

CITY OF BAYTOWN



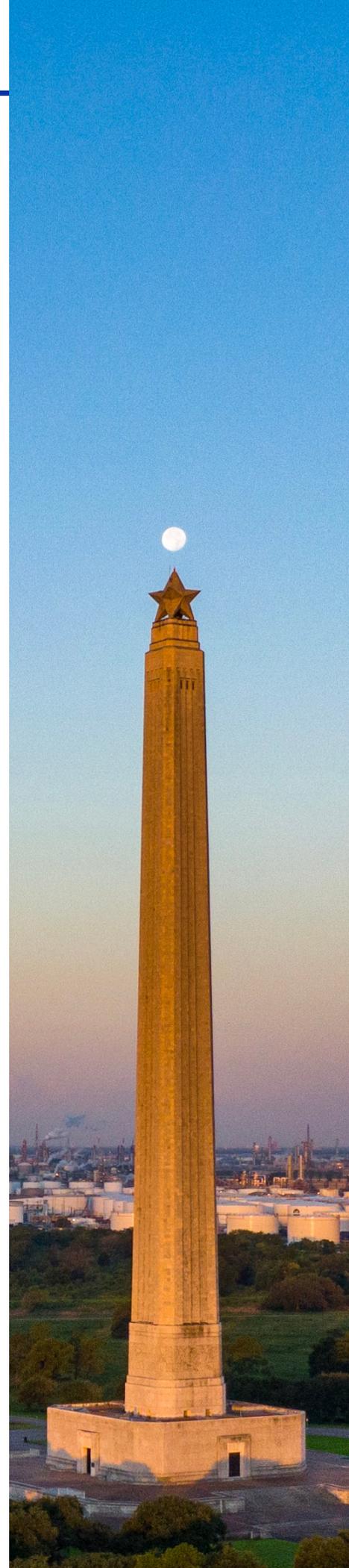
POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING SEPTEMBER 30, 2020



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To the Citizens of Baytown



FROM YOUR MAYOR

It has been such an honor to serve the citizens of Baytown as your mayor. This prestigious position allows me to be the voice for the community and get involved in many different conversations that help to shape the City of Baytown. I enjoy being a part of the city council and providing governance and leadership to guide the city into the future based on citizens' concerns. Thank you to our great citizens for working so hard this past year to overcome the challenges we have faced from the COVID-19 pandemic and social unrest during the year 2020. The City of Baytown has never been stronger and more unified than after the year we have just endured.

Baytown is a unique city and a wonderful place to live. Our industry base, access to waterways, multi-modal logistics, a growing tourism destination, and a place for leisure and quality activities give Baytown residents a home they can take pride in. The City of Baytown has worked very hard in the past year to serve our citizens and to create a Better Baytown, as you will see in the Popular Annual Financial Report. One project worth noting is the \$66 million economic development project with Enterprise Products to advance our city.

Despite the hardships our city and community members have faced this year, Baytown is in a favorable financial position due to the industrial district agreements, continued retail and housing growth, and our stable local economy. Our city was able to grow our sales tax revenues throughout COVID-19, which reflects a healthy local economy.

Again, thank you, City of Baytown, for allowing me to serve you during such a challenging year. I wish you all the best in the upcoming year.

A handwritten signature in blue ink that reads "Brandon Capetillo". The signature is fluid and cursive, with a long horizontal stroke at the end.

Brandon Capetillo, Mayor of Baytown

OUR PURPOSE: *TO ENRICH LIVES AND BUILD COMMUNITY.*



FROM YOUR CITY MANAGER

The year 2020 has been a difficult one for all of us. In the year of uncertainty and "unprecedented-ness," we have had the opportunity to witness the steady determination of our community. This Popular Annual Financial Report highlights the major initiatives that the city has undertaken to maintain the heart and soul of this city.

