(26,310)</b>	<b>11,444,137</b>	<b>22,697,547</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ -</b>	<b>\$ 13,128,542</b>	<b>\$ 30,252,194</b>

**CITY OF BAYTOWN, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)**  
**For the Year Ended September 30, 2023**

	<b>Special Revenue Funds</b>			
	<b>Community Development Block Grant</b>	<b>Emergency Management</b>	<b>Library</b>	<b>Crime Control and Prevention District</b>
<b>Revenues</b>				
Taxes and fees	\$ -	\$ -	\$ -	\$ 2,555,231
Charges for services	-	-	-	-
Intergovernmental	3,809,462	194,646	-	-
Fine and forfeitures	-	-	-	-
Investment earnings	-	-	467	67,748
Miscellaneous	58,320	1,680	84,403	-
<b>Total Revenues</b>	<b>3,867,782</b>	<b>196,326</b>	<b>84,870</b>	<b>2,622,979</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	627,465	-	-	-
Public safety	-	-	-	666,207
Public works	-	222,184	-	-
Parks, recreation, and culture	-	-	71,650	-
<b>Capital outlay</b>	<b>1,697,551</b>	<b>-</b>	<b>-</b>	<b>397,164</b>
<b>Debt service:</b>				
Principal	-	-	-	-
Interest and fiscal agent fees	-	-	-	-
<b>Total Expenditures</b>	<b>2,325,016</b>	<b>222,184</b>	<b>71,650</b>	<b>1,063,371</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,542,766</b>	<b>(25,858)</b>	<b>13,220</b>	<b>1,559,608</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	39,426	-	-	-
Transfers (out)	-	-	-	-
Leases	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>39,426</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>1,582,192</b>	<b>(25,858)</b>	<b>13,220</b>	<b>1,559,608</b>
Beginning fund balances	(3,236,540)	336,284	98,455	787,540
<b>Ending Fund Balances</b>	<b>\$ (1,654,348)</b>	<b>\$ 310,426</b>	<b>\$ 111,675</b>	<b>\$ 2,347,148</b>

**Special Revenue Funds**

<b>Police Grant</b>	<b>Hotel/Motel</b>	<b>Fire Control, Prevention, and EMS District</b>	<b>TIRZ No. 1</b>	<b>Crossings at Baytown PID</b>	<b>Bay Creek PID</b>
\$ -	\$ 1,562,590	\$ 2,575,574	\$ 2,458,219	\$ -	\$ -
-	-	-	-	-	-
2,121,575	-	-	587,066	-	-
118,893	-	-	-	-	-
10,769	109,564	83,372	-	-	-
51,183	-	-	-	-	-
<u>2,302,420</u>	<u>1,672,154</u>	<u>2,658,946</u>	<u>3,045,285</u>	<u>-</u>	<u>-</u>
-	-	-	222,018	-	-
2,825,414	-	147,761	-	-	-
-	-	-	-	-	-
-	687,538	-	-	-	-
197,045	197,845	979,531	-	-	-
-	-	70,271	-	-	-
-	-	6,369	-	-	-
<u>3,022,459</u>	<u>885,383</u>	<u>1,203,932</u>	<u>222,018</u>	<u>-</u>	<u>-</u>
<u>(720,039)</u>	<u>786,771</u>	<u>1,455,014</u>	<u>2,823,267</u>	<u>-</u>	<u>-</u>
416,750	-	-	-	-	-
-	-	(783,125)	(2,970,106)	-	-
-	-	682,600	-	-	-
<u>416,750</u>	<u>-</u>	<u>(100,525)</u>	<u>(2,970,106)</u>	<u>-</u>	<u>-</u>
(303,289)	786,771	1,354,489	(146,839)	-	-
450,964	2,126,958	1,204,275	4,706,571	(20,978)	5,897
<u>\$ 147,675</u>	<u>\$ 2,913,729</u>	<u>\$ 2,558,764</u>	<u>\$ 4,559,732</u>	<u>\$ (20,978)</u>	<u>\$ 5,897</u>

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**CITY OF BAYTOWN, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)**  
**For the Year Ended September 30, 2023**

	<u>Special Revenue Funds</u>		<b>Total Nonmajor Governmental Funds</b>
	<b>Bayview Heights PID</b>	<b>Other Special Revenues</b>	
<b><u>Revenues</u></b>			
Taxes and fees	\$ -	\$ 5,486,583	\$ 14,638,197
Charges for services	-	514,549	514,549
Intergovernmental	-	602,239	7,314,988
Fine and forfeitures	-	11,612	130,505
Investment earnings	-	321,047	592,967
Miscellaneous	-	303,506	499,092
<b>Total Revenues</b>	<b>-</b>	<b>7,239,536</b>	<b>23,690,298</b>
<b><u>Expenditures</u></b>			
<b>Current:</b>			
General government	-	4,855,788	5,705,271
Public safety	-	223,881	3,863,263
Public works	-	540,566	762,750
Parks, recreation, and culture	-	-	759,188
<b>Capital outlay</b>	<b>-</b>	<b>381,166</b>	<b>3,850,302</b>
<b>Debt service:</b>			
Principal	-	-	70,271
Interest and fiscal agent fees	-	-	6,369
<b>Total Expenditures</b>	<b>-</b>	<b>6,001,401</b>	<b>15,017,414</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>1,238,135</b>	<b>8,672,884</b>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers in	-	333,306	789,482
Transfers (out)	-	(537,099)	(4,290,330)
	-	-	682,600
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(203,793)</b>	<b>(2,818,248)</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>1,034,342</b>	<b>5,854,636</b>
Beginning fund balances	(26,310)	10,409,795	16,842,911
<b>Ending Fund Balances</b>	<b>\$ (26,310)</b>	<b>\$ 11,444,137</b>	<b>\$ 22,697,547</b>

**CITY OF BAYTOWN, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**CRIME CONTROL AND PREVENTION DISTRICT FUND (BUDGET BASIS)**  
**For the Year Ended September 30, 2023**

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>				
Taxes	\$ 2,406,699	\$ 2,406,699	\$ 2,555,231	\$ 148,532
Investment earnings	296	296	67,748	67,452
<b>Total Revenues</b>	<u>2,406,995</u>	<u>2,406,995</u>	<u>2,622,979</u>	<u>215,984</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Public safety	1,195,539	1,231,035	666,207	564,828
Capital outlay	1,961,297	1,925,801	397,164	1,528,637
<b>Total Expenditures</b>	<u>3,156,836</u>	<u>3,156,836</u>	<u>1,063,371</u>	<u>2,093,465</u>
<b>Net Change in Fund Balance</b>	<u>\$ (749,841)</u>	<u>\$ (749,841)</u>	1,559,608	<u>\$ 2,309,449</u>
Beginning fund balance			<u>787,540</u>	
<b>Ending Fund Balance</b>			<u>\$ 2,347,148</u>	

**CITY OF BAYTOWN, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**HOTEL/MOTEL FUND (BUDGET BASIS)**  
**For the Year Ended September 30, 2023**

	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b><u>Revenues</u></b>				
Taxes	\$ 1,650,075	\$ 1,650,075	\$ 1,562,590	\$ (87,485)
Investment earnings	20,083	20,083	109,564	89,481
Miscellaneous	2,250	2,250	-	(2,250)
<b>Total Revenues</b>	1,672,408	1,672,408	1,672,154	(254)
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Parks, recreation, and culture:				
Arts	76,600	76,600	49,024	27,576
Promotional	2,365,368	2,365,823	546,838	1,818,985
Historical	115,000	114,545	41,510	73,035
Conference center	718,807	718,807	50,166	668,641
<b>Capital outlay</b>	324,300	324,300	197,845	126,455
<b>Total Expenditures</b>	3,600,075	3,600,075	885,383	2,714,692
<b>Net Change in Fund Balance</b>	\$ (1,927,667)	\$ (1,927,667)	786,771	\$ 2,714,438
Beginning fund balance			2,126,958	
<b>Ending Fund Balance</b>			\$ 2,913,729	

**CITY OF BAYTOWN, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FIRE CONTROL, PREVENTION, AND EMS DISTRICT FUND (BUDGET BASIS)**  
**For the Year Ended September 30, 2023**

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>				
Taxes	\$ 2,437,493	\$ 2,437,493	\$ 2,575,574	\$ 138,081
Investment earnings	692	692	83,372	82,680
<b>Total Revenues</b>	<u>2,438,185</u>	<u>2,438,185</u>	<u>2,658,946</u>	<u>220,761</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Public safety	509,032	186,031	147,761	38,270
<b>Capital outlay</b>	733,170	979,531	979,531	-
<b>Debt service:</b>				
Principal	-	70,271	70,271	-
Interest	-	6,369	6,369	-
<b>Total Expenditures</b>	<u>1,242,202</u>	<u>1,242,202</u>	<u>1,203,932</u>	<u>38,270</u>
<b>Excess of Revenues Over Expenditures</b>	<u>1,195,983</u>	<u>1,195,983</u>	<u>1,455,014</u>	<u>259,031</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfers (out)	(1,325,909)	(1,325,909)	(783,125)	542,784
Leases	-	-	682,600	682,600
<b>Total Other Financing (Uses)</b>	<u>(1,325,909)</u>	<u>(1,325,909)</u>	<u>(100,525)</u>	<u>1,225,384</u>
<b>Net Change in Fund Balance</b>	<u>\$ (129,926)</u>	<u>\$ (129,926)</u>	1,354,489	<u>\$ 1,484,415</u>
Beginning fund balance			<u>1,204,275</u>	
<b>Ending Fund Balance</b>			<u>\$ 2,558,764</u>	

# **CITY OF BAYTOWN, TEXAS**

## ***NONMAJOR PROPRIETARY FUNDS***

September 30, 2023

### ***Bayland Island Fund***

This fund is used to account for the operation and maintenance of facilities on Bayland Island. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for notes payable and other debt instruments issued to construct facilities on the island. Repayment of the current note payable is financed through a lease with a private entity, which performs the operation and maintenance of the facilities.

