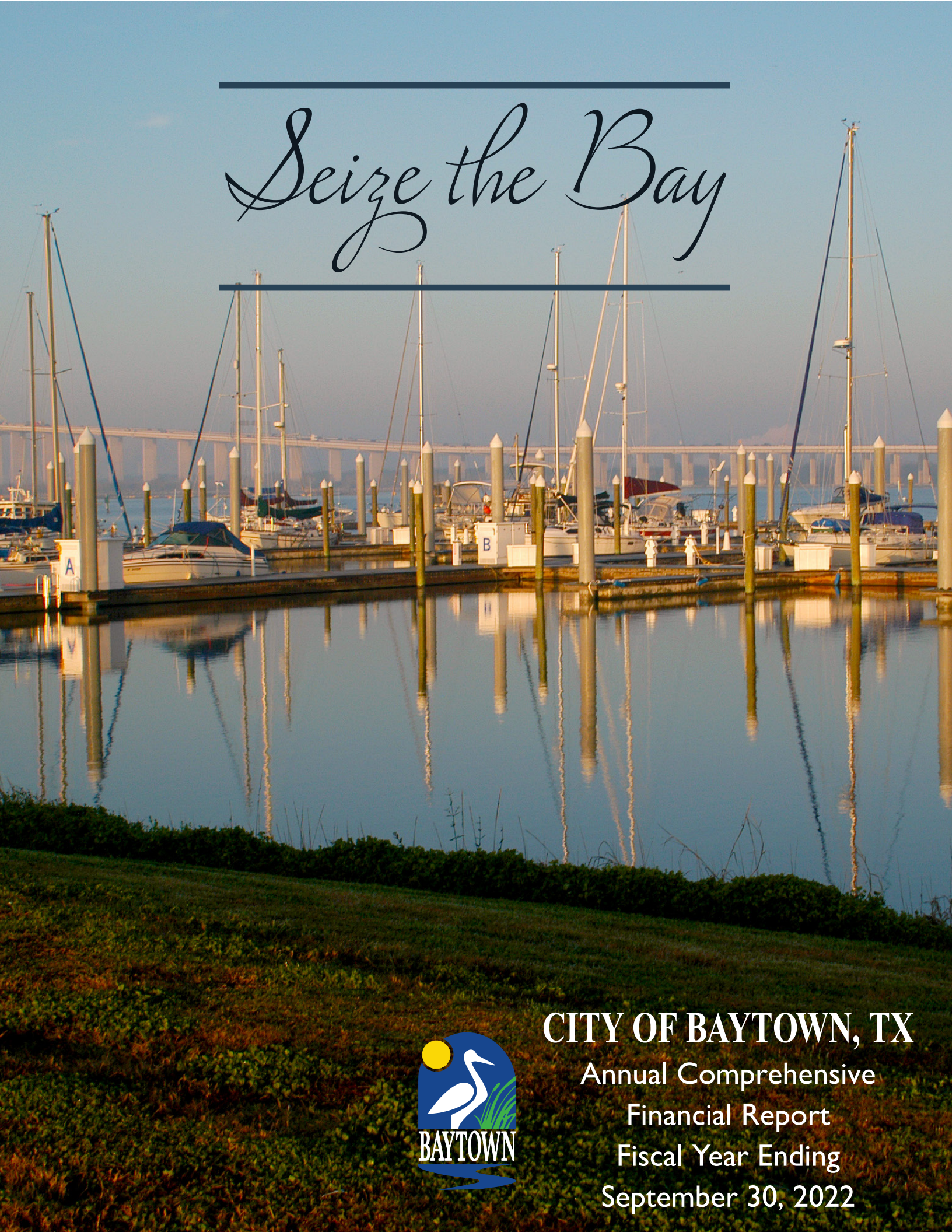

CITY OF BAYTOWN, TX

Annual Comprehensive
Financial Report
Fiscal Year Ending
September 30, 2022

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

of the

City of Baytown, Texas

For the Year Ended
September 30, 2022

Issued by:

Finance Department

Jason Reynolds, City Manager
Carol Flynt, Assistant City Manager
Brant Gary, Assistant City Manager
Victor Brownlees, Director of Finance
Teresa McKenzie, Assistant Director of Finance/Controller

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City of Baytown, Texas

TABLE OF CONTENTS

September 30, 2022

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1
Organizational Chart	7
Certificate of Achievement for Excellence in Financial Reporting	8
City Officials	9
FINANCIAL SECTION	
Independent Auditors' Report	13
Management's Discussion and Analysis (Required Supplementary Information)	19
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	32
Statement of Activities	34
Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet – Governmental Funds	36
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	39
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	40
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	43
Proprietary Funds Financial Statements	
Statement of Net Position – Proprietary Funds	44
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	48
Statement of Cash Flows – Proprietary Funds	50
Notes to Financial Statements	55
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Budget Basis) General Fund	98
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	100
Schedule of Contributions – Texas Municipal Retirement System	102
Schedule of Changes in Total OPEB Liability and Related Ratios – Texas Municipal Retirement System	104
Schedule of Changes in Total OPEB Liability and Related Ratios – Retiree Medical Program	106

City of Baytown, Texas

TABLE OF CONTENTS (Continued)

September 30, 2022

COMBINING STATEMENTS AND SCHEDULES	**Page**
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	
Debt Service Fund	111
Combining Balance Sheet – Nonmajor Governmental Funds	114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	118
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenue Funds (Budget Basis)	
Crime Control and Prevention District Fund	122
Hotel/Motel Fund	123
Fire Control, Prevention, and EMS District Fund	124
Combining Statement of Net Position – Nonmajor Proprietary Funds	127
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Proprietary Funds	128
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	129
Combining Statement of Net Position – Internal Service Funds	133
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds	134
Combining Statement of Cash Flows – Internal Service Funds	135

STATISTICAL SECTION	
Net Position by Component	138
Changes in Net Position	140
Tax Revenues by Source, Governmental Activities (Accrual Basis of Accounting)	144
Fund Balances, Governmental Funds	146
Changes in Fund Balances, Governmental Funds	148
Tax Revenues by Source, Governmental Activities (Modified Accrual Basis of Accounting)	150
Assessed Value and Estimated Actual Value of Taxable Property	152
Property Tax Rates – Direct and Overlapping Governments	154
Principal Property Taxpayers	157
Property Tax Levies and Collections	158
Ratios of Outstanding Debt by Type	160
Ratio of General Bonded Debt Outstanding	162
Direct and Overlapping Governmental Activities Debt	165
Pledged Revenue Coverage (Water and Sewer Fund)	166
Demographic and Economic Statistics	168
Principal Employers	171
Full-Time Equivalent City Employees by Function	172
Operating Indicators by Function	174
Capital Asset Statistics by Function	176

INTRODUCTORY SECTION

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CITY OF BAYTOWN

2401 Market Street · P.O. Box 424
Baytown, Texas 77522-0424
(281) 420-6531 · Fax (281) 781-2477

October 6, 2023

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, 2022, is hereby submitted as mandated by City Charter. The City Charter requires that the City 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 2021 ACFR presented by the Government Finance Officers Association of the United States and Canada, an organizational chart of the City, and a listing of City officials. The financial section includes the Management's Discussion and Analysis (MD&A); basic financial statements, including the notes; required supplementary information; combining and individual fund statements and schedules; as well as the independent auditors' report on these financial statements and schedules. The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement, and should be read in conjunction with, the MD&A. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis that is relevant to the financial statement reader.

Profile of the City

The City of Baytown is the third largest city in Harris County. Located east of Houston, Baytown is only 20 miles from downtown, within 35 minutes of the Houston Hobby Airport and within 45 minutes of the Houston Bush Intercontinental Airport. Houston is readily accessible via Interstate 10 (I-10), a major thoroughfare running through the north side of Baytown. The City encompasses an area of 53 square miles with a current estimated population of 84,324.

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 $15 billion in assets, more than $8.5 billion in annual revenues, and is owned equally by Chevron Corporation and Phillips 66. Chevron Phillips Chemical's Cedar Bayou plant of approximately 1,700 acres is the largest of the company's domestic manufacturing facilities with approximately 990 employees and 2,000 contractors.

- **Enterprise Products**
  Enterprise Products Partners L.P., one of the largest publicly-traded energy partnerships and a leading North American provider of midstream energy services, constructed a propane dehydrogenation (PDH) unit in Industrial District #2, which produces 1.65 billion pounds per year of Polymer Grade Proylene ("PGP"). This facility is contracted with average 15-year fee-based contracts with investment grade companies.

The economic impact of continued expansion in the industrial, logistic, and wholesale distribution sectors in and around Baytown has translated into significant valuation growth in the City's tax roll. Private sector investment within the City of Baytown has increased significantly over the past few years, with substantial investment in areas such as health care centers, grocery stores, restaurants, and other large-scale retail developments. The City of Baytown, in partnership with the Municipal Development District, Garfield Public Private, and Hyatt, plan on opening a new hotel featuring 208 guestrooms, a three-meal restaurant, a 24-hour fitness center, and a unique pool view you cannot get anywhere else in Baytown. A convention center included in the development 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 by 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 and Traffic Flow, Environmental Stewardship, and Outdoor Recreation and Amenities.

Relevant Financial Policies – Accounting System and Budgetary Control

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

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal controls. Internal accounting controls are designed to ensure reasonable, but not absolute, assurance that assets are protected against loss, misuse, or unauthorized disposition, and to ensure that adequate accounting data is compiled to allow for preparation of financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits require estimates and judgments by management.