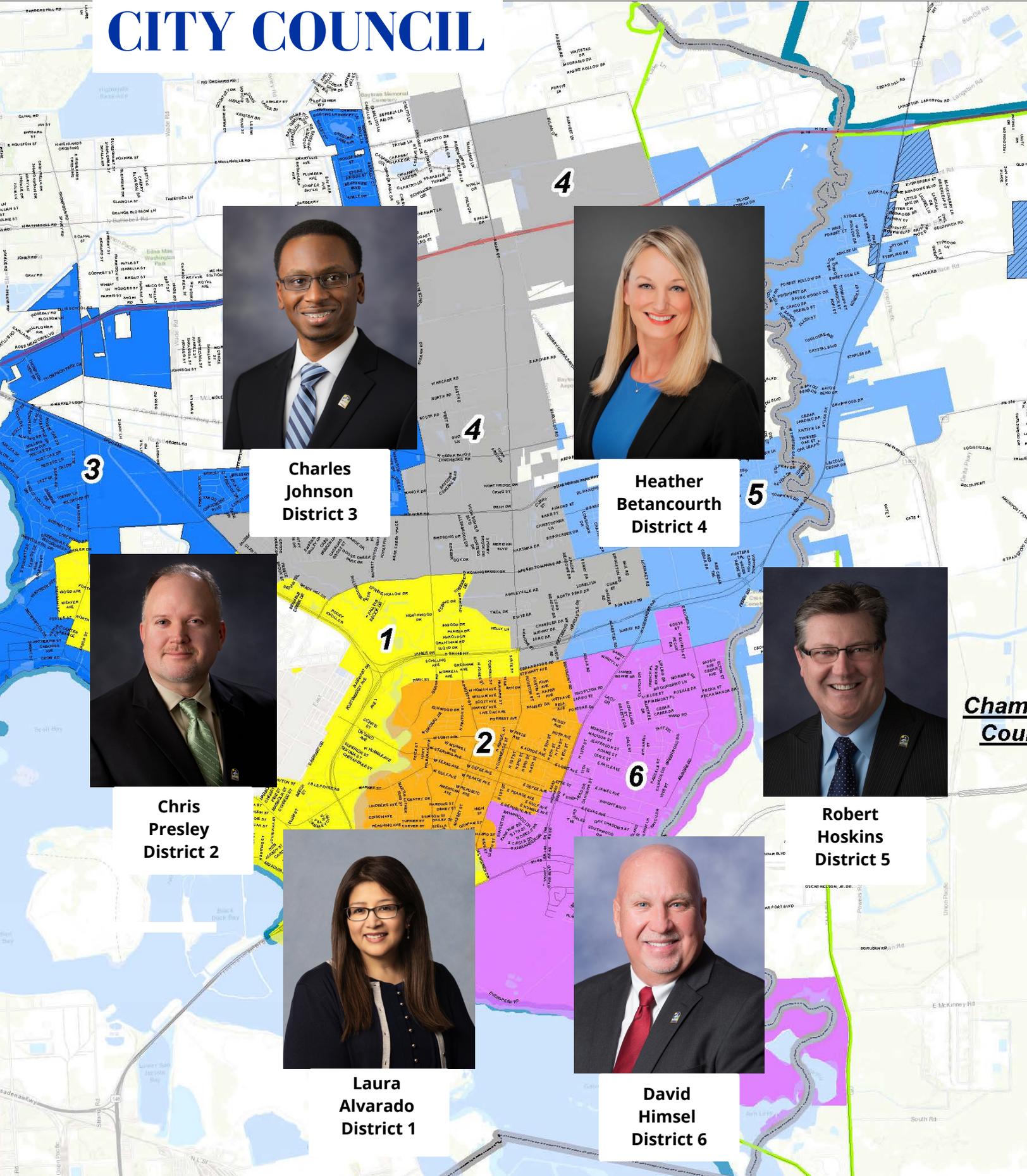
Between the dedication from our city council, the attentiveness of our staff, and the will of the people to persist, we have not only preserved Baytown but allowed it to thrive.

It has been the honor of a lifetime to work with you.

A handwritten signature in blue ink that reads "R. Davis".