### ***Storm Water Utility Fund***

This fund is used to account for the provision of funding a storm water utility feasibility study and developing fees to provide funding sources for this program. The Clean Water Act was enacted in 1972 to protect surface waters such as lakes, rivers, and coastal areas. National Pollutant Discharge Elimination System (NPDES) permits were introduced to increase accountability for protecting water quality. This required industrial and municipal wastewater dischargers of pollutants into the waters of the U.S. from a point source to obtain a NPDES permit. The final Phase II regulations that affect smaller communities, such as Baytown, were signed in October 1999. Small municipal separate storm sewer systems programs, such as Baytown's, are required to participate.

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**CITY OF BAYTOWN, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
September 30, 2023

	<b>Enterprise Funds</b>		
	<b>Bayland Island</b>	<b>Storm Water Utility</b>	<b>Total Nonmajor Enterprise Funds</b>
<b><u>Assets</u></b>			
Current assets:			
Cash and equity in pooled cash and investments	\$ 321,267	\$ -	\$ 321,267
Accounts receivable	-	348,250	348,250
Leases receivable	27,142	-	27,142
<b>Total Current Assets</b>	<b>348,409</b>	<b>348,250</b>	<b>696,659</b>
Noncurrent assets:			
Capital assets, net	3,466,133	546,979	4,013,112
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<b>3,466,133</b>	<b>546,979</b>	<b>4,013,112</b>
<b>Total Noncurrent Assets</b>	<b>3,466,133</b>	<b>546,979</b>	<b>4,013,112</b>
<b>Total Assets</b>	<b>3,814,542</b>	<b>895,229</b>	<b>4,709,771</b>
<b><u>Deferred Outflows of Resources</u></b>			
Deferred outflows - pensions	-	564,561	564,561
Deferred outflows - OPEB	-	126,260	126,260
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>690,821</b>	<b>690,821</b>
<b><u>Liabilities</u></b>			
Current liabilities:			
Account payable	-	241,931	241,931
Due to other funds	-	2,017,512	2,017,512
Compensated absences	-	92,260	92,260
Total OPEB liability	-	25,151	25,151
<b>Total Current Liabilities</b>	<b>-</b>	<b>2,376,854</b>	<b>2,376,854</b>
Noncurrent liabilities:			
Compensated absences	-	10,252	10,252
Net pension liability	-	747,622	747,622
Total OPEB liability	-	720,599	720,599
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>1,478,473</b>	<b>1,478,473</b>
<b>Total Liabilities</b>	<b>-</b>	<b>3,855,327</b>	<b>3,855,327</b>
<b><u>Deferred Inflows of Resources</u></b>			
Deferred inflows - OPEB	-	273,587	273,587
Deferred inflows - leases	26,574	-	26,574
<b>Total Deferred Inflows of Resources</b>	<b>26,574</b>	<b>273,587</b>	<b>300,161</b>
<b><u>Net Position</u></b>			
Net investment in capital assets	3,466,133	546,979	4,013,112
Unrestricted	321,835	(3,089,843)	(2,768,008)
<b>Total Net Position</b>	<b>\$ 3,787,968</b>	<b>\$ (2,542,864)</b>	<b>\$ 1,245,104</b>

**CITY OF BAYTOWN, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
For the Year Ended September 30, 2023

	<u>Enterprise Funds</u>		
	<u>Bayland Island</u>	<u>Storm Water Utility</u>	<u>Total Nonmajor Enterprise Funds</u>
<b><u>Operating Revenues</u></b>			
Charges for sales and services	\$ 55,445	\$ 4,070,022	\$ 4,125,467
<b>Total Operating Revenues</b>	<u>55,445</u>	<u>4,070,022</u>	<u>4,125,467</u>
<b><u>Operating Expenses</u></b>			
Personnel costs	-	1,515,780	1,515,780
Supplies	-	85,105	85,105
Maintenance	318	222,833	223,151
Services	-	106,192	106,192
Depreciation	212,288	291,953	504,241
<b>Total Operating Expenses</b>	<u>212,606</u>	<u>2,221,863</u>	<u>2,434,469</u>
<b>Income (Loss) Before Transfers</b>	(157,161)	1,848,159	1,690,998
<b><u>Transfers</u></b>			
Transfers (out)	<u>-</u>	<u>(2,475,266)</u>	<u>(2,475,266)</u>
<b>Change in Net Position</b>	(157,161)	(627,107)	(784,268)
Beginning net position	<u>3,945,129</u>	<u>(1,915,757)</u>	<u>2,029,372</u>
<b>Ending Net Position</b>	<u>\$ 3,787,968</u>	<u>\$ (2,542,864)</u>	<u>\$ 1,245,104</u>

**CITY OF BAYTOWN, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
For the Year Ended September 30, 2023

	<b>Enterprise Funds</b>		
	<b>Bayland Island</b>	<b>Storm Water Utility</b>	<b>Total Nonmajor Enterprise Funds</b>
<b><u>Cash Flows from Operating Activities</u></b>			
Receipts from customers and users	\$ 55,642	\$ 4,073,508	\$ 4,129,150
Payments to suppliers	(929)	3,932	3,003
Payments to employees	-	(1,602,174)	(1,602,174)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>54,713</b>	<b>2,475,266</b>	<b>2,529,979</b>
<b><u>Cash Flows from Noncapital and Related Financing Activities</u></b>			
Transfers (out)	-	(2,475,266)	(2,475,266)
<b>Net Cash (Used) by Noncapital and Related Financing Activities</b>	<b>-</b>	<b>(2,475,266)</b>	<b>(2,475,266)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>54,713</b>	<b>-</b>	<b>54,713</b>
Beginning cash and cash equivalents	266,554	-	266,554
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 321,267</b>	<b>\$ -</b>	<b>\$ 321,267</b>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u></b>			
Operating income (loss)	\$ (157,161)	\$ 1,848,159	\$ 1,690,998
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	212,288	291,953	504,241
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in Current Assets:</b>			
Accounts receivable	-	3,486	3,486
Leases receivable	45,753	-	45,753
Deferred outflows - pensions	-	(363,707)	(363,707)
Deferred outflows - OPEB	-	54,707	54,707
<b>Increase (Decrease) in Current Liabilities:</b>			
Accounts payable	(611)	47,560	46,949
Compensated absences	-	6,097	6,097
Net pension liability	-	692,689	692,689
Total OPEB liability	-	(255,920)	(255,920)
Due to other funds	-	370,502	370,502
Deferred inflows - pensions	-	(390,478)	(390,478)
Deferred inflows - OPEB	-	170,218	170,218
Deferred inflows - leases	(45,556)	-	(45,556)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 54,713</b>	<b>\$ 2,475,266</b>	<b>\$ 2,529,979</b>

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# **CITY OF BAYTOWN, TEXAS**

## ***INTERNAL SERVICE FUNDS***

September 30, 2023

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City and to other governmental units on a cost reimbursement basis.

### ***Central Services Fund***

This fund is used to account for the cost of operating and maintaining vehicles and other equipment used by the City departments and to provide central warehouse services. Services charged are billed to departments on a monthly basis to cover all expenses of the fund.

### ***Risk Management Fund***

This fund is used to account for the operation of a self-insured retention fund for health services for all City employees and workers' compensation claims. Claims are primarily administered by an outside agency.

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**CITY OF BAYTOWN, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
September 30, 2023

	<b>Internal Service Funds</b>		
	<b>Central Services</b>	<b>Risk Management</b>	<b>Total Internal Service Funds</b>
<b>Assets</b>			
Current assets:			
Cash and equity in pooled cash and investments	\$ -	\$ 19,137,597	\$ 19,137,597
Prepaid expenses	-	265,000	265,000
Inventories	809,659	-	809,659
<b>Total Current Assets</b>	<b>809,659</b>	<b>19,402,597</b>	<b>20,212,256</b>
Noncurrent assets:			
Capital assets:			
Buildings and improvements	167,540	-	167,540
Machinery and equipment	796,469	20,822	817,291
Less: accumulated depreciation	(819,107)	(20,822)	(839,929)
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<b>144,902</b>	<b>-</b>	<b>144,902</b>
<b>Total Noncurrent Assets</b>	<b>144,902</b>	<b>-</b>	<b>144,902</b>
<b>Total Assets</b>	<b>954,561</b>	<b>19,402,597</b>	<b>20,357,158</b>
<b>Deferred Outflows of Resources</b>			
Deferred outflows - pensions	461,131	45,599	506,730
Deferred outflows - OPEB	74,313	4,843	79,156
<b>Total Deferred Outflows of Resources</b>	<b>535,444</b>	<b>50,442</b>	<b>585,886</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	132,338	97,514	229,852
Accrued expenses	-	2,492,106	2,492,106
Compensated absences	117,329	-	117,329
Due to other funds	682,999	-	682,999
Total OPEB liability	23,598	-	23,598
<b>Total Current Liabilities</b>	<b>956,264</b>	<b>2,589,620</b>	<b>3,545,884</b>
Noncurrent liabilities:			
Compensated absences	5,692	8,118	13,810
Net pension liability	971,196	134,315	1,105,511
Total OPEB liability	549,312	2,026	551,338
<b>Total Noncurrent Liabilities</b>	<b>1,526,200</b>	<b>144,459</b>	<b>1,670,659</b>
<b>Total Liabilities</b>	<b>2,482,464</b>	<b>2,734,079</b>	<b>5,216,543</b>
<b>Deferred Inflows of Resources</b>			
Deferred inflows - OPEB	214,559	20,901	235,460
<b>Total Deferred Inflows of Resources</b>	<b>214,559</b>	<b>20,901</b>	<b>235,460</b>
<b>Net Position</b>			
Net investment in capital assets	144,902	-	144,902
Unrestricted	(1,351,920)	16,698,059	15,346,139
<b>Total Net Position</b>	<b>\$ (1,207,018)</b>	<b>\$ 16,698,059</b>	<b>\$ 15,491,041</b>