Any internal control evaluation occurs within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. The City Charter provides that 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, 2021. This was the 31st 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, 2021. 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

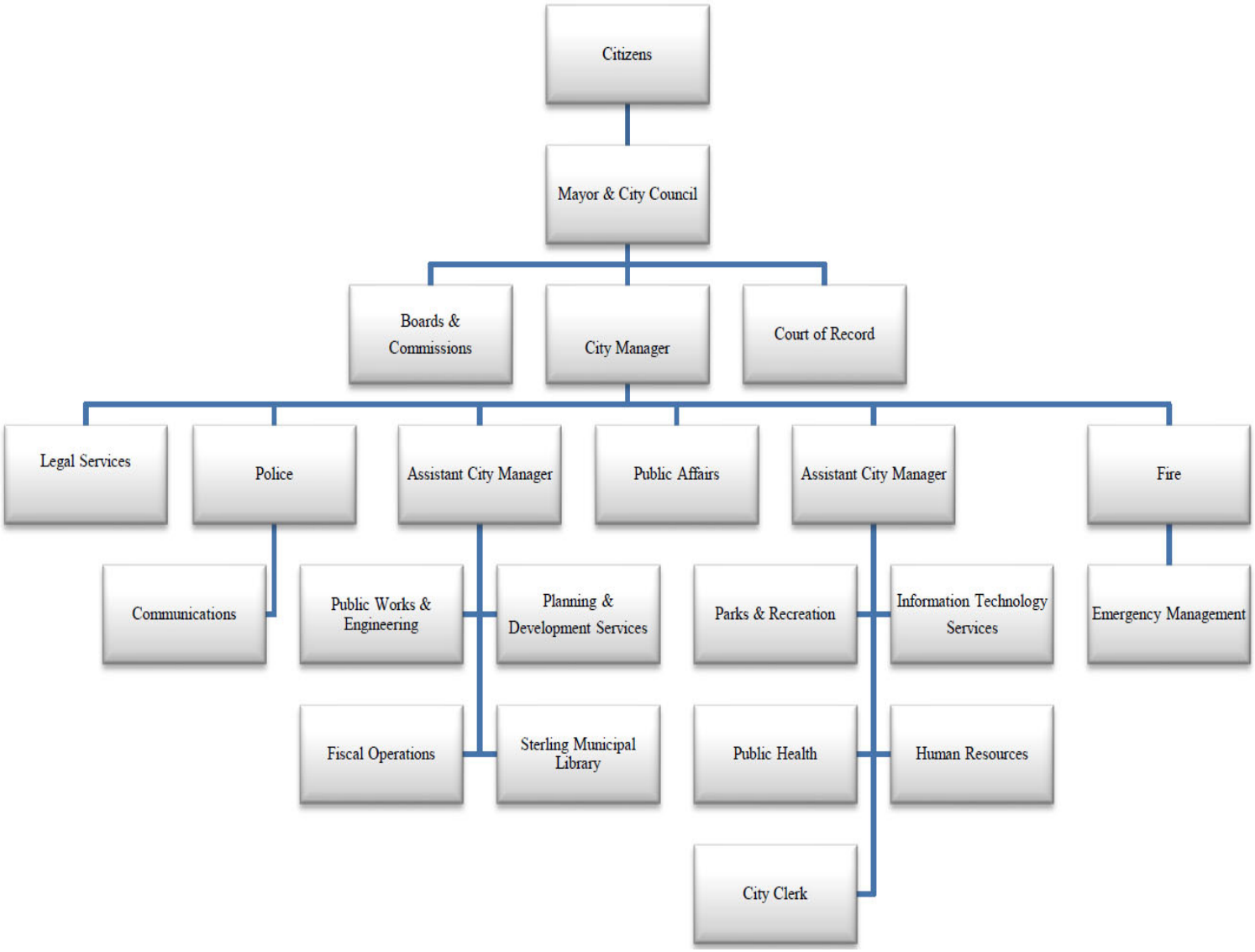
Carol Flynt, Assistant City Manager

W. Victor Brownlees, ICMA-CM, Director of Finance

City of Baytown, Texas

ORGANIZATIONAL CHART

For the Year Ended September 30, 2022



City of Baytown, Texas

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Baytown Texas

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO

City of Baytown, Texas

CITY OFFICIALS

September 30, 2022

City Council	Elective Position	District
Brandon Capetillo	Mayor	
Laura Alvarado	Council Member	District 1
Chris Presley	Mayor Pro-Tem	District 2
Charles Johnson	Council Member	District 3
Heather Betancourth	Council Member	District 4
Jacob Powell	Council Member	District 5
Mike Lester	Council Member	District 6

Key Staff	Position
Jason Reynolds	City Manager
Carol Flynt	Assistant City Manager
Brant Gary	Assistant City Manager
Victor Brownlees	Director of Finance
Gina Guillory	Assistant Director of Finance
Teresa McKenzie	Assistant Director of Finance/Controller

BAYTOWN

FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS
BELT HARRIS PECHACEK
www.texasauditors.com

INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Baytown, Texas (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note I.F.15 to the financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*, in fiscal year 2022. Our opinion is not modified with respect to this matter.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

AUDITING TEXAS GOVERNMENTS WITH EXCELLENCE

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AICPA GAQC Member

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of changes in net pension liability and total other postemployment benefits liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining statements and schedules are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules are fairly stated, in all material aspects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
October 6, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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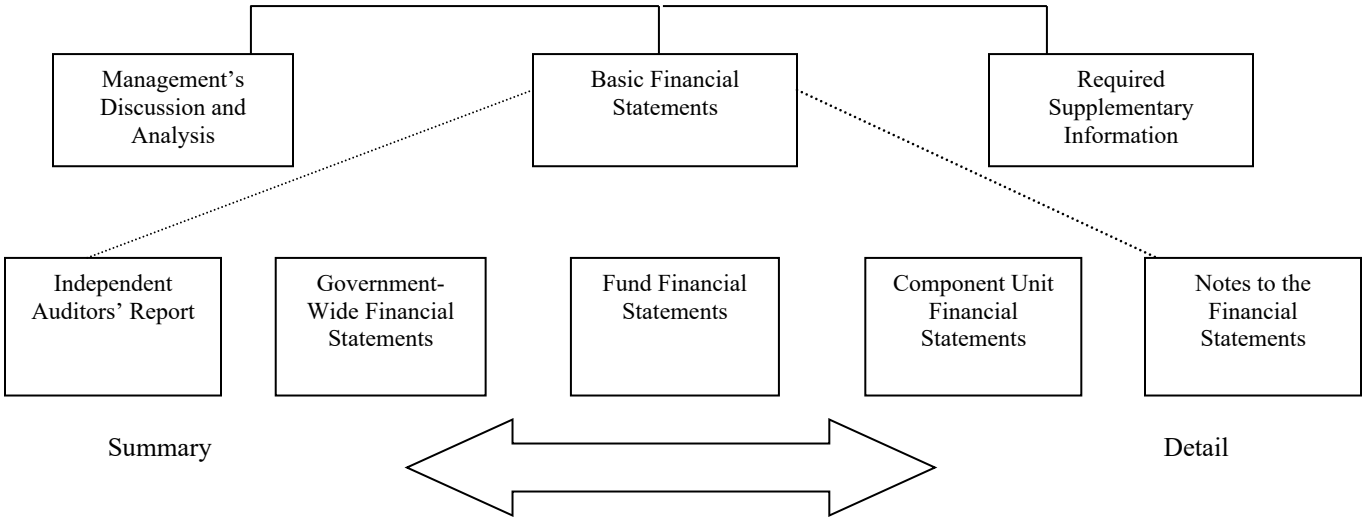
The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Baytown, Texas (the "City") for the year ending September 30, 2022. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



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

Government-Wide Statements

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

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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

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; and fire control, prevention, and emergency medical services district, 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 fund balance sheet and the governmental fund 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 fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund

balances for the general fund, debt service fund, capital project fund, community development block grant (CDBG) fund, and other special revenues fund which are considered to be major funds for reporting purposes.

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 basic 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, schedules of changes in net pension liability and related ratios for the Texas Municipal Retirement System (TMRS), schedule of contributions for TMRS, and schedule 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 $483,807,352 as of September 30, 2022 in the primary government. The largest portion of the City's net position, $415,600,532, 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:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Current and other assets	$ 225,110,153	$ 245,752,261	$ 60,532,734	$ 60,766,167	$ 285,642,887	$ 306,518,428
Capital assets, net	325,671,338	285,405,615	242,095,527	240,952,770	567,766,865	526,358,385
Total Assets	550,781,491	531,157,876	302,628,261	301,718,937	853,409,752	832,876,813
Deferred charge on refunding	4,220,788	925,957	538,629	599,849	4,759,417	1,525,806
Deferred outflows - pensions	13,098,971	9,690,877	1,868,228	1,398,769	14,967,199	11,089,646
Deferred outflows - OPEB	10,631,010	13,382,662	1,485,987	1,865,022	12,116,997	15,247,684
Total Deferred Outflows of Resources	27,950,769	23,999,496	3,892,844	3,863,640	31,843,613	27,863,136
Long-term liabilities	251,038,133	277,070,406	74,811,194	86,101,733	325,849,327	363,172,139
Other liabilities	34,946,598	25,537,191	6,640,416	6,006,313	41,587,014	31,543,504
Total Liabilities	285,984,731	302,607,597	81,451,610	92,108,046	367,436,341	394,715,643
Deferred charge on refunding	209,026	232,251	3,523,165	-	3,732,191	232,251
Deferred inflows - pensions	20,043,452	8,002,546	2,587,427	928,814	22,630,879	8,931,360
Deferred inflows - OPEB	6,137,750	8,277,543	872,164	1,166,917	7,009,914	9,444,460
Deferred inflows - leases	564,558	664,185	72,130	117,686	636,688	781,871
Total Deferred Inflows of Resources	26,954,786	17,176,525	7,054,886	2,213,417	34,009,672	19,389,942
Net Position:						
Net investment in capital assets	223,595,639	179,256,695	192,004,893	187,757,786	415,600,532	367,014,481
Restricted	59,138,284	85,604,701	6,802,407	5,390,663	65,940,691	90,995,364
Unrestricted	(16,941,180)	(29,488,146)	19,207,309	18,112,665	2,266,129	(11,375,481)
Total Net Position	$ 265,792,743	$ 235,373,250	$ 218,014,609	$ 211,261,114	$ 483,807,352	$ 446,634,364

A portion of the primary government's net position, $65,940,691, represents resources that are subject to external restriction on how they may be used.

The City's total net position increased by $37,172,988 during the current fiscal year, an increase of 8 percent in comparison to the prior year. Deferred outflows and deferred inflows of resources related to pensions increased significantly compared to the prior year due to changes in actuarily determined amounts that are deferred. Deferred inflows and outflows for charge on refunding increased due to the issuance of a refunding bond in the current year. Capital assets increased by a net of $41,408,480 due to current year capital additions. Current and other assets decreased by $20,875,541 largely due to current year capital expenditures of bond proceeds. Total liabilities decreased by $27,279,302 primarily due to a decrease in net pension liability and current year debt service payments. Unearned revenue increased mainly due to additional American Rescue Plan Act funds received in the current year that have not been spent.