Rick Davis, City Manager

CITY COUNCIL



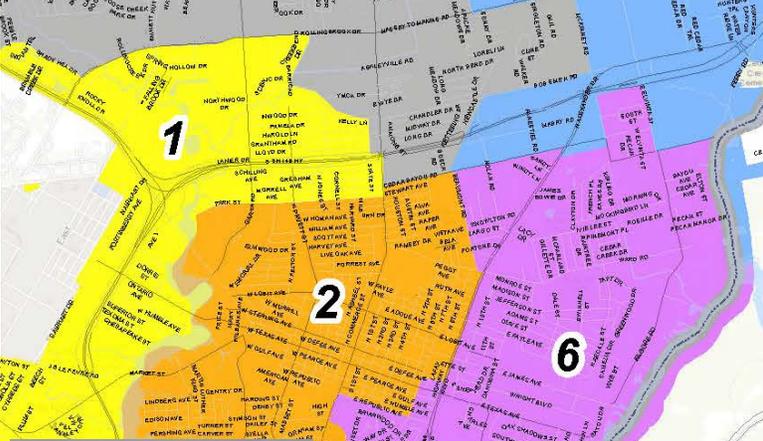
Charles Johnson
District 3



Heather Betancourt
District 4



Chris Presley
District 2



Laura Alvarado
District 1



David Himsel
District 6



Robert Hoskins
District 5

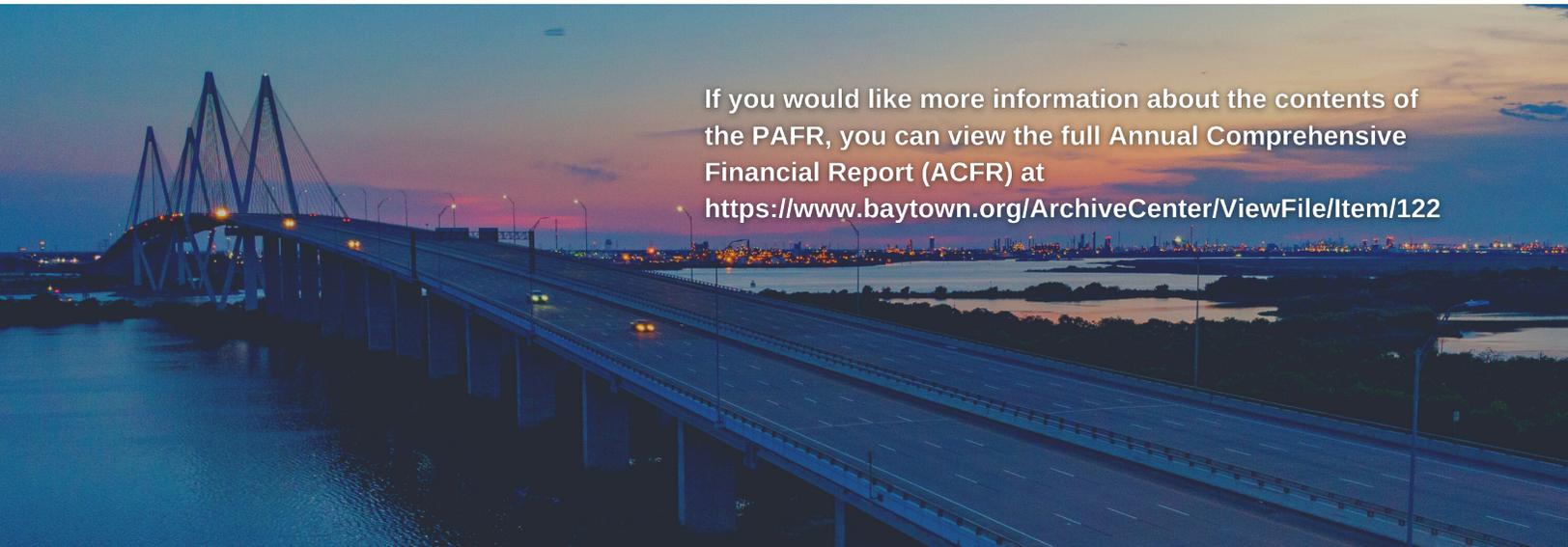
**Cham
Cou**

What is the Popular Annual Financial Report (PAFR)?

The City of Baytown's goal is to maintain transparent and upstanding communication with our citizens. Therefore, we are pleased to present the Popular Annual Financial Report (PAFR) for the fiscal year of 2019-2020. This report is an unaudited summary of the City of Baytown's financial activities. The PAFR is prepared from the full Annual Comprehensive Financial Report (ACFR) of 2019-2020.

The ACFR is a report that includes audited financial statements, fully disclosed materials about city events, and information about organizations and individual funds. The PAFR is used to take a snapshot of the ACFR to create a more digestible report for the general public. The PAFR is a tool that the citizens of Baytown can use to understand the City's financial activities without having extensive financial knowledge.

The City of Baytown PAFR will include a breakdown of the City of Baytown's initiatives, projects of the fiscal year, a breakdown of property taxes, the City's financial stability and net position, the City's revenues and expenditures, and more. The PAFR is not a completed report and is only a summary of the above topics. The complete report of the ACFR is available to the public on the City's website.



If you would like more information about the contents of the PAFR, you can view the full Annual Comprehensive Financial Report (ACFR) at <https://www.baytown.org/ArchiveCenter/ViewFile/Item/122>



About BAYTOWN

The City of Baytown has a council-manager form of government. This is similar to the Board of Directors-CEO corporate structure in the private sector. The city council is like a board of directors. The city council is an elected body that votes on policy issues. The mayor serves as the chairman of the board. The city manager serves as CEO and is responsible for managing the daily operations of the city.

The City's structure also reflects the three branches of the federal government. The legislative branch is led by the mayor who facilitates the policy-making process during city council meetings. The judicial branch is headed by the city judge, who presides over court hearings within the city. The executive branch is helmed by the city manager who facilitates the execution of city policy.

In January 2017, the Strategic Planning Advisory Committee (SPAC) appointed by the Baytown City Council spent several months developing the City's first strategic plan known as Imagine Baytown. Imagine Baytown is a five-year community-based strategic plan that emphasizes community engagement from residents and stakeholders throughout Baytown. The SPAC developed the five strategic directives based on the feedback received from the community. More details about these directives are on page 7.