**CITY OF BAYTOWN, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
For the Year Ended September 30, 2023

	Internal Service Funds		
	Central Services	Risk Management	Total Internal Service Funds
<b><u>Operating Revenues</u></b>			
Charges for sales and services	\$ 2,144,587	\$ 18,337,902	\$ 20,482,489
Other revenue	-	445,104	445,104
<b>Total Operating Revenues</b>	<b>2,144,587</b>	<b>18,783,006</b>	<b>20,927,593</b>
<b><u>Operating Expenses</u></b>			
Personnel costs	1,154,311	114,802	1,269,113
Supplies	2,784,954	1,270	2,786,224
Maintenance	12,247	-	12,247
Services	46,626	-	46,626
Claim payments and fees	-	18,283,083	18,283,083
Depreciation	40,750	-	40,750
<b>Total Operating Expenses</b>	<b>4,038,888</b>	<b>18,399,155</b>	<b>22,438,043</b>
<b>Operating Income (Loss)</b>	<b>(1,894,301)</b>	<b>383,851</b>	<b>(1,510,450)</b>
<b>Income (Loss) Before Transfers</b>	<b>(1,894,301)</b>	<b>383,851</b>	<b>(1,510,450)</b>
<b><u>Transfers</u></b>			
Transfers in	800,000	-	800,000
<b>Change in Net Position</b>	<b>(1,094,301)</b>	<b>383,851</b>	<b>(710,450)</b>
Beginning net position	(112,717)	16,314,208	16,201,491
<b>Ending Net Position</b>	<b>\$ (1,207,018)</b>	<b>\$ 16,698,059</b>	<b>\$ 15,491,041</b>

**CITY OF BAYTOWN, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
For the Year Ended September 30, 2023

	Internal Service Funds		
	Central Services	Risk Management	Total Internal Service Funds
<b><u>Cash Flows from Operating Activities</u></b>			
Receipts from customers and users	\$ 107,040	\$ 2,937,458	\$ 3,044,498
Receipts from interfund charges for central services	2,037,547	-	2,037,547
Receipts from interfund charges for risk management services	-	15,851,568	15,851,568
Payments to suppliers	(2,178,901)	(18,365,841)	(20,544,742)
Payments to employees	(1,100,584)	(107,106)	(1,207,690)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(1,134,898)</b>	<b>316,079</b>	<b>(818,819)</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Transfers in	800,000	-	800,000
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>800,000</b>	<b>-</b>	<b>800,000</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Acquisition, disposal, and construction of capital assets	(11,180)	-	(11,180)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(11,180)</b>	<b>-</b>	<b>(11,180)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(346,078)</b>	<b>316,079</b>	<b>(29,999)</b>
Beginning cash and cash equivalents	346,078	18,821,518	19,167,596
<b>Ending Cash and Cash Equivalents</b>	<b>\$ -</b>	<b>\$ 19,137,597</b>	<b>\$ 19,137,597</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ (1,894,301)	\$ 383,851	\$ (1,510,450)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	40,750	-	40,750
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in Current Assets:</b>			
Prepaid expenses	-	6,020	6,020
Inventory	(94,889)	-	(94,889)
Deferred outflows - pensions	(311,313)	(31,748)	(343,061)
Deferred outflows - OPEB	47,040	4,562	51,602
<b>Increase (Decrease) in Current Liabilities:</b>			
Accounts payable	76,816	(157,034)	(80,218)
Accrued expenses	-	75,546	75,546
Due to other funds	682,999	-	682,999
Compensated absences	21,972	(1,882)	20,090
Net pension liability	592,904	60,464	653,368
Total OPEB liability	(220,140)	(21,254)	(241,394)
Deferred inflows - pensions	(223,371)	(16,367)	(239,738)
Deferred inflows - OPEB	146,635	13,921	160,556
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (1,134,898)</b>	<b>\$ 316,079</b>	<b>\$ (818,819)</b>

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## ***STATISTICAL SECTION***

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and Required Supplementary Information says about the City's overall financial health.

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<b>Financial Trends</b>	138
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b>	148
<i>These schedules contain information to help the reader assess the City's most significant local revenue source: property and industrial tax.</i>	
<b>Debt Capacity</b>	160
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
<b>Demographic and Economic Information</b>	168
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
<b>Operating Information</b>	172
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

# CITY OF BAYTOWN, TEXAS

## NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 105,468,075	\$ 109,961,720	\$ 124,672,382	\$ 132,729,930
Restricted	35,688,185	23,773,394	23,871,650	23,942,473
Unrestricted	(26,434,814)	(40,715,091)	(49,911,857)	(88,264,838)
<b>Total Governmental Activities Net Position</b>	114,721,446	93,020,023	98,632,175	68,407,565
 <b>Business-Type Activities</b>				
Net investment in capital assets	152,339,260	158,442,675	174,117,286	187,741,777
Restricted	5,873,007	4,612,543	1,489,416	2,276,610
Unrestricted	18,371,116	16,349,137	12,602,126	2,301,381
<b>Total Business-Type Activities Net Position</b>	176,583,383	179,404,355	188,208,828	192,319,768
 <b>Primary Government</b>				
Net investment in capital assets	257,807,335	268,404,395	298,789,668	320,471,707
Restricted	41,561,192	28,385,937	25,361,066	26,219,083
Unrestricted	(8,063,698)	(24,365,954)	(37,309,731)	(85,963,457)
<b>Total Primary Government Net Position</b>	\$ 291,304,829	\$ 272,424,378	\$ 286,841,003	\$ 260,727,333

**Fiscal Year**

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 145,445,182	\$ 157,058,993	\$ 164,442,016	\$ 179,256,695	\$ 226,618,411	\$ 312,834,010
27,132,868	29,898,189	87,344,253	85,604,701	59,138,284	29,502,852
(87,917,695)	(67,824,691)	(44,298,173)	(29,488,146)	(16,941,180)	(30,003,740)
84,660,355	119,132,491	207,488,096	235,373,250	268,815,515	312,333,122
191,309,418	191,361,951	189,184,366	187,757,786	192,004,893	200,954,695
2,096,080	3,717,286	3,966,558	5,390,663	6,802,407	11,033,635
3,414,173	5,895,296	11,667,731	18,112,665	19,207,309	23,490,821
196,819,671	200,974,533	204,818,655	211,261,114	218,014,609	235,479,151
336,754,600	348,420,944	353,626,382	367,014,481	418,623,304	513,788,705
29,228,948	33,615,475	91,310,811	90,995,364	65,940,691	40,536,487
(84,503,522)	(61,929,395)	(32,630,442)	(11,375,481)	2,266,129	(6,512,919)
\$ 281,480,026	\$ 320,107,024	\$ 412,306,751	\$ 446,634,364	\$ 486,830,124	\$ 547,812,273

# CITY OF BAYTOWN, TEXAS

## CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
<b>Expenses</b>				
Governmental activities:				
General government	\$ 22,600,531	\$ 22,256,413	\$ 24,398,812	\$ 29,020,563
Public safety	44,295,623	47,791,009	50,793,309	57,510,237
Public works	8,869,974	8,967,472	10,539,608	13,257,500
Public health	2,554,462	2,696,850	2,866,441	3,338,793
Parks, recreation, and culture	9,339,424	9,553,806	9,904,352	12,156,291
Interest and fiscal agent fees on long-term debt	4,111,811	3,989,720	4,561,801	4,546,195
<b>Total Governmental Activities Expenses</b>	<u>91,771,825</u>	<u>95,255,270</u>	<u>103,064,323</u>	<u>119,829,579</u>
Business-type activities:				
Water and sewer	32,762,226	34,320,794	35,865,094	38,149,024
Sanitation	4,742,268	4,709,577	4,677,436	4,831,088
Bayland Island development	200,308	265,349	251,084	242,443
Aquatics	2,917,055	3,052,435	3,393,046	3,873,789
Storm water utility	448,681	483,028	1,734,694	1,657,138
<b>Total Business-Type Activities Expenses</b>	<u>41,070,538</u>	<u>42,831,183</u>	<u>45,921,354</u>	<u>48,753,482</u>
<b>Total Primary Government Expenses</b>	<u>\$ 132,842,363</u>	<u>\$ 138,086,453</u>	<u>\$ 148,985,677</u>	<u>\$ 168,583,061</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 183,147	\$ 632,295	\$ 710,604	\$ 708,990
Public safety	4,371,773	4,692,058	4,507,258	5,043,397
Public works	1,305,831	1,620,206	2,067,310	2,079,076
Public health	611,297	195,057	202,134	205,779
Parks, recreation, and culture	420,172	132,271	135,180	124,862
Operating grants and contributions	8,007,514	5,946,639	4,920,154	5,944,003
Capital grants and contributions	-	-	11,230,528	12,396,215
<b>Total Governmental Activities Program Revenues</b>	<u>14,899,734</u>	<u>13,218,526</u>	<u>23,773,168</u>	<u>26,502,322</u>
Business-type activities:				
Charges for services:				
Water and sewer	35,990,349	39,201,196	40,811,009	40,998,750
Sanitation	4,618,491	4,737,391	4,758,805	5,027,666
Bayland Island development	49,086	51,052	54,443	54,442
Aquatics	2,903,853	3,274,726	3,353,347	3,351,968
Storm water	1,226,741	1,245,325	1,556,404	197,162
Operating grants and contributions	-	3,143,274	-	-
Capital grants and contributions	4,517,598	1,400,484	1,674,116	2,354,725
<b>Total Business-Type Activities Program Revenues</b>	<u>49,306,118</u>	<u>53,053,448</u>	<u>52,208,124</u>	<u>51,984,713</u>
<b>Total Primary Government Program Revenues</b>	<u>64,205,852</u>	<u>66,271,974</u>	<u>75,981,292</u>	<u>78,487,035</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	(76,872,091)	(82,036,744)	(79,291,155)	(93,327,257)
Business-type activities	8,235,580	10,222,265	6,287,770	4,971,231
<b>Total Primary Government Net (Expense)</b>	<u>\$ (68,636,511)</u>	<u>\$ (71,814,479)</u>	<u>\$ (73,003,385)</u>	<u>\$ (88,356,026)</u>