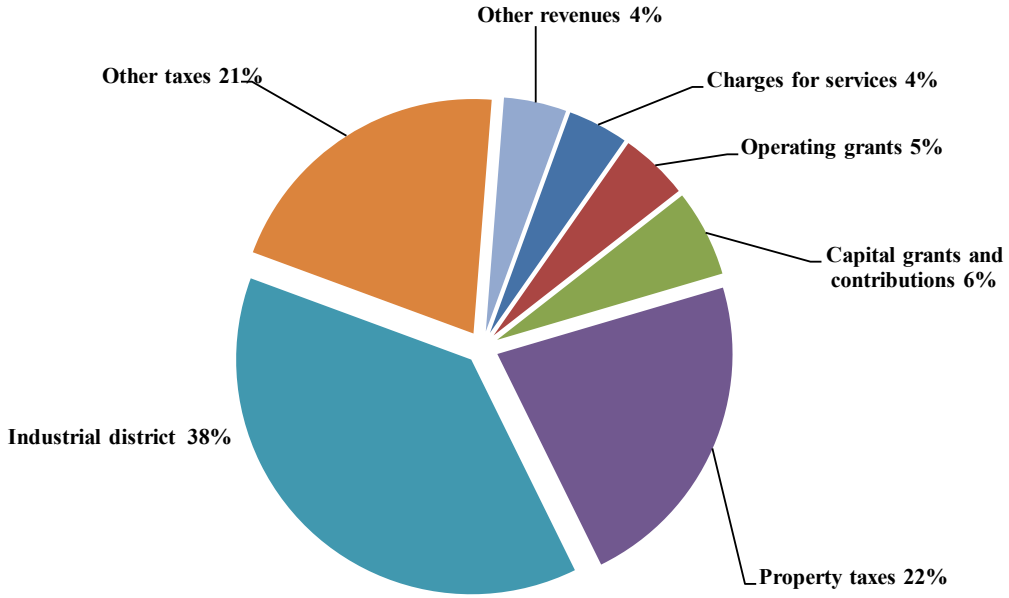
Statement of Activities

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Revenues						
Program revenues:						
Charges for services	$ 7,231,676	$ 7,447,871	$ 64,996,002	$ 60,022,707	$ 72,227,678	$ 67,470,578
Operating grants	8,254,143	6,569,222	1,526,388	1,342,488	9,780,531	7,911,710
Capital grants and contributions	10,473,060	4,873,025	130,977	1,910,670	10,604,037	6,783,695
General revenues:						
Property taxes	38,879,872	38,307,300	-	-	38,879,872	38,307,300
Industrial district	66,118,684	65,470,755	-	-	66,118,684	65,470,755
Other taxes	35,935,898	33,324,422	-	-	35,935,898	33,324,422
Other revenues	7,540,609	3,075,361	580,648	66,528	8,121,257	3,141,889
Total Revenues	174,433,942	159,067,956	67,234,015	63,342,393	241,667,957	222,410,349
Expenses						
General government	43,338,424	34,593,112	-	-	43,338,424	34,593,112
Public safety	65,934,972	64,257,206	-	-	65,934,972	64,257,206
Public works	14,561,561	12,222,500	-	-	14,561,561	12,222,500
Public health	4,480,489	3,860,167	-	-	4,480,489	3,860,167
Parks, recreation, and culture	13,135,098	13,866,632	-	-	13,135,098	13,866,632
Interest and fiscal agent fees on long-term debt	4,202,723	5,106,860	-	-	4,202,723	5,106,860
Water and sewer	-	-	40,737,009	41,044,691	40,737,009	41,044,691
Sanitation	-	-	7,327,685	7,099,764	7,327,685	7,099,764
Aquatics	-	-	4,497,100	3,771,985	4,497,100	3,771,985
Bayland Island development	-	-	209,241	200,376	209,241	200,376
Storm water utility	-	-	6,070,667	2,059,443	6,070,667	2,059,443
Total Expenses	145,653,267	133,906,477	58,841,702	54,176,259	204,494,969	188,082,736
Increase in Net Position before Transfers	28,780,675	25,161,479	8,392,313	9,166,134	37,172,988	34,327,613
Transfers	1,638,818	2,723,675	(1,638,818)	(2,723,675)	-	-
Change in Net Position	30,419,493	27,885,154	6,753,495	6,442,459	37,172,988	34,327,613
Beginning net position	235,373,250	207,488,096	211,261,114	204,818,655	446,634,364	412,306,751
Ending Net Position	$ 265,792,743	$ 235,373,250	$ 218,014,609	$ 211,261,114	$ 483,807,352	$ 446,634,364

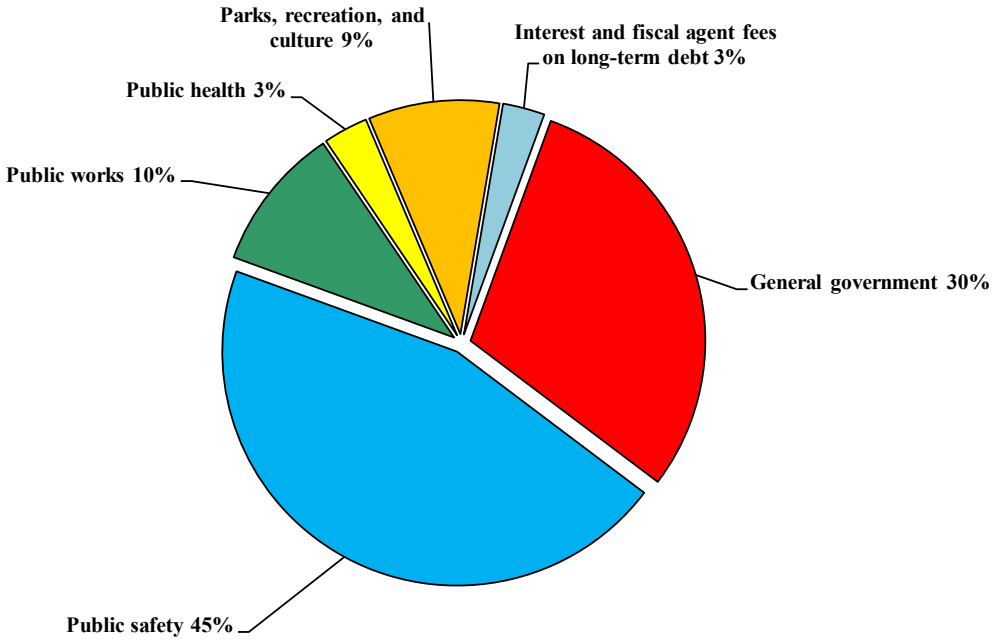
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.

GOVERNMENTAL ACTIVITIES REVENUES



For the year ended September 30, 2022, revenues from governmental activities totaled $174,433,942. Industrial district payments are the City's largest revenue sources at $66,118,684 or 38 percent. Capital grants and contributions increased by $5,600,035 or 115 percent primarily due to the City receiving contributions from the storm water fund for drainage improvements. Other taxes increased by $2,611,476 due to an increase in sales tax revenue largely due to an increase in economic activity within the City. Other revenues increased by $4,465,248 primarily due to settlement proceeds received in relation to a Chapter 380 Development Agreement.

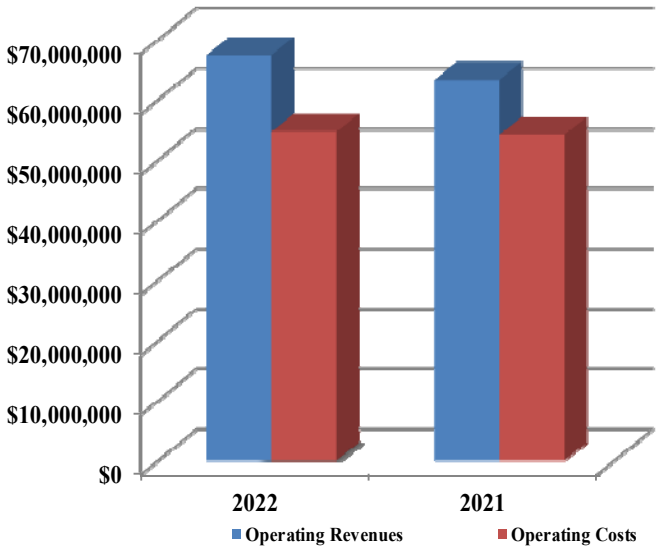
GOVERNMENTAL ACTIVITIES EXPENSES



For the year ended September 30, 2022, expenses for governmental activities totaled $145,653,267. This represents an increase of $11,746,790 from last year, primarily due to an increase in payroll-related and maintenance expenses.

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

BUSINESS-TYPE ACTIVITIES
Revenue vs. Costs



Total business-type activities revenues increased $3,891,622 or 6 percent, primarily due to an increase in charges for services. The increase in charges for services is primarily due to an increase in impact fees in the water and sewer fund and an increase in the aquatics fund due to the water park having less visitors in the prior year due to the COVID 19 pandemic. Expenses had a net increase of $4,665,443 or 9 percent, primarily due to contributions to the Harris County Flood Control for drainage improvements. After transfers to governmental activities, total net position increased by $6,753,495 or 3 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 $166,922,477. Of the total governmental fund balance, $4,451 is nonspendable, $96,118,284 is restricted for various purposes, and $32,166,326 is assigned for capital projects. The remaining balance of $38,633,416 is unassigned.

There was a net decrease in the combined fund balance of $31,972,516 from the prior year. This decrease in fund balance is in large part due to the decrease in fund balance within the capital projects fund as a result of current year capital expenditures.

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 $41,917,244, while total fund balance reached $41,921,695. 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 38 percent of total general fund expenditures. The general fund had a decrease in fund balance of $6,453,381 primarily due to an increase in payroll-related and maintenance expenditures and transfer outs to the capital project fund for capital expenditures.

The debt service fund has a total fund balance of $0. The net decrease in fund balance during the current year in the debt service fund was $3,144,287. This decrease can be attributed to an increase in debt service payments and costs associated with the issuance of a refunding bond.

The capital projects fund had a total fund balance of $108,157,871. The capital projects fund had a decrease in fund balance of $26,638,630, which was primarily as a result of current year capital expenditures.

The other special revenues fund is dedicated to special revenue such as grants and local revenue. At the end of the fiscal year, the other special revenues fund had a fund balance of $10,409,795. The other special revenues fund had an increase in fund balance of $4,116,253 as a result of recognizing revenue from cash received in previous years that is no longer restricted.

The CDBG fund is a special revenue fund restricted for funds received through the CDBG grant program. In the current year the CDBG fund had a deficit fund balance of $3,236,540 mainly due to the deferral of revenue related to CDBG reimbursements that have not been approved yet.

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 $7,729,311. This resulted in a planned net positive change in fund balance of $3,015,594 from the original planned budgeted decrease in fund balance of $10,744,905. This change can be contributed to less expenditures than expected for various departments.