Our Core Values

Caring

Innovation

Collaboration

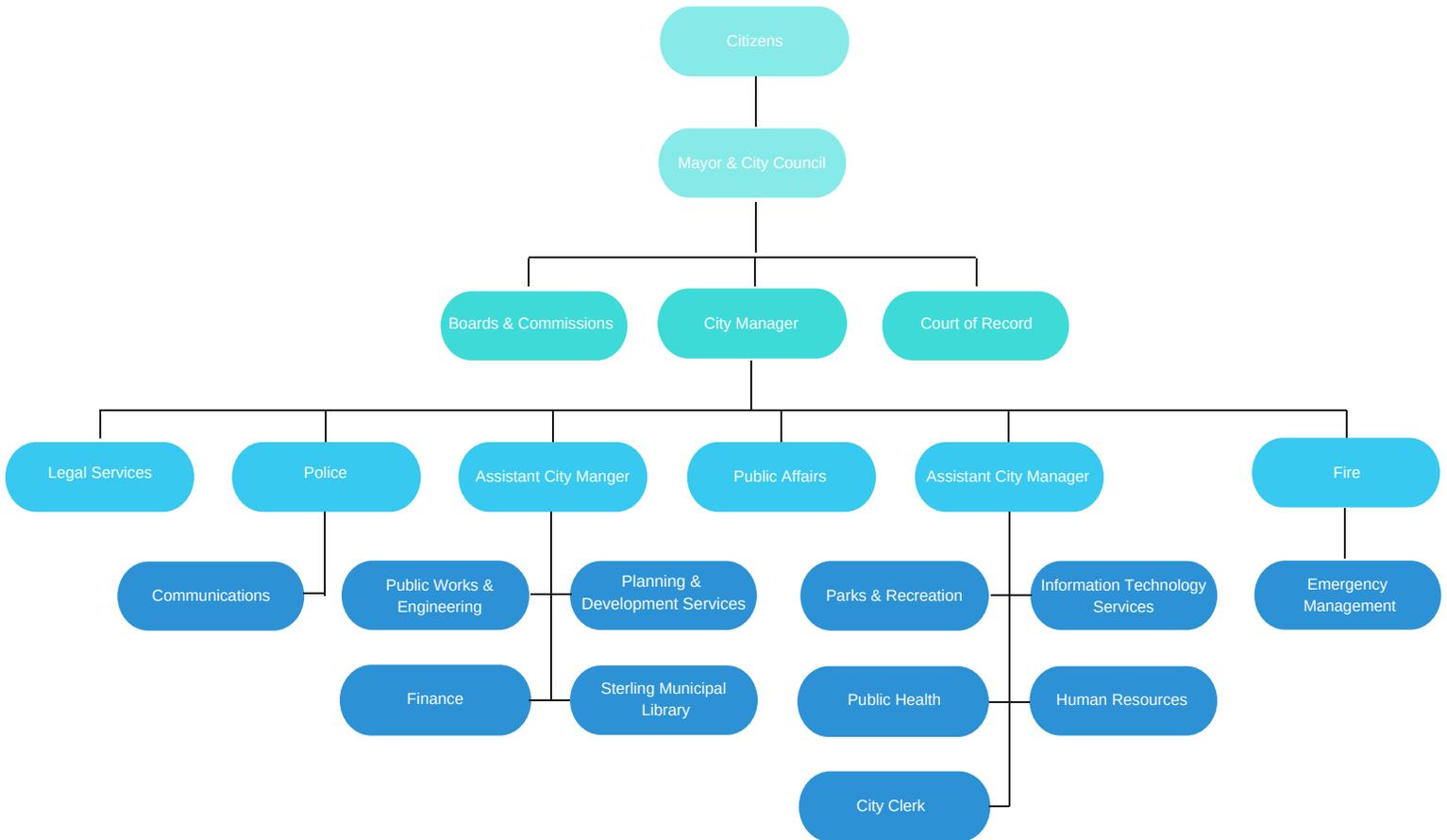
Leadership

Stewardship



CITY OF BAYTOWN

Organizational Chart



Demographic and Economic Statistics

Fiscal Year 2020

Population	92,985
Per Capita Personal Income	\$26,615
Median Age	32.8
Education Level in Years of Schooling	14.8
School Enrollment K-12	23,926
Unemployment Rate	9.60%





Community Scorecard

The Strategic Planning Advisory Committee (SPAC), composed of nine appointed Baytown citizens, surveyed and met with residents and members of the business community to determine the desired course for the City over the next five years.

Based on citizen feedback, the SPAC developed a five-year Strategic Plan with five strategic directives. Each year the City Council develops an annual implementation plan which determines the initiatives and strategies the City will execute for each directive. This progress is tracked in the Community Scorecard, where citizens can also follow key outcome measures tied to each strategic directive. Updates on the progress of the directives are recorded quarterly.



- 1. Community Reputation & Image** - "I want to be a part of a community where I'm proud to tell people where I'm from."
- 2. Infrastructure & Mobility** - "I want to live in a community where I can get where I need to go by car or on foot in a safe, efficient manner."
- 3. Community Amenities** - "I want to live in a place where I can live, work, and play without the need to leave the city limits."
- 4. Neighborhood Quality** - "I want to live in a neighborhood that looks and feels like home."
- 5. Operational Excellence** - "I want to have confidence that city staff and elected officials are good stewards of the resources entrusted to them and that everyone at the City takes pride in the excellent service they provide to the community."