**Fiscal Year**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$	35,811,336	\$ 29,574,296	\$ 37,547,850	\$ 34,593,112	\$ 43,338,424	\$ 39,663,698
	59,520,128	50,702,718	62,126,552	64,257,206	65,934,972	78,350,694
	15,100,450	10,994,322	12,912,206	12,222,500	14,561,561	16,481,571
	3,317,250	3,107,475	3,944,973	3,860,167	4,480,489	5,134,804
	12,697,314	12,405,161	13,655,690	13,866,632	13,135,098	16,974,203
	4,841,986	4,525,617	4,302,467	5,106,860	4,202,723	4,909,383
	<u>131,288,464</u>	<u>111,309,589</u>	<u>134,489,738</u>	<u>133,906,477</u>	<u>145,653,267</u>	<u>161,514,353</u>
	38,422,378	37,007,827	40,424,646	41,044,691	40,737,009	45,763,321
	5,648,915	6,448,858	7,006,746	7,099,764	7,327,685	8,321,776
	212,956	203,198	207,174	200,376	209,241	212,606
	4,161,320	4,064,190	2,792,302	3,771,985	4,497,100	4,973,048
	1,907,273	1,956,790	2,850,413	2,059,443	6,070,667	2,221,863
	<u>50,352,842</u>	<u>49,680,863</u>	<u>53,281,281</u>	<u>54,176,259</u>	<u>58,841,702</u>	<u>61,492,614</u>
\$	<u><u>181,641,306</u></u>	<u><u>160,990,452</u></u>	<u><u>187,771,019</u></u>	<u><u>188,082,736</u></u>	<u><u>204,494,969</u></u>	<u><u>223,006,967</u></u>
\$	1,946,717	\$ 787,821	\$ 774,175	\$ 829,628	\$ 956,624	\$ 1,042,531
	4,780,753	4,481,288	3,495,226	3,523,408	3,583,517	3,742,114
	2,604,862	2,112,433	2,563,470	2,691,675	2,242,639	2,046,615
	206,039	208,890	200,085	208,545	213,579	208,181
	94,772	128,541	99,208	194,615	235,317	215,582
	12,307,936	7,109,369	12,195,930	6,569,222	8,254,143	6,746,460
	8,394,369	4,444,501	70,945,960	4,873,025	10,473,060	31,321,260
	<u>30,335,448</u>	<u>19,272,843</u>	<u>90,274,054</u>	<u>18,890,118</u>	<u>25,958,879</u>	<u>45,322,743</u>
	43,301,862	42,415,981	46,051,831	47,144,502	50,276,510	56,109,234
	5,830,109	5,957,494	6,675,548	6,933,639	7,040,757	6,964,971
	56,238	55,041	54,445	55,595	55,209	55,445
	3,813,735	3,290,996	15,672	2,898,040	3,785,323	3,943,065
	2,597,711	2,645,147	2,673,489	2,990,931	3,838,203	4,070,022
	1,362,643	1,365,276	1,363,365	1,342,488	1,526,388	1,351,768
	77,680	129,901	2,260,000	1,910,670	130,977	3,987,449
	<u>57,039,978</u>	<u>55,859,836</u>	<u>59,094,350</u>	<u>63,275,865</u>	<u>66,653,367</u>	<u>76,481,954</u>
	<u>87,375,426</u>	<u>75,132,679</u>	<u>149,368,404</u>	<u>82,165,983</u>	<u>92,612,246</u>	<u>121,804,697</u>
	(100,953,016)	(92,036,746)	(44,215,684)	(115,016,359)	(119,694,388)	(116,191,610)
	6,687,136	6,178,973	5,813,069	9,099,606	7,811,665	14,989,340
\$	<u><u>(94,265,880)</u></u>	<u><u>(85,857,773)</u></u>	<u><u>(38,402,615)</u></u>	<u><u>(105,916,753)</u></u>	<u><u>(111,882,723)</u></u>	<u><u>(101,202,270)</u></u>

# CITY OF BAYTOWN, TEXAS

## CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 21,788,376	\$ 22,991,938	\$ 24,824,084	\$ 27,274,068
Sales and hotel/motel taxes	20,494,629	22,460,619	22,790,624	24,050,819
Franchise fees	4,053,895	4,155,898	4,233,571	4,359,389
Industrial district payments	29,379,711	31,675,333	32,136,165	39,991,747
Investment earnings	699,761	332,705	378,067	753,425
Miscellaneous income	2,469,911	5,209,956	2,601,488	1,544,848
Transfers, net	(7,571,502)	3,170,393	(2,060,692)	(3,948,300)
<b>Total Governmental Activities</b>	<u>71,314,781</u>	<u>89,996,842</u>	<u>84,903,307</u>	<u>94,025,996</u>
Business-type activities:				
Investment earnings	240,616	77,540	135,215	182,128
Miscellaneous	-	364,508	320,796	-
Transfers, net	7,571,502	(3,170,393)	2,060,692	3,948,300
<b>Total Business-Type Activities</b>	<u>7,812,118</u>	<u>(2,728,345)</u>	<u>2,516,703</u>	<u>4,130,428</u>
<b>Total Primary Government</b>	<u>79,126,899</u>	<u>87,268,497</u>	<u>87,420,010</u>	<u>98,156,424</u>
<b>Changes in Net Position</b>				
Governmental activities	(5,557,310)	7,960,098	5,612,152	698,739
Business-type activities	16,047,698	7,493,920	8,804,473	9,101,659
<b>Total Primary Government</b>				
<b>Changes in Net Position</b>	<u>\$ 10,490,388</u>	<u>\$ 15,454,018</u>	<u>\$ 14,416,625</u>	<u>\$ 9,800,398</u>

**Fiscal Year**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$	30,235,501	\$ 31,874,951	\$ 34,782,426	\$ 38,307,300	\$ 38,879,872	\$ 43,619,406
	26,273,237	24,138,407	24,252,318	28,921,685	31,406,526	33,096,797
	4,317,509	4,681,762	4,372,062	4,402,737	4,529,372	4,669,231
	48,772,964	57,968,306	65,535,406	65,470,755	66,118,684	67,030,403
	1,722,482	2,723,663	2,084,524	318,854	296,698	9,097,642
	3,369,646	2,339,954	2,598,997	2,756,507	7,243,911	1,530,117
	2,514,467	2,781,839	2,482,787	2,723,675	1,638,818	665,621
	<u>117,205,806</u>	<u>126,508,882</u>	<u>136,108,520</u>	<u>142,901,513</u>	<u>150,113,881</u>	<u>159,709,217</u>
	327,234	743,135	513,840	66,528	580,648	3,140,823
	-	14,593	-	-	-	-
	<u>(2,514,467)</u>	<u>(2,781,839)</u>	<u>(2,482,787)</u>	<u>(2,723,675)</u>	<u>(1,638,818)</u>	<u>(665,621)</u>
	<u>(2,187,233)</u>	<u>(2,024,111)</u>	<u>(1,968,947)</u>	<u>(2,657,147)</u>	<u>(1,058,170)</u>	<u>2,475,202</u>
	<u>115,018,573</u>	<u>124,484,771</u>	<u>134,139,573</u>	<u>140,244,366</u>	<u>149,055,711</u>	<u>162,184,419</u>
	16,252,790	34,472,136	91,892,836	27,885,154	30,419,493	43,517,607
	4,499,903	4,154,862	3,844,122	6,442,459	6,753,495	17,464,542
\$	<u><u>20,752,693</u></u>	<u><u>38,626,998</u></u>	<u><u>95,736,958</u></u>	<u><u>34,327,613</u></u>	<u><u>37,172,988</u></u>	<u><u>60,982,149</u></u>

**CITY OF BAYTOWN, TEXAS**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
 Last Ten Fiscal Years  
 (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
<b>General fund:</b>				
Nonspendable	\$ 5,651	\$ 3,109	\$ 3,475	\$ 2,926
Restricted	-	-	-	-
Unassigned	24,401,167	23,823,197	18,130,265	17,568,823
<b>Total General Fund</b>	<u>\$ 24,406,818</u>	<u>\$ 23,826,306</u>	<u>\$ 18,133,740</u>	<u>\$ 17,571,749</u>
 <b>All Other Governmental Funds:</b>				
Nonspendable and restricted	\$ 35,690,127	\$ 43,613,527	\$ 52,172,068	\$ 36,709,833
Assigned	-	-	-	-
Unassigned, reported in special revenue funds	-	-	-	-
<b>Total All Other Governmental Funds</b>	<u>\$ 35,690,127</u>	<u>\$ 43,613,527</u>	<u>\$ 52,172,068</u>	<u>\$ 36,709,833</u>