Actual general fund revenues exceeded original and amended budgeted revenues by $3,342,171. This net positive variance includes the positive variance of $763,574 for taxes, which is primarily due to additional property tax and sales tax revenues. This variance also includes a positive variance of $730,190 for intergovernmental revenue due to an increase in grant revenue and $3,681,120 for miscellaneous revenue due to proceeds received from a settlement.

Total expenditures were lower than budgeted amounts by a net $1,295,954 for the fiscal year. This positive variance can be attributed to less expenditures for various departments than what was expected.

CAPITAL ASSETS

At the end of fiscal year 2022, the City's governmental activities had invested $325,671,338 in a variety of capital assets and infrastructure (net of accumulated depreciation).

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

- The City has a total of $9 million in construction in progress for the fiscal year 2022 for business-type activities for water and sewer improvements.

- The City has a total of $62.4 million in construction in progress for the fiscal year 2022 for governmental activities which includes construction of a new animal shelter, public safety facility, and various street, and drainage improvements.

- The City also spent $7 million on vehicles and equipment for all of the City's departments.

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

LONG-TERM DEBT

At the end of the current year, the City's governmental funds had total bonds and certificates of obligation outstanding of $126,778,858. Of this amount, $61,453,858 was general obligation debt and $65,325,000 was certificates of obligation. Business-type activities had total refunding bonds and certificates of obligation outstanding of $54,246,144 at year end. During the year, the City had a net decrease in long-term debt of $22,939,999.

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Council approved a $262 million budget for the City's major operating funds (general, debt service, hotel/motel tax, aquatics, water and sewer, water and sewer debt service, sanitation, storm water utility, and garage and warehouse operations) for fiscal year 2023. This budget includes a tax rate reduction.

The budget for 2022-2023 highlights the City's priorities while considering the available resources. Its theme "Boldly Moving Forward" aptly captures the essence of the budget proposal. As the City moves forward from a challenging year in 2020, it is with renewed hope and determination to undertake the most ambitious capital investment project in the community's history. The budget also aims to build fund reserves, reduce property tax rates, and maintain the programs and initiatives that have improved the quality of life in Baytown.

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

1. Economic Prosperity
    a. Align with the action plan for mall renovation
    b. Attract additional entertainment opportunities for residents
    c. Match the forward vision land plan for San Jacinto Boulevard
    d. Development of Evergreen golf course and additional commercial growth in South Baytown

e. The growth of Downtown Baytown and Texas Avenue as an eclectic art, cultural, and business center
f. Enhance Baytown's perception as a destination city
g. Complete the convention center construction plan
h. Waterfront commercial development

2. Critical Infrastructure and Traffic Flow
   a. Increase investment levels into road improvements and pavement preservation
   b. Review traffic light coordination and efficiency along major traffic points
   c. Execute planned improvements to Ward Road, Market Street, West Cedar Bayou Lynchburg
   d. Execute planned improvements to residential streets throughout Baytown
   e. Complete expansion of the water production and treatment facility to maintain water quality for growing population
   f. Invest in and execute flood mitigation projects to reduce the risk of future flooding
   g. Designated water infrastructure projects
   h. Safe Routes with more biking and pedestrian access to and from schools, including the construction of additional sidewalks
   i. Improve connectivity of trails, walkways, and bike lanes, including existing street projects and the extension of Goose Creek Trail
   j. Continue to implement sidewalk master plan to increase pedestrian access and safety, including accessways and Americans with Disabilities Act compliance

3. Outdoor Recreation and Amenities
   a. Explore possibilities to build electric vehicle charging stations
   b. Signage improvements across the City
   c. New animal shelter

4. Building a Connected Baytown
   a. Conduct more regular meetings between elected leaders and their constituents in each of the six council districts
   b. Implement Baytown Police Strategic Plan to instill greater trust and transparency between residents and local law enforcement
   c. Enhance current policing efforts to create positive interactions between residents and law enforcement
   d. Increase community outreach and relationship building between law enforcement and local stakeholders, including ethnic groups, religious organizations, and teenagers
   e. Leverage the Civic Academy to expand volunteer recruitment efforts to empower more residents to serve on local boards and committees

5. Beautification and Environmental Stewardship
   a. Coordinate with local stakeholders to draft and launch an anti-littering campaign
   b. Partner with local businesses and volunteers on cleanup initiatives
   c. Work with Baytown Police Department to identify possible areas for increased enforcement of littering
   d. Leverage current "Clean Team" efforts in addressing general cleanliness
   e. Evaluate trash management system and programs to recruit sanitation workers
   f. Continue to evaluate new, data-driven methods and strategies for enforcing residential codes and addressing repeat offenders and infractions
   g. Continue consistent, proactive code enforcement with noncompliant residences and businesses

h. Coordinate with neighborhood watch groups and civic associations to identify opportunities for improved code enforcement
i. Market and leverage anonymous hotline for residents to report code infractions
j. Evaluate adjustments to staffing levels to address code infractions and eye sores
k. Complete planned Urban Land Development Code review and rewrite
l. Improve accountability standards for underdeveloped businesses in the downtown district
m. Fund additional tree planting, draft a tree preservation ordinance, and pursue other natural beautification efforts
n. Explore grant funding possibilities to build electric vehicle charging stations
o. Improve the consistency of wayfinding and other signage improvements across the City
p. Leverage the new animal shelter and existing animal control efforts to address stray cats and dogs
q. Offer educational resources to pet adopters to prevent future strays and rescues

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

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

City of Baytown, Texas

STATEMENT OF NET POSITION

September 30, 2022

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Assets			
Cash and equity in pooled cash and investments	$ 201,601,323	$ 54,925,098	$ 256,526,421
Receivables, net	17,091,390	9,431,751	26,523,141
Leases receivable	576,782	72,895	649,677
Due from component unit	953,407	-	953,407
Internal balances	3,897,010	(3,897,010)	-
Inventories	714,770	-	714,770
Prepaids and other assets	275,471	-	275,471
Restricted assets:			
Cash and cash equivalents - debt service	-	-	-
Cash and cash equivalents - capital improvements	-	-	-
Capital assets:			
Nondepreciable	82,122,228	16,609,315	98,731,543
Depreciable, net	243,549,110	225,486,212	469,035,322
Total Assets	550,781,491	302,628,261	853,409,752
Deferred Outflows of Resources			
Deferred outflows - pensions	13,098,971	1,868,228	14,967,199
Deferred outflows - OPEB	10,631,010	1,485,987	12,116,997
Deferred charge on refunding	4,220,788	538,629	4,759,417
Total Deferred Outflows of Resources	27,950,769	3,892,844	31,843,613
Liabilities			
Accounts payable	9,822,457	2,102,780	11,925,237
Accrued expenses	3,882,646	18,099	3,900,745
Accrued interest payable	874,822	319,284	1,194,106
Refundable deposits and escrow funds	20,988	3,813,370	3,834,358
Due to primary government	-	-	-
Claims and judgments	2,416,560	-	2,416,560
Unearned revenue	17,929,125	-	17,929,125
Retainage payable	-	386,883	386,883
Noncurrent liabilities:			
Portion due within one year:			
Compensated absences	13,267,571	893,395	14,160,966
Bonds payable	14,256,750	5,453,250	19,710,000
Portion due in more than one year:			
Compensated absences	1,474,174	99,265	1,573,439
Net pension liability	28,471,872	4,795,179	33,267,051
Total OPEB liability	64,757,055	9,500,676	74,257,731
Bonds payable	128,810,711	54,069,429	182,880,140
Total Liabilities	285,984,731	81,451,610	367,436,341
Deferred Inflows of Resources			
Deferred inflows - pensions	20,043,452	2,587,427	22,630,879
Deferred inflows - OPEB	6,137,750	872,164	7,009,914
Deferred inflows - leases	564,558	72,130	636,688
Deferred charge on refunding	209,026	3,523,165	3,732,191
Total Deferred Inflows of Resources	26,954,786	7,054,886	34,009,672
Net Position			
Net investment in capital assets	223,595,639	192,004,893	415,600,532
Restricted for:			
Capital projects	39,011,545	-	39,011,545
Debt service	-	6,802,407	6,802,407
Special projects	20,126,739	-	20,126,739
Unrestricted	(16,941,180)	19,207,309	2,266,129
Total Net Position	$ 265,792,743	$ 218,014,609	$ 483,807,352

See Notes to Financial Statements.

Component Units	
Municipal Development District	Baytown Area Water Authority
$ 1,489,770	$ 8,341,087
1,433,369	117,465
-	-
-	-
-	-
-	-
-	-
4,496,294	3,271,984
45,574,309	-
36,368,037	5,002,216
-	94,788,616
89,361,779	111,521,368
-	-
-	-
-	-
-	-
6,643,094	1,265,068
-	-
1,372,024	672,206
-	-
953,407	-
-	-
-	-
1,438,314	93,503
-	-
-	1,970,000
-	-
-	-
-	-
72,413,737	41,306,040
82,820,576	45,306,817
-	-
-	-
-	-
-	-
-	-
38,597,783	56,514,792
-	-
-	2,599,778
-	-
(32,056,580)	7,099,981
$ 6,541,203	$ 66,214,551

City of Baytown, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	$ 43,338,424	$ 956,624	$ 3,511,046	$ -
Public safety	65,934,972	3,583,517	3,122,667	-
Public works	14,561,561	2,242,639	1,565,430	10,473,060
Public health	4,480,489	213,579	-	-
Parks, recreation, and culture	13,135,098	235,317	55,000	-
Interest and fiscal agent fees	4,202,723	-	-	-
Total Governmental Activities	145,653,267	7,231,676	8,254,143	10,473,060
Business-Type Activities				
Water and sewer	40,737,009	50,276,510	1,526,388	130,977
Sanitation	7,327,685	7,040,757	-	-
Bayland Island development	209,241	55,209	-	-
Aquatics	4,497,100	3,785,323	-	-
Storm water utility	6,070,667	3,838,203	-	-
Total Business-Type Activities	58,841,702	64,996,002	1,526,388	130,977
Total Primary Government	$ 204,494,969	$ 72,227,678	$ 9,780,531	$ 10,604,037
Component Units				
Municipal Development District	$ 9,607,822	$ -	$ -	$ 4,889,532
Baytown Area Water Authority	13,617,997	14,986,099	123,258	-
Total Component Units	$ 23,225,819	$ 14,986,099	$ 123,258	$ 4,889,532

General Revenues:

Taxes:

