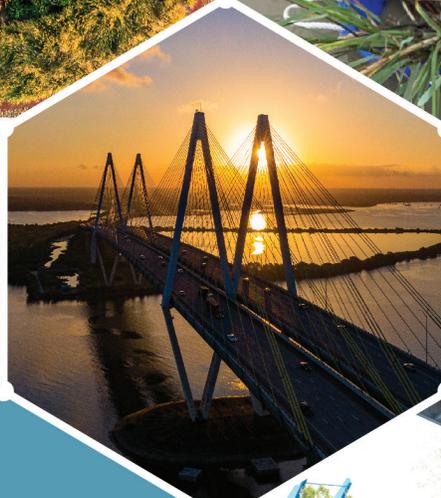


2023-2024



REALIGNING FOR A SUSTAINABLE TOMORROW

City of Baytown, TX

Annual Comprehensive Financial Report
Fiscal Year Ending September 30, 2024

City of Baytown, Texas

Annual Comprehensive Financial Report For the Fiscal Year Ended September 30, 2024

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

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City of Baytown, Texas
 Annual Comprehensive Financial Report
 For the Fiscal Year Ended September 30, 2024
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Introductory Section





CITY OF BAYTOWN

FINANCE DEPARTMENT

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

June 12, 2025

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, 2024, 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 2023 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, 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 85,083.

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 \$20 billion in assets, more than \$15 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 PDH unit in Industrial District #2, which produces 1.65 billion lbs. 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 can’t 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 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 is an official public document that acts as general guide for how the City should grow and operate over the next 20 years. The Comprehensive 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, 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 & Traffic Flow, Environmental Stewardship, and Outdoor Recreation & 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 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, 2023. This was the 33rd 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, 2023. 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.

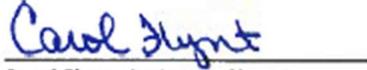
We would like to thank the Mayor and City Council for their trust and support as we endeavor to conduct the City's financial operations in a transparent, responsible, and efficient manner.



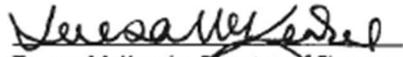
Jason Reynolds, City Manager



Brant Gary, Assistant City Manager



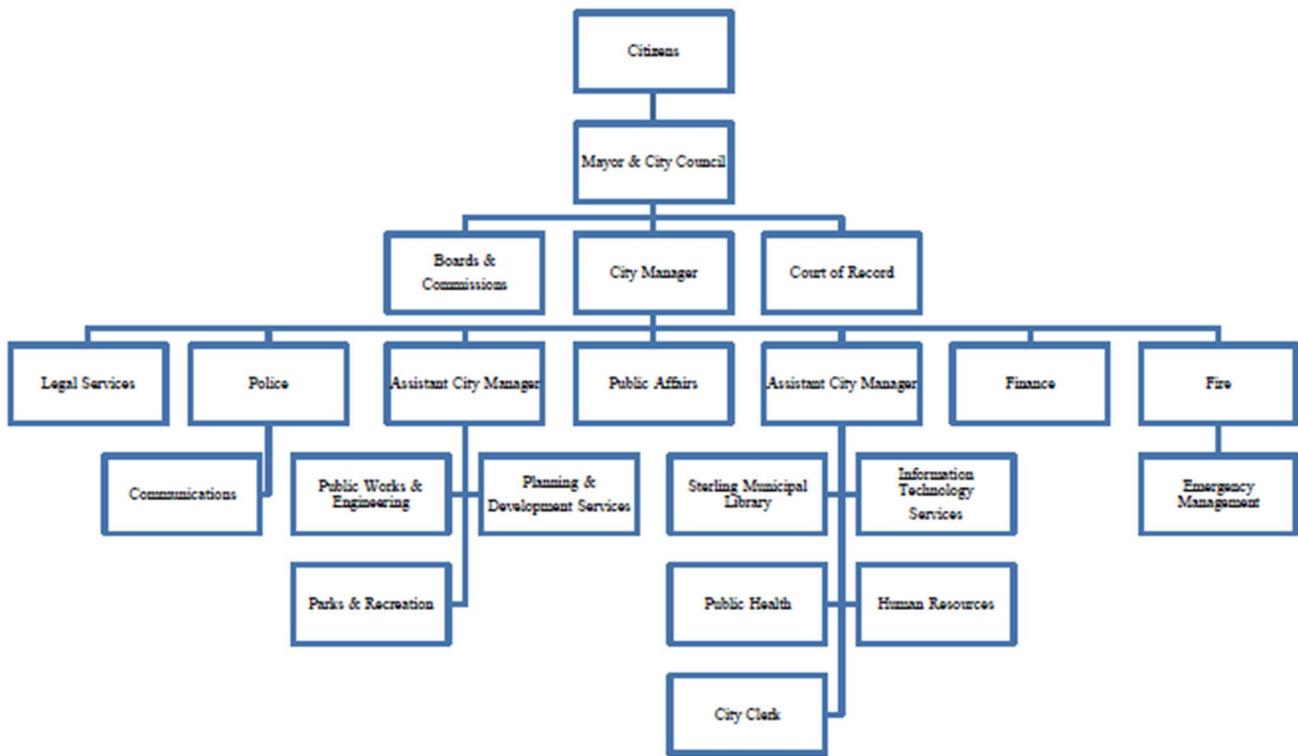
Carol Flynt, Assistant City Manager



Teresa McKenzie, Director of Finance



CITY OF BAYTOWN ORGANIZATION CHART





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, 2023

Christopher P. Morill

Executive Director/CEO

**City of Baytown, Texas
City Officials**

City Council

Charles Johnson
Laura Alvarado
Sarah Graham
Ken Griffith
James Franco
Jacob Powell
Mike Lester

Elective Position

Mayor
Council Member
Council Member
Council Member
Council Member
Council Member
Council Member

District

District 1
District 2
District 3
District 4
District 5
District 6

Key Staff

Jason Reynolds
Carol Flynt
Brant Gray
Teresa McKenzie
Fatima Uwakwe
Lianette Leon

Position

City Manager
Assistant City Manager
Assistant City Manager
Director of Finance
Assistant Director of Finance
Assistant Director of Finance



Financial Section



Independent Auditor's Report

To the Honorable Mayor
and City Council
City of Baytown, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the 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 (City), as of and for the year ended September 30, 2024, 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 accompanying 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, 2024, 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 (GAAS) 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 Auditor's 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.

Emphasis of Matter

As discussed in Notes 1.H and 4.H to the basic financial statements, during the year ended September 30, 2024, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*. Beginning net position has been restated in the proprietary fund financial statements as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

The Honorable Mayor
and City Council
City of Baytown, Texas

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 and the Required Supplementary Information, as listed in 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 GAAS, 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.

The Honorable Mayor
and City Council
City of Baytown, Texas

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 supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 June 12, 2025 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 solely 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 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.

Weaver and Tidwell, L.L.P.

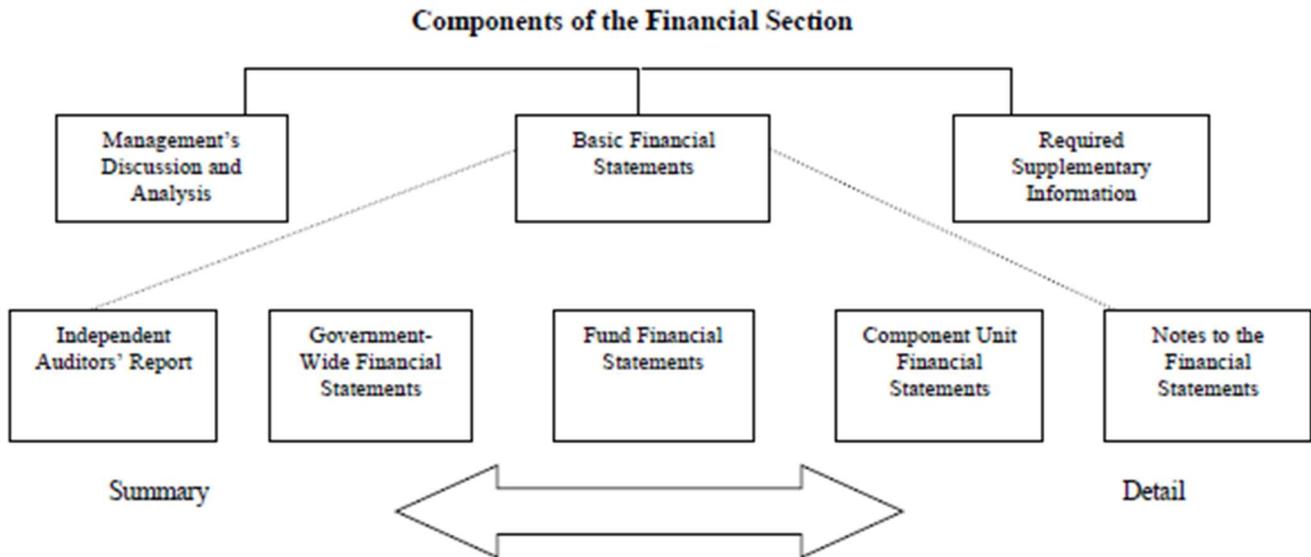
WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas
June 12, 2025



Management's Discussion and Analysis (Unaudited)

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, 2024. 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.



Overview of the Financial Statements

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 Financial 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 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 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 \$585,440,381 as of September 30, 2024, in the primary government. The largest portion of the City's net position, \$529,491,921, 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.

Statement of Net Position. The following table reflects the condensed Statement of Net Position:

City of Baytown, Texas Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 194,356,735	\$ 194,734,774	\$ 119,456,755	\$ 82,606,990	\$ 313,813,490	\$ 277,341,764
Capital assets	412,772,749	412,050,245	278,455,662	249,407,985	691,228,411	661,458,230
Total assets	607,129,484	606,785,019	397,912,417	332,014,975	1,005,041,901	938,799,994
Deferred outflows	33,026,534	50,979,870	4,786,113	6,979,390	37,812,647	57,959,260
Total deferred outflows of resources	33,026,534	50,979,870	4,786,113	6,979,390	37,812,647	57,959,260
Long-term liabilities outstanding	285,767,014	294,911,161	110,061,600	73,339,790	395,828,614	368,250,951
Other liabilities	20,289,311	30,798,585	24,826,719	24,339,805	45,116,030	55,138,390
Total liabilities	306,056,325	325,709,746	134,888,319	97,679,595	440,944,644	423,389,341
Deferred inflows	14,454,488	19,722,021	2,015,035	5,835,619	16,469,523	25,557,640
Total deferred inflows of resources	14,454,488	19,722,021	2,015,035	5,835,619	16,469,523	25,557,640
Net position:						
Net investment in capital assets	314,129,798	312,834,010	215,362,123	200,954,695	529,491,921	513,788,705
Restricted	33,635,654	29,502,852	-	11,033,635	33,635,654	40,536,487
Unrestricted (deficit)	(28,120,247)	(30,003,740)	50,433,053	23,490,821	22,312,806	(6,512,919)
Total net position	\$ 319,645,205	\$ 312,333,122	\$ 265,795,176	\$ 235,479,151	\$ 585,440,381	\$ 547,812,273

A portion of the primary government's net position, \$33,635,654, represents resources that are subject to external restriction on how they may be used.

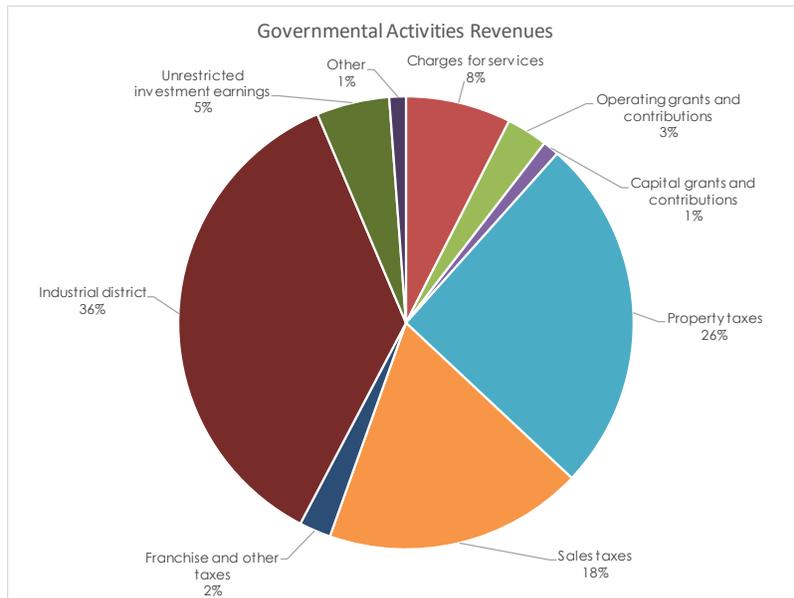
The City's total net position increased by \$37,628,108 during the current fiscal year, an increase of 7 percent in comparison to the prior year. Deferred outflows of resources decreased significantly compared to the prior year due to a decrease in projected and actual earnings for the pension plan. Deferred inflows of resources decreased significantly compared to the prior year due to a decrease in changes in actuarial assumptions and the difference between expected and actual experience for other postemployment benefits. Capital assets increased by a net of \$29,770,181 due to current year capital additions. Current and other assets increased by \$36,471,726 largely due to unspent proceeds from the certificates of obligations issued in May 2024. Total liabilities increased by \$17,555,303 primarily due to the issuance of the new debt net of current year principal payments. Other liabilities decreased mainly due to a decrease in construction payables due at fiscal year end.

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

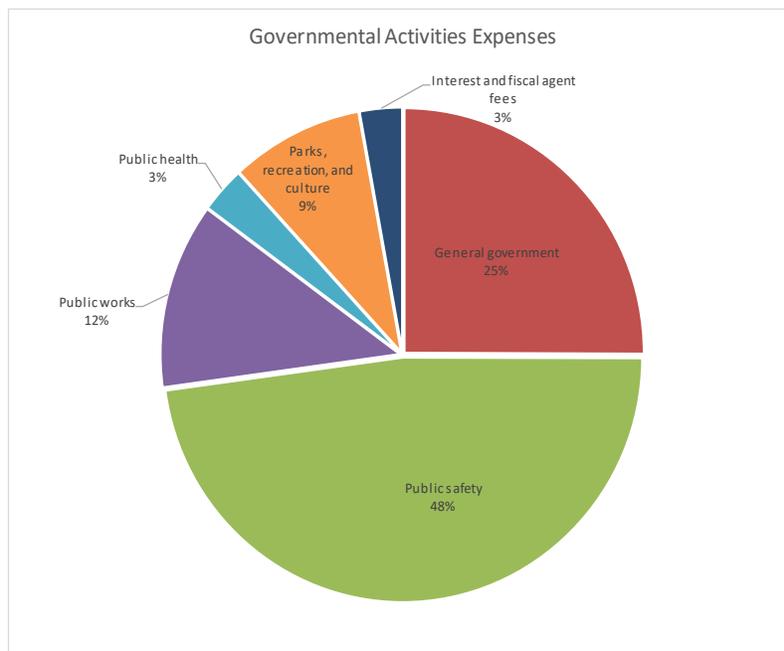
City of Baytown, Texas Change in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 13,703,763	\$ 7,255,023	\$ 74,256,137	\$ 71,142,737	\$ 87,959,900	\$ 78,397,760
Operating grants and contributions	5,333,374	6,746,460	7,238,296	1,351,768	12,571,670	8,098,228
Capital grants and contributions	2,140,283	31,321,260	6,942,371	3,987,449	9,082,654	35,308,709
General revenues:						
Property taxes	46,598,100	43,619,406	-	-	46,598,100	43,619,406
Sales taxes	33,675,244	33,096,797	-	-	33,675,244	33,096,797
Franchise and other taxes	4,138,320	4,669,231	-	-	4,138,320	4,669,231
Industrial district	65,858,168	67,030,403	-	-	65,858,168	67,030,403
Unrestricted investment earnings	9,442,027	9,097,642	4,673,131	3,140,823	14,115,158	12,238,465
Other	2,172,496	1,530,117	-	-	2,172,496	1,530,117
Total revenues	183,061,775	204,366,339	93,109,935	79,622,777	276,171,710	283,989,116
Expenses:						
General government	42,953,203	39,663,698	-	-	42,953,203	39,663,698
Public safety	81,904,895	78,350,694	-	-	81,904,895	78,350,694
Public works	21,059,182	16,481,571	-	-	21,059,182	16,481,571
Public health	5,235,057	5,134,804	-	-	5,235,057	5,134,804
Parks, recreation, and culture	15,385,808	16,974,203	-	-	15,385,808	16,974,203
Interest and fiscal agent fees	4,909,342	4,909,383	-	-	4,909,342	4,909,383
Water and sewer	-	-	51,425,059	45,763,321	51,425,059	45,763,321
Sanitation	-	-	8,312,642	8,321,776	8,312,642	8,321,776
Bayland Island development	-	-	212,288	212,606	212,288	212,606
Aquatics	-	-	4,392,698	4,973,048	4,392,698	4,973,048
Storm water utility	-	-	2,753,428	2,221,863	2,753,428	2,221,863
Total expenses	171,447,487	161,514,353	67,096,115	61,492,614	238,543,602	223,006,967
Change in net position before transfers	11,614,288	42,851,986	26,013,820	18,130,163	37,628,108	60,982,149
Transfers	(4,302,205)	665,621	4,302,205	(665,621)	-	-
Change in net position	7,312,083	43,517,607	30,316,025	17,464,542	37,628,108	60,982,149
Net position - beginning	312,333,122	268,815,515	235,479,151	218,014,609	547,812,273	486,830,124
Net position - ending	\$ 319,645,205	\$ 312,333,122	\$ 265,795,176	\$ 235,479,151	\$ 585,440,381	\$ 547,812,273

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

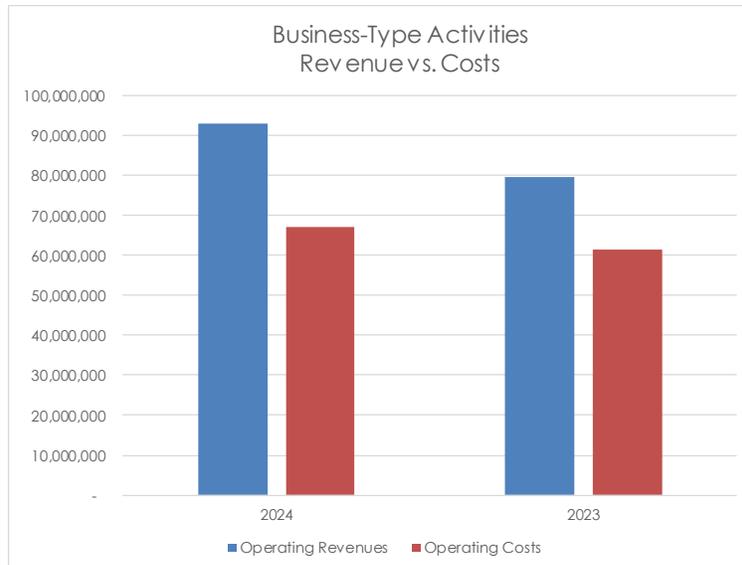


For the year ended September 30, 2024, revenues from governmental activities totaled \$183,061,775. Industrial district payments are the City's largest revenue sources at \$65,858,168 or 36 percent. Capital grants and contributions decreased by \$29,180,977 or 93 percent largely due to the conveyance of a convention center to the City from the Municipal Development District (MDD) in the prior year. Property taxes increased by \$2,978,694 compared to the prior year due to an increase in the assessed value of properties within the City. Sales taxes increased by \$578,447 due to an increase in economic activity within the City. Unrestricted investment earnings increased by \$344,385 primarily due to favorable market conditions.



For the year ended September 30, 2024, expenses for governmental activities totaled \$171,447,487. This represents an increase of \$9,933,134 from last year, primarily due to a budgeted increase in payroll-related expenses.

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



Total business-type activities revenues increased \$13,487,158 or 17 percent, primarily due to an increase in charges for services and operating grants and contributions. 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. The increase in operating grants and contributions is primarily due to utilizing state and local fiscal recovery funds in the current year. Expenses had a net increase of \$5,603,501 or 9 percent, primarily due to an increase in payroll-related expenses and water and sewer supplies. After transfers from governmental activities, total net position increased by \$30,316,025 or 13 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 \$151,237,773. Of the total governmental fund balance, \$387,455 is nonspendable, and \$122,383,154 is restricted for various purposes. The remaining balance of \$28,467,164 is unassigned.

There was a net increase in the combined fund balance of \$7,971,943 from the prior year. This increase in fund balance is in large part due to the increase in fund balance within the TIRZ No. 1 nonmajor governmental fund as a result of current year certificates of obligation proceeds received.

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 \$30,045,469, while total fund balance reached \$30,432,924. 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 23 percent of total general fund expenditures. The general fund had an increase in fund balance of \$4,433,409 primarily due to an increase in ambulance revenues and property taxes.

The debt service fund has a total fund balance of \$811,532 at the end of the current 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 decreased due to the assumption of bonds and certificates payable from the governmental activities to the water and sewer fund in the current year.

The capital projects fund had a total fund balance of \$88,825,277. The capital projects fund had a decrease in fund balance of \$5,743,491, which was primarily the 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 \$8,922,966. Actual general fund revenues exceeded original and amended budgeted revenues by \$7,461,875. This net positive variance includes the positive variance of \$2,292,158 for taxes which is primarily due to additional property tax and sales tax revenues, \$1,884,915 for charges for services due to additional ambulance revenue, and \$1,208,415 for investment earnings as a result of favorable market conditions. This variance also includes a positive variance of \$906,401 for intergovernmental revenue due to an increase in grant revenue and \$1,190,540 for miscellaneous revenue due to proceeds received from a settlement.

Total expenditures were greater than budgeted amounts by a net \$5,364,587 for the fiscal year. This is largely due to an increase in payroll expenditures for public safety departments.

Capital Assets

At the end of fiscal year 2024, the City has invested \$412,772,749 of governmental activities and \$278,455,662 of business-type activities in a variety of capital assets and infrastructure (net of accumulated depreciation/amortization).

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

- The City invested \$9 million in construction in progress for the fiscal year 2024 for business-type activities for water and sewer improvements.
- The City invested \$24 million in construction in progress for the fiscal year 2024 for governmental activities for various street and building improvements.
- The City also received developer contributions of \$6.9 million for business-type activities and \$0.6 million for governmental activities related to the Bay Creek Section 1 annexation during the fiscal year 2024.
- The City conveyed fixed assets to the water and sewer fund for \$17 million and to the storm water utility fund for \$4 million during the fiscal year 2024.

More detailed information about the City's capital assets is presented in Note 3.D. to the financial statements.