<b>Fiscal Year</b>					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 1,531	\$ 3,355	\$ 5,500	\$ 4,103	\$ 4,451	\$ 384,369
-	-	-	-	-	67,828
21,278,127	27,606,051	36,991,362	48,370,973	41,917,244	25,547,318
<u>\$ 21,279,658</u>	<u>\$ 27,609,406</u>	<u>\$ 36,996,862</u>	<u>\$ 48,375,076</u>	<u>\$ 41,921,695</u>	<u>\$ 25,999,515</u>
\$ 55,134,251	\$ 45,198,903	\$ 100,290,976	\$ 134,419,705	\$ 96,118,284	\$ 78,775,533
-	-	16,998,695	16,998,695	32,166,326	40,192,418
-	-	-	(898,483)	(3,283,828)	(1,701,636)
<u>\$ 55,134,251</u>	<u>\$ 45,198,903</u>	<u>\$ 117,289,671</u>	<u>\$ 150,519,917</u>	<u>\$ 125,000,782</u>	<u>\$ 117,266,315</u>

**CITY OF BAYTOWN, TEXAS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year			
	2014	2015	2016	2017
<b>Revenues</b>				
Taxes and fees	\$ 76,037,374	\$ 81,863,957	\$ 84,037,378	\$ 95,832,195
Licenses and permits	1,665,982	1,721,765	2,144,150	2,144,845
Charges for services	2,446,596	2,643,569	2,786,220	2,951,385
Fines and forfeitures	2,779,642	2,906,553	2,692,116	3,065,874
Intergovernmental	8,007,514	5,946,639	13,094,923	16,164,410
Investment earnings	699,601	166,132	378,067	753,425
Other revenues	2,469,911	6,192,512	2,601,488	1,544,848
Contributions	-	-	-	-
<b>Total Revenues</b>	<b>94,106,620</b>	<b>101,441,127</b>	<b>107,734,342</b>	<b>122,456,982</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	22,052,424	20,882,865	23,036,419	27,118,110
Public safety	40,149,536	44,126,002	46,447,222	49,986,911
Public works	7,567,629	9,095,480	6,564,222	8,327,323
Public health	2,211,409	2,345,425	2,501,379	2,907,596
Parks, recreation, and culture	7,737,412	8,088,039	8,348,940	10,134,050
<b>Capital outlay</b>	<b>15,379,097</b>	<b>18,538,657</b>	<b>27,415,269</b>	<b>29,924,675</b>
<b>Debt service:</b>				
Principal	6,607,061	7,906,112	8,914,526	10,052,613
Payment to bond escrow agent	9,593,273	-	752,503	-
Interest	3,801,444	4,027,127	4,428,640	4,888,606
Issuance costs	325,255	226,570	349,520	-
<b>Total Expenditures</b>	<b>115,424,540</b>	<b>115,236,277</b>	<b>128,758,640</b>	<b>143,339,884</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(21,317,920)</b>	<b>(13,795,150)</b>	<b>(21,024,298)</b>	<b>(20,882,902)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	20,118,032	8,098,158	14,963,268	12,783,144
Transfers out	(24,142,524)	(4,834,270)	(10,213,657)	(8,464,042)
Debt issued	2,579,696	17,735,000	-	-
Refunding debt issued	28,520,000	-	25,972,324	-
Premium on bonds	1,864,050	1,322,838	2,673,873	-
Payment to refunding bond escrow agent	(3,593,865)	-	(8,965,535)	-
Leases	-	-	-	-
<b>Total Other Financing Sources</b>	<b>25,345,389</b>	<b>22,321,726</b>	<b>24,430,273</b>	<b>4,319,102</b>
<b>Net Change in Fund Balances</b>	<b>\$ 4,027,469</b>	<b>\$ 8,526,576</b>	<b>\$ 3,405,975</b>	<b>\$ (16,563,800)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	11.34%	12.78%	12.83%	12.83%

**Fiscal Year**

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 109,311,548	\$ 118,721,554	\$ 128,711,804	\$ 136,906,290	\$ 141,501,625	\$ 148,321,661
2,660,921	2,143,028	2,653,882	2,746,436	2,227,669	2,082,869
4,122,263	2,907,682	2,585,655	2,816,194	3,222,885	3,568,862
2,849,959	2,668,263	1,892,627	1,885,241	1,781,122	1,603,292
15,617,715	8,158,083	13,746,103	8,030,265	8,999,763	10,971,989
1,722,482	2,723,663	2,084,524	318,854	296,698	9,097,642
3,369,646	2,339,954	2,598,997	2,756,507	7,243,911	1,530,117
-	-	66,000,000	-	-	-
139,654,534	139,662,227	220,273,592	155,459,787	165,273,673	177,176,432
34,201,834	31,655,440	32,017,491	29,454,534	42,579,878	36,593,026
53,384,757	56,003,676	56,026,717	62,013,800	64,379,158	71,496,092
9,808,883	6,118,816	7,267,936	7,009,495	8,051,967	9,346,356
3,016,332	3,374,559	3,705,462	3,790,467	4,362,515	4,728,776
11,415,502	11,675,270	11,736,303	12,415,466	11,553,443	12,732,113
19,386,069	19,711,585	18,653,130	20,386,905	46,943,759	74,286,985
11,152,299	11,479,844	13,222,495	14,180,808	14,725,778	15,302,021
-	6,377,582	-	-	-	-
5,196,902	5,106,471	4,703,175	5,295,080	5,380,433	5,725,538
169,700	122,720	294,216	705,305	169,057	338,091
147,732,278	151,625,963	147,626,925	155,251,860	198,145,988	230,548,998
(8,077,744)	(11,963,736)	72,646,667	207,927	(32,872,315)	(53,372,566)
15,500,232	15,972,569	18,869,959	20,945,261	30,986,574	35,561,251
(12,825,287)	(14,035,659)	(17,420,300)	(18,448,377)	(30,182,089)	(31,873,886)
25,375,000	-	-	36,300,000	-	24,270,000
-	5,965,000	16,455,000	16,555,000	11,781,670	-
2,159,700	456,226	1,702,378	8,745,530	2,259,543	1,075,954
-	-	(10,775,480)	(19,696,881)	(13,945,899)	-
-	-	-	-	-	682,600
30,209,645	8,358,136	8,831,557	44,400,533	899,799	29,715,919
\$ 22,131,901	\$ (3,605,600)	\$ 81,478,224	\$ 44,608,460	\$ (31,972,516)	\$ (23,656,647)
12.70%	12.61%	13.44%	13.90%	13.26%	12.98%

**CITY OF BAYTOWN, TEXAS**  
**TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

<b>Function</b>	<b>Fiscal Year</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Property taxes	\$ 21,788,376	\$ 22,991,938	\$ 24,824,084	\$ 27,274,068
Sales and hotel/motel taxes	20,494,629	22,460,619	22,790,624	24,050,819
Franchise fees	4,053,895	4,155,898	4,233,571	4,359,389
Industrial in-lieu-of-taxes	29,379,711	31,675,333	32,136,165	39,991,747
<b>Total</b>	<b>\$ 75,716,611</b>	<b>\$ 81,283,788</b>	<b>\$ 83,984,444</b>	<b>\$ 95,676,023</b>

**Fiscal Year**

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 30,235,501	\$ 31,874,951	\$ 34,782,426	\$ 38,307,300	\$ 38,879,872	\$ 43,619,406
26,273,237	24,138,407	24,252,318	28,921,685	31,406,526	33,096,797
4,317,509	4,681,762	4,372,062	4,402,737	4,529,372	4,669,231
48,772,964	57,968,306	65,535,406	65,470,755	66,118,684	67,030,403
<u>\$ 109,599,211</u>	<u>\$ 118,663,426</u>	<u>\$ 128,942,212</u>	<u>\$ 137,102,477</u>	<u>\$ 140,934,454</u>	<u>\$ 148,415,837</u>

**CITY OF BAYTOWN, TEXAS**  
**TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

<b>Function</b>	<b>Fiscal Year</b>			
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Property taxes	\$ 22,109,139	\$ 23,572,107	\$ 24,877,018	\$ 27,430,240
Sales and hotel taxes	20,494,629	22,460,619	22,790,624	24,050,819
Franchise fees	4,053,895	4,155,898	4,233,571	4,359,389
Industrial in-lieu-of-taxes	29,379,711	31,675,333	32,136,165	39,991,747
<b>Total</b>	<b>\$ 76,037,374</b>	<b>\$ 81,863,957</b>	<b>\$ 84,037,378</b>	<b>\$ 95,832,195</b>

**Fiscal Year**

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 29,947,838	\$ 31,933,079	\$ 34,552,018	\$ 38,111,113	\$ 39,447,043	\$ 43,525,230
26,273,237	24,138,407	24,252,318	28,921,685	31,406,526	33,096,797
4,317,509	4,681,762	4,372,062	4,402,737	4,529,372	4,669,231
48,772,964	57,968,306	65,535,406	65,470,755	66,118,684	67,030,403
<u>\$ 109,311,548</u>	<u>\$ 118,721,554</u>	<u>\$ 128,711,804</u>	<u>\$ 136,906,290</u>	<u>\$ 141,501,625</u>	<u>\$ 148,321,661</u>

**CITY OF BAYTOWN, TEXAS**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

	Fiscal Year			
	2014	2015	2016	2017
Real assessed value	\$ 3,014,917,703	\$ 3,183,226,576	\$ 3,543,467,674	\$ 3,920,519,981
Personal assessed value	503,811,955	481,129,714	477,839,010	488,232,942
Total assessed value (1)	3,518,729,658	3,664,356,290	4,021,306,684	4,408,752,923
Less: real property exemptions	(898,967,084)	(901,716,167)	(994,698,219)	(1,074,967,955)
<b>Taxable Value</b>	<u>\$ 2,619,762,574</u>	<u>\$ 2,762,640,123</u>	<u>\$ 3,026,608,465</u>	<u>\$ 3,333,784,968</u>
<b>Taxable value as a percentage of assessed value</b>	74.5%	75.4%	75.3%	75.6%
Total tax rate	\$ 0.82203	\$ 0.82203	\$ 0.82203	\$ 0.82203

(1) Assessed valuations are considered to be 100 percent of actual valuations.