Projects By Directive

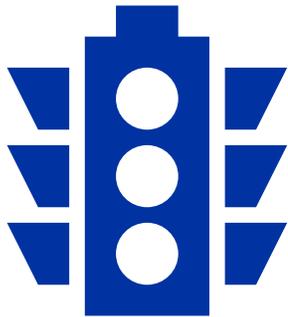
DIRECTIVE #1 COMMUNITY REPUTATION & IMAGE



EXAMPLE INITIATIVES

- Build relationships to attract and market high-quality housing in Baytown.
- Enhance overall City appearance through targeted infrastructure aesthetic projects.

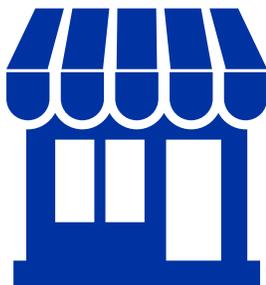
DIRECTIVE #2 INFRASTRUCTURE & MOBILITY



EXAMPLE INITIATIVES

- Continue the expansion and marketing of the trail system in Baytown.
- Continue to implement strategies to facilitate safe and efficient traffic flow in and around Baytown.

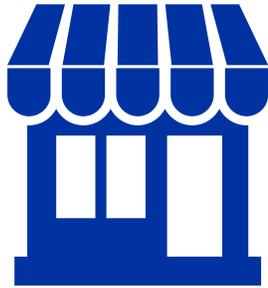
DIRECTIVE #3 COMMUNITY AMMENITIES



EXAMPLE INITIATIVES

- Implement strategies that further the revitalization of the Downtown Arts District.

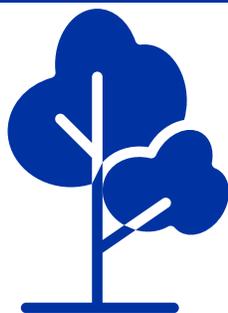
DIRECTIVE #3 COMMUNITY AMMENITIES (CONT.)



EXAMPLE INITIATIVES

- Continue to increase the amount and variety of community events in Baytown.
- Continue to pursue redevelopment in targeted areas throughout the community.

DIRECTIVE #4 NEIGHBORHOOD QUALITY



EXAMPLE INITIATIVES

- Implement strategies that continue to enhance community engagement in Baytown.
- Continue efforts to improve compliance with City codes.

DIRECTIVE #5 OPERATIONAL EXCELLENCE



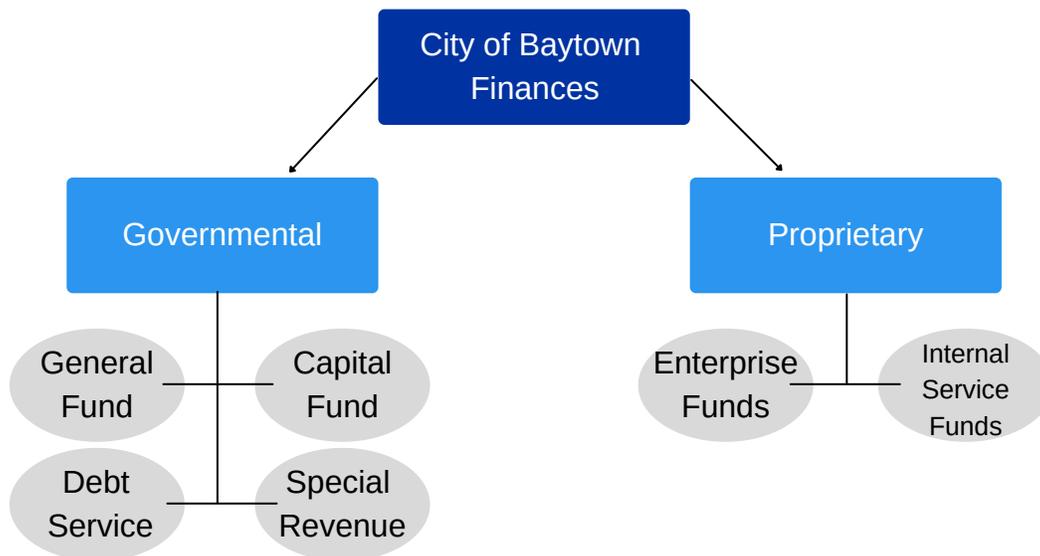
EXAMPLE INITIATIVES

- Continue improving the City's Development and Permitting processes.

About Government Finance

The two categories of City funds are governmental and proprietary.

- **Governmental Funds:** Account for essentially the same functions reported as governmental activities in the government-wide financial statements.
- **Proprietary Funds:** Account for business-like activities that the City performs. There are two types including enterprise and internal service funds.
 - Enterprise Funds: 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.
 - Internal Service Funds: Account for its equipment replacement services and for expenses associated with risk management of health benefits and workers' compensation claims.



Please read the [Annual Comprehensive Financial Report](#) for more information.

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 essential services are reported within this class. These include: 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. **Proprietary Activities:** Services involving a fee for those services are reported within this class. These include: the City's water and sewer services, solid waste collection, storm water utility operations, and water park operations.