Long-term Debt

At the end of the current year, the City's governmental activities had total bonds and certificates of obligation outstanding of \$134,742,651. Of this amount, \$42,757,651 was general obligation debt and \$91,985,000 was certificates of obligation. Business-type activities had total refunding bonds and certificates of obligation outstanding of \$85,542,349 at year end. During the year, the City had a net increase in long-term debt of \$35,674,998.

More detailed information about the City's long-term liabilities is presented in Note 3.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

For fiscal year 2025, the City Council approved a \$284 million budget for Baytown's major operating funds, including the general fund, debt service, hotel/motel tax, aquatics, water and sewer, water and sewer debt service, sanitation, stormwater utility, and garage and warehouse operations. This balanced budget demonstrates the City's ongoing commitment to responsible fiscal stewardship while responding to the evolving needs of Baytown's residents. Notably, the fiscal year 2025 budget includes a property tax rate reduction, from \$0.72000 per \$100 of assessed valuation in fiscal year 2024 to \$0.70042 per \$100 in fiscal year 2025, reflecting the City's efforts to deliver tax relief while maintaining high-quality municipal services and supporting critical investments in the community.

The fiscal year 2025 budget is the third year of Baytown's five-year strategic plan. Key priorities for this budget include continued property tax relief, robust funding for critical infrastructure, expanded economic development initiatives, and the enhancement of recreation and outdoor amenities. The City remains committed to environmental stewardship and fostering a vibrant, connected community, while maintaining the flexibility to respond to emerging needs. Every allocation within the fiscal year 2025 budget is aligned with the City Council's vision and long-term goals, ensuring sustainable growth and resilience for Baytown.

Baytown's long-term vision remains deeply rooted in community engagement and collaboration. Since the city-wide strategic plan was relaunched in 2021, the Strategic Planning Advisory Committee (SPAC), comprised of residents, business leaders, and stakeholders, has ensured that the City's guiding document reflects shared values and aspirations. This five-year, community-driven strategic plan provides a clear framework for policy and decision-making, charting a course for continued growth and vitality. Through robust public participation and prudent resource management, Baytown is well-positioned to meet the challenges and opportunities of fiscal year 2025 and beyond.

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, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents and investments	\$ 167,401,996	\$ 115,171,769	\$ 282,573,765
Receivables, net of allowance	16,037,694	12,863,394	28,901,088
Lease receivables	412,709	-	412,709
Due from component unit	166,504	-	166,504
Internal balances	8,578,408	(8,578,408)	-
Inventories	1,076,969	-	1,076,969
Prepaid Items	682,455	-	682,455
Restricted assets:			
Restricted cash and cash equivalents	-	-	-
Capital assets - nondepreciable	115,130,097	32,003,737	147,133,834
Capital assets - depreciable, net	297,642,652	246,451,925	544,094,577
Total assets	607,129,484	397,912,417	1,005,041,901
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding bonds	117,915	314,911	432,826
Pensions	29,316,516	3,983,156	33,299,672
Other postemployment benefits	3,592,103	488,046	4,080,149
Total deferred outflows of resources	33,026,534	4,786,113	37,812,647
Total assets and deferred outflows of resources	640,156,018	402,698,530	1,042,854,548
LIABILITIES			
Accounts payable	13,029,752	5,332,921	18,362,673
Accrued liabilities	6,061,478	278,569	6,340,047
Accrued interest payable	959,264	607,667	1,566,931
Deposits payable	20,988	3,207,472	3,228,460
Due to primary government	-	-	-
Unearned revenue	217,829	14,961,971	15,179,800
Retainage payable	-	438,119	438,119
Noncurrent liabilities:			
Due within one year	31,312,244	8,580,423	39,892,667
Due in more than one year	254,454,770	101,481,177	355,935,947
Total liabilities	306,056,325	134,888,319	440,944,644
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding bonds	152,150	109,876	262,026
Pensions	2,015,033	273,777	2,288,810
Other postemployment benefits	12,007,229	1,631,382	13,638,611
Leases	280,076	-	280,076
Total deferred inflows of resources	14,454,488	2,015,035	16,469,523
Total liabilities and deferred inflows of resources	320,510,813	136,903,354	457,414,167
NET POSITION			
Net investment in capital assets	314,129,798	215,362,123	529,491,921
Restricted for:			
Debt service	889,309	-	889,309
Special projects	32,746,345	-	32,746,345
Unrestricted (deficit)	(28,120,247)	50,433,053	22,312,806
TOTAL NET POSITION (DEFICIT)	\$ 319,645,205	\$ 265,795,176	\$ 585,440,381

The Notes to the Basic Financial Statements are an integral part of this statement.

Component Units			
	Municipal Development District		Baytown Area Water Authority
\$	1,201,297	\$	16,452,691
	1,782,387		204,806
	-		-
	-		-
	-		-
	46,980		-
	80,782		-
	7,128,984		28,828,142
	-		3,847,798
	46,174,404		94,639,518
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	56,414,834		143,972,955
	-		-
	-		-
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	-		-
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	56,414,834		143,972,955
	1,590,362		4,028,329
	3,348		-
	1,379,563		942,496
	-		-
	166,504		-
	-		-
	-		-
	-		3,045,000
	71,689,793		59,733,975
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	74,829,570		67,749,800
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	-		-
	-		-
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	74,829,570		67,749,800
	1,655,332		58,955,612
	-		3,973,426
	-		-
	(20,070,068)		13,294,117
	<hr/>		<hr/>
\$	(18,414,736)	\$	76,223,155

City of Baytown, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 42,953,203	\$ 1,130,528	\$ 2,365,336	\$ -
Public safety	81,904,895	9,945,166	2,776,505	-
Public works	21,059,182	2,193,127	121,533	2,140,283
Public health	5,235,057	215,645	-	-
Parks, recreation, and culture	15,385,808	219,297	70,000	-
Interest and fiscal agent fees	4,909,342	-	-	-
Total governmental activities	171,447,487	13,703,763	5,333,374	2,140,283
Business-type activities				
Water and sewer	51,425,059	59,906,100	7,238,296	6,942,371
Storm water utility	2,753,428	4,153,295	-	-
Aquatics	4,392,698	3,271,206	-	-
Sanitation	8,312,642	6,872,857	-	-
Bayland Island development	212,288	52,679	-	-
Total business-type activities	67,096,115	74,256,137	7,238,296	6,942,371
Total primary government	\$ 238,543,602	\$ 87,959,900	\$ 12,571,670	\$ 9,082,654
COMPONENT UNITS				
Municipal Development District	16,292,472	8,061,690	-	-
Baytown Area Water Authority	17,051,488	20,165,789	100,000	-
	\$ 33,343,960	\$ 28,227,479	\$ 100,000	\$ -
GENERAL REVENUES				
Taxes:				
Property taxes				
Sales and hotel/motel taxes				
Franchise fees				
Industrial district payments				
Investment income				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
NET POSITION, end of year				

The Notes to the Basic Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Municipal Development District	Baytown Area Water Authority
\$ (39,457,339)	\$ -	\$ (39,457,339)	\$ -	\$ -
(69,183,224)	-	(69,183,224)	-	-
(16,604,239)	-	(16,604,239)	-	-
(5,019,412)	-	(5,019,412)	-	-
(15,096,511)	-	(15,096,511)	-	-
(4,909,342)	-	(4,909,342)	-	-
(150,270,067)	-	(150,270,067)	-	-
-	22,661,708	22,661,708	-	-
-	1,399,867	1,399,867	-	-
-	(1,121,492)	(1,121,492)	-	-
-	(1,439,785)	(1,439,785)	-	-
-	(159,609)	(159,609)	-	-
-	21,340,689	21,340,689	-	-
<u>\$ (150,270,067)</u>	<u>\$ 21,340,689</u>	<u>\$ (128,929,378)</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	(8,230,782)	-
-	-	-	-	3,214,301
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,230,782)</u>	<u>\$ 3,214,301</u>
46,598,100	-	46,598,100	-	-
33,675,244	-	33,675,244	8,573,156	-
4,138,320	-	4,138,320	-	-
65,858,168	-	65,858,168	-	-
9,442,027	4,673,131	14,115,158	401,024	883,121
2,172,496	-	2,172,496	1,987,233	-
(4,302,205)	4,302,205	-	-	-
157,582,150	8,975,336	166,557,486	10,961,413	883,121
7,312,083	30,316,025	37,628,108	2,730,631	4,097,422
312,333,122	235,479,151	547,812,273	(21,145,367)	72,125,733
<u>\$ 319,645,205</u>	<u>\$ 265,795,176</u>	<u>\$ 585,440,381</u>	<u>\$ (18,414,736)</u>	<u>\$ 76,223,155</u>

City of Baytown, Texas

Balance Sheet - Governmental Funds

September 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
ASSETS			
Cash, cash equivalents and investments	\$ 17,681,862	\$ 811,532	\$ 96,174,650
Receivables, net of allowance	8,790,000	1,037,041	242,817
Lease receivables	412,709	-	-
Due from component unit	166,504	-	-
Due from other funds	11,165,844	-	-
Advances to other funds	2,000,000	-	-
Prepaid Items	387,455	-	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 40,604,374	\$ 1,848,573	\$ 96,417,467
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,634,686	\$ -	\$ 7,440,129
Accrued liabilities	4,107,017	-	-
Deposits payable	20,988	-	-
Due to other funds	-	-	-
Unearned revenue	217,829	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	5,980,520	-	7,440,129
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	1,734,445	1,037,041	-
Unavailable revenue - grants	-	-	152,061
Unavailable revenue - leases	280,076	-	-
Unavailable revenue - other	2,176,409	-	-
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	4,190,930	1,037,041	152,061
FUND BALANCES			
Nonspendable:			
Prepaid items	387,455	-	-
Restricted:			
Debt service	-	811,532	-
Capital projects	-	-	88,825,277
Special projects	-	-	-
Unassigned (deficit)	30,045,469	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	30,432,924	811,532	88,825,277
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES	\$ 40,604,374	\$ 1,848,573	\$ 96,417,467
TOTAL LIABILITIES AND FUND BALANCES	\$ 40,604,374	\$ 1,848,573	\$ 96,417,467

The Notes to the Basic Financial Statements are an integral part of this statement.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 33,801,246	\$ 148,469,290
5,967,836	16,037,694
-	412,709
-	166,504
-	11,165,844
-	2,000,000
-	387,455
<hr/>	<hr/>
\$ 39,769,082	\$ 178,639,496
\$ 3,773,713	\$ 12,848,528
63,519	4,170,536
-	20,988
2,890,764	2,890,764
-	217,829
<hr/>	<hr/>
6,727,996	20,148,645
-	2,771,486
1,873,046	2,025,107
-	280,076
-	2,176,409
<hr/>	<hr/>
1,873,046	7,253,078
-	387,455
-	811,532
-	88,825,277
32,746,345	32,746,345
(1,578,305)	28,467,164
<hr/>	<hr/>
31,168,040	151,237,773
\$ 39,769,082	\$ 178,639,496



City of Baytown, Texas

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2024

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 151,237,773

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

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

Capital assets, cost	\$ 622,468,547	
Capital assets, accumulated depreciation	<u>(209,852,256)</u>	412,616,291

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. 6,973,002

Deferred charges/gains on issuance of refunding bonds is not recorded in the fund financial statements but is recorded as deferred inflows/outflow of resources on the statement of net position. (34,235)

Long-term liabilities are not due and payable in the current period, and therefore are not reported in the fund financial statements. The components of long-term liabilities are:

Bonds payable, par	\$ (134,742,651)	
Bonds payable, premiums	(13,745,382)	
Leases payable	(2,013,456)	
Accrued interest payable	(959,264)	
Compensated absences payable	(17,122,470)	
Arbitrage liability	(1,220,676)	
Net pension liability	(68,423,541)	
Total OPEB liability	<u>(46,906,754)</u>	(285,134,194)

The deferred outflows and inflows of resources related to the net pension liability and the total OPEB liability are recognized on the statement of net position:

Deferred outflows - pensions	\$ 28,955,962	
Deferred outflows - OPEB	3,547,924	
Deferred inflows - pensions	(1,990,251)	
Deferred inflows - OPEB	<u>(11,859,554)</u>	18,654,081

Internal service funds are used by management to charge the cost of certain activities, such as fleet management and health benefits, to individual funds. A portion of the assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. 15,332,487

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 319,645,205

City of Baytown, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended September 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
REVENUES			
Taxes and fees	\$ 119,783,144	\$ 15,807,547	\$ -
Licenses and permits	2,429,748	-	-
Charges for services	4,339,510	-	-
Fines and forfeitures	1,552,262	-	-
Intergovernmental	2,690,374	1,694,798	317,492
Investment earnings	2,509,206	25,649	4,863,817
Other	1,678,764	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	134,983,008	17,527,994	5,181,309
EXPENDITURES			
Current:			
General government	33,244,113	-	747,079
Public safety	71,311,736	-	-
Public works	6,347,732	-	1,645,138
Public health	4,851,675	-	-
Parks, recreation, and culture	12,378,690	-	-
Debt service:			
Principal	133,822	12,872,487	-
Interest and fiscal charges	16,419	4,606,099	-
Issuance costs	-	-	162,973
Capital outlay	1,395,479	-	34,360,190
	<hr/>	<hr/>	<hr/>
Total expenditures	129,679,666	17,478,586	36,915,380
Excess (deficiency) of revenues over (under) expenditures	5,303,342	49,408	(31,734,071)
OTHER FINANCING SOURCES (USES)			
Issuance of certificates of obligation	-	-	14,055,000
Premium on issuance of debt	-	-	1,109,155
Issuance of leases	524,362	-	-
Transfers in	5,562,963	1,200,000	11,300,787
Transfers out	(6,957,258)	(437,876)	(474,362)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(869,933)	762,124	25,990,580
Net change in fund balances	4,433,409	811,532	(5,743,491)
Fund balances, beginning of year	25,999,515	-	94,568,768
	<hr/>	<hr/>	<hr/>
FUND BALANCES, END OF YEAR	\$ 30,432,924	\$ 811,532	\$ 88,825,277

The Notes to the Basic Financial Statements are an integral part of this statement.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 14,976,371	\$ 150,567,062
-	2,429,748
351,902	4,691,412
216,777	1,769,039
4,072,300	8,774,964
1,082,851	8,481,523
496,820	2,175,584
<hr/>	<hr/>
21,197,021	178,889,332
5,587,559	39,578,751
3,028,206	74,339,942
6,130,216	14,123,086
-	4,851,675
1,239,907	13,618,597
1,638,538	14,644,847
600,652	5,223,170
79,502	242,475
6,700,061	42,455,730
<hr/>	<hr/>
25,004,641	209,078,273
<hr/>	<hr/>
(3,807,620)	(30,188,941)
7,025,000	21,080,000
554,502	1,663,657
1,174,125	1,698,487
4,336,286	22,400,036
(811,800)	(8,681,296)
<hr/>	<hr/>
12,278,113	38,160,884
<hr/>	<hr/>
8,470,493	7,971,943
22,697,547	143,265,830
<hr/>	<hr/>
\$ 31,168,040	\$ 151,237,773
<hr/>	<hr/>



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 Fiscal Year Ended September 30, 2024

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 7,971,943

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

Governmental funds report capital outlays 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. This is the amount of capital asset additions recorded in the current period. 39,110,139

Depreciation expense on capital assets is reported in the statement of activities, but does not require the use of current financial resources. Therefore, depreciation/amortization expense is not reported as expenditures in the governmental funds. (16,637,866)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, transfers, non-cash capital asset contributions) is not reported in the governmental funds. (21,761,325)

Because some revenues will not be collected for several months after the City's fiscal year end, they are not considered available and are deferred in the governmental funds. Deferred inflows increased (decreased) by this amount this year.

Unavailable revenues - property taxes	\$	(297,230)	
Unavailable revenues - EMS		2,176,409	
Unavailable revenues - grants		749,630	
		2,628,809	2,628,809

The issuance of long term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items was:

Proceeds from issuance of bonds	\$	(21,080,000)	
Premiums on bonds issued		(1,663,657)	
Issuance of leases		(1,698,487)	
Principal paid on leases		297,360	
Amortization of premium on bonds payable		2,284,866	
Amortization of deferred gain on refunding		17,525	
Amortization of deferred loss on refunding		(512,212)	
Accrued interest payable increased		(13,200)	
Principal paid on bonds and other debt		14,347,487	
		(8,020,318)	(8,020,318)

The effect of various transactions between the governmental activities and business-type activities involving the transfer and assumption of long-term debt, unamortized premiums, deferred gain on refunding, and deferred charge on refunding not reported in the governmental funds:

	Transferred	Assumed	
Long-term debt	\$ 10,401,806	\$ (2,594,836)	
Unamortized premiums	1,562,939	(209,900)	
Deferred gain on refunding	72,460	(3,150,253)	
Deferred charge on refunding	-	(54,078)	
	6,028,138		6,028,138

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 the governmental funds. The following long-term liabilities (increased) / decreased:

Compensated absences	\$	(897,566)	
Arbitrage liability		(1,220,676)	
Net pension liability		11,559,786	
Total OPEB liability		(2,164,478)	7,277,066

Some deferred outflows and deferred inflows reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds. The following deferred outflows and deferred inflows of resources changed:

Deferred outflows of resources - pensions	\$	(11,263,614)	
Deferred outflows of resources - OPEB		(2,848,359)	
Deferred inflows of resources - pensions		(1,986,556)	
Deferred inflows of resources - OPEB		6,972,580	
		(9,125,949)	(9,125,949)

An internal service fund is used by management to charge the cost of certain activities, such as fleet management and health benefits, to individual funds. A portion of the change in the net position of the internal service funds is included in governmental activities in the statement of activities.

(158,554)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 7,312,083**

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Baytown, Texas
Statement of Net Position
Proprietary Funds
September 30, 2024

	Business-type Activities	
	Water and Sewer	Storm Water Utility
ASSETS		
Current assets:		
Cash, cash equivalents and investments	\$ 104,556,357	\$ 9,078,188
Receivables, net of allowance	11,235,770	477,829
Inventories	-	-
Prepaid Items	-	-
Total current assets	<u>115,792,127</u>	<u>9,556,017</u>
Noncurrent assets:		
Capital assets:		
Capital assets - nondepreciable	27,847,263	4,156,474
Capital assets - depreciable, net	<u>227,494,357</u>	<u>379,643</u>
Net capital assets	<u>255,341,620</u>	<u>4,536,117</u>
Total noncurrent assets	<u>255,341,620</u>	<u>4,536,117</u>
Total assets	371,133,747	14,092,134
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding bonds	314,911	-
Pensions	3,233,960	336,810
Other postemployment benefits	<u>396,253</u>	<u>41,266</u>
Total deferred outflows of resources	<u>3,945,124</u>	<u>378,076</u>
Total assets and deferred outflows of resources	375,078,871	14,470,210
LIABILITIES		
Current liabilities		
Accounts payable	\$ 4,604,787	\$ 5,467
Accrued liabilities	208,536	31,326
Accrued interest payable	476,417	131,250
Deposits payable	3,203,801	-
Due to other funds	1,802,113	2,017,512
Unearned revenue	14,961,971	-
Retainage payable	438,119	-
Compensated absences, current	906,537	295,357
Bonds, notes and loans payable, current	6,493,361	470,000
Total OPEB liability, current	218,943	22,802
Advances from other funds	-	-
Total current liabilities	<u>33,314,585</u>	<u>2,973,714</u>
Noncurrent liabilities		
Compensated absences	100,728	32,817
Net pension liability	7,641,914	795,888
Net OPEB liability	5,019,866	522,796
Arbitrage liability	306,628	80,938
Bonds, notes and loans payable	<u>68,288,264</u>	<u>16,506,921</u>
Total noncurrent liabilities	<u>81,357,400</u>	<u>17,939,360</u>
Total liabilities	114,671,985	20,913,074
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refunding bonds	109,876	-
Pensions	222,282	23,150
Other postemployment benefits	<u>1,324,542</u>	<u>137,943</u>
Total deferred inflows of resources	<u>1,656,700</u>	<u>161,093</u>
Total liabilities and deferred inflows of resources	<u>116,328,685</u>	<u>21,074,167</u>
NET POSITION		
Net investment in capital assets (deficit)	204,779,323	(7,385,975)
Unrestricted (deficit)	<u>53,970,863</u>	<u>782,018</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ 258,750,186</u>	<u>\$ (6,603,957)</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

Business-type Activities		Governmental
Total	Total	Total
Nonmajor	Enterprise	Internal Service
Enterprise Funds	Funds	Funds
\$ 1,537,224	\$ 115,171,769	\$ 18,932,706
1,149,795	12,863,394	-
-	-	1,076,969
-	-	295,000
<u>2,687,019</u>	<u>128,035,163</u>	<u>20,304,675</u>
-	32,003,737	-
<u>18,577,925</u>	<u>246,451,925</u>	<u>156,458</u>
<u>18,577,925</u>	<u>278,455,662</u>	<u>156,458</u>
<u>18,577,925</u>	<u>278,455,662</u>	<u>156,458</u>
21,264,944	406,490,825	20,461,133
-	314,911	-
412,386	3,983,156	360,554
50,527	488,046	44,179
<u>462,913</u>	<u>4,786,113</u>	<u>404,733</u>
21,727,857	411,276,938	20,865,866
\$ 722,667	\$ 5,332,921	\$ 181,224
38,707	278,569	1,890,942
-	607,667	-
3,671	3,207,472	-
2,758,783	6,578,408	1,696,672
-	14,961,971	-
-	438,119	-
95,569	1,297,463	140,404
49,936	7,013,297	-
27,918	269,663	24,460
2,000,000	2,000,000	-
<u>5,697,251</u>	<u>41,985,550</u>	<u>3,933,702</u>
10,618	144,163	15,600
974,476	9,412,278	851,999
640,109	6,182,771	559,621
-	387,566	-
559,214	85,354,399	-
<u>2,184,417</u>	<u>101,481,177</u>	<u>1,427,220</u>
7,881,668	143,466,727	5,360,922
-	109,876	-
28,345	273,777	24,782
168,897	1,631,382	147,675
<u>197,242</u>	<u>2,015,035</u>	<u>172,457</u>
<u>8,078,910</u>	<u>145,481,762</u>	<u>5,533,379</u>
17,968,775	215,362,123	156,458
(4,319,828)	50,433,053	15,176,029
<u>\$ 13,648,947</u>	<u>\$ 265,795,176</u>	<u>\$ 15,332,487</u>

City of Baytown, Texas

Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds
For the Fiscal Year Ended September 30, 2024

	Business-type Activities	
	Water and Sewer	Storm Water Utility
OPERATING REVENUES		
Water and sewer sales	\$ 51,353,841	\$ -
Service charges and other services	8,552,259	4,153,295
Solid waste collection	-	-
Other revenue	-	-
	<hr/>	<hr/>
Total operating revenues	59,906,100	4,153,295
OPERATING EXPENSES		
Personnel costs	11,281,391	1,612,841
Supplies	19,660,964	82,307
Maintenance	4,059,702	248,498
Services	3,782,409	158,931
Claim payments and fees	-	-
Miscellaneous	-	-
Depreciation	10,412,230	167,336
	<hr/>	<hr/>
Total operating expenses	49,196,696	2,269,913
Operating income (loss)	10,709,404	1,883,382
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	4,418,763	248,353
Intergovernmental	7,238,296	-
Interest and fiscal charges	(2,001,892)	(301,323)
Issuance costs	(226,471)	(182,192)
	<hr/>	<hr/>
Total nonoperating revenues (expenses)	9,428,696	(235,162)
Income before transfers and capital contributions	20,138,100	1,648,220
Capital contributions	18,371,842	4,156,474
Transfers in	3,596,030	-
Transfers out	(4,110,816)	(9,865,787)
	<hr/>	<hr/>
Change in net position	37,995,156	(4,061,093)
Net position, beginning of year	220,755,030	-
Changes within reporting entity (major to nonmajor funds)	-	-
Changes within reporting entity (nonmajor to major funds)	-	(2,542,864)
	<hr/>	<hr/>
Net position, beginning of year - restated	220,755,030	(2,542,864)
NET POSITION, END OF YEAR	<hr/> <hr/>	<hr/> <hr/>
	\$ 258,750,186	\$ (6,603,957)

The Notes to the Basic Financial Statements are an integral part of this statement.