**Fiscal Year**

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 4,463,767,737	\$ 4,325,246,351	\$ 5,132,331,415	\$ 5,599,446,660	\$ 6,367,472,832	\$ 7,503,296,957
421,789,587	890,790,087	733,637,733	781,518,631	329,667,607	397,691,975
4,885,557,324	5,216,036,438	5,865,969,148	6,380,965,291	6,697,140,439	7,900,988,932
(1,205,507,599)	(1,254,432,050)	(1,468,317,451)	(1,592,961,532)	(1,607,840,255)	(2,101,992,888)
<u>\$ 3,680,049,725</u>	<u>\$ 3,961,604,388</u>	<u>\$ 4,397,651,697</u>	<u>\$ 4,788,003,759</u>	<u>\$ 5,089,300,184</u>	<u>\$ 5,798,996,044</u>
75.3%	76.0%	75.0%	75.0%	76.0%	73.4%
\$ 0.82203	\$ 0.81203	\$ 0.80203	\$ 0.79515	\$ 0.78500	\$ 0.75000

**CITY OF BAYTOWN, TEXAS**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
 Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
City of Baytown by fund				
General fund	\$ 0.437130	\$ 0.445620	\$ 0.450010	\$ 0.470060
Debt service fund	0.384900	0.376410	0.372020	0.351970
<b>Total</b>	<u>\$ 0.822030</u>	<u>\$ 0.822030</u>	<u>\$ 0.822030</u>	<u>\$ 0.822030</u>
Harris County	\$ 0.41455	\$ 0.417310	\$ 0.419230	\$ 0.416560
Harris County Flood Control District	0.02827	0.027360	0.027330	0.028290
Port of Houston Authority	0.17160	0.015310	0.013420	0.013340
Harris County Hospital District	0.17000	0.170000	0.170000	0.171790
Harris County Dept. of Education	0.00636	0.005999	0.005422	0.005200
Goose Creek Consolidated Independent School District	1.38679	1.431890	1.431890	1.431890
Lee Junior College District	0.26070	0.260700	0.250200	0.245300
<b>Total Direct and Overlapping Rates</b>	<u>\$ 3.26030</u>	<u>\$ 3.150599</u>	<u>\$ 3.139522</u>	<u>\$ 3.134400</u>

Tax rates per \$100 of assessed valuation  
 Source: Harris Central Appraisal District

**Fiscal Year**

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 0.455430	\$ 0.457643	\$ 0.460930	\$ 0.484000	\$ 0.489310	\$ 0.463120
0.366600	0.354387	0.341100	0.311150	0.295690	0.286880
<u>\$ 0.822030</u>	<u>\$ 0.812030</u>	<u>\$ 0.802030</u>	<u>\$ 0.795150</u>	<u>\$ 0.785000</u>	<u>\$ 0.750000</u>
\$ 0.418010	\$ 0.418580	\$ 0.407130	\$ 0.391160	\$ 0.376930	\$ 0.343730
0.028310	0.028770	0.027920	0.031420	0.033490	0.030550
0.012560	0.011550	0.010740	0.009910	0.008720	0.007990
0.171100	0.171080	0.165910	0.166710	0.162210	0.148310
0.005195	0.005190	0.005000	0.004993	0.004990	0.004990
1.431890	1.431800	1.354280	1.341100	1.368600	1.281700
0.250400	0.250100	0.230100	0.230100	0.230100	0.220100
<u>\$ 3.139495</u>	<u>\$ 3.129100</u>	<u>\$ 3.003110</u>	<u>\$ 2.970543</u>	<u>\$ 2.970040</u>	<u>\$ 2.787370</u>

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# CITY OF BAYTOWN, TEXAS

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	Fiscal Year					
	2023			2014		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Jindal Saw LLC	\$ 110,359,073	1	1.90%	\$ -		
Raven Butene-1 LLC	89,108,740	2	1.54%			
CenterPoint Energy Inc.	84,506,140	3	1.46%	48,844,569	1	1.86%
Passco Sapphire Bay Dst	48,807,282	4	0.84%			
Exxon Mobil Corp	47,350,870	5	0.82%	31,161,035	2	1.19%
Abby Baytown LP	43,888,346	6	0.76%			
ALTA Baytown Owner LP	42,980,920	7	0.74%			
619 Rollingbrook Street LP	41,148,710	8	0.71%			
HEB Grocery Co LP	37,982,838	9	0.65%			
LCG Thompson 10 LLC	28,745,431	10	0.50%			
LCY Elastomers LP				29,213,072	3	1.12%
TPC Group Inc.				23,865,498	4	0.91%
Wal Mart				19,994,151	5	0.76%
Foothillis Texas Inc.				19,780,116	6	0.76%
MREF Villas LLC				19,716,000	7	0.75%
AHC Goose Creek LLC				18,005,435	8	0.69%
2008 Baker Rd.				17,294,358	9	0.66%
2021 Baker R II LTD				15,601,040	10	0.60%
Subtotal	574,878,350		9.91%	243,475,274		9.29%
Other Taxpayers	5,224,117,694		90.09%	2,376,287,300		90.71%
<b>Total</b>	<b>\$ 5,798,996,044</b>		<b>100.00%</b>	<b>\$ 2,619,762,574</b>		<b>100.00%</b>

Source: Goose Creek Consolidated Independent School District Tax Office

**CITY OF BAYTOWN, TEXAS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

	Fiscal Year			
	2014	2015	2016	2017
Tax levy	\$ 21,200,763	\$ 22,423,830	\$ 24,611,681	\$ 27,001,086
Current tax collected	\$ 20,487,419	\$ 21,865,661	\$ 23,892,720	\$ 26,416,758
Percentage of current tax collections	96.64%	97.51%	97.08%	97.84%
Delinquent tax collections (1)	590,597	398,891	517,195	321,690
	\$ 21,078,016	\$ 22,264,552	\$ 24,409,915	\$ 26,738,448
Total collections as a percentage of current levy	99.42%	99.29%	99.18%	99.03%
Outstanding delinquent taxes (2)	\$ 122,747	\$ 159,278	\$ 201,766	\$ 262,638
Outstanding delinquent taxes as percentage of current levy	0.58%	0.71%	0.82%	0.97%

(1) Total amount of tax collections received in subsequent years.

(2) Outstanding delinquent taxes based on the current levy.

**Fiscal Year**

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 29,685,764	\$ 31,563,309	\$ 34,520,007	\$ 37,433,434	\$ 39,195,452	\$ 42,976,069
\$ 28,878,775	\$ 30,729,241	\$ 33,480,249	\$ 36,420,317	\$ 38,097,172	\$ 41,817,317
97.28%	97.36%	96.99%	97.29%	97.20%	97.30%
<u>487,404</u>	<u>618,605</u>	<u>509,698</u>	<u>749,567</u>	<u>496,296</u>	<u>765,580</u>
<u>\$ 29,366,179</u>	<u>\$ 31,347,846</u>	<u>\$ 33,989,947</u>	<u>\$ 37,169,884</u>	<u>\$ 38,593,468</u>	<u>\$ 42,582,897</u>
98.92%	99.32%	98.46%	99.30%	98.46%	99.09%
\$ 319,585	\$ 215,463	\$ 530,060	\$ 263,550	\$ 601,984	\$ 393,172
1.08%	0.68%	1.54%	0.70%	1.54%	0.91%

**CITY OF BAYTOWN, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
 Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
<b>Governmental Activities:</b>				
General obligation bonds	\$ 104,834,650	\$ 109,014,950	\$ 100,829,041	\$ 92,604,605
Certificates of obligation	10,320,000	16,275,000	33,015,000	31,510,000
Notes Payables	2,579,696	2,273,274	1,956,981	1,633,804
Premiums	4,702,742	5,698,278	7,978,804	7,408,272
Leases	-	-	-	-
<b>Business-Type Activities:</b>				
General obligation bonds	2,695,350	16,090,050	42,425,959	40,325,395
Certificates of obligation	83,940,000	62,525,000	26,710,000	24,270,000
Premiums	866,564	2,363,321	6,487,181	6,000,949
<b>Total Primary Government</b>	<b>\$ 209,939,002</b>	<b>\$ 214,239,873</b>	<b>\$ 219,402,966</b>	<b>\$ 203,753,025</b>
Percentage of personal income	11.5%	13.1%	12.4%	10.7%
Per capita	\$ 2,783	\$ 2,814	\$ 2,770	\$ 2,434