Property taxes

Sales and hotel/motel taxes

Franchise fees

Industrial district payments

Investment income

Miscellaneous

Transfers, net

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Municipal Development District	Baytown Area Water Authority
$ (38,870,754)	$ -	$ (38,870,754)	$ -	$ -
(59,228,788)	-	(59,228,788)	-	-
(280,432)	-	(280,432)	-	-
(4,266,910)	-	(4,266,910)	-	-
(12,844,781)	-	(12,844,781)	-	-
(4,202,723)	-	(4,202,723)	-	-
(119,694,388)	-	(119,694,388)	-	-
-	11,196,866	11,196,866	-	-
-	(286,928)	(286,928)	-	-
-	(154,032)	(154,032)	-	-
-	(711,777)	(711,777)	-	-
-	(2,232,464)	(2,232,464)	-	-
-	7,811,665	7,811,665	-	-
(119,694,388)	7,811,665	(111,882,723)	-	-
-	-	-	(4,718,290)	-
-	-	-	-	1,491,360
-	-	-	(4,718,290)	1,491,360
38,879,872	-	38,879,872	-	-
31,406,526	-	31,406,526	8,161,723	-
4,529,372	-	4,529,372	-	-
66,118,684	-	66,118,684	-	-
296,698	580,648	877,346	201,178	18,178
7,243,911	-	7,243,911	1,516	20,000
1,638,818	(1,638,818)	-	-	-
150,113,881	(1,058,170)	149,055,711	8,364,417	38,178
30,419,493	6,753,495	37,172,988	3,646,127	1,529,538
235,373,250	211,261,114	446,634,364	2,895,076	64,685,013
$ 265,792,743	$ 218,014,609	$ 483,807,352	$ 6,541,203	$ 66,214,551

City of Baytown, Texas

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2022

	General	Debt Service	Capital Projects	Other Special Revenues
Assets				
Current assets:				
Cash and equity in pooled cash and investments	$ 26,138,656	$ -	$ 122,485,007	$ 25,505,234
Receivables, net	7,940,427	1,052,309	8,938	1,441,633
Leases receivable	576,782	-	-	-
Due from component unit	953,407	-	-	-
Due from other funds	5,312,636	7,018	-	-
Prepaids	4,451	-	-	-
Advances to other funds	9,445,716	-	-	-
Total Assets	$ 50,372,075	$ 1,059,327	$ 122,493,945	$ 26,946,867
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	$ 1,190,125	$ -	$ 7,140,358	$ 191,673
Accrued expenditures	3,882,646	-	-	-
Due to other funds	7,018	-	-	-
Refundable deposits	20,988	-	-	-
Unearned revenue	869,832	-	-	16,345,399
Advances from other funds	-	-	7,195,716	-
Total Liabilities	5,970,609	-	14,336,074	16,537,072
Deferred inflows of resources:				
Unavailable revenue - leases	564,558	-	-	-
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - property taxes	1,915,213	1,059,327	-	-
Total Deferred Inflows of Resources	2,479,771	1,059,327	-	-
Fund balances:				
Nonspendable:				
Prepaids	4,451	-	-	-
Restricted:				
Capital projects	-	-	75,991,545	-
Special projects	-	-	-	10,409,795
Assigned:				
Capital projects	-	-	32,166,326	-
Unassigned	41,917,244	-	-	-
Total Fund Balances	41,921,695	-	108,157,871	10,409,795
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 50,372,075	$ 1,059,327	$ 122,493,945	$ 26,946,867

See Notes to Financial Statements.

Community Development Block Grant	Nonmajor Governmental Funds	Total Funds
$ -	$ 8,304,830	$ 182,433,727
4,017,136	2,630,947	17,091,390
-	-	576,782
-	-	953,407
-	-	5,319,654
-	-	4,451
-	-	9,445,716
$ 4,017,136	$ 10,935,777	$ 215,825,127
$ 823,668	$ 166,563	$ 9,512,387
-	-	3,882,646
2,569,554	1,096,072	3,672,644
-	-	20,988
710,408	3,486	17,929,125
-	-	7,195,716
4,103,630	1,266,121	42,213,506
-	-	564,558
3,150,046	-	3,150,046
-	-	2,974,540
3,150,046	-	6,689,144
-	-	4,451
-	-	75,991,545
-	9,716,944	20,126,739
-	-	32,166,326
(3,236,540)	(47,288)	38,633,416
(3,236,540)	9,669,656	166,922,477
$ 4,017,136	$ 10,935,777	$ 215,825,127

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City of Baytown, Texas

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

September 30, 2022

Total fund balances for governmental funds		$ 166,922,477
Amounts reported for governmental activities in the Statement of Net Position are different, because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, nondepreciable	82,122,228	
Capital assets, net depreciable	243,549,110	
		325,671,338
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.		6,124,586
Internal service funds are used by management to charge the costs of certain services and benefits to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		
Internal service funds' net position	16,201,491	
Capital assets accounted for in capital assets used in governmental activities	(174,472)	
Compensated absences accounted for in long-term liabilities	111,049	
Deferred outflows - pensions accounted for in governmental activities	(163,669)	
Deferred outflows - OPEB accounted for in governmental activities	(130,758)	
Deferred inflows - pensions accounted for in governmental activities	239,738	
Deferred inflows - OPEB accounted for in governmental activities	74,904	
Net pension liability accounted for in long-term liabilities	452,143	
Ttoal OPEB liability accounted for in long-term liabilities	816,330	
		17,426,756
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable, net of unamortized premium	(143,067,461)	
Deferred outflows - charge on refunding	4,220,788	
Deferred inflows - charge on refunding	(209,026)	
Compensated absences	(14,741,745)	
Deferred outflows - pensions	13,098,971	
Deferred inflows - pensions	(20,043,452)	
Net pension liability	(28,471,872)	
Deferred outflows - OPEB	10,631,010	
Deferred inflows - OPEB	(6,137,750)	
Total OPEB liability	(64,757,055)	
Accrued interest payable	(874,822)	
		(250,352,414)
Net Position of Governmental Activities		$ 265,792,743

See Notes to Financial Statements.

City of Baytown, Texas

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

For the Year Ended September 30, 2022

	General	Debt Service	Capital Projects	Other Special Revenues
Revenues				
Taxes and fees	$ 114,043,876	$ 13,632,363	$ -	$ 5,188,253
Licenses and permits	2,227,669	-	-	-
Charges for services	2,730,856	-	-	492,029
Fines and forfeitures	1,608,346	-	-	34,624
Intergovernmental	2,514,472	996,574	750,000	86,609
Investment earnings, net	(757,423)	4,348	886,814	38,415
Miscellaneous	4,654,365	6,891	-	2,444,171
Total Revenues	127,022,161	14,640,176	1,636,814	8,284,101
Expenditures				
Current:				
General government	29,322,794	-	8,497,637	3,300,001
Public safety	59,142,235	-	-	156,758
Public works	6,317,471	-	1,536,337	-
Public health	4,362,515	-	-	-
Parks, recreation, and culture	10,095,798	-	-	659,757
Capital outlay	1,867,470	-	40,695,091	35,289
Debt service:				
Principal	269,207	14,456,571	-	-
Interest and fiscal agent fees	3,278	5,377,155	-	-
Issuance costs	-	169,057	-	-
Total Expenditures	111,380,768	20,002,783	50,729,065	4,151,805
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,641,393	(5,362,607)	(49,092,251)	4,132,296
Other Financing Sources (Uses)				
Transfers in	1,709,496	4,404,454	23,954,579	402,139
Transfers (out)	(23,804,270)	(2,281,448)	(1,500,958)	(418,182)
Refunding debt issued	-	11,781,670	-	-
Premium on debt issued	-	2,259,543	-	-
Payment to refunding bond escrow agent	-	(13,945,899)	-	-
Total Other Financing Sources (Uses)	(22,094,774)	2,218,320	22,453,621	(16,043)
Net Change in Fund Balances	(6,453,381)	(3,144,287)	(26,638,630)	4,116,253
Beginning fund balances	48,375,076	3,144,287	134,796,501	6,293,542
Ending Fund Balances	$ 41,921,695	$ -	$ 108,157,871	$ 10,409,795

See Notes to Financial Statements.

Community Development Block Grant	Nonmajor Governmental Funds	Total Funds
$ -	$ 8,637,133	$ 141,501,625
-	-	2,227,669
-	-	3,222,885
-	138,152	1,781,122
934,781	3,717,327	8,999,763
57,961	66,583	296,698
-	138,484	7,243,911
992,742	12,697,679	165,273,673
924,633	534,813	42,579,878
-	5,080,165	64,379,158
-	198,159	8,051,967
-	-	4,362,515
-	797,888	11,553,443
2,421,587	1,924,322	46,943,759
-	-	14,725,778
-	-	5,380,433
-	-	169,057
3,346,220	8,535,347	198,145,988
(2,353,478)	4,162,332	(32,872,315)
-	515,906	30,986,574
-	(2,177,231)	(30,182,089)
-	-	11,781,670
-	-	2,259,543
-	-	(13,945,899)
-	(1,661,325)	899,799
(2,353,478)	2,501,007	(31,972,516)
(883,062)	7,168,649	198,894,993
$ (3,236,540)	$ 9,669,656	$ 166,922,477

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City of Baytown, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

Net change in fund balances – total governmental funds	$ (31,972,516)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay, net of contributions to business-type activities and disposals	46,462,867
Depreciation	(12,774,538)
Capital contributions from component units and/or developers.	6,577,394
The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Debt principal repayments	14,286,681
Capital lease principal payment	269,206
Refunding debt issued	(11,781,670)
Payment to refunding bond escrow agent	13,945,899
Premium on bonds	(2,259,543)
Amortization of premium on bonds	1,555,605
Amortization of deferred charges	(107,953)
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.	2,582,875
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	564,312
Change in net pension liability	15,103,487
Change in total OPEB liability	(2,225,695)
Change in deferred outflows - pensions	3,408,094
Change in deferred outflows - OPEB	(2,751,652)
Change in deferred inflows - pensions	(12,040,906)
Change in deferred inflows - OPEB	2,139,793
Interest expense on bonds	69,006
Internal service funds are used by management to charge the costs of providing various services and benefits to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(631,253)
Change in Net Position of Governmental Activities	$ 30,419,493

See Notes to Financial Statements.