Business-type Activities			Governmental Activities		
Aquatics	Sanitation	Total Nonmajor Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds	
\$ -	\$ -	\$ -	\$ 51,353,841	\$ -	
-	-	3,323,885	16,029,439	19,783,545	
-	-	6,862,741	6,862,741	-	
-	-	10,116	10,116	1,418,190	
-	-	10,196,742	74,256,137	21,201,735	
-	-	3,036,899	15,931,131	1,191,271	
-	-	523,463	20,266,734	2,116,002	
-	-	185,287	4,493,487	25,267	
-	-	7,387,664	11,329,004	45,977	
-	-	-	-	16,472,550	
-	-	461,519	461,519	-	
-	-	1,297,985	11,877,551	34,726	
-	-	12,892,817	64,359,426	19,885,793	
-	-	(2,696,075)	9,896,711	1,315,942	
-	-	6,015	4,673,131	960,504	
-	-	-	7,238,296	-	
-	-	(24,811)	(2,328,026)	-	
-	-	-	(408,663)	-	
-	-	(18,796)	9,174,738	960,504	
-	-	(2,714,871)	19,071,449	2,276,446	
-	-	-	22,528,316	-	
-	-	65,625	3,661,655	625,000	
-	-	(968,792)	(14,945,395)	(3,060,000)	
-	-	(3,618,038)	30,316,025	(158,554)	
14,792,910	(1,313,893)	1,245,104	235,479,151	15,491,041	
(14,792,910)	1,313,893	13,479,017	-	-	
-	-	2,542,864	-	-	
-	-	17,266,985	235,479,151	15,491,041	
\$ -	\$ -	\$ 13,648,947	\$ 265,795,176	\$ 15,332,487	

City of Baytown, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2024

	Business-type Activities				Governmental Activities
	Water and Sewer	Storm Water Utility	Total Nonmajor Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
OPERATING ACTIVITIES					
Receipts from customers and users	\$ 54,741,310	\$ 4,023,716	\$ 12,060,798	\$ 70,825,824	\$ 2,757,843
Receipts from interfund charges for central services	-	-	-	-	2,061,648
Receipts from interfund charges for risk management services	-	-	-	-	16,382,244
Payments to suppliers and service providers	(25,309,444)	(700,345)	(7,214,908)	(33,224,697)	(18,594,949)
Payments to employees for salaries and benefits	(12,515,545)	(1,333,343)	(3,320,841)	(17,169,729)	(1,290,899)
Net cash provided by operating activities	16,916,321	1,990,028	1,525,049	20,431,398	1,315,887
NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental non-capital grants	1,519,164	-	-	1,519,164	-
Transfers from other funds	3,596,030	-	65,625	3,661,655	565,000
Transfers to other funds	(4,110,816)	(9,865,787)	(310,000)	(14,286,603)	(3,000,000)
Net cash provided by (used for) noncapital financing activities	1,004,378	(9,865,787)	(244,375)	(9,105,784)	(2,435,000)
CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(13,300,132)	-	-	(13,300,132)	(46,282)
Principal paid on long-term debt	(6,124,711)	-	(47,802)	(6,172,513)	-
Interest paid on long-term debt	(2,455,274)	(287,192)	(22,980)	(2,765,446)	-
Intergovernmental capital grants	5,719,132	-	-	5,719,132	-
Proceeds from issuance of debt	20,097,326	16,992,786	-	37,090,112	-
Net cash provided by (used for) capital and related financing activities	3,936,341	16,705,594	(70,782)	20,571,153	(46,282)
INVESTING ACTIVITIES					
Investment earnings	4,418,763	248,353	6,015	4,673,131	960,504
Net cash provided by investing activities	4,418,763	248,353	6,015	4,673,131	960,504
Net change in cash and cash equivalents	26,275,803	9,078,188	1,215,907	36,569,898	(204,891)
Cash and cash equivalents, beginning of year	78,280,554	-	321,317	78,601,871	19,137,597
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 104,556,357	\$ 9,078,188	\$ 1,537,224	\$ 115,171,769	\$ 18,932,706

The Notes to the Basic Financial Statements are an integral part of this statement.

City of Baytown, Texas
Statement of Cash Flows - Continued
Proprietary Funds
For the Fiscal Year Ended September 30, 2024

	Business-type Activities			Governmental Activities	
	Water and Sewer	Storm Water Utility	Total Nonmajor Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 10,709,404	\$ 1,883,382	\$ (2,696,075)	\$ 9,896,711	\$ 1,315,942
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	10,412,230	167,336	1,297,985	11,877,551	34,726
(Increase) decrease in assets and deferred outflows					
Accounts receivable	(5,051,737)	(129,579)	1,864,056	(3,317,260)	-
Prepaid items	-	-	-	-	(30,000)
Inventory	-	-	-	-	(267,310)
Deferred outflows of resources - pension and OPEB	1,459,759	312,745	258,274	2,030,778	181,153
Increase (decrease) in liabilities and deferred inflows					
Accounts payable	446,873	(210,609)	107,745	344,009	(26,995)
Accrued liabilities	9,111	5,471	7,772	22,354	(622,797)
Retainage payable	(55,355)	-	-	(55,355)	-
Deposits payable	(604,752)	-	-	(604,752)	-
Due to other funds	1,802,113	-	1,485,280	3,287,393	1,013,673
Advances from other funds	-	-	(250,000)	(250,000)	-
Compensated absences	94,746	225,662	(4,075)	316,333	24,865
Net pension and OPEB liability	(2,295,236)	(151,886)	(433,359)	(2,880,481)	(244,367)
Unearned revenue	491,699	-	-	491,699	-
Deferred inflows of resources - pension and OPEB	(502,534)	(112,494)	(112,554)	(727,582)	(63,003)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 16,916,321	\$ 1,990,028	\$ 1,525,049	\$ 20,431,398	\$ 1,315,887
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital asset contributions from governmental activities	\$ 17,457,609	\$ 4,156,474	\$ -	\$ -	\$ -
Capital asset contributions from developers	6,942,371	-	-	-	-
Net transfers/assumption of bonded debt	(5,369,346)	-	(658,792)	-	-

The Notes to the Basic Financial Statements are an integral part of this statement.



City of Baytown, Texas

Notes to the Basic Financial Statements

Note 1. 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.

Blended Component Units

1. 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 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.

City of Baytown, Texas

Notes to the Basic Financial Statements

2. 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.

3. 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.

4. 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.

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

City of Baytown, Texas

Notes to the Basic Financial Statements

6. 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.

Discretely Presented Component Units

1. Baytown Area Water Authority

The Baytown Area Water Authority (BWA) was created to purchase and distribute surface and/or water supplies to the City and seven other smaller entities and neighborhoods. The boundaries of BWA 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 BWA and approves any debt issued by BWA. Separate financial statements of BWA may be obtained from the finance department of the City.

2. 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 the Basic Financial Statements

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 continuing basis will be financed or recovered primarily through user charges. The water and sewer fund and the storm water utility fund are considered major funds for reporting purposes. The nonmajor funds include the aquatics, sanitation, and Bayland Island funds.

City of Baytown, Texas

Notes to the Basic Financial Statements

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 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.

City of Baytown, Texas

Notes to the Basic Financial Statements

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

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 cash equivalents."

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

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

City of Baytown, Texas

Notes to the Basic Financial Statements

Restricted Assets

Certain resources of BAWA and MDD 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.

Capital Assets

Capital assets, which include property, plant, equipment, construction in progress, right-to-use assets, 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. 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.

Land and construction in progress are not depreciated. Property, plant, equipment, right-to-use assets, and infrastructure assets of the primary government, as well as the component units, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Asset Description	Estimated Useful Life
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
Right-to-use assets	Shorter of lease term or useful life

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 the Basic Financial Statements

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, grants, and other. These amounts are deferred and recognized as inflows of resources in the period that the amounts becomes available.

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.

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 the Basic Financial Statements

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.

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 \$50,000 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 as revenue over the life of the lease term.

City of Baytown, Texas

Notes to the Basic Financial Statements

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.

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.

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.

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 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.

City of Baytown, Texas

Notes to the Basic Financial Statements

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.

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.

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.

G. Revenues and Expenditures/Expenses

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.

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.

City of Baytown, Texas

Notes to the Basic Financial Statements

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.

H. Implementation of New Accounting Standards

Governmental Accounting Standards Board (GASB) pronouncements which have been implemented:

GASB Statement No. 99, *Omnibus 2022* (GASB 99), enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB statements and 2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases were implemented in the City's fiscal year 2022 financial statements in conjunction with GASB 87. The requirements related to PPPs and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. These requirements for GASB 99 were implemented in the City's fiscal year 2023 financial statements in conjunction with GASB 94 and GASB 96 as described previously. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. These requirements for GASB 99 were implemented in the City's fiscal year 2024 financial statements. There was no impact to the City's financial statements upon implementation.

GASB Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100), enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement 1) defines accounting changes and corrections of errors; 2) prescribes the accounting and financial reporting for each type of accounting change and error corrections; and 3) clarifies required note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2023, with earlier application encouraged. GASB 100 was implemented in the City's fiscal year 2024 financial statements with changes within the reporting entity as described in Note 4.H.

I. Upcoming Accounting Pronouncements

The following GASB pronouncements will become effective in future reporting periods. City management has not determined their impact:

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 will be implemented in the City's fiscal year 2025 financial statements and the impact has not yet been determined.

City of Baytown, Texas

Notes to the Basic Financial Statements

GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102), improves financial reporting by providing users of financial statements with essential information regarding certain concentrations of constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged. GASB 102 will be implemented in the City's fiscal year 2025 financial statements and the impact has not yet been determined.

GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 103 will be implemented in the City's fiscal year 2026 financial statements and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104), establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 104 will be implemented in the City's fiscal year 2026 financial statements and the impact has not yet been determined.

Note 2. Stewardship, Compliance, and Accountability

A. 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.

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, 2024, the City Manager approved various budget revisions within departments.

City of Baytown, Texas

Notes to the Basic Financial Statements

Deficit Fund Balance/Net Position

The Storm Water Utility Fund reported a deficit net position of \$6,603,957 due to transfers out for capital projects that will be conveyed back upon completion. The Sanitation Fund reported a deficit in net position of \$2,753,678 due to an increase in contract fees for garbage collection. The Central Services fund reported deficit net position of \$1,807,684 due to continued operating losses. The Emergency Management Fund, Community Development Block Grant Fund, and Police Grant Fund reported deficit fund balances of \$699,827, \$165,169, and \$634,564, respectively, due to deferral of revenue related to federal grant reimbursements that have not been collected. The Bayview Heights PID Fund reported negative fund balances of \$26,310 due to administrative expenses in the prior year related to the creation of the PID. The Bay Creek PID Fund reported negative fund balance of \$52,435 due to current year excess expenditures over revenues. The MDD reported a deficit net position of \$18,414,736 due to the conveyance of the convention center to the City in the prior year.

Expenditures in Excess of Appropriations

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

General fund:		
City facilities	\$	1,308,073
Police		2,419,276
Fire		776,986
Public works administration		23,783
Principal		133,823
Interest and fiscal charges		16,419

Note 3. Detailed Notes on all Funds

A. Deposits and Investments

As of September 30, 2024, the City and its component units had the following investments:

Investment Type	Value	Weighted Average Maturity (Days)	Credit Risk
Cash deposits and on hand	\$ 23,813,575		
Cash equivalents:			
External investment pools:			
TexPool	173,223,552	26	AAAm
TexSTAR	77,661,533	26	AAAm
Texas CLASS	23,909,033	83	AAAm
Total cash and cash equivalents, including restricted	\$ 298,607,693		
Investments:			
Commerical paper	\$ 4,949,705	76	A-1+
U.S. government and agencies	12,798,744	481	AAA
U.S. Treasury notes	19,828,737	133	AAA - A-1+
Total investments	\$ 37,577,186		
Portfolio weighted average maturity		242	

City of Baytown, Texas

Notes to the Basic Financial Statements

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:

- 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, 2024, the City had the following recurring fair value measurements:

Investment Type	September 30, 2024	Fair Value Assets (Level 2)
Investments by fair value level:		
U.S. Government Agency Bonds/Notes:		
Federal Home Loan Bank	\$ 5,037,215	\$ 5,037,215
Federal Home Loan Mortgage Corp	3,000,369	3,000,369
Federal Farm Credit Banks Funding Corporation	4,761,160	4,761,160
Treasury Notes	19,828,737	19,828,737
Commercial paper	4,949,705	4,949,705
Total	\$ 37,577,186	\$ 37,577,186

U.S. Government agency bonds and notes, commercial paper and collateralized mortgage obligations included in Level 2 of the fair value hierarchy are valued using a market approach based on a matrix pricing technique, whereby valuation is determined in reference to benchmark prices and interest rates.

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.

City of Baytown, Texas

Notes to the Basic Financial Statements

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.

As of September 30, 2024, 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, 2024 consist of a variety of bonds and discount notes issued by the Federal Home Loan Bank, Federal Farm Credit Banks Funding Corporation, 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, 2024, the fair value of pledged securities and FDIC coverage was less than the bank balance by \$4,041,126.

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.

City of Baytown, Texas

Notes to the Basic Financial Statements

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 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.

Texas CLASS

Texas CLASS is an external investment pool measured at fair value, i.e. net asset value. The investment pool's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short term marketable securities. There are no unfunded commitments related to the investment pool. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. The Texas CLASS portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; AAA rated money market mutual funds; and commercial paper.

B. Receivables

The following comprise receivable balances at year end:

Governmental Funds

	General	Debt Service	Capital Projects	Nonmajor Governmental	Total Funds
Taxes	\$ 6,410,076	\$ 1,345,516	\$ -	\$ 2,399,180	\$ 10,154,772
Accounts	5,575,518	-	182,700	114,417	5,872,635
Intergovernmental	-	-	-	132,531.00	132,531
Interest	48,972	-	60,117	-	109,089
Grants	96,206	-	-	3,321,708	3,417,914
Less allowance	(3,340,772)	(308,475)	-	-	(3,649,247)
Totals	\$ 8,790,000	\$ 1,037,041	\$ 242,817	\$ 5,967,836	\$ 16,037,694

City of Baytown, Texas

Notes to the Basic Financial Statements

Proprietary Funds

	Water and Sewer	Storm Water Utility	Nonmajor Enterprise	Total Funds
Accounts	\$ 7,898,834	\$ 477,829	\$ 1,149,795	\$ 9,526,458
Interest	12,865	-	-	12,865
Grants	4,538,056	-	-	4,538,056
Less allowance	(1,213,985)	-	-	(1,213,985)
Totals	\$ 11,235,770	\$ 477,829	\$ 1,149,795	\$ 12,863,394

C. Leases Receivable

The City has entered into a lease agreement (the "Agreement") 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 Agreement expires May 20, 2028. As of September 30, 2024, the value of the leases receivable is \$412,709 for governmental activities. The interest rate on the lease receivable is 4.5%. The lease revenue that was recorded with charges for services for fiscal year 2024 was \$184,854 for which equals the amounts that were amortized for deferred inflows of resources for leases in the current year.

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

Fiscal Year Ending September 30,	Governmental Activities			Amortization of Deferred Inflows
	Principal	Interest	Total	
2025	\$ 108,575	\$ 16,351	\$ 124,926	\$ 76,967
2026	113,563	11,363	124,926	76,967
2027	118,780	6,146	124,926	76,967
2028	71,791	1,081	72,872	49,175
Total	\$ 412,709	\$ 34,941	\$ 447,650	\$ 280,076

City of Baytown, Texas
Notes to the Basic Financial Statements

D. Capital Assets

Governmental Activities

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

	Beginning Balance	Increases*	Reclassifications (Decreases)	Ending Balance
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 19,725,039	\$ 14,384	\$ -	\$ 19,739,423
Construction in progress	93,527,815	23,848,172	(21,985,313)	95,390,674
Total capital assets not being depreciated/amortized	113,252,854	23,862,556	(21,985,313)	115,130,097
Capital assets being depreciated/amortized:				
Buildings	135,129,857	671,784	7,000	135,808,641
Improvements other than buildings	34,239,174	753,640	(2,691,024)	32,301,790
Machinery and equipment	77,795,698	6,336,991	(790,872)	83,341,817
Infrastructure	245,881,356	5,832,963	2,821,909	254,536,228
Right-to-use asset	682,600	1,698,487	-	2,381,087
Total capital assets being depreciated/amortized	493,728,685	15,293,865	(652,987)	508,369,563
Less accumulated depreciation/amortization for:				
Buildings	(38,443,489)	(3,607,583)	-	(42,051,072)
Improvements other than buildings	(9,758,178)	(970,418)	130,440	(10,598,156)
Machinery and equipment	(55,064,732)	(5,853,893)	746,535	(60,172,090)
Infrastructure	(91,637,212)	(5,955,321)	-	(97,592,533)
Right-to-use asset	(27,683)	(285,377)	-	(313,060)
Total accumulated depreciation/amortization	(194,931,294)	(16,672,592)	876,975	(210,726,911)
Total capital assets, net	298,797,391	(1,378,727)	223,988	297,642,652
Governmental activities capital assets, net	\$ 412,050,245	\$ 22,483,829	\$ (21,761,325)	\$ 412,772,749

* Includes current year transfers between governmental and business-type activities, see Note 3.F.

Depreciation/amortization was charged to governmental functions as follows:

General government	\$ 3,425,761
Public safety	3,905,299
Public works	7,007,242
Public health	424,145
Parks, recreation and culture	1,875,419
Capital assets held by the City's internal service funds are charged to various functions based on their usage of the assets	34,726
Total governmental activities depreciation/amortization expense	\$ 16,672,592

City of Baytown, Texas

Notes to the Basic Financial Statements

Construction Commitments – Governmental Activities

The City has active governmental activities construction projects as of September 30, 2024. The projects include the following:

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
100 Block Town Square	\$ 200,000	\$ 44,918	\$ 155,082
Allen and Edgebrook Street Reconstruction	10,302,764	9,580,219	722,545
Bluebill Bay and Angelfish Cove Improvements	244,411	110,395	134,016
Disk Golf Course	811,000	106,337	704,663
Environmental Health	3,650,000	11,385	3,638,615
Facilities Improvements	1,550,000	346,934	1,203,066
Fire Boat Storage	600,000	137,071	462,929
FS #2 Replacement	1,700,000	415,453	1,284,547
Garth Road Improvements	20,436,051	12,153,187	8,282,864
HC FTA Sidewalk City Port	1,685,335	1,146,441	538,894
I-10 Intersection Improvement	3,366,362	285,060	3,081,302
Lakewood Dog Park	220,000	73,116	146,884
Market Street Revitalization	1,075,358	934,605	140,753
Mosquito Control	170,000	10,415	159,585
New Castle Park	133,758	4,573	129,185
North Alexander Traffic	850,000	461,731	388,269
Park Operations Center	2,152,631	1,878,050	274,581
Public Safety Building	71,500,000	67,816,627	3,683,373
Savell Drive	3,429,680	3,325,992	103,688
Sidewalk Plan	200,000	173,865	26,135
Street Recon Design	5,000,000	517,732	4,482,268
Thompson Park	140,000	69,388	70,612
Wayne Gray Sports Complex Improvements	2,125,008	851,252	1,273,756
Total	\$ 131,542,358	\$ 100,454,746	\$ 31,087,612

City of Baytown, Texas

Notes to the Basic Financial Statements

Business-Type Activities

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2024:

	Beginning Balance	Increases*	Reclassifications/* (Decreases)	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,898,968	-	-	\$ 1,898,968
Construction in progress	18,858,979	9,027,292	2,218,498	30,104,769
Total capital assets not being depreciated	20,757,947	9,027,292	2,218,498	32,003,737
Capital assets being depreciated:				
Buildings and systems	65,080,695	-	-	65,080,695
Improvements other than buildings	312,537,110	13,102,448	14,373,847	340,013,405
Machinery and equipment	14,758,512	94,636	(255,220)	14,597,928
Infrastructure	-	-	2,238,017	2,238,017
Total capital assets being depreciated	392,376,317	13,197,084	16,356,644	421,930,045
Less accumulated depreciation for:				
Buildings and systems	(60,343,401)	(1,321,385)	-	(61,664,786)
Improvements other than buildings	(92,390,828)	(9,501,637)	(129,510)	(102,021,975)
Machinery and equipment	(10,992,050)	(942,628)	255,220	(11,679,458)
Infrastructure	-	(111,901)	-	(111,901)
Total accumulated depreciation	(163,726,279)	(11,877,551)	125,710	(175,478,120)
Total capital assets, net	228,650,038	1,319,533	16,482,354	246,451,925
Business-type activities capital assets, net	\$ 249,407,985	\$ 10,346,825	\$ 18,700,852	\$ 278,455,662

* Includes current year transfers between governmental and business-type activities, see Note 3.F.