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

**Fiscal Year**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$	84,852,517	\$ 83,320,072	\$ 74,012,321	\$ 69,008,759	\$ 61,453,858	\$ 52,927,108
	53,815,000	43,860,000	46,160,000	70,795,000	65,325,000	82,890,000
	1,303,593	966,194	621,452	269,206	-	-
	8,757,473	8,410,157	8,851,148	15,584,665	16,288,603	15,719,632
	-	-	-	-	-	612,329
	36,947,483	33,929,928	30,732,680	27,341,242	29,561,144	25,357,894
	23,115,000	40,375,000	38,735,000	36,820,000	24,685,000	23,435,000
	5,514,717	5,943,039	5,423,905	4,904,771	5,276,535	4,676,410
<b>\$</b>	<b>214,305,783</b>	<b>\$ 216,804,390</b>	<b>\$ 204,536,506</b>	<b>\$ 224,723,643</b>	<b>\$ 202,590,140</b>	<b>\$ 205,618,373</b>
	11.4%	9.0%	8.3%	9.0%	9.3%	7.9%
\$	2,413	\$ 2,339	\$ 2,200	\$ 2,389	\$ 2,403	\$ 2,451

**CITY OF BAYTOWN, TEXAS**  
**RATIO OF GENERAL BONDED DEBT OUTSTANDING**  
 Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
<b>Net Taxable Assessed Value</b>				
All property	\$ 2,619,762,574	\$ 2,619,762,574	\$ 3,026,608,465	\$ 3,333,784,968
<b>Net Bonded Debt</b>				
Gross bonded debt	119,857,392	130,988,228	141,822,845	131,522,877
Less debt service funds	5,418,953	4,895,113	2,940,258	2,632,347
<b>Total Net Bonded Debt</b>	<u>\$ 114,438,439</u>	<u>\$ 126,093,115</u>	<u>\$ 138,882,587</u>	<u>\$ 128,890,530</u>
<b>Ratio of Net Bonded Debt to Assessed Value</b>	4.37%	4.81%	4.59%	3.87%
<b>Population</b>	73,972	76,127	79,215	83,724
<b>Net Bonded Debt per Capita</b>	\$ 1,547	\$ 1,656	\$ 1,753	\$ 1,539

<b>Fiscal Year</b>					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
\$ 3,680,049,725	\$ 3,961,604,388	\$ 4,397,651,697	\$ 4,788,003,759	\$ 5,089,300,184	\$ 5,798,996,044
147,424,990	135,590,229	129,023,469	155,388,424	143,067,461	152,149,069
3,816,355	5,050,333	6,268,425	3,144,287	-	-
<u>\$ 143,608,635</u>	<u>\$ 130,539,896</u>	<u>\$ 122,755,044</u>	<u>\$ 152,244,137</u>	<u>\$ 143,067,461</u>	<u>\$ 152,149,069</u>
3.90%	3.30%	2.79%	3.18%	2.81%	2.62%
88,830	92,679	92,984	94,081	84,324	83,902
\$ 1,617	\$ 1,409	\$ 1,320	\$ 1,618	\$ 1,697	\$ 1,813

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**CITY OF BAYTOWN, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
For the Year Ended September 30, 2023

<b>Governmental Unit</b>	<b>Net Bonded Debt Outstanding</b>	<b>Estimated Percentage Applicable (1)</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt repaid with property taxes</b>			
Harris County <sup>(2)</sup>	\$ 1,977,981,319	0.92%	\$ 18,197,428
Harris County Dept. of Education	13,865,000	0.92%	127,558
Harris County MUD #213B	8,850,000	100.00%	8,850,000
Harris County MUD #459	22,720,000	100.00%	22,720,000
Harris County MUD #473	9,050,000	100.00%	9,050,000
Harris County Flood Control	1,009,015,000	0.92%	9,282,938
Harris County Hospital District	70,970,000	0.92%	652,924
Goose Creek Consolidated Independent School District	640,798,572	33.12%	212,232,487
Lee College District	29,965,000	33.12%	9,924,408
Port of Houston Authority	445,749,397	0.92%	4,100,894
Deer Park ISD	323,435,000	0.56%	1,811,236
San Jacinto CCD	537,657,427	0.16%	860,252
Chambers County <sup>(2)</sup>	126,805,000	2.08%	2,637,544
<b>Subtotal, overlapping debt</b>	<b>5,216,861,715</b>		<b>300,447,670</b>
<b>City direct debt</b>	<b>205,618,373</b>		<b>205,618,373</b>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 506,066,043</b>

Source: Goose Creek Consolidated Independent School District

- (1) Estimated percentage applicable obtained from Municipal Advisory Council of Texas. The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the City's boundaries and dividing it by the City's total taxable assessed value.
- (2) The City of Baytown is located within two counties. A resident would either live in Harris County or Chambers County, not both.

**CITY OF BAYTOWN, TEXAS**  
**PLEDGED REVENUE COVERAGE (WATER AND SEWER FUND)**  
 Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
<b>Gross Revenues</b>	\$ 35,990,349	\$ 39,044,709	\$ 40,811,009	\$ 40,998,750
<b>Operating Expenses (1)</b>	23,234,448	24,953,929	25,981,703	28,327,663
<b>Net Revenues Available for Debt Service</b>	<u>\$ 12,755,901</u>	<u>\$ 14,090,780</u>	<u>\$ 14,829,306</u>	<u>\$ 12,671,087</u>
<b>Debt Service Requirements (2)</b>				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
<b>Total</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Coverage</b>	N/A	N/A	N/A	N/A

(1) Total operating expenses less depreciation  
 (2) Includes revenue bonds only

**Fiscal Year**

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 43,301,862	\$ 42,415,981	\$ 46,051,831	\$ 47,144,502	\$ 50,276,510	\$ 56,109,234
<u>28,264,773</u>	<u>26,043,889</u>	<u>29,416,895</u>	<u>30,353,357</u>	<u>30,274,348</u>	<u>35,705,346</u>
<u><u>\$ 15,037,089</u></u>	<u><u>\$ 16,372,092</u></u>	<u><u>\$ 16,634,936</u></u>	<u><u>\$ 16,791,145</u></u>	<u><u>\$ 20,002,162</u></u>	<u><u>\$ 20,403,888</u></u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u><u>\$ -</u></u>					
N/A	N/A	N/A	N/A	N/A	N/A

**CITY OF BAYTOWN, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
 Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
Population (1)	75,424	76,127	79,215	83,724
Personal income	\$1,822,625,836	\$1,631,325,483	\$1,773,069,345	\$1,912,591,056
Per capita personal income (2)	\$ 24,165	\$ 21,429	\$ 22,383	\$ 22,844
Median age (3)	31.0	31.0	31.0	32.9
Education level in years of schooling (3)	14.8	19.5	14.8	14.8
School enrollment (4)	21,723	22,915	22,320	23,748
Unemployment rate (5)	6.40%	6.00%	6.40%	10.40%

Data sources:

- (1) Prior years from either Census or City Planning Department. FY17 provided by Applied Geographic Solutions (AGS).  
FY19 from Population.us. FY20 - FY23 from Official Statement
- (2) U.S. Bureau of Labor Statistics (Quick Facts)
- (3) USA.com
- (4) Goose Creek CISD
- (5) U.S. Bureau of Labor Statistics

<b>Fiscal Year</b>					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
88,830	92,679	92,984	94,081	84,324	83,902
\$1,875,937,700	\$2,421,331,554	\$2,474,769,160	\$2,503,965,815	\$2,178,257,568	\$2,617,826,302
\$ 24,425	\$ 26,126	\$ 26,615	\$ 26,615	\$ 25,832	\$ 31,201
32.4	32.7	32.8	32.9	33.2	34.0
14.8	14.8	14.8	12.4	12.4	12.4
23,795	23,837	23,926	23,318	23,908	23,833
8.10%	6.60%	9.60%	10.50%	7.30%	7.00%

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# CITY OF BAYTOWN, TEXAS

## *PRINCIPAL EMPLOYERS*

Current Fiscal Year and Nine Years Ago

Employer	Fiscal Year					
	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Goose Creek Consolidated						
Independent School District	4,000	1	13.08%	3,012	2	9.56%
Exxon Mobil-Baytown Complex	3,785	2	12.38%	3,785	1	12.01%
Houston Methodist Hospital	1,975	3	6.46%	1,687	3	5.35%
Covestro	1,450	4	4.74%			
City of Baytown	1,133	5	3.71%			
Chevron Phillips	990	6	3.24%	789	6	2.50%
Lee College	700	7	2.29%			
Wal-Mart Distribution Center	600	8	1.96%	685	7	2.17%
Borusan Mannesmann	410	9	1.34%			
JSW Steel	330	10	1.08%	800	5	2.54%
Bayer Corporation				1,100	4	3.49%
Home Depot Distribution Center				600	8	1.90%
TMK-IPSCO				390	9	1.24%
Exel Logistics				200	10	0.63%
<b>Total</b>	<u>15,373</u>		<u>50.29%</u>	<u>13,048</u>		<u>41.40%</u>

Sources: Baytown Economic Development Foundation, City of Baytown, Goose Creek CISD, and Lee College.