City of Baytown, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

PROPRIETARY FUNDS

September 30, 2022

	Business-Type Activities - Enterprise Funds			
	Water and Sewer	**Aquatics**	**Sanitation**	**Nonmajor Enterprise Funds**
Assets				
Current assets:				
Cash and equity and equity in pooled cash and investments	$ 54,292,295	$ -	$ 366,249	$ 266,554
Accounts receivable, net	6,117,098	1,916,489	1,046,428	351,736
Leases receivable	-	-	-	72,895
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Total Current Assets	60,409,393	1,916,489	1,412,677	691,185
Noncurrent assets:				
Capital assets:				
Nondepreciable	16,609,315	-	-	-
Depreciable, net	203,506,343	17,054,022	408,494	4,517,353
Total Capital Assets (Net of Accumulated Depreciation)	220,115,658	17,054,022	408,494	4,517,353
Total Noncurrent Assets	220,115,658	17,054,022	408,494	4,517,353
Total Assets	$ 280,525,051	$ 18,970,511	$ 1,821,171	$ 5,208,538
Deferred Outflows of Resources				
Deferred charge on refunding	538,629	-	-	-
Deferred outflows - pensions	1,452,375	62,703	152,296	200,854
Deferred outflows - OPEB	1,126,722	50,420	127,878	180,967
Total Deferred Outflows of Resources	3,117,726	113,123	280,174	381,821

Business-Type Activities - Enterprise Funds	
Total Funds	**Internal Service**
$ 54,925,098	$ 19,167,596
9,431,751	-
72,895	-
-	714,770
-	271,020
64,429,744	20,153,386
16,609,315	-
225,486,212	174,472
242,095,527	174,472
242,095,527	174,472
$ 306,525,271	$ 20,327,858
538,629	-
1,868,228	163,669
1,485,987	130,758
3,892,844	294,427

City of Baytown, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

PROPRIETARY FUNDS

September 30, 2022

	Business-Type Activities - Enterprise Funds			
	Water and Sewer	**Aquatics**	**Sanitation**	**Nonmajor Enterprise Funds**
Liabilities				
Current liabilities:				
Accounts payable	$ 1,365,450	$ 35,587	$ 506,761	$ 194,982
Accrued expenses	-	-	18,099	-
Compensated absences	719,392	17,259	69,970	86,774
Refundable deposits	3,813,370	-	-	-
Due to other funds	-	-	-	1,647,010
Retainage payable	386,883	-	-	-
Accrued interest payable	319,284	-	-	-
Bonds payable - current	5,453,250	-	-	-
Advances from other funds	-	2,250,000	-	-
Total Current Liabilities	12,057,629	2,302,846	594,830	1,928,766
Noncurrent liabilities:				
Bonds payable, net of premiums	54,069,429	-	-	-
Compensated absences	79,932	1,918	7,774	9,641
Net pension liability	4,207,634	159,598	373,014	54,933
Total OPEB liability	7,419,228	298,243	781,535	1,001,670
Total Noncurrent Liabilities	65,776,223	459,759	1,162,323	1,066,244
Total Liabilities	77,833,852	2,762,605	1,757,153	2,995,010
Deferred Inflows of Resources				
Deferred charges on refunding	3,523,165	-	-	-
Deferred inflows - pensions	1,881,081	86,936	228,932	390,478
Deferred inflows - OPEB	666,198	30,249	72,348	103,369
Deferred inflows - leases	-	-	-	72,130
Total Deferred Inflows of Resources	6,070,444	117,185	301,280	565,977
Net Position				
Net investment in capital assets	170,025,024	17,054,022	408,494	4,517,353
Restricted for:				
Debt service	6,802,407	-	-	-
Unrestricted	22,911,050	(850,178)	(365,582)	(2,487,981)
Total Net Position	$ 199,738,481	$ 16,203,844	$ 42,912	$ 2,029,372

See Notes to Financial Statements.

Business-Type Activities- Enterprise Funds	
Total Funds	**Internal Service**
$ 2,102,780	$ 310,070
18,099	2,416,560
893,395	96,189
3,813,370	-
1,647,010	-
386,883	-
319,284	-
5,453,250	-
2,250,000	-
16,884,071	2,822,819
54,069,429	-
99,265	14,860
4,795,179	452,143
9,500,676	816,330
68,464,549	1,283,333
85,348,620	4,106,152
3,523,165	-
2,587,427	239,738
872,164	74,904
72,130	-
7,054,886	314,642
192,004,893	174,472
6,802,407	-
19,207,309	16,027,019
$ 218,014,609	$ 16,201,491

City of Baytown, Texas

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

For the Year Ended September 30, 2022

	Business-Type Activities - Enterprise Funds			
	Water and Sewer	**Aquatics**	**Sanitation**	**Nonmajor Enterprise Funds**
Operating Revenues				
Water and sewer sales	$ 40,996,385	$ -	$ -	$ -
Service charges and other services	9,280,125	3,785,323	-	3,893,412
Solid waste collection	-	-	7,029,496	-
Other revenue	-	-	11,261	-
Total Operating Revenues	50,276,510	3,785,323	7,040,757	3,893,412
Operating Expenses				
Personnel costs	10,608,959	1,747,554	917,892	1,249,850
Supplies	14,617,927	748,795	93,627	148,679
Maintenance	2,191,022	758,084	121,412	311,236
Services	2,856,440	169,122	6,105,305	38,714
Claim payments and fees	-	-	-	-
Miscellaneous		54,195	-	4,647,284
Depreciation	8,576,216	1,019,350	89,449	396,526
Total Operating Expenses	38,850,564	4,497,100	7,327,685	6,792,289
Operating Income (Loss)	11,425,946	(711,777)	(286,928)	(2,898,877)
Nonoperating Revenues (Expenses)				
Investment earnings	580,648	-	-	-
Intergovernmental	1,526,388	-	-	-
Interest expense and other	(1,802,677)	-	-	-
Costs of issuance of debt	(83,768)	-	-	-
Total Nonoperating Revenues	220,591	-	-	-
Income (Loss) Before Contributions and Transfers	11,646,537	(711,777)	(286,928)	(2,898,877)
Contributions and Transfers				
Capital contributions	643,358	-	-	-
Transfers in	731,054	1,553,226	250,000	-
Transfers (out)	(2,721,544)	(381,054)	-	(1,070,500)
Change in Net Position	10,299,405	460,395	(36,928)	(3,969,377)
Beginning net position	189,439,076	15,743,449	79,840	5,998,749
Ending Net Position	$ 199,738,481	$ 16,203,844	$ 42,912	$ 2,029,372

See Notes to Financial Statements.

Business-Type Activities - Enterprise Funds	
Total Funds	**Internal Service**
$ 40,996,385	$ -
16,958,860	20,023,289
7,029,496	-
11,261	33,997
64,996,002	20,057,286
14,524,255	1,099,151
15,609,028	2,589,958
3,381,754	13,029
9,169,581	32,626
-	17,664,147
4,701,479	-
10,081,541	56,011
57,467,638	21,454,922
7,528,364	(1,397,636)
580,648	-
1,526,388	-
(1,802,677)	-
(83,768)	-
220,591	-
7,748,955	(1,397,636)
643,358	-
2,534,280	875,000
(4,173,098)	(40,667)
6,753,495	(563,303)
211,261,114	16,764,794
$ 218,014,609	$ 16,201,491

City of Baytown, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2022

	Business-Type Activities - Enterprise Funds			
	Water and Sewer	**Aquatics**	**Sanitation**	**Nonmajor Enterprise Funds**
Cash Flows from Operating Activities				
Cash received from customers	$ 49,928,389	$ 1,868,834	$ 7,049,149	$ 3,828,403
Cash received from interfund charges for central services	-	-	-	-
Cash received from interfund charges for risk management services	-	-	-	-
Cash payments for goods and services	(19,106,109)	(1,675,821)	(6,318,549)	(3,400,594)
Cash payments to employees	(10,979,383)	(1,770,107)	(995,464)	(1,291,560)
Other	-	-	11,261	-
Net Cash Provided (Used) by Operating Activities	19,842,897	(1,577,094)	(253,603)	(863,751)
Cash Flows from Noncapital and Related Financing Activities				
Transfers in	731,054	1,553,226	250,000	-
Transfers (out)	(2,721,544)	(381,054)	-	(1,070,500)
Advances from other funds	-	(250,000)	-	-
Intergovernmental revenue	1,526,388	-	-	-
Net Cash Provided (Used) for Noncapital and Related Financing Activities	(464,102)	922,172	250,000	(1,070,500)
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(10,368,310)	-	-	(212,630)
Principal paid on capital debt	(5,568,428)	-	-	-
Interest and fiscal agent fees paid	(2,284,603)	-	-	-
Bonds issuance costs	(83,768)	-	-	-
Net Cash (Used) by Capital and Related Financing Activities	(18,305,109)	-	-	(212,630)
Cash Flows from Investing Activities				
Interest received	580,648	-	-	-
Net Cash Provided by Investing Activities	580,648	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	1,654,334	(654,922)	(3,603)	(2,146,881)
Beginning cash and cash equivalents	52,637,961	654,922	369,852	2,413,435
Ending Cash and Cash Equivalents	$ 54,292,295	$ -	$ 366,249	$ 266,554

See Notes to Financial Statements.

Business-Type Activities - Enterprise Funds	
Total Funds	**Internal Service**
$ 62,674,775	$ 1,857,513
-	2,749,828
-	15,480,925
(30,501,073)	(20,131,171)
(15,036,514)	(1,141,052)
11,261	-
17,148,449	(1,183,957)
2,534,280	875,000
(4,173,098)	(40,667)
(250,000)	-
1,526,388	-
(362,430)	834,333
(10,580,940)	(82,060)
(5,568,428)	-
(2,284,603)	-
(83,768)	-
(18,517,739)	(82,060)
580,648	-
580,648	-
(1,151,072)	(431,684)
56,076,170	19,599,280
$ 54,925,098	$ 19,167,596

City of Baytown, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2022

	Business-Type Activities - Enterprise Funds			
	Water and Sewer	**Aquatics**	**Sanitation**	**Nonmajor Enterprise Funds**
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	$ 11,425,946	$ (711,777)	$ (286,928)	$ (2,898,877)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	8,576,216	1,019,350	89,449	396,526
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Prepaid expenses	-	-	-	-
Accounts receivable	(462,559)	(1,916,489)	19,653	(64,244)
Leases receivable	-	-	-	44,791
Inventory	-	-	-	-
Deferred outflows - pensions	(368,863)	(14,407)	(37,869)	(48,320)
Deferred outflows - OPEB	297,815	11,632	30,575	39,013
Increase (Decrease) in Current Liabilities:				
Accounts payable	202,602	54,375	1,795	99,009
Accrued expenses	-	-	(38,490)	-
Retainage payable	356,678	-	-	-
Compensated absences	22,794	(7,195)	1,287	9,800
Net pension liability	(1,634,673)	(63,845)	(167,823)	(214,136)
Total OPEB liability	240,891	9,408	24,731	31,556
Refundable deposits	114,438	-	-	(700)
Due to other funds	-	-	-	1,647,010
Deferred inflows - pensions	1,303,206	50,899	133,793	170,715
Deferred inflows - OPEB	(231,594)	(9,045)	(23,776)	(30,338)
Deferred inflows - leases	-	-	-	(45,556)
Net Cash Provided (Used) by Operating Activities	$ 19,842,897	$ (1,577,094)	$ (253,603)	$ (863,751)
Noncash investing, capital, and financing activities:				
Contributions of capital assets	$ 643,358	$ -	$ -	$ -

See Notes to Financial Statements.