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 10,412,230
Sanitation	94,185
Bayland island	212,288
Storm water utility	167,336
Aquatics	991,512
Total business-type activities depreciation expense	\$ 11,877,551

City of Baytown, Texas

Notes to the Basic Financial Statements

Construction Commitments – Business-Type Activities

The City has active business-type activities construction projects as of September 30, 2024. The projects include the following:

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
Abbe Lift Station	\$ 1,100,000	\$ 170,535	\$ 929,465
Baker Road Lift Station	5,045,082	4,770,759	274,323
Central District WWTP Equipment	1,001,837	1,837	1,000,000
Chambers Commons	7,638,306	6,226,866	1,411,440
Connally Annexation Utility	2,735,683	2,687,391	48,292
East District WWTP Phase II	4,833,717	3,190,662	1,643,055
East District WWTP Phase I	11,479,392	3,557,653	7,921,739
I-10 Lift station	2,363,217	1,826,811	536,406
Lanie Lift Station Upgrades	1,314,791	661,214	653,577
Robert E Lee High School Drainage	1,826,970	1,696,973	129,997
South Main Storm Sewer	2,260,000	493,725	1,766,275
Texas Ave Drainage Improvement	1,374,403	791,901	582,502
Texas Ave Lift Station	990,000	355,738	634,262
West District WWTP Building Upgrades	340,823	262,711	78,112
WWTP & LS Scada Upgrades	4,366,634	1,784,345	2,582,289
WWTP Upgrade	900,000	635,252	264,748
Total	\$ 49,570,855	\$ 29,114,373	\$ 20,456,482

City of Baytown, Texas

Notes to the Basic Financial Statements

Discretely Presented Component Units

The following is a summary of changes in capital assets for BAWA for the year ended September 30, 2024:

	Beginning Balance	Increases	(Decreased)	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,877,960	\$ -	\$ -	\$ 2,877,960
Construction in progress	6,009,060	969,838	(6,009,060)	969,838
Total capital assets not being depreciated	8,887,020	969,838	(6,009,060)	3,847,798
Capital assets being depreciated:				
Buildings	59,216,042	-	-	59,216,042
Improvements other than buildings	58,914,226	6,011,236	-	64,925,462
Machinery and equipment	7,163,544	98,492	(20,879)	7,241,157
Total capital assets being depreciated	125,293,812	6,109,728	(20,879)	131,382,661
Total capital assets	134,180,832	7,079,566	(6,029,939)	135,230,459
Less accumulated depreciation for:				
Buildings	(3,626,894)	(1,204,237)	-	(4,831,131)
Improvements other than buildings	(24,390,769)	(1,732,806)	-	(26,123,575)
Machinery and equipment	(5,365,294)	(444,022)	20,879	(5,788,437)
Total accumulated depreciation	(33,382,957)	(3,381,065)	20,879	(36,743,143)
Total capital assets being depreciated, net	91,910,855	2,728,663	-	94,639,518
Discretely presented component unit capital assets, net	\$ 100,797,875	\$ 3,698,501	\$ (6,009,060)	\$ 98,487,316

The following is a summary of changes in capital assets for MDD for the year ended September 30, 2024:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Capital assets being depreciated:				
Buildings	\$ 46,906,233	\$ -	\$ -	\$ 46,906,233
Total capital assets being depreciated	46,906,233	-	-	46,906,233
Less accumulated depreciation for:				
Buildings	-	(731,829)	-	(731,829)
Total accumulated depreciation	-	(731,829)	-	(731,829)
Total capital assets being depreciated, net	46,906,233	(731,829)	-	46,174,404
Discretely presented component unit capital assets, net	\$ 46,906,233	\$ (731,829)	\$ -	\$ 46,174,404

City of Baytown, Texas
Notes to the Basic Financial Statements

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, 2024. In general, the City uses the general, debt service, fire control, prevention, and EMS district, and TIRZ No. 1 funds to liquidate governmental long-term liabilities.

	Beginning Balance	Additions*	Reductions*	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds, notes, and other payables:					
General obligation bonds	\$ 52,927,108	\$ 2,594,836	\$ (12,764,293)	\$ 42,757,651	\$ 7,451,703
Certificates of obligation	82,890,000	21,080,000	(11,985,000)	91,985,000	5,930,000
Plus deferred amounts:					
For premiums	15,719,631	1,873,557	(3,847,806)	13,745,382	-
Leases	612,329	1,698,487	(297,360)	2,013,456	395,101
Total bonds, notes and other payables	152,149,068	27,246,880	(28,894,459)	150,501,489	13,776,804
Other liabilities:					
Arbitrage liability	-	1,220,676	-	1,220,676	-
Net pension liability	81,088,838	44,372,192	(56,185,490)	69,275,540	-
Total OPEB liability	45,317,212	4,272,678	(2,099,055)	47,490,835	1,984,813
Compensated absences	16,356,043	11,594,040	(10,671,609)	17,278,474	15,550,627
Total other liabilities	142,762,093	61,459,586	(68,956,154)	135,265,525	17,535,440
Total governmental activities	\$ 294,911,161	\$ 88,706,466	\$ (97,850,613)	\$ 285,767,014	\$ 31,312,244

* Includes current year transfers between governmental and business-type activities, see Note 3.F.

	Beginning Balance	Additions*	Reductions*	Ending Balance	Amounts Due Within One Year
Business-type activities:					
Bonds, notes, and other payables:					
General obligation bonds	\$ 25,357,894	\$ 4,961,806	\$ (7,257,351)	\$ 23,062,349	\$ 4,578,297
Certificates of obligation	23,435,000	40,555,000	(1,510,000)	62,480,000	2,435,000
Plus deferred amounts:					
For premium	4,676,410	3,538,051	(1,389,114)	6,825,347	-
Total bonds, notes and other payables	53,469,304	49,054,857	(10,156,465)	92,367,696	7,013,297
Other Liabilities:					
Arbitrage liability	-	387,566	-	387,566	-
Net pension liability	11,851,567	5,928,939	(8,368,228)	9,412,278	-
Total OPEB liability	6,893,626	492,416	(933,608)	6,452,434	269,663
Compensated absences	1,125,293	1,507,153	(1,190,820)	1,441,626	1,297,463
Total other liabilities	19,870,486	8,316,074	(10,492,656)	17,693,904	1,567,126
Total business-type activities	\$ 73,339,790	\$ 57,370,931	\$ (20,649,121)	\$ 110,061,600	\$ 8,580,423

* Includes current year transfers between governmental and business-type activities. See Note 3.F.

City of Baytown, Texas

Notes to the Basic Financial Statements

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Discretely presented component units:					
Revenue bonds:					
BAWA	\$ 38,580,000	\$ 21,525,000	\$ (2,005,000)	\$ 58,100,000	\$ 3,045,000
MDD	62,765,000	-	-	62,765,000	-
Total revenue bonds	101,345,000	21,525,000	(2,005,000)	120,865,000	3,045,000
Less deferred amounts:					
For premiums:					
BAWA	2,557,554	2,404,401	(282,980)	4,678,975	-
MDD	9,286,765	-	(361,972)	8,924,793	-
Total premiums	11,844,319	2,404,401	(644,952)	13,603,768	-
Total discretely presented component units	\$ 113,189,319	\$ 23,929,401	\$ (2,649,952)	\$ 134,468,768	\$ 3,045,000

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, \$1,592,084 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 was 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 are managed, and operated by Hyatt Corporation ("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.

City of Baytown, Texas

Notes to the Basic Financial Statements

Certificates of Obligation, Series 2024

During the current year, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2024 (the "Certificates") in the amount of \$56,195,000. Proceeds from the sale of the Certificates will be used for all or any part of the costs associated with (i) the design, construction, improvement and equipment of drainage and detention facilities; (ii) the design, construction, improvement and equipment of the City's waterworks and sanitary sewer system, including lift station improvements, wastewater treatment plant improvements, water meter replacements, and water and sewer line replacements and rehabilitation; (iii) the design, construction, improvement and equipment of City streets, sidewalks, and related infrastructure; (iv) the design, construction, renovation and equipment of improvements to existing City buildings and facilities housing governmental functions of the City; (v) the cost of professional services incurred in connection therewith. The Certificates will mature during fiscal year 2049 and have an interest rate ranging from 4.25% to 5%.

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
Governmental activities:					
General obligation bonds:					
Refunding, Series 2014	2.00-4.00	2034	\$ 26,883,194	\$ 18,977,220	\$ 7,905,974
Refunding, Series 2015	2.00-5.00	2035	12,026,710	6,655,096	5,371,614
Refunding, Series 2016	2.00-5.00	2028	10,040,450	5,387,057	4,653,393
Refunding, Series 2019	3.00-5.00	2030	5,965,000	2,455,000	3,510,000
Refunding, Series 2019A	3.00-5.00	2031	8,545,000	3,965,000	4,580,000
Refunding, Series 2020	3.00-5.00	2032	14,215,000	7,570,000	6,645,000
Refunding, Series 2021A	4.00-5.00	2033	11,781,670	1,690,000	10,091,670
Total general obligation bonds			89,457,024	46,699,373	42,757,651
Certificates of obligation:					
Series 2015	2.00-5.00	2035	6,600,000	2,450,000	4,150,000
Series 2016	2.00-5.00	2036	17,635,000	5,600,000	12,035,000
Series 2017	4.00-5.00	2027	18,010,000	11,770,000	6,240,000
Series 2019A	3.00-4.00	2024	6,925,000	6,925,000	-
Series 2020	3.00-5.00	2040	30,860,000	4,915,000	25,945,000
Series 2022	4.13-5.00	2042	24,270,000	1,735,000	22,535,000
Series 2024	4.25-5.00	2044	21,080,000	-	21,080,000
Total certificates of obligation			125,380,000	33,395,000	91,985,000
Leases:					
Copiers	0.69	2027	524,362	72,184	452,178
EKG Monitors and Defibrillators	2.45	2033	682,600	131,909	550,691
Camera equipment	2.57	2030	1,174,125	163,538	1,010,587
Total leases			2,381,087	367,631	2,013,456
Total governmental activities			\$ 217,218,111	\$ 80,462,004	\$ 136,756,107

City of Baytown, Texas

Notes to the Basic Financial Statements

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
Business-type activities:					
General obligation bond:					
General obligation and refunding series, 2014	2.00-4.00	2034	\$ 1,636,806	\$ 292,780	\$ 1,344,026
General obligation and refunding series, 2015	2.00-5.00	2035	13,283,290	8,119,904	5,163,386
General obligation and refunding series, 2016	2.00-5.00	2028	25,489,550	16,632,943	8,856,607
General obligation and refunding series, 2019A	3.00-5.00	2031	985,000	100,000	885,000
General obligation and refunding series, 2020	3.00-5.00	2032	2,340,000	510,000	1,830,000
General obligation and refunding series, 2021A	4.00-5.00	2033	5,813,330	830,000	4,983,330
Total general obligation bonds			49,547,976	26,485,627	23,062,349
Certificates of obligation:					
Certificates of obligation, series 2014	2.00-4.00	2034	11,715,000	4,780,000	6,935,000
Certificates of obligation, series 2019	3.00-5.00	2039	18,440,000	3,235,000	15,205,000
Certificates of obligation, series 2020	3.00-5.00	2040	5,440,000	215,000	5,225,000
Certificates of obligation, series 2024	4.25-5.00	2049	35,115,000	-	35,115,000
Total certificates of obligation			70,710,000	8,230,000	62,480,000
Total bonded debt			\$ 120,257,976	\$ 34,715,627	\$ 85,542,349

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
Revenue bonds:					
BAWA:					
Series 2012	2.00-3.50	2032	\$ 8,315,000	\$ 5,485,000	\$ 2,830,000
Series 2018	4.00-5.00	2038	22,040,000	2,340,000	19,700,000
Series 2019	3.00-4.00	2038	17,315,000	3,270,000	14,045,000
Series 2024	5.00	2040	21,525,000	-	21,525,000
MDD:					
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
Total revenue bonds			131,960,000	11,095,000	120,865,000
Total bonded debt			\$ 131,960,000	\$ 11,095,000	\$ 120,865,000

City of Baytown, Texas

Notes to the Basic Financial Statements

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

Fiscal Year Ending September 30,	Governmental Activities		Business-Type Activities		Total Primary Government
	Principal	Interest	Principal	Interest	
2025	\$ 13,381,703	\$ 5,455,410	\$ 7,013,297	\$ 3,516,496	\$ 25,139,056
2026	13,104,398	4,858,975	6,735,602	3,213,281	23,686,368
2027	11,981,875	4,306,393	6,268,125	2,921,053	21,239,537
2028	9,773,357	3,849,095	6,091,643	2,667,295	18,156,292
2029	8,091,159	3,469,695	4,238,841	2,456,099	65,565,532
2030-2034	38,150,098	12,304,984	22,389,902	9,473,810	35,874,037
2035-2039	25,595,061	5,685,364	16,239,939	5,576,833	13,823,922
2040-2044	14,665,000	1,333,981	10,645,000	2,591,825	13,823,922
2045-2049	-	-	5,920,000	650,250	13,823,922
Totals	\$ 134,742,651	\$ 41,263,897	\$ 85,542,349	\$ 33,066,942	\$ 231,132,588

Fiscal Year Ending September 30,	Discretely Presented Component Units				Total
	MDD		BAWA		
	Principal	Interest	Principal	Interest	
2025	\$ -	\$ 2,759,125	\$ 3,045,000	\$ 2,414,283	\$ 6,241,794
2026	1,025,000	2,739,263	3,030,000	2,380,219	7,198,482
2027	1,070,000	2,698,575	3,120,000	2,242,769	7,152,844
2028	1,440,000	2,648,013	3,210,000	2,100,900	7,420,413
2029	1,525,000	2,586,838	3,350,000	1,954,588	37,343,538
2030-2034	8,905,000	11,875,200	19,110,000	7,415,613	37,758,950
2034-2039	11,720,000	9,492,175	21,355,000	3,023,050	22,778,500
2040-2044	15,320,000	6,373,425	1,880,000	94,000	19,587,000
2045-2049	15,510,000	2,926,050	-	-	9,752,550
2050-2051	6,250,000	274,100	-	-	9,752,550
Totals	\$ 62,765,000	\$ 44,372,763	\$ 58,100,000	\$ 21,625,422	\$ 164,986,621

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.

City of Baytown, Texas

Notes to the Basic Financial Statements

Leases

The City has entered into a lease agreement as lessee for various types of equipment. As of September 30, 2024, the value of the lease liability was \$2,013,456. The City is required to make principal and interest payments at its incremental borrowing rate or the interest rate stated or implied within the lease. 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 \$2,381,087 with accumulated amortization of \$313,060. The future principal and interest payments as of September 30, 2024 for governmental activities were as follows:

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 395,101	\$ 42,181	\$ 437,282
2026	401,928	35,353	437,281
2027	335,223	28,458	363,681
2028	238,337	22,303	260,640
2029	244,408	16,232	260,640
2030-2032	398,459	15,461	413,920
Total	\$ 2,013,456	\$ 159,988	\$ 2,173,444

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. As of September 30, 2024, the City reported an arbitrage liability of \$1,608,242.

City of Baytown, Texas

Notes to the Basic Financial Statements

F. Interfund Transactions

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

Transfers in	Transfers out	Amount
General	Water and sewer	\$ 1,561,163
General	Internal service	3,000,000
General	Nonmajor governmental	751,800
General	Nonmajor enterprise	250,000
Debt service	General	1,200,000
Capital projects	General	2,820,000
Capital projects	Water and sewer	460,000
Capital projects	Storm water utility	7,900,787
Capital projects	Nonmajor governmental	60,000
Capital projects	Internal service	60,000
Water and sewer	Debt service	437,876
Water and sewer	Capital projects	474,362
Water and sewer	Storm water utility	1,965,000
Water and sewer	Nonmajor enterprise	718,792
Internal service	Water and sewer	550,000
Internal service	General	75,000
Nonmajor governmental	General	2,796,633
Nonmajor governmental	Water and sewer	1,539,653
Nonmajor enterprise	General	65,625
Total		\$ 26,686,691

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 from the debt service fund to the water and sewer fund are for the finance of debt service payments for certain certificates of obligation. Transfers to the general, water and sewer, nonmajor enterprise and internal service funds are to finance various expenditures in accordance with budget authorizations.

Transfers in the government-wide statement of activities during the year include:

- the contribution of \$21,614,083 of net capital assets from governmental activities to business-type activities;
- the assumption of \$2,594,836 of bonds payable, \$209,900 of unamortized bond premium, and \$3,150,253 of deferred gain on bond refunding from business-type activities to governmental activities;
- the assumption of \$5,440,000 of certificates of obligation payable, \$4,961,806 of bonds payable, \$1,562,939 of unamortized bond premium, \$72,460 of deferred gain on bond refunding, and \$54,078 of deferred charge on bond refunding from governmental activities to business-type activities.

City of Baytown, Texas

Notes to the Basic Financial Statements

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	\$ 2,890,764
General	Internal service	1,696,672
General	Nonmajor enterprise	2,758,783
General	Storm water utility	2,017,512
General	Water and sewer	1,802,113
Total		<u><u>\$ 11,165,844</u></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><u>\$ 2,000,000</u></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.

Note 4. 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 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 \$1 million, less any amounts reimbursed on the individual stop-loss insurance. Medical claims liabilities have been recorded at \$1,699,000 as of September 30, 2024.

The City maintains third-party coverage for workers' compensation claims that exceed \$500,000 per individual claim. Workers' compensation claims and judgments at year end have been recorded at \$166,204. 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.

City of Baytown, Texas

Notes to the Basic Financial Statements

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

	2024	2023
Reconciliation of changes in aggregate liabilities for claims and judgements:		
Unpaid claims, beginning of year	\$ 2,492,106	\$ 2,416,560
Plus incurred claims (including IBNR)	11,853,427	13,795,634
Less: claim payments	(12,480,329)	(13,720,088)
Unpaid claims, end of year	\$ 1,865,204	\$ 2,492,106

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 28.6 million gallons per day per month through calendar year 2040. Should the 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 in settlement negotiations regarding potential improvements to its wastewater collection and treatment system. The likelihood of the outcome and financial impact on the City associated with funding such improvements are currently unknown as negotiations are still ongoing. Resolution of the suit may involve a substantial investment by the City.

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 on 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 934 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.

City of Baytown, Texas

Notes to the Basic Financial Statements

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

1. 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. 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.

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:

	2024	2023
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 retirement eligibility (expressed as age/years 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

2. Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	566
Inactive employees entitled to but not yet receiving benefits	508
Active employees	930
Total	2,004

3. 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 17.56% and 18.62% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2024 were \$15,388,229, which were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

City of Baytown, Texas

Notes to the Basic Financial Statements

5. Actuarial Assumptions

The TPL in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

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

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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 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 MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) 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 actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) 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.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global equity	35%	7.7%
Core fixed income	6%	4.9%
Non-core fixed income	20%	8.7%
Other public and private markets	12%	8.1%
Real estate	12%	5.8%
Hedge funds	5%	6.9%
Private equity	10%	11.8%
Total	100%	

City of Baytown, Texas

Notes to the Basic Financial Statements

6. 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.

7. Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balance at December 31, 2022	\$ 446,452,074	\$ 353,511,669	\$ 92,940,405
Changes for the year:			
Service cost	13,973,957.00	-	13,973,957
Interest	30,000,844	-	30,000,844
Difference between expected and actual experience	5,329,758	-	5,329,758
Changes of assumptions	(2,912,464)	-	(2,912,464)
Contributions - employer	-	14,282,339	(14,282,339)
Contributions - employee	-	5,693,419	(5,693,419)
Net investment income	-	40,931,036	(40,931,036)
Benefit payments, including of employee contributions	(17,964,208)	(17,964,208)	-
Administrative expense	-	(260,292)	260,292
Other changes	-	(1,820)	1,820
Net changes	28,427,887	42,680,474	(14,252,587)
Balance at December 31, 2023	\$ 474,879,961	\$ 396,192,143	\$ 78,687,818

8. 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 to (5.75%)	Current Single Discount Rate Assumption (6.75%)	1% Increase to (7.75%)
City's net pension liability	\$ 147,016,321	\$ 78,687,818	\$ 22,581,825

9. 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.

City of Baytown, Texas

Notes to the Basic Financial Statements

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

For the fiscal year ended September 30, 2024, the City recognized pension expense of \$16,421,264.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 11,745,081	\$ -
Changes in actuarial assumptions	-	2,288,810
Differences between projected and actual investment earnings	9,571,349	-
Contributions subsequent to the measurement date	11,983,242	-
Totals	\$ 33,299,672	\$ 2,288,810

\$11,983,242 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Pension Expense
2025	\$ 6,180,779
2026	6,561,143
2027	9,352,689
2028	(3,066,991)
Totals	\$ 19,027,620

E. Other Postemployment Benefits

TMRS - Supplemental Death Benefits

1. 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.

City of Baytown, Texas

Notes to the Basic Financial Statements

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 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.

2. 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, 2023 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	417
Inactive employees entitled to but not yet receiving benefits	133
Active employees	930
Total	1,480

3. Total OPEB Liability

The City's total OPEB liability of \$2,542,452 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

4. Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2023 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	3.60% to 11.85% including inflation
Discount rate*	3.77%
Retirees' share of benefit - related costs	Zero
Administrative costs	All administrative expense 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% 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 the most recent Scale MP-2021 (with immediate convergence) 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, 2023.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

City of Baytown, Texas

Notes to the Basic Financial Statements

5. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	\$ 2,336,646
Changes for the year:	
Service cost	81,150
Interest	94,798
Difference between expected and actual experience	(23,148)
Changes in assumptions	126,041
Benefit payments*	(73,035)
Net changes	205,806
Ending balance	\$ 2,542,452

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

The discount rate decreased from 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023. There were 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.

6. 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:

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
City's Total OPEB Liability	\$ 3,040,761	\$ 2,542,452	\$ 2,152,029

City of Baytown, Texas

Notes to the Basic Financial Statements

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

For the year ended September 30, 2024, the City recognized OPEB expense of \$86,763. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,352	\$ 200,475
Changes in actuarial assumptions	419,439	834,173
Contributions subsequent to the measurement date	160,892	-
Total	\$ 599,683	\$ 1,034,648

\$160,892 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the total OPEB liability for the fiscal year ending September 30, 2025.

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

Fiscal Year Ended September 30,	OPEB Expense
2025	\$ (111,360)
2026	(115,603)
2027	(145,104)
2028	(176,055)
2029	(51,694)
Thereafter	3,959
Total	\$ (595,857)

Postemployment Healthcare Plan

1. 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.

City of Baytown, Texas

Notes to the Basic Financial Statements

Participation in the Plan as of December 31, 2023 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	278
Active employees	247
Total	525

2. 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.

3. Total OPEB Liability

The City's total OPEB liability of \$51,400,817 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

4. Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2023 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	3.60% to 11.85% including inflation
Discount rate*	3.77%
Actuarial cost method	Individual entry - age normal
Demographic assumptions	Based on the 2023 experience study conducted for the TMRS.
Mortality	For healthy retirees, the gender - distinct 2019 Municipal Retirees of Texas Mortality Tables are used, with male rates multiplied by 103% and female rates multiplied by 105%. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.
Healthcare trends rates	Pre-65: Initial rate of 7.00% declining to the ultimate rate of 4.25% after 15 years. Post-65: Initial rate of 6.10% declining to the 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 before 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 changed from 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023. Additionally, the demographic and salary increase assumptions were updated to reflect the 2023 TMRS Experience Study.