Net Position

The table below is a comprehensive look at the City of Baytown's financial health. Net position is taking the total assets (government resources) and total liabilities (government obligations), to find our financial condition. The City's total net position increased by \$95,736,958 during the current fiscal year, an increase of 30 percent in comparison to the prior year. For more information regarding the City of Baytown net position, please visit the ACFR in conjunction with this document.

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 189,481,935	\$ 110,373,780	\$ 52,240,427	\$ 49,781,785	\$ 241,722,362	\$ 160,155,565
Capital assets, net	283,090,087	276,565,667	247,169,656	251,753,440	530,259,743	528,319,107
Total Assets	472,572,022	386,939,447	299,410,083	301,535,225	771,982,105	688,474,672
Deferred outflows - charge on refunding	1,587,358	1,749,035	-	864,296	1,587,358	2,613,331
Deferred outflows - pensions	10,684,747	23,104,528	1,505,268	3,410,930	12,190,015	26,515,458
Deferred outflows - OPEB	12,082,394	5,010,522	1,678,937	742,767	13,761,331	5,753,289
Total Deferred Outflows of Resources	24,354,499	29,864,085	3,184,205	5,017,993	27,538,704	34,882,078
Long-term liabilities	255,991,347	269,394,044	91,999,148	98,933,445	347,990,495	368,327,489
Other liabilities	16,904,992	25,984,634	6,741,067	6,305,306	23,646,059	32,289,940
Total Liabilities	272,896,339	295,378,678	98,740,215	105,238,751	371,636,554	400,617,429
Deferred inflows - charge on refunding	255,476	-	-	-	255,476	-
Deferred inflows - pensions	8,592,432	250,851	1,014,304	41,345	9,606,736	292,196
Deferred inflows - OPEB	1,898,726	2,041,512	279,335	298,589	2,178,061	2,340,101
Total Deferred Inflows of Resources	10,746,634	2,292,363	1,293,639	339,934	12,040,273	2,632,297
Net Position:						
Net investment in capital assets	167,979,247	157,058,993	189,184,366	191,361,951	357,163,613	348,420,944
Restricted	87,344,253	29,898,189	3,966,558	3,717,286	91,310,811	33,615,475
Unrestricted	(42,039,952)	(67,824,691)	9,409,510	5,895,296	(32,630,442)	(61,929,395)
Total Net Position	\$ 213,283,548	\$ 119,132,491	\$ 202,560,434	\$ 200,974,533	\$ 415,843,982	\$ 320,107,024



Revenues and Expenditures

Below is a summary of the changes in the City of Baytown's net position, as it relates to city revenues and expenses for the Fiscal Year ending September 30, 2020.

Statement of Activities

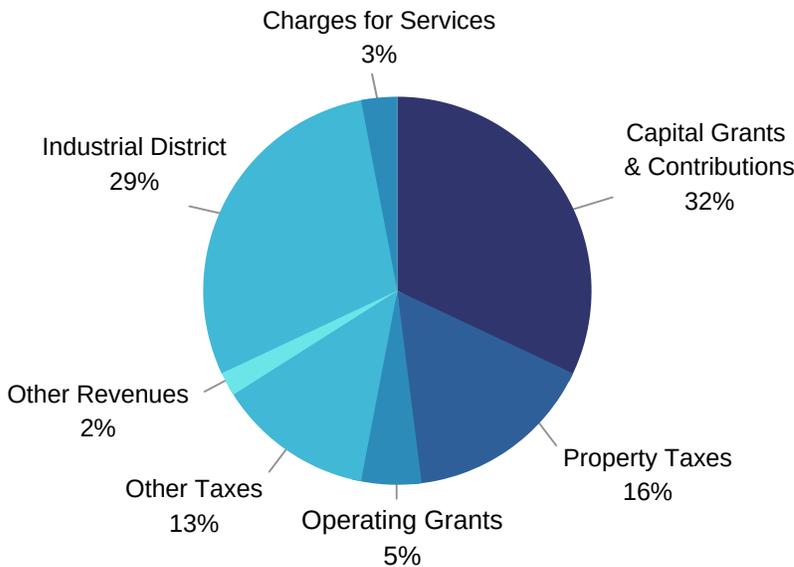
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 7,132,164	\$ 7,718,973	\$ 55,470,985	\$ 54,364,659	\$ 62,603,149	\$ 62,083,632
Operating grants	12,195,930	7,109,369	1,363,365	1,365,276	13,559,295	8,474,645
Capital grants and contributions	70,945,960	4,444,501	-	129,901	70,945,960	4,574,402
General revenues:						
Property taxes	34,782,426	31,874,951	-	-	34,782,426	31,874,951
Industrial district	65,535,406	57,968,306	-	-	65,535,406	57,968,306
Other taxes	28,624,380	28,820,169	-	-	28,624,380	28,820,169
Other revenues	4,683,521	5,063,617	513,840	757,728	5,197,361	5,821,345
Total Revenues	223,899,787	142,999,886	57,348,190	56,617,564	281,247,977	199,617,450
Expenses						
General government	36,868,268	29,574,296	-	-	36,868,268	29,574,296
Public safety	61,022,316	50,702,718	-	-	61,022,316	50,702,718
Public works	12,740,898	10,994,322	-	-	12,740,898	10,994,322
Public health	3,856,833	3,107,475	-	-	3,856,833	3,107,475
Parks, recreation, and culture	13,438,956	12,405,161	-	-	13,438,956	12,405,161
Interest and fiscal agent fees on long-term debt	4,302,467	4,525,617	-	-	4,302,467	4,525,617
Water and sewer	-	-	40,424,646	37,007,827	40,424,646	37,007,827
Sanitation	-	-	7,006,746	6,448,858	7,006,746	6,448,858
Aquatics	-	-	2,792,302	4,064,190	2,792,302	4,064,190
Bayland Island development	-	-	207,174	203,198	207,174	203,198
Storm water utility	-	-	2,850,413	1,956,790	2,850,413	1,956,790
Total Expenses	132,229,738	111,309,589	53,281,281	49,680,863	185,511,019	160,990,452
Increase in Net Position before Transfers	91,670,049	31,690,297	4,066,909	6,936,701	95,736,958	38,626,998
Transfers	2,481,008	2,781,839	(2,481,008)	(2,781,839)	-	-
Change in Net Position	94,151,057	34,472,136	1,585,901	4,154,862	95,736,958	38,626,998
Beginning net position	119,132,491	84,660,355	200,974,533	196,819,671	320,107,024	281,480,026