Business-Type Activities - Enterprise Funds	
Total Funds	**Internal Service**
$ 7,528,364	$ (1,397,636)
10,081,541	56,011
-	30,980
(2,423,639)	-
44,791	-
-	(22,441)
(469,459)	(40,551)
379,035	32,740
357,781	46,884
(38,490)	144,146
356,678	-
26,686	1,328
(2,080,477)	(179,707)
306,586	26,482
113,738	-
1,647,010	-
1,658,613	143,267
(294,753)	(25,460)
(45,556)	-
$ 17,148,449	$ (1,183,957)
$ 643,358	$ -

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

1. Blended Component Units

<u>Crime Control and Prevention District</u>

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.

Fire Control, Prevention, and Emergency Medical Services District

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

Tax Increment Reinvestment Zone Number One

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

Crossings at Baytown Public Improvement District

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

Bay Creek Public Improvement District

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

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

Bayview Heights Public Improvement District

The Bayview Heights 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, FCPEMSD, TIRZ, and PID funds are reported as special revenue funds and do not issue separate financial statements.

2. Discretely Presented Component Units

Baytown Area Water Authority

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

Municipal Development District

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

B. Government-Wide Financial Statements

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

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 leasure. 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 is considered a major fund for reporting purposes.

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 other special revenues fund and the CDBG fund are considered major funds for reporting and all other 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 enterprise 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 is considered a major fund for reporting purposes. The City has elected to present the sanitation and aquatic funds as major funds. The nonmajor funds include the Bayland Island fund and storm water utility fund.

Additionally, the City reports the following fund types:

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

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

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

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

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

1. Cash and Equity in Pooled Cash and Investments

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

2. Investments

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

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

Direct obligations of the U.S. government

Money market mutual funds that meet certain criteria

Collateralized certificates of deposit and share certificates

Fully collateralized repurchase agreements that meet certain criteria

Bankers' acceptances

Commercial paper that meets certain criteria

Guaranteed investment contracts that meet certain criteria

Statewide investment pools

3. Inventories and Prepaid Items

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

average cost is recorded as an expenditure at the time of consumption. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) and are recognized as expenditures when utilized.

4. Restricted Assets

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

5. Capital Assets

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

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

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

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

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

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 financial 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.

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.
- Leases receivable are amortized over the terms of the leases.

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

7. Compensated Employee Absences

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

8. Long-Term Obligations

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

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

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.

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.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. Other Postemployment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated 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 payments for the upcoming year. Benefit payments are treated as being equal to the City's yearly contributions for retirees.

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.

15. Leases

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

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

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.

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

On or before May 31 of each year, all departments of the City submit requests for appropriations to the City Manager so that a budget may be prepared. At least 60 days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year

beginning the following October 1. The operating budget includes proposed expenditures and the means of financing them. The City Council holds public hearings and a final budget must be prepared and adopted no later than September 27. The annual budget adopted by ordinance by the City Council covers the general; debt service; crime control and prevention district; hotel/motel; fire control, prevention, and emergency medical services district; water and sewer; sanitation; storm water; and central services funds. The budget is legally enacted at the department level by the City Council through passage of an ordinance prior to the beginning of the fiscal year.

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, 2022, the City Manager approved various budget revisions within departments.

A. Deficit Fund Balance/Net Position

The central services fund reported deficit net position of $112,717 due to activity related to the purchases of fuel for resale in current fiscal year. The CDBG fund reported a deficit fund balance of $3,236,540 due to the deferral of revenue related to federal grant reimbursements that have not been approved yet. The Crossings at Baytown PID reported a negative fund balance of $20,978 and the Bayview Heights PID reported a negative fund balance of $26,310 due to administrative expenses related to the creation of the PIDs.

B. Expenditures in Excess of Appropriations

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

General:		
Principal	$	269,207
Interest	$	2,911
Transfers (out)	$	3,273,445
Debt service:		
Transfers (out)	$	2,281,448
Payments to refunded bond escrow agent	$	13,945,899

While the debt service fund budget was not amended for payment to refunding bond escrow agent and issuance costs, the City Council did authorize the issuance of General Obligation Refunding Bonds, Series 2021A.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2022, the City had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)	Credit Risk
Commercial paper	$ 29,455,469	0.43	A-1/A-1+/P-1/F1/F1+
U.S. government and agencies	45,118,319	1.67	N/A
U.S. Treasury notes	11,260,892	0.14	N/A
Municipal bonds	816,369	0.09	Aa1/AAA/Aa3/Aa2/Aaa/AA/AA-
External investment pools			
TexPool	138,130,041	0.07	AAA-m
TexSTAR	40,488,216	0.04	AAA-m
Total	$ 265,269,306		
Portfolio weighted average maturity		15.79	

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, 2022, the City had the following recurring fair value measurements:

		Fair Value Measurements Using	
	September 30, 2022	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**
Investments by Fair Value Level			
U.S. Government Agency Bonds/Notes			
Federal Home Loan Bank	$ 25,321,539	$ 25,321,539	$ -
Federal Home Loan Mortgage Corp	19,796,780	19,796,780	-
Treasury Notes	11,260,892	11,260,892	-
Municipal Bonds	816,369	-	816,369
Total	$ 57,195,580	$ 56,379,211	$ 816,369

U.S. Government agency bonds and notes and collateralized mortgage obligations are classified in Level 1 and municipal bonds are classified in Level 2 of the fair value hierarchy and are valued using the market approach.

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

Credit risk. The City's investment policy limits investments in no-load money market mutual funds rated as to investment quality not less than "AAA" by a nationally recognized investment rating firm. As of September 30, 2022, 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, 2022 consist of a variety of bonds and discount notes issued by the Federal Home Loan Bank and Federal Home Loan Mortgage Corporation.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2022, the fair value of pledged securities and FDIC coverage exceeded bank balances.

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

TexPool

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

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

TexSTAR

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

B. Receivables

The following comprise receivable balances at year end:

Governmental Funds

	General	Debt Service	Capital Projects	Other Special Revenue	Community Development Block Grant
Taxes	$ 6,666,265	$ 1,418,098	$ -	$ 894,915	$ -
Accounts	2,797,983	-	8,938	546,718	-
Interest	231,231	-	-	-	-
Grants	83,518	-	-	-	4,017,136
Less allowance	(1,838,570)	(365,789)	-	-	-
	$ 7,940,427	$ 1,052,309	$ 8,938	$ 1,441,633	$ 4,017,136

	Nonmajor Special Revenue	Total Funds
Taxes	$ 1,148,208	$ 10,127,486
Accounts	309,623	3,601,466
Interest	-	231,231
Grants	1,173,116	5,273,770
Less allowance	-	(2,142,563)
	$ 2,630,947	$ 17,091,390

Proprietary Funds

	Water and Sewer	Aquatics	Sanitation	Nonmajor	Total Funds
Taxes	$ -	$ 1,916,489	$ 3,591	$ -	$ 1,920,080
Accounts	6,614,377	-	1,042,837	351,736	8,008,950
Less allowance	(497,279)	-	-	-	(497,279)
	$ 6,117,098	$ 1,916,489	$ 1,046,428	$ 351,736	$ 9,431,751

C. Leases Receivable

The City has entered into several lease agreements (the "Agreements") as a lessor for the use of their towers and land located throughout the City with the lessee monitoring communication signals on the towers. The City has also entered into lease agreements for the use of Bayland Island's Harbor Master Facility. The Agreements range from 31 to 80 months after extension options in which it is reasonably certain that these options will be exercised. An initial lease receivable and deferred inflow of resources from leases are recorded in the amount of $664,185 for governmental activities and $117,686 for business-type activities at the beginning of the fiscal year. As of September 30, 2022, the value of the leases receivable is $576,782 for governmental activities and $72,895 for business-type activities. The interest rate on the leases receivable ranges from 2.1 to 4.5%. The lease revenue that was recorded with charges for services for fiscal year 2022 was $99,628 for governmental activities and $45,556 for business-type activities which equals the amounts that were amortized for deferred inflows of resources for leases in the current year. The amount recorded for interest revenue for leases receivable was $28,100 for governmental activities and $2,069 for business-type activities.

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 Sep. 30	Governmental Activities			Amortization of Deferred Inflows
	Principal	Interest	Total	
2023	$ 91,418	$ 24,085	$ 123,713	$ 99,628
2024	95,618	19,885	119,513	99,628
2025	100,011	15,493	115,121	99,628
2026	104,605	10,898	110,526	99,628
2027	109,411	6,093	105,721	99,628
2028	75,719	1,283	67,701	66,418
Total	$ 576,782	$ 77,737	$ 642,295	$ 564,558

Fiscal Year Ending Sep. 30	Business-Type Activities			Amortization of Deferred Inflows
	Principal	Interest	Total	
2023	$ 45,753	$ 1,107	$ 46,860	$ 45,556
2024	27,142	193	27,335	26,574
Total	$ 72,895	$ 1,300	$ 74,195	$ 72,130

D. Capital Assets

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:				
Land	$ 19,246,154	$ 475,385	$ -	$ 19,721,539
Construction in progress	19,224,684	43,501,911	(325,906)	62,400,689
Total Capital Assets Not Being Depreciated	38,470,838	43,977,296	(325,906)	82,122,228
Capital assets being depreciated:				
Buildings	92,844,079	376,858	-	93,220,937
Improvements other than buildings	22,351,004	2,319,265	-	24,670,269
Machinery and equipment	63,818,773	6,282,064	(1,937,322)	68,163,515
Infrastructure	238,341,952	437,266	-	238,779,218
Total Capital Assets Being Depreciated	417,355,808	9,415,453	(1,937,322)	424,833,939
Less accumulated depreciation for:				
Buildings	(33,423,745)	(2,496,919)	-	(35,920,664)
Improvements other than buildings	(7,848,146)	(863,532)	-	(8,711,678)
Machinery and equipment	(48,685,767)	(3,841,858)	1,910,740	(50,616,885)
Infrastructure	(80,463,373)	(5,572,229)	-	(86,035,602)
Total Accumulated Depreciation	(170,421,031)	(12,774,538)	1,910,740	(181,284,829)
Total Capital Assets, Net	246,934,777	(3,359,085)	(26,582)	243,549,110
Governmental Activities Capital Assets, Net	$ 285,405,615	$ 40,618,211	$ (352,488)	325,671,338
			Less associated debt	(143,067,461)
			Plus deferred charge on refunding	4,220,788
			Less deferred gain on refunding	(209,026)
			Unspent bond proceeds	36,980,000
			Net Investment in Capital Assets	$ 223,595,639