City of Baytown, Texas
Notes to the Basic Financial Statements

5. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance	\$ 49,874,192
Changes for the year:	
Service cost	1,064,789
Interest	1,997,294
Difference between expected and actual experience	(106,673)
Changes of assumptions	752,607
Benefit payments	(2,181,392)
Net changes	<u>1,526,625</u>
Ending balance	<u>\$ 51,400,817</u>

Changes in benefit terms were related to the benefits provided to Medicare retirees. Changes of assumptions reflect a change in the discount rate from 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023, the removal of excise tax load, and revised TMRS demographic and salary increase assumptions.

6. 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 3.77%, 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:

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
City's Total OPEB Liability	<u>\$ 55,575,209</u>	<u>\$ 51,400,817</u>	<u>\$ 47,571,172</u>

7. 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:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City's Total OPEB Liability	<u>\$ 46,194,633</u>	<u>\$ 51,400,817</u>	<u>\$ 57,431,782</u>

City of Baytown, Texas

Notes to the Basic Financial Statements

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

For the year ended September 30, 2024, the City recognized OPEB income of \$1,042,291. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 581	\$ 7,143,168
Changes in actuarial assumptions	2,272,829	5,460,795
Contributions subsequent to the measurement date	1,207,056	-
Total	\$ 3,480,466	\$ 12,603,963

\$1,207,056 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction in the total OPEB liability for the fiscal year ending September 30, 2025.

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

Fiscal Year Ended September 30,	OPEB Expense
2025	\$ (5,377,351)
2026	(5,112,251)
2027	159,049
Total	\$ (10,330,553)

Aggregate Total OPEB Expenses/Income

The City recognized aggregate total OPEB income of \$955,528 during the fiscal year ending September 30, 2024 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:

City of Baytown, Texas

Notes to the Basic Financial Statements

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, 2024, the total amount of taxes abated were \$459,517 for the City and \$159,839 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 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, 2024, the total amount of taxes abated was \$200,026 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.

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 the Basic Financial Statements

H. Changes in Reporting Entity

For fiscal year 2024, the City reported the following changes in its reporting entity for the movement of funds between major and nonmajor classifications.

	Net Position As Previously Reported	Change in Reporting Entity From Major Fund	Change in Reporting Entity To Major Fund	Net Position As Restated
Enterprise Funds				
Major Funds:				
Aquatics	\$ 14,792,910	\$ (14,792,910)	\$ -	\$ -
Sanitation	(1,313,893)	1,313,893	-	-
Storm Water Utility	-	-	(2,542,864)	(2,542,864)
Nonmajor Funds	1,245,104	13,479,017	2,542,864	17,266,985
Total enterprise funds	<u>\$ 14,724,121</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,724,121</u>

I. Subsequent Events

In May 2025, BAWA submitted a financial application to the Texas Water Development Board for a \$69,000,000 low interest loan under its State Water Implementation Fund for Texas (SWIFT) program. Additionally, the City of Baytown authorized the publication of notice of intention to issue certificates of obligation in a maximum aggregate principal amount not to exceed \$83,000,000.

**Required Supplementary Information
(Unaudited)**

City of Baytown, Texas
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance – Budget and Actual
 General Fund
 For the Fiscal Year Ended September 30, 2024

	Budget		Actual Amounts	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes and fees	\$ 117,490,986	\$ 117,490,986	\$ 119,783,144	\$ 2,292,158
Licenses and permits	2,409,564	2,409,564	2,429,748	20,184
Charges for services	2,454,595	2,454,595	4,339,510	1,884,915
Fines and forfeitures	1,593,000	1,593,000	1,552,262	(40,738)
Intergovernmental	1,783,973	1,783,973	2,690,374	906,401
Investment earnings	1,300,791	1,300,791	2,509,206	1,208,415
Other	478,224	488,224	1,678,764	1,190,540
Total revenues	127,511,133	127,521,133	134,983,008	7,461,875
EXPENDITURES				
Current:				
General government				
General administration	2,574,928	2,622,227	2,512,376	109,851
Fiscal operation	5,058,703	4,908,703	4,746,922	161,781
Legal services	1,416,223	3,025,575	1,304,796	1,720,779
Information technology services	6,340,051	6,345,728	5,654,727	691,001
Planning and development	4,785,573	5,018,229	3,819,297	1,198,932
Human resources	1,520,371	1,521,745	1,285,314	236,431
City clerk	1,435,242	1,435,242	1,080,314	354,928
Municipal court	1,835,170	1,836,195	1,708,559	127,636
City facilities	5,424,944	5,317,300	6,625,373	(1,308,073)
General overhead	6,175,080	6,117,655	4,506,435	1,611,220
Total	36,566,285	38,148,599	33,244,113	4,904,486
Public safety				
Police	34,588,792	34,667,301	37,086,577	(2,419,276)
Fire	30,955,855	30,970,115	31,747,101	(776,986)
Emergency management	392,690	392,690	359,379	33,311
Communication	2,376,291	2,376,291	2,118,679	257,612
Total	68,313,628	68,406,397	71,311,736	(2,905,339)
Public works				
Public works administration	621,293	625,786	649,569	(23,783)
Streets drainage	3,214,783	3,413,420	2,399,898	1,013,522
Traffic control	2,346,746	2,308,307	2,083,077	225,230
Engineering	1,523,426	1,532,412	1,215,188	317,224
Total	7,706,248	7,879,925	6,347,732	1,532,193
Public health				
Health and welfare	5,837,225	5,843,610	4,851,675	991,935
Total	5,837,225	5,843,610	4,851,675	991,935
Parks, recreation, and culture				
Parks and recreation	10,089,780	10,283,721	9,732,257	551,464
Library	2,948,353	2,946,776	2,646,433	300,343
Total	13,038,133	13,230,497	12,378,690	851,807
Debt service				
Principal	-	-	133,822	(133,822)
Interest and fiscal charges	-	-	16,419	(16,419)
Capital outlay				
Total expenditures	893,500	1,535,225	1,395,479	139,746
Total expenditures	132,355,019	135,044,253	129,679,666	5,364,587
Excess (deficiency) of revenues over (under) expenditures	(4,843,886)	(7,523,120)	5,303,342	12,826,462
OTHER FINANCING SOURCES (USES)				
Issuance of leases	-	-	524,362	524,362
Transfers in	5,557,413	5,557,413	5,562,963	5,550
Transfers out	(3,734,131)	(6,957,259)	(6,957,258)	1
Total other financing sources (uses)	1,823,282	(1,399,846)	(869,933)	529,913
Net change in fund balances	(3,020,604)	(8,922,966)	4,433,409	13,356,375
Net position, beginning of year	25,999,515	25,999,515	25,999,515	-
FUND BALANCE, END OF YEAR	\$ 22,978,911	\$ 17,076,549	\$ 30,432,924	\$ 13,356,375

The Notes to the Required Supplementary Information are an integral part of this schedule.

City of Baytown, Texas

Notes to the Required Supplementary Information

Budget – General Fund

Annual budgets are adopted on a basis consistent with generally accepted accounting principles, which is the modified accrual basis of accounting for the general fund, with exception to capital outlay and certain debt service-related expenditures.

The original budget is adopted by the City Council prior to the beginning of the fiscal year. The legal level of budgetary control as defined by the City Charter is the department level in the general fund, and fund level for all other funds. The City Manager may transfer appropriations within departments without seeking approval from City Council. Capital outlay is budgeted within the respective department.

Expenditures exceeded budget at the legal level of control for the following departments:

	Final Budget	Actual Amount	Variance With Final Budget
General government - city facilities	\$ 5,317,300	\$ 6,625,373	\$ (1,308,073)
Public safety - police	34,667,301	37,086,577	(2,419,276)
Public safety - fire	30,970,115	31,747,101	(776,986)
Public works - public works administration	625,786	649,569	(23,783)
Debt service - principal	-	133,822	(133,822)
Debt service - interest and fiscal charges	-	16,419	(16,419)

City of Baytown, Texas
Schedule of Changes in the Net Pension Liability
and Related Ratios
Texas Municipal Retirement System
For the Measurement Years Ended December 31

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
TOTAL PENSION LIABILITY				
Service cost	\$ 13,973,957	\$ 12,593,996	\$ 12,080,272	\$ 11,508,530
Interest	30,000,844	27,855,064	26,056,865	24,653,471
Differences between expected and actual experience	5,329,758	9,077,246	5,884,509	12,778
Changes in assumptions	(2,912,464)	-	-	-
Benefit payments, including refunds of employee contributions	<u>(17,964,208)</u>	<u>(18,889,707)</u>	<u>(16,387,333)</u>	<u>(14,951,922)</u>
Net change in total pension liability	28,427,887	30,636,599	27,634,313	21,222,857
Total pension liability - beginning	<u>446,452,074</u>	<u>415,815,475</u>	<u>388,181,162</u>	<u>366,958,305</u>
TOTAL PENSION LIABILITY - ENDING (a)	\$ 474,879,961	\$ 446,452,074	\$ 415,815,475	\$ 388,181,162
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 14,282,339	\$ 12,629,578	\$ 12,432,056	\$ 11,658,876
Contributions - employee	5,693,419	5,113,571	4,925,880	4,725,986
Net investment income	40,931,036	(27,936,906)	44,049,995	23,745,617
Benefit payments, including refunds of employee contributions	(17,964,208)	(18,889,707)	(16,387,333)	(14,951,922)
Administrative expense	(260,292)	(241,643)	(203,716)	(153,594)
Other	<u>(1,820)</u>	<u>288,352</u>	<u>1,395</u>	<u>(5,993)</u>
Net change in plan fiduciary net position	42,680,474	(29,036,755)	44,818,277	25,018,970
Plan fiduciary net position - beginning	<u>353,511,669</u>	<u>382,548,424</u>	<u>337,730,147</u>	<u>312,711,177</u>
PLAN FIDUCIARY NET POSITION - ENDING (b)	\$ 396,192,143	\$ 353,511,669	\$ 382,548,424	\$ 337,730,147
NET PENSION LIABILITY - ENDING (a)-(b)	\$ 78,687,818	\$ 92,940,405	\$ 33,267,051	\$ 50,451,015
Plan fiduciary net position as a percentage of total pension liability	83.43%	79.18%	92.00%	87.00%
Covered payroll	\$ 81,149,576	\$ 73,051,021	\$ 70,356,852	\$ 67,105,132
Net pension liability as a percentage of covered payroll	96.97%	127.23%	47.28%	75.18%

Notes to Required Supplementary Information:

The following factors significantly affect trends in the amounts reported for the City's net pension liability:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarial Assumptions:				
Inflation	2.50%	2.50%	2.50%	2.50%
Payroll growth	2.75%	2.75%	2.75%	2.75%
Investment rate of return	6.75%	6.75%	6.75%	6.75%
Discount rate	6.75%	6.75%	6.75%	6.75%

Measurement Date December 31, 2023 - Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2018 to December 31, 2022.

Measurement Date December 31, 2019 - 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.

Measurement Date December 31, 2015 - Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014.

2019	2018	2017	2016	2015	2014
\$ 10,545,309	\$ 10,127,083	\$ 9,505,851	\$ 8,639,660	\$ 8,127,561	\$ 6,471,577
23,230,034	21,995,577	20,473,853	19,146,665	18,735,575	17,784,453
813,552	(171,679)	4,775,043	2,654,261	551,216	(808,317)
625,913	-	-	-	(594,640)	-
(14,264,999)	(13,478,701)	(11,658,784)	(10,675,604)	(11,469,477)	(9,907,018)
20,949,809	18,472,280	23,095,963	19,764,982	15,350,235	13,540,695
346,008,496	327,536,216	304,437,253	284,672,271	269,322,036	255,781,341
\$ 366,958,305	\$ 346,008,496	\$ 327,533,216	\$ 304,437,253	\$ 284,672,271	\$ 269,322,036
\$ 11,058,056	\$ 10,480,633	\$ 9,799,029	\$ 8,895,386	\$ 8,914,739	\$ 8,047,897
4,413,690	4,194,650	3,946,676	3,578,436	3,484,275	3,084,135
41,757,202	(8,307,740)	33,524,553	15,208,788	330,488	12,060,112
(14,264,999)	(13,478,701)	(11,658,784)	(10,675,604)	(11,469,477)	(9,907,018)
(235,850)	(160,519)	(173,706)	(171,743)	(201,293)	(125,912)
(7,085)	(8,387)	(8,803)	(9,253)	(9,943)	(10,352)
42,721,014	(7,280,064)	35,428,965	16,826,010	1,048,789	13,148,862
269,990,163	277,270,227	241,841,262	225,015,252	223,966,463	210,817,601
\$ 312,711,177	\$ 269,990,163	\$ 277,270,227	\$ 241,841,262	\$ 225,015,252	\$ 223,966,463
\$ 54,247,128	\$ 76,018,333	\$ 50,262,989	\$ 62,595,991	\$ 59,657,019	\$ 45,355,573
85.22%	78.03%	84.65%	79.44%	79.04%	83.16%
\$ 62,546,317	\$ 59,923,569	\$ 56,381,087	\$ 51,122,246	\$ 49,770,734	\$ 44,050,070
86.73%	126.86%	89.15%	122.44%	119.86%	102.96%
2019	2018	2017	2016	2015	2014
2.50%	2.50%	2.50%	2.50%	2.50%	3.00%
2.75%	3.00%	3.00%	3.00%	3.00%	3.00%
6.75%	6.75%	6.75%	6.75%	6.75%	7.00%
6.75%	6.75%	6.75%	6.75%	6.75%	7.00%

2020	2019	2018	2017	2016	2015
\$ 11,453,850	\$ 10,811,996	\$ 10,405,269	\$ 9,559,801	\$ 8,816,321	\$ 8,457,544
<u>(11,453,850)</u>	<u>(10,811,996)</u>	<u>(10,405,269)</u>	<u>(9,559,801)</u>	<u>(8,816,321)</u>	<u>(8,382,681)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,863</u>
\$ 65,800,160	\$ 61,478,073	\$ 59,592,299	\$ 54,987,984	\$ 50,270,039	\$ 46,789,701
17.41%	17.59%	17.46%	17.39%	17.54%	18.08%

City of Baytown, Texas
 Schedule of Changes in Total OPEB Liability
 and Related Ratios
 Texas Municipal Retirement System
 For the Measurement Years Ended December 31*

	2023	2022	2021	2020
TOTAL OPEB LIABILITY				
Service cost	\$ 81,150	\$ 160,712	\$ 154,785	\$ 120,789
Interest	94,798	63,645	65,157	74,332
Difference between expected and actual experience	(23,148)	(36,422)	(72,397)	(55,817)
Changes in assumptions	126,041	(1,200,681)	107,985	436,778
Benefit payments	(73,035)	(58,441)	(56,285)	(20,132)
Net change in total OPEB liability	205,806	(1,071,187)	199,245	555,950
Total OPEB liability - beginning	2,336,646	3,407,833	3,208,588	2,652,638
TOTAL OPEB LIABILITY - ENDING	\$ 2,542,452	\$ 2,336,646	\$ 3,407,833	\$ 3,208,588
Covered-employee payroll	\$ 81,149,576	\$ 73,051,021	\$ 70,356,852	\$ 67,105,131
Total OPEB liability as a percentage of covered-employee payroll	3.13%	3.20%	4.84%	4.78%

*GASB Statement No. 75 requires 10 years of data; however, seven years of data are presented as the data for the years prior to 2017 are not available. Additionally, GASB Statement No. 75 requires that information on this schedule correspond with the period covered as of the plan measurement date (December 31 of the prior year).

**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:

Valuation date	Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Discount rate	3.77%
Administrative expense	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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality Rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a four-year setforward 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 MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.
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, 2023. The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 81,310	\$ 95,878	\$ 73,295
94,941	76,375	75,086
(458,161)	271,772	-
425,532	(163,718)	184,572
<u>(18,764)</u>	<u>(23,969)</u>	<u>(22,552)</u>
124,858	256,338	310,401
<u>2,527,780</u>	<u>2,271,442</u>	<u>1,961,041</u>
\$ 2,652,638	\$ 2,527,780	\$ 2,271,442
\$ 62,546,317	\$ 59,923,569	\$ 56,381,087
4.24%	4.22%	4.03%

City of Baytown, Texas

Schedule of Changes in Total OPEB Liability

and Related Ratios

Retiree Medical Plan

For the Measurement Years Ended December 31*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
TOTAL OPEB LIABILITY				
Service cost	\$ 1,064,789	\$ 1,927,192	\$ 2,030,932	\$ 1,915,956
Interest	1,997,294	1,300,835	1,370,813	1,954,304
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(106,673)	(10,995,118)	(322,792)	(9,960,290)
Changes in assumptions	752,607	(10,976,752)	1,237,458	5,438,103
Benefit payments	<u>(2,181,392)</u>	<u>(2,231,863)</u>	<u>(1,983,375)</u>	<u>(1,877,684)</u>
Net change in total OPEB liability	1,526,625	(20,975,706)	2,333,036	(2,529,611)
Total OPEB liability - beginning	<u>49,874,192</u>	<u>70,849,898</u>	<u>68,516,862</u>	<u>71,046,473</u>
TOTAL OPEB LIABILITY - ENDING	<u>\$ 51,400,817</u>	<u>\$ 49,874,192</u>	<u>\$ 70,849,898</u>	<u>\$ 68,516,862</u>
Covered-employee payroll	\$ 27,197,742	\$ 26,635,548	\$ 25,264,705	\$ 30,750,114
Total OPEB liability as a percentage of covered-employee payroll	188.99%	187.25%	280.43%	222.82%

*GASB Statement No. 75 requires 10 years of data; however, seven years of data are presented as the data for the years prior to 2017 are not available. Additionally, GASB Statement No. 75 requires that information on this schedule correspond with the period covered as of the plan measurement date (December 31 of the prior year).

Notes to Required Supplementary Information:

Changes in Assumptions

Changes in assumptions reflect a change in the discount rate from 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023.

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 Pensions* (GASB 75).

<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 1,487,097	\$ 1,986,766	\$ 1,861,181
2,154,784	2,730,655	2,838,019
-	(23,899,416)	-
14,206	(1,239,134)	159,845
11,111,807	(1,485,071)	5,418,885
<u>(2,116,616)</u>	<u>(2,404,734)</u>	<u>(2,259,781)</u>
12,651,278	(24,310,934)	8,018,149
<u>58,395,195</u>	<u>82,706,129</u>	<u>74,687,980</u>
<u>\$ 71,046,473</u>	<u>\$ 58,395,195</u>	<u>\$ 82,706,129</u>
\$ 29,139,987	\$ 28,787,235	\$ 32,060,676
243.81%	202.85%	257.97%



Other Supplementary Information

City of Baytown, Texas

Nonmajor Governmental Funds

September 30, 2024

Special Revenue Funds – The Special Revenue Funds are used to account for and report the proceeds of the 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 matches for funds from local industries and a federal grant from Federal Emergency Management Agency that they 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 the use for library services for the disadvantaged population and literacy programs.

Crime Control and Prevention District Fund - This fund is used to accounts 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 Fund Grant – This fund is used to account for revenues and grants provided to the City by the U.S. Department 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 Occupancy Tax 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 (FCPEMSD) District Fund – This fund is dedicated to fire safety and emergency medical services and the adoption of the 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 assessment revenue and development expenditures in the Crossing of Baytown PID.

Bay Creek Public Improvement District (PID) Fund – This fund is used to track the special assessment revenue and development expenditures in the Bay Creek PID.

Bayview Heights Public Improvement District (PID) Fund - This fund is used to track the special assessment revenue and development expenditures in the Bayview Heights PID.

City of Baytown, Texas

Nonmajor Governmental Funds

September 30, 2024

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
September 30, 2024

	Emergency Mangagement	Community Development Block Grant	Library	Crime Control and Prevention District	Police Grant
ASSETS					
Current assets:					
Cash, cash equivalents and investments	\$ -	\$ -	\$ 113,278	\$ 1,721,189	\$ -
Receivables, net of allowance	985,626	145,175	-	430,768	2,111,788
TOTAL ASSETS	\$ 985,626	\$ 145,175	\$ 113,278	\$ 2,151,957	\$ 2,111,788
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ 14,804	\$ 2,768	\$ 335	\$ 61,722
Accrued liabilities	-	7,193	-	-	644
Due to other funds	866,548	144,173	-	-	1,774,019
Total liabilities	866,548	166,170	2,768	335	1,836,385
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - grants	818,905	144,174	-	-	909,967
Total deferred inflows of resources	818,905	144,174	-	-	909,967
FUND BALANCES					
Restricted	-	-	110,510	2,151,622	-
Unassigned (deficit)	(699,827)	(165,169)	-	-	(634,564)
Total fund balances	(699,827)	(165,169)	110,510	2,151,622	(634,564)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 985,626	\$ 145,175	\$ 113,278	\$ 2,151,957	\$ 2,111,788

Hotel/Motel	Fire Control, Prevention, and EMS District	TIRZ No. 1	Crossing at Baytown PID	Bay Creek PID	Bayview Heights PID	Other Special Revenues	Total Nonmajor Governmental Funds
\$ 3,290,326	\$ 3,174,464	\$ 13,773,759	\$ 37,163	\$ -	\$ -	\$ 11,691,067	\$ 33,801,246
527,356	434,253	-	1,047	-	-	1,331,823	5,967,836
<u>\$ 3,817,682</u>	<u>\$ 3,608,717</u>	<u>\$ 13,773,759</u>	<u>\$ 38,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,022,890</u>	<u>\$ 39,769,082</u>
\$ 27,346	\$ -	\$ 45,652	\$ -	\$ -	\$ -	\$ 3,621,086	\$ 3,773,713
10,142	-	-	-	-	-	45,540	63,519
-	-	-	27,279	52,435	26,310	-	2,890,764
37,488	-	45,652	27,279	52,435	26,310	3,666,626	6,727,996
-	-	-	-	-	-	-	1,873,046
-	-	-	-	-	-	-	1,873,046
3,780,194	3,608,717	13,728,107	10,931	-	-	9,356,264	32,746,345
-	-	-	-	(52,435)	(26,310)	-	(1,578,305)
3,780,194	3,608,717	13,728,107	10,931	(52,435)	(26,310)	9,356,264	31,168,040
<u>\$ 3,817,682</u>	<u>\$ 3,608,717</u>	<u>\$ 13,773,759</u>	<u>\$ 38,210</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,022,890</u>	<u>\$ 39,769,082</u>