Revenues and Expenditures

The graphics underneath represented selected data from the summary tables for revenues and expenditures on pg.12.

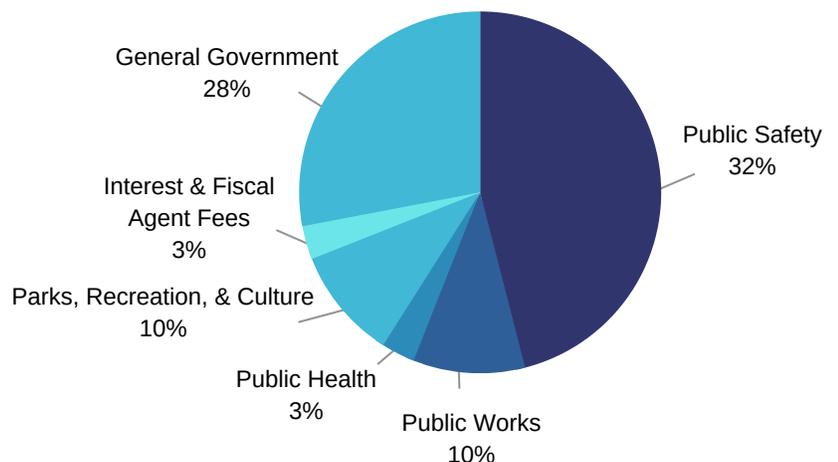
Governmental Revenues



For the year ended September 30, 2020, revenues from governmental activities totaled \$223,899,787. Property tax revenue had an increase of 9.12% due to an increase in appraised property values.

Governmental Activities Expenses

For the year ended September 30, 2020, expenses for governmental activities totaled \$132, 229, 738, an increase of 18.79% from last year. The city had additional costs in response to the COVID-19 pandemic.



Property Taxes

Property taxes paid by Baytown residents are divided by three major taxing districts: Goose Creek ISD, the City of Baytown, and Lee College. The City's share accounts for \$0.34 of every dollar collected.

For the past two fiscal years, the City has lowered the property tax rate. The rate went from \$0.82203 in FY 2016-17 and FY 2017-18 to \$0.80203 in FY 2019-20. On the right is a visual representation of how much each tax dollar is allocated to the respective taxing entities.

Goose Creek ISD
\$0.57



City of Baytown
\$0.34

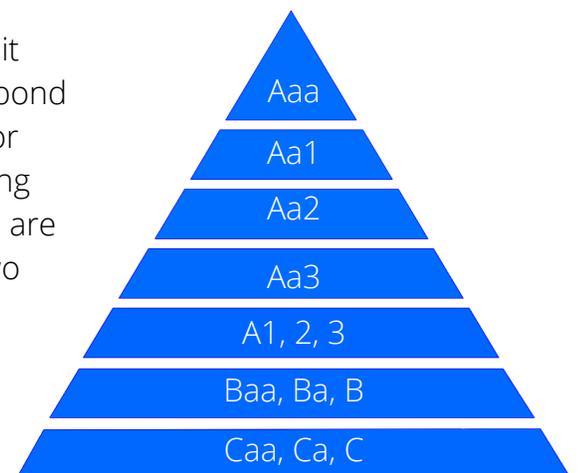


Lee College
\$0.09



Credit Rating: Aa2

During the fiscal year, the City of Baytown received a credit rating of Aa2 by Moody's Investor Services. Moody's is a bond credit rating company that provides financial resources for both commercial and governmental entities. The Aa2 rating indicates that the City is financially stable. Bonds rated Aa are designated as high quality and very low credit risk. The two modifier indicates that the City's credit rating is in the midrange of the Aa category. They attribute this to our growing tax base and the continuous investment of the petrochemical industrial sector in our region.