**CITY OF BAYTOWN, TEXAS**  
**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION**  
 Last Ten Fiscal Years

	Fiscal Year			
	2014	2015	2016	2017
<b>General Fund:</b>				
General government	93.40	94.90	96.90	99.90
Public safety				
Police				
Officers	143.00	150.00	150.00	153.00
Civilians	50.00	49.00	49.00	51.00
Fire				
Firefighters and officers	140.00	147.00	147.00	155.00
Civilians	10.00	9.00	9.00	13.00
Other public safety	26.00	26.00	26.00	26.00
Public works	43.50	43.50	40.50	40.50
Public health	23.00	23.00	25.00	28.00
Parks, recreation, and culture	64.00	63.00	64.00	67.00
<b>General Fund Total</b>	<u>592.90</u>	<u>605.40</u>	<u>607.40</u>	<u>633.40</u>
<b>Hotel/Motel Fund</b>	2.00	2.00	2.00	5.00
<b>Enterprise Fund:</b>				
Aquatics	3.00	4.00	4.00	4.00
Water and sewer	122.85	122.85	120.85	124.85
Sanitation	13.50	13.50	13.50	13.50
Storm water utility	4.00	4.00	16.00	16.00
Internal service	12.00	12.00	12.00	12.00
<b>Enterprise Fund Total</b>	<u>155.35</u>	<u>156.35</u>	<u>166.35</u>	<u>170.35</u>
<b>Program Funds:</b>				
Community development block grant	4.50	4.00	4.00	4.00
High intensity drug trafficking area	0.25	0.25	0.25	0.25
Miscellaneous police	4.00	4.00	4.00	4.00
Street maintenance	-	-	5.00	7.00
Crime control and prevention district	15.00	15.00	15.00	15.00
Fire control, prevention, and emergency medical services district	2.00	2.00	2.00	3.00
Municipal court special revenue	2.00	2.00	2.00	2.00
Wetlands education and recreation center	2.00	2.00	2.00	2.00
Capital improvement program	3.00	3.00	3.00	3.00
Capital improvement program fund - water and sewer	1.00	1.00	2.00	2.00
Municipal Development District	3.00	3.00	-	1.00
Baytown Nature Center	1.00	1.00	1.00	1.00
Workers' compensation	1.00	1.00	1.00	1.00
<b>Program Funds Total</b>	<u>38.75</u>	<u>38.25</u>	<u>41.25</u>	<u>45.25</u>
<b>Total</b>	<u><u>789.00</u></u>	<u><u>802.00</u></u>	<u><u>817.00</u></u>	<u><u>854.00</u></u>

**Fiscal Year**

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
107.90	110.90	117.90	117.90	123.75	132.75
157.00	157.00	157.00	157.00	170.00	170.00
49.00	49.00	49.00	49.00	54.00	62.00
156.00	157.00	161.00	165.00	162.00	162.00
13.00	13.00	15.00	12.00	17.00	15.00
26.00	26.00	27.00	27.00	28.00	28.00
41.50	43.00	45.00	45.00	52.00	53.00
30.00	35.00	36.00	36.00	42.00	45.00
70.00	74.00	77.00	77.00	79.00	86.00
<u>650.40</u>	<u>664.90</u>	<u>684.90</u>	<u>685.90</u>	<u>727.75</u>	<u>753.75</u>
3.00	3.00	3.00	3.00	3.00	3.00
4.00	5.00	5.00	5.00	5.00	5.00
124.85	124.85	132.85	132.85	131.00	135.00
13.50	13.00	13.00	13.00	13.00	13.00
21.00	21.00	21.00	21.00	22.00	23.00
12.00	12.00	12.00	12.00	12.00	12.00
<u>175.35</u>	<u>175.85</u>	<u>183.85</u>	<u>183.85</u>	<u>183.00</u>	<u>188.00</u>
4.00	4.00	4.00	4.00	3.00	4.00
0.25	0.25	0.25	0.25	0.25	0.25
4.00	4.00	4.00	4.00	4.00	4.00
13.00	14.00	18.00	18.00	21.00	21.00
15.00	15.00	15.00	15.00	-	-
3.00	3.00	3.00	2.00	-	-
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	3.00	3.00
4.00	4.00	4.00	4.00	7.00	9.00
2.00	2.00	3.00	3.00	9.00	12.00
1.00	1.00	1.00	1.00	1.00	3.00
1.00	1.00	1.00	1.00	-	-
1.00	1.00	1.00	1.00	1.00	1.00
<u>52.25</u>	<u>53.25</u>	<u>58.25</u>	<u>57.25</u>	<u>51.25</u>	<u>59.25</u>
<u>881.00</u>	<u>897.00</u>	<u>930.00</u>	<u>930.00</u>	<u>965.00</u>	<u>1,004.00</u>

**CITY OF BAYTOWN, TEXAS**  
**OPERATING INDICATORS BY FUNCTION**  
Last Ten Fiscal Years

Function	Fiscal Year			
	2014	2015	2016	2017
<b>Police:</b>				
Arrests	5,717	5,637	5,584	5,589
Accident reports	2,207	2,594	2,676	2,619
Citations	17,904	20,144	23,817	25,878
Offense reports	14,911	14,788	15,014	14,226
Calls for service	55,045	67,765	70,236	71,448
<b>Fire:</b>				
Medical responses	9,577	9,999	10,568	8,992
Fire/rescue incidents	2,301	2,513	2,345	3,189
Response times:				
One minute for turnout time	*	*	*	*
Four minutes or less for the arrival of the first arriving engine company for a fire	*	*	*	*
Eight minutes or less for the deployment of a full first alarm assignment at a fire suppression incident	*	*	*	*
Five minutes or less for the arrival of the first arriving engine company for a fire	61.81%	59.82%	59.70%	54.72%
Nine minutes or less for the deployment of a full first alarm assignment at a fire suppression incident	85.44%	86.21%	83.52%	84.00%
<b>Water:</b>				
Number of water customers	22,417	22,599	21,398	21,731
Source	Trinity River	Trinity River	Trinity River	Trinity River
Average daily water usage (millions of gallons)	12.70	11.11	11.55	11.61
Number of million gallons of surface water pumped	4.64	4.07	4.23	5.41
Number of million gallons of well water pumped	2.13	0.19	0.58	0.48
Peak daily consumption (millions of gallons)	17.11	16.69	18.71	17.37
<b>Sewer:</b>				
Number of sewer connections	21,513	21,705	20,553	20,887
Average daily treatment (millions of gallons)	10.44	13.28	13.07	11.99
Total consumption (billions of gallons)	3.81	4.75	4.77	4.34
Peak daily consumption (millions of gallons)	35.95	56.06	55.49	41.20

Data source: various City departments

**Fiscal Year**

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
5,121	4,882	3,460	3,404	3,190	3,829
2,402	2,228	2,172	2,040	2,157	2,165
26,714	22,457	14,431	14,373	5,747	5,479
14,217	14,148	13,455	12,360	12,728	12,483
72,639	74,859	70,477	64,307	48,555	50,758
10,933	11,559	10,866	12,379	12,890	12,890
2,602	2,767	2,558	2,956	2,929	2,929
*	*	*	43%	55%	57%
*	*	*	72%	73%	68%
*	*	*	81%	97%	96%
51.60%	59.14%	63.51%	*	*	*
84.40%	84.95%	56.75%	*	*	*
21,912	22,148	23,810	24,067	22,552	22,767
Trinity River					
12.12	11.58	12.32	11.81	12.3	17.66
5.13	4.23	4.97	4.31	4.86	5.55
0.52	0.55	0.63	0.70	0.00	0.00
17.52	19.21	18.35	23.84	21.82	22.30
21,043	21,276	22,344	23,613	22,166	22,223
11.67	12.06	10.93	10.90	10.13	11.30
4.04	4.47	3.70	4.09	3.70	135.50
39.19	48.27	27.57	30.37	35.94	38.90

**CITY OF BAYTOWN, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
 Last Ten Fiscal Years

Function	Fiscal Year			
	2014	2015	2016	2017
Police:				
Stations	3	3	3	3
Patrol units	93	94	100	100
Fire stations	7	7	8	8
Other public works:				
Streets (miles)	431	447	468	471
Streetlights	4,911	5,124	5,443	5,504
Parks and recreation:				
Parks	50	50	52	53
Parks acreage	1,151	1,151	1,290	1,292
Parks - developed	972	972	1,120	1,122
Parks - undeveloped	179	179	179	170
Spraygrounds	5	5	5	6
Baseball/softball diamonds	22	22	22	2
Tennis courts	4	4	4	4
Community centers	1	1	1	1
Water parks	2	2	2	2
Quick soccer courts	2	2	2	2
Pickle Ball Courts	-	-	-	-
Water:				
Water mains (miles)	398	399	400	402
Fire hydrants	2,003	2,431	2,545	2,618
System capacity (millions of gallons)	26 MGD	26 MGD	26 MGD	26 MGD
Sewer:				
Sanitary sewers (miles)	377	382	384	400
Storm sewers (miles)	174	175	180	183
Treatment plant capacity (millions of gallons)	24.2 MGD	24.2 MGD	24.2 MGD	24.2 MGD

Data source: various City departments

<b>Fiscal Year</b>					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
3	3	3	3	3	3
104	111	109	109	108	116
8	8	8	8	8	8
484	499	514	514	505	510
5,617	5,911	6,096	6,096	6,256	6,254
53	53	55	53	54	54
1,292	1,292	1,319	1,251	1,323	1,323
1,122	1,122	1,123	1,061	1,125	1,125
170	170	196	190	198	198
6	6	6	6	5	5
22	22	22	18	18	18
4	4	4	8	2	2
1	1	1	1	1	1
2	2	2	2	2	2
2	3	3	3	2	2
-	-	-	-	-	2
403	404	420	463	502	518
2,637	2,690	2,850	3,371	3,568	3,620
26 MGD	26.0 MGD	26.0 MGD	26.0 MGD	26.0 MGD	26.0 MGD
397	402	409	472	478	486
186	190	194	220	233	234
24.2 MGD	24.2 MGD	24.2 MGD	24.2 MGD	24.4 MGD	24.4 MGD

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