City of Baytown, Texas

Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended September 30, 2024

	Emergency Management	Community Development Block Grant	Library	Crime Control and Prevention District	Police Grant
REVENUES					
Taxes and fees	\$ -	\$ -	\$ -	\$ 2,492,750	\$ -
Charges for services	-	3,654	-	-	-
Fines and forfeitures	-	-	-	-	184,927
Intergovernmental	110,034	666,933	-	-	1,647,408
Investment earnings	-	2,119	969	130,010	2,876
Other	2,779	18,636	43,797	-	46,822
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	112,813	691,342	44,766	2,622,760	1,882,033
EXPENDITURES					
Current:					
General government	-	741,816	-	-	-
Public safety	-	-	-	98,782	2,695,202
Public works	287,683	-	-	-	-
Parks, recreation, and culture	-	-	45,931	-	-
Debt service					
Principal	-	-	-	163,538	-
Interest and fiscal charges	-	-	-	8,462	-
Issuance costs	-	-	-	-	-
Capital outlay	835,383	-	-	3,721,629	398,322
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	1,123,066	741,816	45,931	3,992,411	3,093,524
Excess (deficiency) of revenues over (under) expenditures	(1,010,253)	(50,474)	(1,165)	(1,369,651)	(1,211,491)
OTHER FINANCING SOURCES (USES)					
Issuance of certificates of obligation	-	-	-	-	-
Premium on issuance of debt	-	-	-	-	-
Issuance of leases	-	-	-	1,174,125	-
Transfers in	-	1,539,653	-	-	429,252
Transfers out	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	1,539,653	-	1,174,125	429,252
Net change in fund balances	(1,010,253)	1,489,179	(1,165)	(195,526)	(782,239)
Fund balances, beginning of year	310,426	(1,654,348)	111,675	2,347,148	147,675
FUND BALANCE, END OF YEAR	<hr/> \$ (699,827)	<hr/> \$ (165,169)	<hr/> \$ 110,510	<hr/> \$ 2,151,622	<hr/> \$ (634,564)

Hotel/Motel	Fire Control, Prevention, and EMS District	TIRZ No. 1	Crossing at Baytown PID	Bay Creek PID	Bayview Heights PID	Other Special Revenues	Total Nonmajor Governmental Funds
\$ 1,967,217	\$ 2,513,449	\$ 2,404,503	\$ -	\$ -	\$ -	\$ 5,598,452	\$ 14,976,371
-	-	-	-	-	-	348,248	351,902
-	-	-	31,850	-	-	-	216,777
-	-	595,938	-	-	-	1,051,987	4,072,300
93,224	162,649	265,076	59	98	-	425,771	1,082,851
-	-	-	-	15,000	-	369,786	496,820
2,060,441	2,676,098	3,265,517	31,909	15,098	-	7,794,244	21,197,021
-	-	65,652	-	73,430	-	4,706,661	5,587,559
-	45,471	-	-	-	-	188,751	3,028,206
-	-	-	-	-	-	5,842,533	6,130,216
1,193,976	-	-	-	-	-	-	1,239,907
-	630,000	845,000	-	-	-	-	1,638,538
-	157,500	434,690	-	-	-	-	600,652
-	-	79,502	-	-	-	-	79,502
-	793,174	-	-	-	-	951,553	6,700,061
1,193,976	1,626,145	1,424,844	-	73,430	-	11,689,498	25,004,641
866,465	1,049,953	1,840,673	31,909	(58,332)	-	(3,895,254)	(3,807,620)
-	-	7,025,000	-	-	-	-	7,025,000
-	-	554,502	-	-	-	-	554,502
-	-	-	-	-	-	-	1,174,125
-	-	-	-	-	-	2,367,381	4,336,286
-	-	(251,800)	-	-	-	(560,000)	(811,800)
-	-	7,327,702	-	-	-	1,807,381	12,278,113
866,465	1,049,953	9,168,375	31,909	(58,332)	-	(2,087,873)	8,470,493
2,913,729	2,558,764	4,559,732	(20,978)	5,897	(26,310)	11,444,137	22,697,547
\$ 3,780,194	\$ 3,608,717	\$ 13,728,107	\$ 10,931	\$ (52,435)	\$ (26,310)	\$ 9,356,264	\$ 31,168,040

City of Baytown, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Crime Control and Prevention District Fund

For the Fiscal Year Ended September 30, 2024

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes and fees	\$ 2,530,753	\$ 2,530,753	\$ 2,492,750	\$ (38,003)
Investment earnings	12,000	12,000	130,010	118,010
 Total revenues	 2,542,753	 2,542,753	 2,622,760	 80,007
EXPENDITURES				
Current				
Public safety	1,110,609	308,249	98,782	209,467
Debt service				
Principal	-	-	163,538	(163,538)
Interest and fiscal charges	-	-	8,462	(8,462)
Capital outlay	2,219,300	4,489,752	3,721,629	768,123
 Total expenditures	 3,329,909	 4,798,001	 3,992,411	 805,590
 Excess (deficiency) of revenues over expenditures	 (787,156)	 (2,255,248)	 (1,369,651)	 885,597
OTHER FINANCING SOURCES (USES)				
Issuance of leases	-	-	1,174,125	1,174,125
 Total other financing uses	 -	 -	 1,174,125	 1,174,125
 Net change in fund balances	 (787,156)	 (2,255,248)	 (195,526)	 2,059,722
Net position, beginning of year	2,347,148	2,347,148	2,347,148	-
 FUND BALANCE, END OF YEAR	 \$ 1,559,992	 \$ 91,900	 \$ 2,151,622	 \$ 2,059,722

City of Baytown, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund – Hotel/Motel Fund
For the Fiscal Year Ended September 30, 2024

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes and fees	\$ 1,699,577	\$ 1,699,577	\$ 1,967,217	\$ 267,640
Investment earnings	43,000	43,000	93,224	50,224
Total revenues	1,742,577	1,742,577	2,060,441	317,864
EXPENDITURES				
Current:				
Parks, recreation, and culture	1,225,112	2,531,488	1,193,976	1,337,512
Debt service				
Capital outlay	-	80,060	-	80,060
Total expenditures	1,225,112	2,611,548	1,193,976	1,417,572
Excess (deficiency) of revenues over (under) expenditures	517,465	(868,971)	866,465	1,735,436
OTHER FINANCING SOURCES				
Transfers out	(350,000)	(350,000)	-	350,000
Total other financing sources	(350,000)	(350,000)	-	350,000
Net change in fund balances	167,465	(1,218,971)	866,465	2,085,436
Net position, beginning of year	2,913,729	2,913,729	2,913,729	-
FUND BALANCE, END OF YEAR	\$ 3,081,194	\$ 1,694,758	\$ 3,780,194	\$ 2,085,436

City of Baytown, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Fund – Fire Control, Prevention and EMS District Fund

For the Fiscal Year Ended September 30, 2024

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes and fees	\$ 2,549,454	\$ 2,549,454	\$ 2,513,449	\$ (36,005)
Investment earnings	12,000	12,000	162,649	150,649
Total revenues	2,561,454	2,561,454	2,676,098	114,644
EXPENDITURES				
Current:				
Public safety	65,000	65,000	45,471	19,529
Debt service				
Principal	-	-	630,000	(630,000)
Interest and fiscal charges	-	-	157,500	(157,500)
Capital outlay	1,908,511	2,200,926	793,174	1,407,752
Total expenditures	1,973,511	2,265,926	1,626,145	639,781
Excess (deficiency) of revenues over expenditures	587,943	295,528	1,049,953	754,425
OTHER FINANCING SOURCES (USES)				
Transfers out	(783,125)	(787,500)	-	787,500
Total other financing uses	(783,125)	(787,500)	-	787,500
Net change in fund balances	(195,182)	(491,972)	1,049,953	1,541,925
Net position, beginning of year	2,558,764	2,558,764	2,558,764	-
FUND BALANCE, END OF YEAR	\$ 2,363,582	\$ 2,066,792	\$ 3,608,717	\$ 1,541,925

City of Baytown, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Debt Service Fund
For the Fiscal Year Ended September 30, 2024

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes and fees	\$ 16,350,873	\$ 16,350,873	\$ 15,807,547	\$ (543,326)
Intergovernmental	1,694,798	-	1,694,798	1,694,798
Investment earnings	50,000	50,000	25,649	(24,351)
Total revenues	18,095,671	16,400,873	17,527,994	1,127,121
EXPENDITURES				
Debt service:				
Principal	19,475,000	19,475,000	12,872,487	6,602,513
Interest and fiscal charges	6,893,000	6,893,000	4,606,099	2,286,901
Issuance costs	700,000	700,000	-	700,000
Total expenditures	27,068,000	27,068,000	17,478,586	9,589,414
Excess (deficiency) of revenues over (under) expenditures	(8,972,329)	(10,667,127)	49,408	10,716,535
OTHER FINANCING SOURCES				
Transfers in	2,020,356	-	1,200,000	1,200,000
Transfers out	5,711,537	-	(437,876)	(437,876)
Total other financing sources	7,731,893	-	762,124	762,124
Net change in fund balances	(1,240,436)	(10,667,127)	811,532	11,478,659
Net position, beginning of year	-	-	-	-
FUND BALANCE, END OF YEAR	\$ (1,240,436)	\$ (10,667,127)	\$ 811,532	\$ 11,478,659

City of Baytown, Texas

Nonmajor Proprietary Funds

September 30, 2024

Aquatics Fund - This fund is used to account for the activities of the Pirates Bay Waterpark and Calypso Cove Waterpark.

Sanitation Fund - This fund is used to account for collection of residential refuse, brush and white goods, the yard waste management program, and recycling activities.

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.

City of Baytown, Texas
Combining Statement of Net Position
Nonmajor Proprietary Funds
September 30, 2024

	Aquatics	Sanitation	Bayland Island	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash, cash equivalents and investments	\$ 1,161,303	\$ -	\$ 375,921	\$ 1,537,224
Receivables, net of allowance	-	1,149,795	-	1,149,795
Total current assets	1,161,303	1,149,795	375,921	2,687,019
Noncurrent assets:				
Capital assets - depreciable, net	15,049,254	274,826	3,253,845	18,577,925
Total noncurrent assets	15,049,254	274,826	3,253,845	18,577,925
Total assets	16,210,557	1,424,621	3,629,766	21,264,944
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	114,873	297,513	-	412,386
Other postemployment benefits	14,076	36,451	-	50,527
Total deferred outflows of resources	128,949	333,964	-	462,913
Total assets and deferred outflows of resources	16,339,506	1,758,585	3,629,766	21,727,857
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 6,202	\$ 716,465	\$ -	\$ 722,667
Accrued liabilities	14,965	23,742	-	38,707
Accrued interest payable	3,671	-	-	3,671
Due to other funds	417,817	2,340,966	-	2,758,783
Compensated absences, current	2,127	93,442	-	95,569
Bonds, notes and loans payable, current	49,936	-	-	49,936
Total OPEB liability, current	7,777	20,141	-	27,918
Advances from other funds	2,000,000	-	-	2,000,000
Total current liabilities	2,502,495	3,194,756	-	5,697,251
Noncurrent liabilities:				
Compensated absences	236	10,382	-	10,618
Net pension liability	271,447	703,029	-	974,476
Net OPEB liability	178,310	461,799	-	640,109
Bonds, notes and loans payable	559,214	-	-	559,214
Total noncurrent liabilities	1,009,207	1,175,210	-	2,184,417
Total liabilities	3,511,702	4,369,966	-	7,881,668
DEFERRED INFLOWS OF RESOURCES				
Pensions	7,896	20,449	-	28,345
Other postemployment benefits	47,049	121,848	-	168,897
Total deferred inflows of resources	54,945	142,297	-	197,242
Total liabilities and deferred inflows of resources	3,566,647	4,512,263	-	8,078,910
NET POSITION				
Net investment in capital assets	14,440,104	274,826	3,253,845	17,968,775
Unrestricted	(1,667,245)	(3,028,504)	375,921	(4,319,828)
TOTAL NET POSITION	\$ 12,772,859	\$ (2,753,678)	\$ 3,629,766	\$ 13,648,947

City of Baytown, Texas

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Proprietary Funds For the Year Ended September 30, 2024

	Storm Water Utility	Aquatics	Sanitation	Bayland Island	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Service charges and other services	\$ -	\$ 3,271,206	\$ -	\$ 52,679	\$ 3,323,885
Solid waste collection	-	-	6,862,741	-	6,862,741
Other revenue	-	-	10,116	-	10,116
Total operating revenues	-	3,271,206	6,872,857	52,679	10,196,742
OPERATING EXPENSES					
Personnel costs	-	2,104,987	931,912	-	3,036,899
Supplies	-	452,972	70,491	-	523,463
Maintenance	-	65,517	119,770	-	185,287
Services	-	291,380	7,096,284	-	7,387,664
Miscellaneous	-	461,519	-	-	461,519
Depreciation	-	991,512	94,185	212,288	1,297,985
Total operating expenses	-	4,367,887	8,312,642	212,288	12,892,817
Operating income (loss)	-	(1,096,681)	(1,439,785)	(159,609)	(2,696,075)
NON-OPERATING REVENUES (EXPENSES)					
Investment earnings	-	4,608	-	1,407	6,015
Interest and fiscal charges	-	(24,811)	-	-	(24,811)
Total non-operating revenues (expenses)	-	(20,203)	-	1,407	(18,796)
Income (loss) before transfers	-	(1,116,884)	(1,439,785)	(158,202)	(2,714,871)
Transfers in	-	65,625	-	-	65,625
Transfers out	-	(968,792)	-	-	(968,792)
Change in net position	-	(2,020,051)	(1,439,785)	(158,202)	(3,618,038)
Net position, beginning of year	(2,542,864)	-	-	3,787,968	1,245,104
Changes within reporting entity (major to nonmajor funds)	-	14,792,910	(1,313,893)	-	13,479,017
Changes within reporting entity (nonmajor to major funds)	2,542,864	-	-	-	2,542,864
Net position, beginning of year - restated	-	14,792,910	(1,313,893)	3,787,968	17,266,985
NET POSITION, END OF YEAR	\$ -	\$ 12,772,859	\$ (2,753,678)	\$ 3,629,766	\$ 13,648,947

City of Baytown, Texas
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
September 30, 2024

	<u>Aquatics</u>	<u>Sanitation</u>	<u>Bayland Island</u>	<u>Total Nonmajor Enterprise Funds</u>
OPERATING ACTIVITIES				
Receipts from customers and users	\$ 5,187,695	\$ 6,793,282	\$ 79,821	\$ 12,060,798
Payments for goods and services	(1,527,622)	(5,687,286)	-	(7,214,908)
Payments to employees for salaries and benefits	(2,188,221)	(1,106,046)	(26,574)	(3,320,841)
Net cash provided by (used for) operating activities	1,471,852	(50)	53,247	1,525,049
NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	65,625 (310,000)	- -	- -	65,625 (310,000)
Net cash (used for) noncapital financing activities	(244,375)	-	-	(244,375)
CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on capital debt	(47,802)	-	-	(47,802)
Interest paid on long-term debt	(22,980)	-	-	(22,980)
Net cash (used for) capital and related financing activities	(70,782)	-	-	(70,782)
INVESTING ACTIVITIES				
Investment earnings	4,608	-	1,407	6,015
Net cash provided by investing activities	4,608	-	1,407	6,015
Net change in cash and cash equivalents	1,161,303	(50)	54,654	1,215,907
Cash and cash equivalents, beginning of year	-	50	321,267	321,317
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,161,303</u>	<u>\$ -</u>	<u>\$ 375,921</u>	<u>\$ 1,537,224</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ (1,096,681)	\$ (1,439,785)	\$ (159,609)	\$ (2,696,075)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	991,512	94,185	212,288	1,297,985
(Increase) decrease in assets:				
Accounts receivable	1,916,489	(79,575)	27,142	1,864,056
Deferred outflows - pensions / OPEB	74,386	183,888	-	258,274
Increase (decrease) in liabilities:				
Accounts payable	(6,234)	113,979	-	107,745
Accrued expenses	6,888	884	-	7,772
Due to other funds	-	1,485,280	-	1,485,280
Advances from other funds	(250,000)	-	-	(250,000)
Compensated absences	(11,687)	7,612	-	(4,075)
Net pension / OPEB liability	(127,822)	(305,537)	-	(433,359)
Deferred inflows - pensions / OPEB	(24,999)	(60,981)	(26,574)	(112,554)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 1,471,852</u>	<u>\$ (50)</u>	<u>\$ 53,247</u>	<u>\$ 1,525,049</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Assumption of bonded debt	\$ (658,792)	\$ -	\$ -	\$ (658,792)

City of Baytown, Texas

Internal Service Funds

September 30, 2024

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.

City of Baytown, Texas
Combining Statement of Net Position
Internal Service Funds
September 30, 2024

	Central Services	Risk Management	Total Internal Service Funds
ASSETS			
Current assets:			
Cash, cash equivalents and investments	\$ -	\$ 18,932,706	\$ 18,932,706
Inventories	1,076,969	-	1,076,969
Prepaid Items	-	295,000	295,000
Total current assets	1,076,969	19,227,706	20,304,675
Noncurrent assets:			
Capital assets - depreciable, net	156,458	-	156,458
Total noncurrent assets	156,458	-	156,458
Total assets	1,233,427	19,227,706	20,461,133
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	328,983	31,571	360,554
Other postemployment benefits	40,880	3,299	44,179
Total deferred outflows of resources	369,863	34,870	404,733
Total assets and deferred outflows of resources	1,603,290	19,262,576	20,865,866
LIABILITIES			
Current liabilities:			
Accounts payable	65,313	115,911	181,224
Accrued liabilities	23,357	1,867,585	1,890,942
Due to other funds	1,696,672	-	1,696,672
Compensated absences, current	139,096	1,308	140,404
Total OPEB liability, current	22,392	2,068	24,460
Total current liabilities	1,946,830	1,986,872	3,933,702
Noncurrent liabilities:			
Compensated absences	15,455	145	15,600
Net pension liability	777,396	74,603	851,999
Net OPEB liability	512,956	46,665	559,621
Total noncurrent liabilities	1,305,807	121,413	1,427,220
Total liabilities	3,252,637	2,108,285	5,360,922
DEFERRED INFLOWS OF RESOURCES			
Pensions	22,612	2,170	24,782
Other postemployment benefits	135,725	11,950	147,675
Total deferred inflows of resources	158,337	14,120	172,457
Total liabilities and deferred inflows of resources	3,410,974	2,122,405	5,533,379
NET POSITION			
Net investment in capital assets	156,458	-	156,458
Unrestricted (deficit)	(1,964,142)	17,140,171	15,176,029
TOTAL NET POSITION (DEFICIT)	\$ (1,807,684)	\$ 17,140,171	\$ 15,332,487

City of Baytown, Texas

Combining Statement of Revenues, Expenses,
and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended September 30, 2024

	Central Services	Risk Management	Total Internal Service Funds
OPERATING REVENUES			
Service charges and other services	\$ 1,964,780	\$ 17,818,765	\$ 19,783,545
Other revenue	181,049	1,237,141	1,418,190
Total operating revenues	2,145,829	19,055,906	21,201,735
OPERATING EXPENSES			
Personnel costs	1,090,380	100,891	1,191,271
Supplies	2,115,145	857	2,116,002
Maintenance	25,267	-	25,267
Services	45,977	-	45,977
Claim payments and fees	-	16,472,550	16,472,550
Depreciation	34,726	-	34,726
Total operating expenses	3,311,495	16,574,298	19,885,793
Operating income (loss)	(1,165,666)	2,481,608	1,315,942
NON-OPERATING REVENUES (EXPENSES)			
Investment earnings	-	960,504	960,504
Total non-operating revenues (expenses)	-	960,504	960,504
Income (loss) before transfers	(1,165,666)	3,442,112	2,276,446
Transfers in	625,000	-	625,000
Transfers out	(60,000)	(3,000,000)	(3,060,000)
Change in net position	(600,666)	442,112	(158,554)
Net position, beginning of year	(1,207,018)	16,698,059	15,491,041
NET POSITION, END OF YEAR	\$ (1,807,684)	\$ 17,140,171	\$ 15,332,487

City of Baytown, Texas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended September 30, 2024

	Central Services	Risk Management	Total Internal Service Funds
OPERATING ACTIVITIES			
Receipts from customers and users	\$ 84,181	\$ 2,673,662	\$ 2,757,843
Receipts from interfund charges for central services	2,061,648	-	2,061,648
Receipts from interfund charges for risk management services	-	16,382,244	16,382,244
Payments to suppliers	(1,485,418)	(17,109,531)	(18,594,949)
Payments to employees	(1,179,129)	(111,770)	(1,290,899)
Net cash provided by (used for) operating activities	(518,718)	1,834,605	1,315,887
NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	565,000	-	565,000
Transfers to other funds	-	(3,000,000)	(3,000,000)
Net cash provided by (used for) noncapital financing activities	565,000	(3,000,000)	(2,435,000)
CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition, disposal, and construction of capital assets	(46,282)	-	(46,282)
Net cash (used for) capital and related financing activities	(46,282)	-	(46,282)
INVESTING ACTIVITIES			
Investment earnings	-	960,504	960,504
Net cash provided by investing activities	-	960,504	960,504
Net change in cash and cash equivalents	-	(204,891)	(204,891)
Cash and cash equivalents, beginning of year	-	19,137,597	19,137,597
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ -	\$ 18,932,706	\$ 18,932,706
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (1,165,666)	\$ 2,481,608	\$ 1,315,942
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	34,726	-	34,726
(Increase) decrease in assets:			
Prepaid items	-	(30,000)	(30,000)
Inventory	(267,310)	-	(267,310)
Deferred outflows - pensions / OPEB	165,581	15,572	181,153
Increase (decrease) in liabilities			
Accounts payable	(45,392)	18,397	(26,995)
Accrued expenses	1,724	(624,521)	(622,797)
Due to other funds	1,013,673	-	1,013,673
Compensated absences	31,530	(6,665)	24,865
Net pension / OPEB liability	(231,362)	(13,005)	(244,367)
Deferred inflows - pensions / OPEB	(56,222)	(6,781)	(63,003)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (518,718)	\$ 1,834,605	\$ 1,315,887



Statistical Section



Statistical Section
(Unaudited)

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.