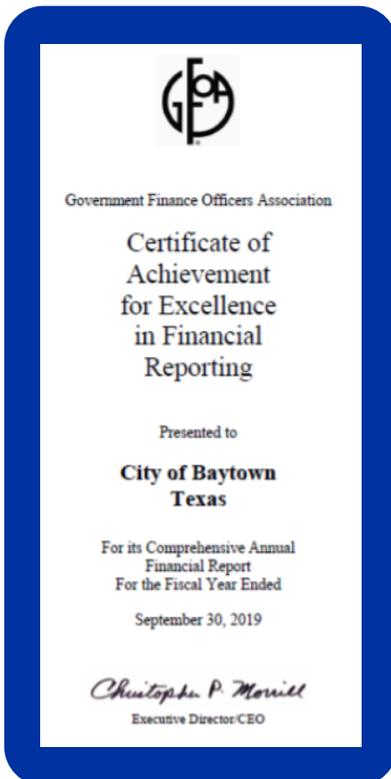
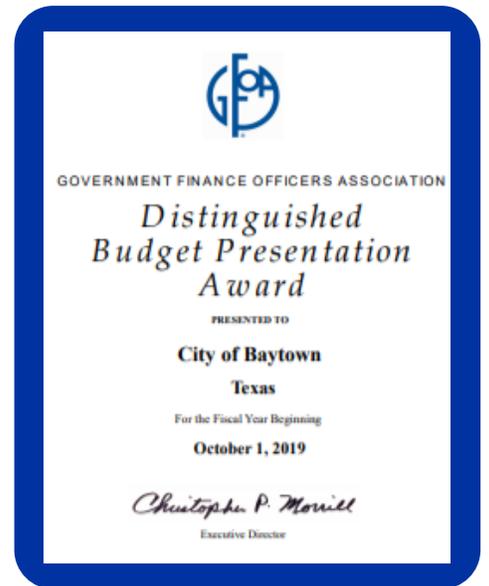
Awards & Achievements

The City of Baytown received several awards and achievements during the fiscal year 2019 - 2020 for its excellence in financial reporting, budgeting, performance management, and parks and recreation.

Government Finance Officers Association (GFOA)

Distinguished Budget Presentation Award

The Government Finance Officers Association has also awarded the City of Baytown this budgetary reward. This award recognizes that the budgetary documents produced by the City are of the highest quality and reflect the guidelines of both the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting.



Government Finance Officers Association (GFOA)

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association awards this certificate to local governments that exceed the minimum requirements for generally accepted accounting principles. This ensures that the reader of the financial statements has an ample amount of information to assess the health of the local government for themselves.

Awards & Achievements



ICMA Certification in Performance Management Award 2020

The International City/County Management Association recognizes programs that promote a culture of performance management within their organization. The managerial decision-making of these organizations is data-driven, analytical, and transparent.

World Waterparks' Leading Edge Award 2020

The City was also awarded the World Waterparks' Leading Edge Award for its new state-of-the-art attraction the NINJACROSS™. The retractable obstacle course built for indoor and outdoor facilities with high-grade materials designed for fun, functional aquatic fitness and recreation is the first of its kind in North America.



Waterpark of the Year Award 2020

The City of Baytown is one of the only municipalities in the Houston area that owns and operates a waterpark through its Parks and Recreation Department. This award is given to waterparks that exceed specific requirements in operations planning, implementation, design, and innovation. Award recipients must also demonstrate that that water park contains more than 75% play areas or has a dozen water features. Water features include swimming pools, water slides, splash pads, water playgrounds, and lazy rivers, as well as areas for bathing, swimming, and other barefoot environments.



Contact Information

City Contacts

City Hall.....	281-422-8281
City Clerk.....	281-420-6504
City Manager.....	281-420-6500
Fire Department.....	281-422-2311
Finance.....	281-420-6531
Legal.....	281-420-6505
Library.....	281-427-7331
Municipal Court.....	281-427-9511
Parks and Recreation.....	281-420-6597
Planning and Development Services...	281-420-8132
Public Affairs.....	281-420-5802
Police.....	281-422-8371
Public Works.....	281-420-5300
Utility Billing.....	281-420-6515

Elected Officials

Mayor..... Mayor@baytown.org

Council Members

District 1.....	District1@baytown.org
District 2.....	District2@baytown.org
District 3.....	District3@baytown.org
District 4.....	District4@baytown.org
District 5.....	District5@baytown.org
District 6.....	District6@baytown.org



Popular Annual Financial Report

City of Baytown, Texas

FISCAL YEAR ENDING
September 30, 2020

www.baytown.org

City Hall
2401 Market Street
Baytown, Tx 77520

Hours: Monday-Friday, 8:00am - 5:00pm