	<u>Page</u>
Financial Trends – Schedules 1-4	116
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity – Schedules 5-10	126
These schedules contain information to help the reader assess the City's most significant local revenue sources: sales and property taxes.	
Debt Capacity – Schedules 11-15	136
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.	
Demographic and Economic Information – Schedules 16-17	144
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information – Schedules 18-20	146
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.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

City of Baytown, Texas
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 109,961,720	\$ 124,672,382	\$ 132,729,930	\$ 145,445,182
Restricted	23,773,394	23,871,650	23,942,473	27,132,868
Unrestricted (deficit)	<u>(40,715,091)</u>	<u>(49,911,857)</u>	<u>(88,264,838)</u>	<u>(87,917,695)</u>
Total governmental activities net position	93,020,023	98,632,175	68,407,565	84,660,355
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	158,442,675	174,117,286	187,741,777	191,309,418
Restricted	4,612,543	1,489,416	2,276,610	2,096,080
Unrestricted	<u>16,349,137</u>	<u>12,602,126</u>	<u>2,301,381</u>	<u>3,414,173</u>
Total business-type activities net position	179,404,355	188,208,828	192,319,768	196,819,671
PRIMARY GOVERNMENT				
Net investment in capital assets	268,404,395	298,789,668	320,471,707	336,754,600
Restricted	28,385,937	25,361,066	26,219,083	29,228,948
Unrestricted (deficit)	<u>(24,365,954)</u>	<u>(37,309,731)</u>	<u>(85,963,457)</u>	<u>(84,503,522)</u>
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 272,424,378</u>	<u>\$ 286,841,003</u>	<u>\$ 260,727,333</u>	<u>\$ 281,480,026</u>

Schedule 1

2019	2020	2021	2022	2023	2024
\$ 157,058,993	\$ 164,442,016	\$ 179,256,695	\$ 226,618,411	\$ 312,834,010	\$ 314,129,798
29,898,189	87,344,253	85,604,701	59,138,284	29,502,852	33,635,654
(67,824,691)	(44,298,173)	(29,488,146)	(16,941,180)	(30,003,740)	(28,120,247)
119,132,491	207,488,096	235,373,250	268,815,515	312,333,122	319,645,205
191,361,951	189,184,366	187,757,786	192,004,893	200,954,695	215,362,123
3,717,286	3,996,558	5,390,663	6,802,407	11,033,635	-
5,895,296	11,667,731	18,112,665	19,207,309	23,490,821	50,433,053
200,974,533	204,848,655	211,261,114	218,014,609	235,479,151	265,795,176
348,420,944	353,626,382	367,014,481	418,623,304	513,788,705	529,491,921
33,615,475	91,340,811	90,995,364	65,940,691	40,536,487	33,635,654
(61,929,395)	(32,630,442)	(11,375,481)	2,266,129	(6,512,919)	22,312,806
<u>\$ 320,107,024</u>	<u>\$ 412,336,751</u>	<u>\$ 446,634,364</u>	<u>\$ 486,830,124</u>	<u>\$ 547,812,273</u>	<u>\$ 585,440,381</u>

City of Baytown, Texas
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2015	2016	2017	2018
EXPENSES				
Governmental activities:				
General government	\$ 22,256,413	\$ 24,398,812	\$ 29,020,563	\$ 35,811,336
Public safety	47,791,009	50,793,309	57,510,237	59,520,128
Public works	8,967,472	10,539,608	13,257,500	15,100,450
Public health	2,696,850	2,866,441	3,338,793	3,317,250
Parks, recreation, and culture	9,553,806	9,904,352	12,156,291	12,697,314
Interest and fiscal agent fees on long-term debt	3,989,720	4,561,801	4,546,195	4,841,986
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental activities expenses	95,255,270	103,064,323	119,829,579	131,288,464
Business-type activities:				
Water and sewer	34,320,794	35,865,094	38,149,024	38,422,378
Sanitation	4,709,577	4,677,436	4,831,088	5,648,915
Bayland Island development	265,349	251,084	242,443	212,956
Aquatics	3,052,435	3,393,046	3,873,789	4,161,320
Storm water utility	483,028	1,734,694	1,657,138	1,907,273
	<hr/>	<hr/>	<hr/>	<hr/>
Total business-type activities expenses	42,831,183	45,921,354	48,753,482	50,352,842
Total primary government expenses	138,086,453	148,985,677	168,583,061	181,641,306
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	632,295	710,604	708,990	1,946,717
Public safety	4,692,058	4,507,258	5,043,397	4,780,753
Public works	1,620,206	2,067,310	2,079,076	2,604,862
Public health	195,057	202,134	205,779	206,039
Parks, recreation, and culture	132,271	135,180	124,862	94,772
Operating grants and contributions	5,946,639	4,920,154	5,944,003	12,307,936
Capital grants and contributions	-	11,230,528	12,396,215	8,394,369
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental activities program revenues	13,218,526	23,773,168	26,502,322	30,335,448
Business-type activities:				
Charges for services:				
Water and sewer	39,201,196	40,811,009	40,998,750	43,301,862
Sanitation	4,737,391	4,758,805	5,027,666	5,830,109
Bayland Island development	51,052	54,443	54,442	56,238
Aquatics	3,274,726	3,353,347	3,351,968	3,813,735
Storm water utility	1,245,325	1,556,404	197,162	2,597,711
Operating grants and contributions	3,143,274	-	-	1,362,643
Capital grants and contributions	1,400,484	1,674,116	2,354,725	77,680
	<hr/>	<hr/>	<hr/>	<hr/>
Total business-type activities program revenues	53,053,448	52,208,124	51,984,713	57,039,978
Total primary government program revenues	66,271,974	75,981,292	78,487,035	87,375,426
NET (EXPENSE/REVENUE)				
Governmental activities	(82,036,744)	(79,291,155)	(93,327,257)	(100,953,016)
Business-type activities	10,222,265	6,286,770	4,971,231	6,687,136
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL PRIMARY GOVERNMENT NET EXPENSE	\$ (71,814,479)	\$ (73,004,385)	\$ (88,356,026)	\$ (94,265,880)

	2019	2020	2021	2022	2023	2024
\$	29,574,296	\$ 37,547,850	\$ 34,593,112	\$ 43,338,424	\$ 39,663,698	\$ 42,953,203
	50,702,718	62,126,552	64,257,206	65,934,972	78,350,694	81,904,895
	10,994,322	12,912,206	12,222,500	14,561,561	16,481,571	21,059,182
	3,107,475	3,944,973	3,860,167	4,480,489	5,134,804	5,235,057
	12,405,161	13,655,690	13,866,632	13,135,098	16,974,203	15,385,808
	4,525,617	4,302,467	5,106,860	4,202,723	4,909,383	4,909,342
	<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>	<u>171,447,487</u>
	37,007,827	40,424,646	41,044,691	40,737,009	45,763,321	51,425,059
	6,448,858	7,006,746	7,099,764	7,327,685	8,321,776	2,753,428
	203,198	207,174	200,376	209,241	212,606	4,392,698
	4,064,190	2,792,302	3,771,985	4,497,100	4,973,048	8,312,642
	1,956,790	2,850,413	2,059,443	6,070,667	2,221,863	212,288
	<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>67,096,115</u>
	<u>160,990,452</u>	<u>187,771,019</u>	<u>188,082,736</u>	<u>204,494,969</u>	<u>223,006,967</u>	<u>238,543,602</u>
	787,821	774,175	829,628	956,624	1,042,531	1,130,528
	4,481,288	3,495,226	3,523,408	3,583,517	3,742,114	9,945,166
	2,112,433	2,563,470	2,691,675	2,242,639	2,046,615	2,193,127
	208,890	200,085	208,545	213,579	208,181	215,645
	128,541	99,208	194,615	235,317	215,582	219,297
	7,109,369	12,195,930	6,569,222	8,254,143	6,746,460	5,333,374
	4,444,501	70,945,960	4,873,025	10,473,060	31,321,260	2,140,283
	<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>	<u>21,177,420</u>
	42,415,981	46,051,831	47,144,502	50,276,510	56,109,234	59,906,100
	5,957,494	6,675,548	6,933,639	7,040,757	6,964,971	4,153,295
	55,041	54,445	55,595	55,209	55,445	3,271,206
	3,290,996	15,672	2,898,040	3,785,323	3,943,065	6,872,857
	2,645,147	2,673,489	2,990,931	3,838,203	4,070,022	52,679
	1,365,276	1,363,365	1,342,488	1,526,388	1,351,768	7,238,296
	129,901	2,260,000	1,910,670	130,977	3,987,449	6,942,371
	<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>88,436,804</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>	<u>109,614,224</u>
	(92,036,746)	(44,215,684)	(115,016,359)	(119,694,388)	(116,191,610)	(150,270,067)
	<u>6,178,973</u>	<u>5,813,069</u>	<u>9,099,606</u>	<u>7,811,665</u>	<u>14,989,340</u>	<u>21,340,689</u>
\$	<u>(85,857,773)</u>	<u>(38,402,615)</u>	<u>(105,916,753)</u>	<u>(111,882,723)</u>	<u>(101,202,270)</u>	<u>(128,929,378)</u>

City of Baytown, Texas
Changes in Net Position - Continued
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Property taxes	\$ 22,991,938	\$ 24,824,084	\$ 27,274,068	\$ 30,235,501
Sales and hotel/motel taxes	22,460,619	22,790,624	24,050,819	26,273,237
Franchise fees	4,155,898	4,233,571	4,359,389	4,317,509
Industrial district payments	31,675,333	32,136,165	39,991,747	48,772,964
Investment earnings	332,705	378,067	753,425	1,722,482
Miscellaneous income	5,209,956	2,601,488	1,544,848	3,369,646
Transfers	3,170,393	(2,060,692)	(3,948,300)	2,514,467
Total governmental activities	<u>89,996,842</u>	<u>84,903,307</u>	<u>94,025,996</u>	<u>117,205,806</u>
Business-type activities:				
Investment earnings	77,540	135,215	182,128	327,234
Miscellaneous	364,508	320,796	-	-
Transfers, net	(3,170,393)	2,060,692	3,948,300	(2,514,467)
Total business-type activities	<u>(2,728,345)</u>	<u>2,516,703</u>	<u>4,130,428</u>	<u>(2,187,233)</u>
Total primary government	<u>87,268,497</u>	<u>87,420,010</u>	<u>98,156,424</u>	<u>115,018,573</u>
CHANGE IN NET POSITION				
Governmental activities	7,960,098	5,612,152	698,739	16,252,790
Business-type activities	7,493,920	8,803,473	9,101,659	4,499,903
TOTAL PRIMARY GOVERNMENT	<u>\$ 15,454,018</u>	<u>\$ 14,415,625</u>	<u>\$ 9,800,398</u>	<u>\$ 20,752,693</u>

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$	31,874,951	\$ 34,782,426	\$ 38,307,300	\$ 38,879,872	\$ 43,619,406	\$ 46,598,100
	24,138,407	24,252,318	28,921,685	31,406,526	33,096,797	33,675,244
	4,681,762	4,372,062	4,402,737	4,529,372	4,669,231	4,138,320
	57,968,306	65,535,406	65,470,755	66,118,684	67,030,403	65,858,168
	2,723,663	2,084,524	318,854	296,698	9,097,642	9,442,027
	2,339,954	2,598,997	2,756,507	7,243,911	1,530,117	2,172,496
	2,781,839	2,482,787	2,723,675	1,638,818	665,621	(4,302,205)
	<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>	<u>157,582,150</u>
	743,135	513,840	66,528	580,648	3,140,823	4,673,131
	14,593	-	-	-	-	-
	(2,781,839)	(2,482,787)	(2,723,675)	(1,638,818)	(665,621)	4,302,205
	<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>8,975,336</u>
	124,484,771	134,139,573	140,244,366	149,055,711	162,184,419	166,557,486
	34,472,136	91,892,836	27,885,154	30,419,493	43,517,607	7,312,083
	4,154,862	3,844,122	6,442,459	6,753,495	17,464,542	30,316,025
\$	<u>38,626,998</u>	<u>95,736,958</u>	<u>34,327,613</u>	<u>37,172,988</u>	<u>60,982,149</u>	<u>37,628,108</u>

City of Baytown, Texas

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
GENERAL FUND				
Nonspendable	\$ 3,109	\$ 3,475	\$ 2,926	\$ 1,531
Restricted	-	-	-	-
Unassigned	23,823,197	18,130,265	17,568,823	21,278,127
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund	23,826,306	18,133,740	17,571,749	21,279,658
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable and restricted	43,613,527	52,172,068	36,709,833	55,134,251
Assigned	-	-	-	-
Unassigned, reported in special revenue funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total all other governmental funds	43,613,527	52,172,068	36,709,833	55,134,251
TOTAL GOVERNMENTAL FUNDS	<u>\$ 67,439,833</u>	<u>\$ 70,305,808</u>	<u>\$ 54,281,582</u>	<u>\$ 76,413,909</u>

Schedule 3

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 3,355	\$ 5,500	\$ 4,103	\$ 4,451	\$ 384,369	\$ 387,455
-	-	-	-	67,828	-
27,606,051	36,991,362	48,370,973	41,917,244	25,547,318	30,045,469
27,609,406	36,996,862	48,375,076	41,921,695	25,999,515	30,432,924
45,198,903	100,290,976	134,419,705	96,118,284	78,775,533	122,383,154
-	16,998,695	16,998,695	32,166,326	40,192,418	-
-	-	(898,483)	(3,283,828)	(1,701,636)	(1,578,305)
45,198,903	117,289,671	150,519,917	125,000,782	117,266,315	120,804,849
<u>\$ 72,808,309</u>	<u>\$ 154,286,533</u>	<u>\$ 198,894,993</u>	<u>\$ 166,922,477</u>	<u>\$ 143,265,830</u>	<u>\$ 151,237,773</u>

City of Baytown, Texas

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	2015	2016	2017	2018
REVENUES				
Taxes and fees	\$ 81,863,957	\$ 84,037,378	\$ 95,832,195	\$ 109,311,548
Licenses and permits	1,721,765	2,144,150	2,144,845	2,660,921
Charges for services	2,643,569	2,786,220	2,951,385	4,122,263
Fines and forfeitures	2,906,553	2,692,116	3,065,874	2,849,959
Intergovernmental	5,946,639	13,094,923	16,164,410	15,617,715
Investment earnings	166,132	378,067	753,425	1,722,482
Other revenues	6,192,512	2,601,488	1,544,848	3,369,646
Contributions	-	-	-	-
Total revenues	101,441,127	107,734,342	122,456,982	139,654,534
EXPENDITURES				
General government	20,882,865	23,036,419	27,118,110	34,201,834
Public safety	44,126,002	46,447,222	49,986,911	53,384,757
Public works	9,095,480	6,564,222	8,327,323	9,808,883
Public health	2,345,425	2,501,379	2,907,596	3,016,332
Parks, recreation, and culture	8,088,039	8,348,940	10,134,050	11,415,502
Capital outlay	18,538,657	27,415,269	29,924,675	19,386,069
Debt service:				
Principal	7,906,112	8,914,526	10,052,613	11,152,299
Payment to bond escrow agent	-	752,503	-	-
Interest	4,027,127	4,428,640	4,888,606	5,196,902
Issuance costs	226,570	349,520	-	169,700
Total expenditures	115,236,277	128,758,640	143,339,884	147,732,278
Excess of revenues over (under) expenditures	(13,795,150)	(21,024,298)	(20,882,902)	(8,077,744)
OTHER FINANCING SOURCES (USES)				
Transfers in	8,098,158	14,963,268	12,783,144	15,500,232
Transfers out	(4,834,270)	(10,213,657)	(8,464,042)	(12,825,287)
Debt issued	17,735,000	-	-	25,375,000
Refunding debt issued	-	25,972,324	-	-
Premium on bonds	1,322,838	2,673,873	-	2,159,700
Payment to refunding bond escrow agent	-	(8,965,535)	-	-
Leases	-	-	-	-
Total other financing sources	22,321,726	24,430,273	4,319,102	30,209,645
NET CHANGE IN FUND BALANCE	\$ 8,526,576	\$ 3,405,975	\$ (16,563,800)	\$ 22,131,901
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	12.78%	12.83%	12.83%	12.70%

Schedule 4

	2019	2020	2021	2022	2023	2024
\$	118,721,554	\$ 128,711,804	\$ 136,906,290	\$ 141,501,625	\$ 148,321,661	\$ 150,567,062
	2,143,028	2,653,882	2,746,436	2,227,669	2,082,869	2,429,748
	2,907,682	2,585,655	2,816,194	3,222,885	3,568,862	4,691,412
	2,668,263	1,892,627	1,885,241	1,781,122	1,603,292	1,769,039
	8,158,083	13,746,103	8,030,265	8,999,763	10,971,989	8,774,964
	2,723,663	2,084,524	318,854	296,698	9,097,642	8,481,523
	2,339,954	2,598,997	2,756,507	7,243,911	1,530,117	2,175,584
	-	66,000,000	-	-	-	-
	139,662,227	220,273,592	155,459,787	165,273,673	177,176,432	178,889,332
	31,655,440	32,017,491	29,454,534	42,579,878	36,593,026	39,578,751
	56,003,676	56,026,717	62,013,800	64,379,158	71,496,092	74,339,942
	6,118,816	7,267,936	7,009,495	8,051,967	9,346,356	14,123,086
	3,374,559	3,705,462	3,790,467	4,362,515	4,728,776	4,851,675
	11,675,270	11,736,303	12,415,466	11,553,443	12,732,113	13,618,597
	19,711,585	18,653,130	20,386,905	46,943,759	74,286,985	42,455,730
	11,479,844	13,222,495	14,180,808	14,725,778	15,302,021	14,644,847
	6,377,582	-	-	-	-	-
	5,106,471	4,703,175	5,295,080	5,380,433	5,725,538	5,223,170
	122,720	294,216	705,305	169,057	338,091	242,475
	151,625,963	147,626,925	155,251,860	198,145,988	230,548,998	209,078,273
	(11,963,736)	72,646,667	207,927	(32,872,315)	(53,372,566)	(30,188,941)
	15,972,569	18,869,959	20,945,261	30,986,574	35,561,251	22,400,036
	(14,035,659)	(17,420,300)	(18,448,377)	(30,182,089)	(31,873,886)	(8,681,296)
	-	-	36,300,000	-	24,270,000	21,080,000
	5,965,000	16,455,000	16,555,000	11,781,670	-	-
	456,226	1,702,378	8,745,530	2,259,543	1,075,954	1,663,657
	-	(10,775,480)	(19,696,881)	(13,945,899)	-	-
	-	-	-	-	682,600	1,698,487
	8,358,136	8,831,557	44,400,533	899,799	29,715,919	38,160,884
\$	(3,605,600)	\$ 81,478,224	\$ 44,608,460	\$ (31,972,516)	\$ (23,656,647)	\$ 7,971,943
	12.61%	13.44%	13.90%	13.26%	12.98%	11.69%

City of Baytown, Texas

Tax Revenues by Source, Governmental Activities

Last Ten Fiscal Years

(Accrual Basis of Accounting)

Function	2015	2016	2017	2018
Property taxes	\$ 22,991,938	\$ 24,824,084	\$ 27,274,068	\$ 30,235,501
Sales and hotel/motel taxes	22,460,619	22,790,624	24,050,819	26,273,237
Franchise fees	4,155,898	4,233,571	4,359,389	4,317,509
Industrial in-lieu-of-taxes	31,675,333	32,136,165	39,991,747	48,772,964
TOTAL	\$ 81,283,788	\$ 83,984,444	\$ 95,676,023	\$ 109,599,211

Schedule 5

2019	2020	2021	2022	2023	2024
\$ 31,874,951	\$ 34,782,426	\$ 38,307,300	\$ 38,879,872	\$ 43,619,406	\$ 46,598,100
24,138,407	24,252,318	28,921,685	31,406,526	33,096,797	33,675,244
4,681,762	4,372,062	4,402,737	4,529,372	4,669,231	4,138,320
57,968,306	65,535,406	65,470,755	66,118,684	67,030,403	65,858,168
\$ 118,663,426	\$ 128,942,212	\$ 137,102,477	\$ 140,934,454	\$ 148,415,837	\$ 150,269,832

City of Baytown, Texas

Tax Revenues by Source, Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

<u>Function</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Property taxes	\$ 23,572,107	\$ 24,877,018	\$ 27,430,240	\$ 29,947,838
Sales and hotel/motel taxes	22,460,619	22,790,624	24,050,819	26,273,237
Franchise fees	4,155,898	4,233,571	4,359,389	4,317,509
Industrial in-lieu-of-taxes	31,675,333	32,136,165	39,991,747	48,772,964
TOTAL	\$ 81,863,957	\$ 84,037,378	\$ 95,832,195	\$ 109,311,548

Schedule 6

2019	2020	2021	2022	2023	2024
\$ 31,933,079	\$ 34,552,018	\$ 38,111,113	\$ 39,447,043	\$ 43,525,230	\$ 46,895,330
24,138,407	24,252,318	28,921,685	31,406,526	33,096,797	33,675,244
4,681,762	4,372,062	4,402,737	4,529,372	4,669,231	4,138,320
57,968,306	65,535,406	65,470,755	66,118,684	67,030,403	65,858,168
\$ 118,721,554	\$ 128,711,804	\$ 136,906,290	\$ 141,501,625	\$ 148,321,661	\$ 150,567,062

City of Baytown, Texas

Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Real assessed value	\$ 3,183,226,576	\$ 3,543,467,674	\$ 3,920,519,981	\$ 4,463,767,737
Personal assessed value	481,129,714	477,839,010	488,232,942	421,789,587
Less: real property exemptions	<u>(901,716,167)</u>	<u>(994,698,219)</u>	<u>(1,074,967,955)</u>	<u>(1,205,507,599)</u>
TOTAL TAXABLE ASSESSED VALUE ⁽¹⁾	<u>\$ 2,762,640,123</u>	<u>\$ 3,026,608,465</u>	<u>\$ 3,333,784,968</u>	<u>\$ 3,680,049,725</u>
Taxable value as a percentage of assessed value	75.4%	75.3%	75.6%	75.3%
TOTAL DIRECT TAX RATE	\$ 0.82203	\$ 0.82203	\$ 0.82203	\$ 0.82203

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

Schedule 7

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$	4,325,246,351 890,791,087	\$ 5,132,331,415 733,637,733	\$ 5,599,446,660 781,518,631	\$ 6,367,472,832 329,667,607	\$ 7,503,296,957 397,691,975	\$ 8,277,488,859 688,214,008
	(1,254,432,050)	(1,468,317,451)	(1,592,961,532)	(1,607,840,255)	(2,101,992,888)	(2,444,601,478)
\$	<u>3,961,605,388</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>	<u>6,521,101,389</u>
	76.0%	75.0%	75.0%	76.0%	73.4%	72.7%
\$	0.81203	\$ 0.80203	\$ 0.79515	\$ 0.78500	\$ 0.75000	\$ 0.72000

City of Baytown, Texas

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City of Baytown by fund:				
General fund	\$ 0.445620	\$ 0.450010	\$ 0.470060	\$ 0.455430
Debt service fund	0.376410	0.372020	0.351970	0.366600
	<hr/>	<hr/>	<hr/>	<hr/>
Total direct rates	0.822030	0.822030	0.822030	0.822030
Harris County	0.417310	0.419230	0.416560	0.418010
Harris County Flood Control District	0.027360	0.027330	0.028290	0.028310
Port of Houston Authority	0.015310	0.013420	0.013340	0.012560
Harris County Hospital District	0.170000	0.170000	0.171790	0.171100
Harris County Department of Education	0.005999	0.005422	0.005200	0.005195
Goose Creek Consolidated Independent School District	1.431890	1.431890	1.431890	1.431890
Lee Junior College District	0.260700	0.250200	0.245300	0.250400
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL DIRECT AND OVERLAPPING RATES	\$ 3.150599	\$ 3.139522	\$ 3.134400	\$ 3.139495
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

Schedule 8

	2019	2020	2021	2022	2023	2024
\$	0.457643	\$ 0.460930	\$ 0.484000	\$ 0.489310	\$ 0.463120	\$ 0.459050
	0.354387	0.341100	0.311150	0.295690	0.286880	0.260950
	0.812030	0.802030	0.795150	0.785000	0.750000	0.720000
	0.418580	0.407130	0.391160	0.376930	0.343730	0.350070
	0.028770	0.027920	0.031420	0.033490	0.030550	0.031050
	0.011550	0.010740	0.009910	0.008720	0.007990	0.005740
	0.171080	0.165910	0.166710	0.162210	0.148310	0.143430
	0.005190	0.005000	0.004993	0.004990	0.004990	0.004800
	1.431800	1.354280	1.341100	1.368600	1.281700	1.082500
	0.250100	0.230100	0.230100	0.230100	0.220100	0.210100
\$	<u>3.129100</u>	<u>\$ 3.003110</u>	<u>\$ 2.970543</u>	<u>\$ 2.970040</u>	<u>\$ 2.787370</u>	<u>\$ 2.547690</u>

City of Baytown, Texas
Principal Property Taxpayers
Current Year and Nine Years Ago

Schedule 9

Property Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
CenterPoint Energy Inc.	\$ 101,674,687	1	1.56%	\$ 44,956,431	1	1.63%
Raven Butene-1 LLC	89,167,415	2	1.37%	-		
Jindal Saw LLC	73,903,039	3	1.13%	-		
Passco Sapphire Bay Dst	58,282,016	4	0.89%	-		
Exxon Mobil Corp	49,748,453	5	0.76%	32,735,611	2	1.19%
619 Rollingbrook Street LP	44,373,830	6	0.68%	-		
Eastpoint Baytown Owner LLC	43,560,756	7	0.67%	-		
Abby Baytown LP	43,432,784	8	0.67%	-		
Port 10 Logistics LLC	42,225,729	9	0.65%	-		
HEB Grocery Co LP	38,378,253	10	0.59%	-		
ALTA Baytown Owner LP				-		
LCG Thompson 10 LLC				-		
LCY Elastomers LP				26,354,760	3	0.95%
IPC Group Inc.				23,721,330	4	0.86%
MREF Villas LLC				21,806,549	5	0.79%
Wal Mart				21,070,583	6	0.76%
AREG Rollingbrook Drive TX Partners LLC				19,505,217	7	0.71%
2008 Baker Rd.				18,352,000	8	0.66%
AHC Goose Creek LLC				18,010,141	9	0.65%
2021 Baker R II LTD				17,465,971	10	0.63%
Subtotal	584,746,962		8.97%	243,978,593		8.83%
Other Taxpayers	5,936,354,427		91.03%	2,518,661,530		91.17%
TOTAL TAXABLE ASSESSED VALUE	\$ 6,521,101,389		100.00%	\$ 2,762,640,123		100.00%

Source: Goose Creek Consolidated Independent School District Tax Office

City of Baytown, Texas
Ad Valorem Tax Levies and Collections
Last Ten Fiscal Years

Schedule 10

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Periods	Total Collections to date		Outstanding Delinquent Taxes ⁽²⁾	Percentage of Current Levy
		Amount	Percentage of Net Tax Levy		Amount	Percent of Total Tax Collections To Net Tax Levy		
2015	\$ 22,423,830	\$ 21,865,661	97.51%	\$ 488,914	\$ 22,354,575	99.7%	\$ 159,278	0.71%
2016	24,611,681	23,892,720	97.08%	625,114	24,517,834	99.6%	201,766	0.82%
2017	27,001,086	26,416,758	97.84%	492,187	26,908,945	99.7%	262,638	0.97%
2018	29,685,764	28,878,775	97.28%	692,938	29,571,713	99.6%	319,585	1.08%
2019	31,563,309	30,729,241	97.36%	706,282	31,435,523	99.6%	215,463	0.68%
2020	34,520,007	33,480,249	96.99%	889,915	34,370,164	99.6%	530,060	1.54%
2021	37,433,434	36,420,317	97.29%	799,603	37,219,920	99.4%	263,550	0.70%
2022	39,195,452	38,097,172	97.20%	760,285	38,857,457	99.1%	601,984	1.54%
2023	42,976,069	41,817,317	97.30%	553,064	42,370,381	98.6%	393,172	0.91%
2024	46,599,081	45,364,843	97.35%	-	45,364,843	97.4%	1,234,238	1.69%

(1) Total amount of tax collections received in subsequent years.
(2) Outstanding delinquent taxes based on the current levy.

City of Baytown, Texas

Ratios of Outstanding Debt by Type Last Ten Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
PRIMARY GOVERNMENT				
Governmental activities:				
General obligation bonds	\$ 109,014,950	\$ 100,829,041	\$ 92,604,605	\$ 84,852,517
Certificates of obligation	16,275,000	33,015,000	31,510,000	53,815,000
Notes payable	2,273,274	1,956,981	1,633,804	1,303,593
Premiums	5,698,278	7,978,804	7,408,272	8,757,473
Leases	-	-	-	-
Subtotal	<u>133,261,502</u>	<u>143,779,826</u>	<u>133,156,681</u>	<u>148,728,583</u>
Business-type activities:				
General obligation bonds	16,090,050	42,425,959	40,325,395	36,947,483
Certificates of obligation	62,525,000	26,710,000	24,270,000	23,115,000
Premiums	2,363,321	6,487,181	6,000,949	5,514,717
Subtotal	<u>80,978,371</u>	<u>75,623,140</u>	<u>70,596,344</u>	<u>65,577,200</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 214,239,873</u>	<u>\$ 219,402,966</u>	<u>\$ 203,753,025</u>	<u>\$ 214,305,783</u>
PERSONAL INCOME	1,631,325,483	1,773,069,345	1,912,591,056	1,875,937,700
DEBT AS A PERCENTAGE OF PERSONAL INCOME	13.13%	12.37%	10.65%	11.42%
POPULATION	76,127	79,215	83,724	88,830
DEBT PER CAPITA	2,814	2,770	2,434	2,413

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

Schedule 11

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 83,320,072	\$ 74,012,321	\$ 69,008,759	\$ 61,453,858	\$ 52,927,108	\$ 42,757,651
43,860,000	46,160,000	70,795,000	65,325,000	82,890,000	91,985,000
966,194	621,452	269,206	-	-	-
8,410,157	8,851,148	15,584,665	16,288,603	15,719,632	13,745,382
-	-	-	-	612,329	2,013,456
<u>136,556,423</u>	<u>129,644,921</u>	<u>155,657,630</u>	<u>143,067,461</u>	<u>152,149,069</u>	<u>150,501,489</u>
33,929,928	30,732,680	27,341,242	29,561,144	25,357,894	23,062,349
40,375,000	38,735,000	36,820,000	24,685,000	23,435,000	62,480,000
5,943,039	5,423,905	4,904,771	5,276,535	4,676,410	6,825,346
<u>80,247,967</u>	<u>74,891,585</u>	<u>69,066,013</u>	<u>59,522,679</u>	<u>53,469,304</u>	<u>92,367,695</u>
<u>\$ 216,804,390</u>	<u>\$ 204,536,506</u>	<u>\$ 224,723,643</u>	<u>\$ 202,590,140</u>	<u>\$ 205,618,373</u>	<u>\$ 242,869,184</u>
2,421,331,554	2,474,769,160	2,503,965,815	2,178,257,568	2,617,826,302	2,515,819,227
8.95%	8.26%	8.97%	9.30%	7.85%	9.65%
92,679	92,984	94,081	84,324	83,902	85,083
2,339	2,200	2,389	2,403	2,451	2,854

City of Baytown, Texas

Ratio of Net General Bonded Debt to Assessed Value,
 Net General Bonded Debt per Capita and Assessed and
 Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
NET TAXABLE ASSESSED VALUE				
All property	\$ 2,762,640,123	\$ 3,026,608,465	\$ 3,333,784,968	\$ 3,680,049,725
NET BONDED DEBT				
Net bonded debt	130,988,228	141,822,845	131,522,877	147,424,990
Less: debt service	4,895,113	2,940,258	2,632,347	3,816,355
NET BONDED DEBT	<u>\$ 126,093,115</u>	<u>\$ 138,882,587</u>	<u>\$ 128,890,530</u>	<u>\$ 143,608,635</u>
RATIO OF NET BONDED DEBT TO ASSESSED VALUE	4.56%	4.59%	3.87%	3.90%
POPULATION	76,127	79,215	83,724	88,830
NET BONDED DEBT PER CAPITA	1,656	1,753	1,539	1,617

Source: The City's financial records.

Schedule 12

2019	2020	2021	2022	2023	2024
\$ 3,961,605,388	\$ 4,397,651,697	\$ 4,788,003,759	\$ 5,089,300,184	\$ 5,798,996,044	\$ 6,521,101,389
135,590,229	129,023,469	155,388,424	143,067,461	151,536,740	148,488,033
5,050,333	6,268,425	3,144,287	-	-	889,309
<u>\$ 130,539,896</u>	<u>\$ 122,755,044</u>	<u>\$ 152,244,137</u>	<u>\$ 143,067,461</u>	<u>\$ 151,536,740</u>	<u>\$ 147,598,724</u>
3.30%	2.79%	3.18%	2.81%	2.61%	2.26%
92,679	92,984	94,081	84,324	83,902	85,083
1,409	1,320	1,618	1,697	1,806	1,735

City of Baytown, Texas

Direct and Overlapping Governmental Activities Debt

September 30, 2024

Schedule 13

Governmental Unit	Net Bonded Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt
DEBT REPAID WITH PROPERTY TAXES			
Harris County (2)	\$ 2,424,019,039	0.94%	\$ 22,785,779
Harris County Dept. of Education	28,960,000	0.94%	272,224
Harris County MUD #213B	9,330,000	100.00%	9,330,000
Harris County MUD #459	21,965,000	100.00%	21,965,000
Harris County MUD #473	10,285,000	100.00%	10,285,000
Harris County Flood Control	968,445,000	0.94%	9,103,383
Harris County Hospital District	65,285,000	0.94%	613,679
Goose Creek Consolidated Independent School District	607,660,572	34.87%	211,891,242
Lee College District	26,025,000	34.87%	9,074,918
Port of Houston Authority	426,134,397	0.94%	4,005,663
Deer Park ISD	368,445,000	0.57%	2,100,137
San Jacinto CCD	520,862,492	0.17%	885,466
Chambers County (2)	122,645,000	1.98%	2,428,371
Subtotal, overlapping debt	\$ 5,600,061,500		304,740,862
City direct debt	148,488,033	100.00%	148,488,033
TOTAL DIRECT AND OVERLAPPING DEBT			\$ 453,228,895

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

Legal Debt Margin Information

Last Ten Fiscal Years

Schedule 14

The City has no general obligation legal debt limit other than a ceiling on the ad valorem tax rate as specified by the State of Texas. The prescribed maximum is \$ 2.50 per \$ 100.00 at 100 percent valuation.

City of Baytown, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Gross revenues	\$ 39,044,709	\$ 40,811,009	\$ 40,998,750	\$ 43,301,862
Operating expenses ⁽¹⁾	<u>24,953,929</u>	<u>25,981,703</u>	<u>28,327,663</u>	<u>28,264,773</u>
NET REVENUES AVAILABLE FOR DEBT SERVICE	14,090,780	14,829,306	12,671,087	15,037,089
DEBT SERVICE REQUIREMENTS ⁽²⁾				
Principal and interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
COVERAGE	N/A	N/A	N/A	N/A

(1) Total operating expenses less depreciation

(2) Includes revenue bonds only

Source: The City's financial records.

Schedule 15

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 42,415,981	\$ 46,051,831	\$ 47,144,502	\$ 50,276,510	\$ 56,109,234	\$ 59,906,100
26,043,889	29,416,895	30,353,357	30,274,348	35,705,346	38,784,466
16,372,092	16,634,936	16,791,145	20,002,162	20,403,888	21,121,634
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
N/A	N/A	N/A	N/A	N/A	N/A

City of Baytown, Texas
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Schedule 16

Fiscal Year Ended Sept 30	Population⁽¹⁾	Personal Income	Per Capita Personal Income⁽²⁾	Median Age⁽³⁾	Education Level in Years of Schooling⁽³⁾	School Enrollment⁽⁴⁾	Unemployment Rate⁽⁵⁾
2015	76,127	\$ 1,631,325,483	21,429	31.0	19.5	22,915	6.00%
2016	79,215	1,773,069,345	22,383	31.0	14.8	22,320	6.40%
2017	83,724	1,912,591,056	22,844	32.9	14.8	32,748	10.40%
2018	88,830	1,875,937,700	24,425	32.4	14.8	23,795	8.10%
2019	92,679	2,421,331,554	26,126	32.7	14.8	23,837	6.60%
2020	92,984	2,474,769,160	26,615	32.8	14.8	23,926	9.60%
2021	94,081	2,503,965,815	26,615	32.9	12.4	23,318	10.50%
2022	84,324	2,178,257,568	25,832	33.2	12.4	23,908	7.30%
2023	83,902	2,617,826,302	31,201	34.0	12.4	23,833	7.00%
2024	85,083	2,515,819,227	29,569	34.0	12.4	23,887	8.00%

Sources:

- (1) Prior years from either Census or City Planning Department. FY17 provided by Applied Geographic Solutions (AGS). FY19 from Population.us. FY20 - FY21 from
- (2) U.S. Bureau of Labor Statistics (Quick Facts)
- (3) USA.com
- (4) Goose Creek CISD
- (5) U.S. Bureau of Labor Statistics

City of Baytown, Texas

Principal Employers

Current Year and Nine Years Ago

Schedule 17

Employer	2024			2015		
	Employees	Rank	Total City Employment	Employees	Rank	Total City Employment
Goose Creek Consolidated Independent School District	3,825	1	4.50%	3,012	2	3.96%
Exxon Mobil-Baytown Complex	3,785	2	4.45%	3,785	1	4.97%
Houston Methodist Hospital	1,970	3	2.32%	1,687	3	2.22%
Covestro	1,450	4	1.70%			
*City of Baytown	1,133	5	1.33%	789	5	1.04%
Chevron Phillips	990	6	1.16%	685	6	0.90%
Wal-Mart Distribution Center	600	7	0.71%	600	7	0.79%
Borusan Mannesmann	502	8	0.59%			
**Lee College	500	9	0.59%	390	8	0.51%
JSW Steel	420	10	0.49%			
Bayer Corporation				1,100	4	1.44%
Home Depot Distribution Center				325	9	0.43%
TMK-IPSCO				245	10	0.32%
TOTAL	15,175		17.84%	12,618		16.57%

Sources: Baytown Economic Development Foundation, ESRI, and Baytown employers

Prior years sources: City of Baytown, Goose Creek CISD and Lee College

*The City of Baytown's employment typically increases during the summer months.

**Lee College has approximately 200 additional employees that are part-time.

City of Baytown, Texas

Full-time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
GENERAL FUND				
General government	94.90	96.90	99.90	107.90
Public safety				
Police				
Officers	150.00	150.00	153.00	157.00
Civilians	49.00	49.00	51.00	49.00
Fire				
Firefighters and officers	147.00	147.00	155.00	156.00
Civilians	9.00	9.00	13.00	13.00
Other public safety	26.00	26.00	26.00	26.00
Public works	43.50	40.50	40.50	41.50
Public health	23.00	25.00	28.00	30.00
Parks, recreation, and culture	63.00	64.00	67.00	70.00
	<hr/>	<hr/>	<hr/>	<hr/>
Total general fund	605.40	607.40	633.40	650.40
HOTEL/MOTEL FUND	2.00	2.00	5.00	3.00
PROPRIETARY FUNDS				
Aquatics	4.00	4.00	4.00	4.00
Water and sewer	122.85	120.85	124.85	124.85
Sanitation	13.50	13.50	13.50	13.50
Storm water utility	4.00	16.00	16.00	21.00
Internal service	12.00	12.00	12.00	12.00
	<hr/>	<hr/>	<hr/>	<hr/>
Total proprietary funds	156.35	166.35	170.35	175.35
PROGRAM FUNDS				
Community development block grant	4.00	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	13.00
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	3.00	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	4.00
Capital improvement program fund - water and sewer	1.00	2.00	2.00	2.00
Municipal Development District	3.00	0.00	1.00	1.00
Baytown Nature Center	1.00	1.00	1.00	1.00
Workers' compensation	1.00	1.00	1.00	1.00
	<hr/>	<hr/>	<hr/>	<hr/>
Program funds total	38.25	41.25	45.25	52.25
TOTAL	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	802.00	817.00	854.00	881.00

Schedule 18

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
110.90	117.90	117.90	123.75	132.75	144.75
157.00	157.00	157.00	170.00	170.00	170.00
49.00	49.00	49.00	54.00	62.00	65.00
157.00	161.00	165.00	162.00	162.00	163.00
13.00	15.00	12.00	17.00	15.00	19.00
26.00	27.00	27.00	28.00	28.00	28.00
43.00	45.00	45.00	52.00	53.00	63.00
35.00	36.00	36.00	42.00	45.00	45.00
74.00	77.00	77.00	79.00	86.00	63.00
664.90	684.90	685.90	727.75	753.75	760.75
3.00	3.00	3.00	3.00	3.00	3.00
5.00	5.00	5.00	5.00	5.00	5.00
124.85	132.85	132.85	131.00	135.00	135.00
13.00	13.00	13.00	13.00	13.00	15.00
21.00	21.00	21.00	22.00	23.00	23.00
12.00	12.00	12.00	12.00	12.00	13.00
175.85	183.85	183.85	183.00	188.00	191.00
4.00	4.00	4.00	3.00	4.00	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
14.00	18.00	18.00	21.00	21.00	20.00
15.00	15.00	15.00	-	-	-
3.00	3.00	2.00	-	-	-
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	3.00	3.00	3.00
4.00	4.00	4.00	7.00	9.00	9.00
2.00	3.00	3.00	9.00	12.00	12.00
1.00	1.00	1.00	1.00	3.00	3.00
1.00	1.00	1.00	-	-	-
1.00	1.00	1.00	1.00	1.00	1.00
53.25	58.25	57.25	51.25	59.25	58.25
<u>897.00</u>	<u>930.00</u>	<u>930.00</u>	<u>965.00</u>	<u>1,004.00</u>	<u>1,013.00</u>

City of Baytown, Texas

Operating Indicators by Function/Program Last Ten Fiscal Years

FUNCTION/PROGRAM	2015	2016	2017	2018
Police:				
Arrests	5,637	5,584	5,589	5,121
Accident reports	2,594	2,676	2,619	2,402
Citations	20,144	23,817	25,878	26,714
Offense reports	14,788	15,014	14,226	14,217
Calls for service	67,765	70,236	71,448	72,639
Fire:				
Medical responses	9,999	10,568	8,992	10,933
Fire/rescue incidents	2,513	2,345	3,189	2,602
Medical/rescue incidents	-	-	-	-
Non-medical/rescue incidents	-	-	-	-
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	59.82%	59.70%	54.72%	51.60%
Nine minutes or less for the deployment of a full first alarm assignment at a fire suppression incident	86.21%	83.52%	84.00%	84.40%
Water:				
Number of water customers	22,599	21,398	21,731	21,912
Number of commercial water customers				
Source	Trinity River	Trinity River	Trinity River	Trinity River
Average daily water usage (millions of gallons)	11.11	11.55	11.61	12.12
Number of million gallons of surface water pumped	4.07	4.23	5.41	5.13
Number of million gallons of well water pumped	0.19	0.58	0.48	0.52
Peak daily consumption (millions of gallons)	16.69	18.71	17.37	17.52
Sewer:				
Number of sewer connections	21,705	20,553	20,887	21,043
Average daily sewage treatment (millions of gallons)	13.28	13.07	11.99	11.67
Total consumption (millions of gallons)	4.75	4.77	4.34	4.04
Peak daily consumption (millions of gallons)	56.06	55.49	41.20	39.19

Source: Various City departments

Schedule 19

2019	2020	2021	2022	2023	2024
4,882	3,460	3,404	3,190	3,829	2,811
2,228	2,172	2,040	2,157	2,165	1,844
22,457	14,431	14,373	5,747	5,479	12,533
14,148	13,455	12,360	12,728	12,483	10,496
74,859	70,477	64,307	48,555	50,758	67,688
11,559	10,866	12,379	12,890	12,890	-
2,767	2,558	2,956	2,929	2,929	-
-	-	-	-	-	12,843
-	-	-	-	-	4,307
-	-	43%	55%	57%	58%
-	-	72%	73%	68%	67%
-	-	81%	97%	96%	-
59.14%	63.51%	-	-	-	-
84.95%	56.75%	-	-	-	-
22,148	23,810	24,067	22,552	22,767	22,953
					2,130
Trinity River					
11.58	12.32	11.81	12.30	17.66	14.6
4.23	4.97	4.31	4.86	5.55	5.39
0.55	0.63	0.70	-	-	-
19.21	18.35	23.84	21.82	22.30	21.05
21,276	22,344	23,613	22,166	22,223	22,299
12.06	10.93	10.90	10.13	11.30	12.94
4.47	3.70	4.09	3.70	135.50	4.72
48.27	27.57	30.37	35.94	38.90	47.49

City of Baytown, Texas

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

FUNCTION/PROGRAM	2015	2016	2017	2018
Police:				
Stations	3	3	3	3
Patrol units	94	100	100	104
Fire stations	7	8	8	8
Other public works:				
Streets (miles)	447	468	471	484
Street lights	5,124	5,443	5,504	5,617
Parks and recreation:				
Parks	50	52	53	53
Parks (acreage)	1,151	1,290	1,292	1,292
Parks (developed)	972	120	1,122	1,122
Parks (undeveloped)	179	179	170	170
Spraygrounds	5	5	6	6
Baseball/softball diamonds	22	22	2	22
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)	399	400	402	403
Fire hydrants	2,431	2,545	2,618	2,637
Storage capacity (millions of gallons)	26 MGD	26 MGD	26 MGD	26 MGD
Sewer:				
Sanitary sewers (miles)	382	384	400	397
Storm sewers (miles)	175	180	183	186
Treatment plant capacity (millions of gallons)	24.2 MGD	24.2 MGD	24.2 MGD	24.2 MGD

Source: Various City departments

Schedule 20

2019	2020	2021	2022	2023	2024
3	3	3	3	3	1
111	109	109	108	116	122
8	8	8	8	8	8
499	514	514	505	510	512
5,911	6,096	6,096	6,256	6,254	6,755
53	55	53	54	54	55
1,292	1,319	1,251	1,323	1,323	1,323
1,122	1,123	1,061	1,125	1,125	1,125
170	196	190	198	198	198
6	6	6	5	5	6
22	22	18	18	18	18
4	4	8	2	2	6
1	1	1	1	1	1
2	2	2	2	2	2
3	3	3	2	2	3
-	-	-	-	2	6
124	420	463	502	518	530
1,163	2,850	3,371	3,568	3,620	3,876
26 MGD	26.0 MGD	26.0 MGD	26.0 MGD	26.0 MGD	26.0MGD
402	409	472	478	486	501
190	194	220	233	234	246
24.2 MGD	24.2 MGD	24.2 MGD	24.4 MGD	24.4 MGD	24.2 MGD