Depreciation was charged to governmental functions as follows:

General government	$ 763,200
Public safety	3,536,638
Public works	6,440,400
Public health	202,117
Parks, recreation, and culture	1,776,172
Capital assets held by the City's internal service funds are charged to various functions based on their usage of the assets	56,011
Total Governmental Activities Depreciation Expense	$ 12,774,538

2. Construction Commitments – Governmental Activities

The City has active governmental activities construction projects as of September 30, 2022. The projects include the following:

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
Allen and Edgebrook Street Reconstruction	$ 4,944,170	$ 3,990,773	$ 953,397
Animal Shelter Facility	7,476,079	6,856,620	619,459
Baker Road Lift Station	4,500,000	1,678	4,498,322
Bluebill Bay and Angelfish Cove Improvements	244,411	68,205	176,206
Baytown Nature Center Kayak Launch	75,000	1,500	73,500
Cedar Bayou Crossing Improvements	665,000	213,099	451,901
Chambers Commons	1,709,785	47,295	1,662,490
Citizen Bank Reconstruction	2,723,488	1,735,940	987,548
City Gateway Monument #3	150,000	92,170	57,830
Danubina Area Drainage Improvements	20,026,186	5,663,473	14,362,713
Duke Hill Soccer Court	25,000	5,473	19,527
Evergreen Golf Course	4,000,000	1,162,850	2,837,150
Evergreen Strategic Plan	499,800	395,213	104,587
Garth Road Improvements	25,980,939	10,330,416	15,650,523
Goose Creek Trail Phase VII	761,000	355,503	405,497
I-10 Intersection Improvements	4,039,200	3,732,307	306,893
Ice Rink Operations	396,829	384,579	12,250
I-10 Lift Station #1 Improvements	4,053,022	724,855	3,328,167
Intersection Rewiring	200,000	35,220	164,780
Lincoln Cedars and Julie Ann Villla Drainage Improvements	2,305,364	1,961,135	344,229
Muncipal Court Renovations	105,000	90,000	15,000
Newcastle Park Renovations	350,000	238,086	111,914
Parks Planning	1,180,725	780,725	400,000
Jenkins Dog Park Lightning	350,000	212,422	137,578
Public Safety Building	66,000,000	19,728,936	46,271,064
Public Works and Engineering Building Renovation	844,967	599,368	245,599
Savell Drive Street Reconstruction	3,579,753	672,139	2,907,614
Fairway Drive Street Reconstruction	3,106,146	666,409	2,439,737
Rolligbrook Drainage Improvements	2,742,071	2,664,630	77,441
Roseland Park Pavilion	2,350,000	1,443,793	906,207
Town Square Green Space	600,000	252,924	347,076
Traffic Building	470,000	67,631	402,369
Texas Avenue Drainage Improvements	8,179,326	1,775,026	6,404,300
Wayne Gray Sports Complex Improvements	1,600,000	128,400	1,471,600
Total	$ 176,233,261	$ 67,078,793	$ 109,154,468

3. Business-Type Activities

The following is a summary of changes in capital assets for business-type activities for the year ended September 30, 2022:

	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	5,523,504	9,186,843	-	14,710,347
Total Capital Assets Not Being Depreciated	7,422,472	9,186,843	-	16,609,315
Capital assets being depreciated:				
Buildings and systems	63,445,772	22,300	-	63,468,072
Improvements other than buildings	300,631,921	1,150,361	-	301,782,282
Machinery and equipment	12,910,319	873,361	(102,850)	13,680,830
Total Capital Assets Being Depreciated	376,988,012	2,046,022	(102,850)	378,931,184
Less accumulated depreciation for:				
Buildings and systems	(57,768,351)	(1,287,266)	-	(59,055,617)
Improvements other than buildings	(76,376,476)	(7,990,892)	-	(84,367,368)
Machinery and equipment	(9,312,887)	(803,383)	94,283	(10,021,987)
Total Accumulated Depreciation	(143,457,714)	(10,081,541)	94,283	(153,444,972)
Total Capital Assets, Net	233,530,298	(8,035,519)	(8,567)	225,486,212
Business-Type Activities Capital Assets, Net	$ 240,952,770	$ 1,151,324	$ (8,567)	242,095,527
		Less associated debt		(59,522,679)
		Plus deferred charge on refunding		538,629
		Less deferred gain on refunding		(3,523,165)
		Unspent bond proceeds		12,416,581
		Net Investment in Capital Assets		$ 192,004,893

Depreciation was charged to business-type functions as follows:

Water and sewer	$ 8,576,216
Sanitation	89,449
Bayland Island	197,100
Storm water	199,426
Aquatics	1,019,350
Total Business-Type Activities Depreciation Expense	$ 10,081,541

4. Construction Commitments – Business-Type Activities

The City has active business-type activities construction projects as of September 30, 2022. The projects include the following:

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
Annual Sewerline Rehabilitation	$ 4,521,643	$ 3,346,558	$ 1,175,085
West District WWTP Building Upgrades	2,000,000	22,300	1,977,700
Baker Road Lift Station	450,000	364,906	85,094
Citizens Bank Renovation	1,640,000	31,730	1,608,270
East District WWTP Phase II	39,728,114	1,158,557	38,569,557
Goose Creek Lift Station	5,468,652	3,064,549	2,404,103
Lanie Lift Station Upgrades	300,000	18,129	281,871
North East WWTP Study	95,379	88,387	6,992
Sjolander & Crosby Cedar Bayou Utilities	13,114,222	3,065,775	10,048,447
South Main Storm Sewer	2,260,000	282,220	1,977,780
West District WWTP Second Feed	3,962,160	3,778,632	183,528
Total	$ 73,540,170	$ 15,221,743	$ 58,318,427

5. Discretely Presented Component Unit

The following is a summary of changes in capital assets for BAWA for the year ended September 30, 2022:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Capital assets, not being depreciated:				
Land	$ 2,877,960	$ -	$ -	$ 2,877,960
Construction in progress	183,483	1,940,773	-	2,124,256
Total Capital Assets Not Being Depreciated	3,061,443	1,940,773	-	5,002,216
Capital assets, being depreciated:				
Buildings	58,184,370	760,119	-	58,944,489
Improvements other than buildings	58,914,226	-	-	58,914,226
Machinery and equipment	7,076,319	23,349	-	7,099,668
Total Capital Assets Being Depreciated	124,174,915	783,468	-	124,958,383
Total Capital Assets	127,236,358	2,724,241	-	129,960,599
Less accumulated depreciation for:				
Buildings	(1,247,882)	(1,177,533)	-	(2,425,415)
Improvements other than buildings	(21,264,861)	(1,571,944)	-	(22,836,805)
Machinery and equipment	(4,447,098)	(460,449)	-	(4,907,547)
Total Accumulated Depreciation	(26,959,841)	(3,209,926)	-	(30,169,767)
Total Capital Assets Being Depreciated, Net	97,215,074	(2,426,458)	-	94,788,616
Discretely Presented Component Unit Capital Assets, Net	$ 100,276,517	$ (485,685)	$ -	99,790,832
		Less associated debt		(43,276,040)
		Net Investment in Capital Assets		$ 56,514,792

The following is a summary of changes in capital assets for MDD for the year ended September 30, 2022

	Beginning Balance	Increases	(Decreases)	Ending Balance
Capital assets, not being depreciated:				
Construction in progress	$ -	$ 36,368,037	$ -	$ 36,368,037
Total Capital Assets Not Being Depreciated	-	36,368,037	-	36,368,037
		Less associated debt		(72,413,737)
		Add unspent bond proceeds		38,275,446
			Net Investment in Capital Assets	$ 38,597,783

6. Construction Commitments – MDD

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
Hotel and Convention Center	$ 60,626,237	$ 32,182,320	$ 28,443,917

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, 2022. In general, the City uses the general and debt service 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	$ 69,008,759	$ 11,781,670	$ 19,336,571	$ 61,453,858	$ 8,526,750
Combination tax and revenue bonds	70,795,000	-	5,470,000	65,325,000	5,730,000
Plus deferred amounts:					
For premiums	15,584,665	2,259,543	1,555,605	16,288,603	-
Notes payable	269,206	-	269,206	-	-
Total	155,657,630	14,041,213	26,631,382	143,067,461 *	14,256,750
Other liabilities:					
Net pension liability	43,575,359	-	15,103,487	28,471,872	-
Total OPEB liability	62,531,360	2,225,695	-	64,757,055	-
Compensated absences	15,306,057	13,211,139	13,775,451	14,741,745	13,267,571
Total	121,412,776	15,436,834	28,878,938	107,970,672	13,267,571
Total Governmental Activities	$ 277,070,406	$ 29,478,047	$ 55,510,320	$ 251,038,133	$ 27,524,321
			Long-term debt due in more than one year	$ 223,513,812	
			***Debt associated with capital assets**	$ 143,067,461	

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities					
Refunding bonds	$ 27,341,242	$ 5,813,330	3,593,428	$ 29,561,144	$ 4,203,250
Certificates of obligation	36,820,000	-	12,135,000	24,685,000	1,250,000
Less deferred amounts:					
For premiums	4,904,771	1,114,907	743,143	5,276,535	-
Total	69,066,013	6,928,237	16,471,571	59,522,679 *	5,453,250
Other liabilities:					
Net pension liability	6,875,656	-	2,080,477	4,795,179	-
Total OPEB liability	9,194,090	306,586	-	9,500,676	-
Compensated absences	965,974	896,062	869,376	992,660	893,394
Total	17,035,720	1,202,648	2,949,853	15,288,515	893,394
Total Business-Type Activities	$ 86,101,733	$ 8,130,885	$ 19,421,424	$ 74,811,194	$ 6,346,644
			Long-term debt due in more than one year	$ 68,464,550	
			***Debt associated with capital assets**	$ 59,522,679	

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Discretely Presented Component Units					
Revenue bonds					
BAWA	$ 42,385,000	$ -	$ 1,835,000	$ 40,550,000 *	$ 1,970,000
MDD	62,765,000	-	-	62,765,000 **	-
Total revenue bonds	105,150,000	-	1,835,000	103,315,000	1,970,000
Less deferred amounts:					
For premiums					
BAWA	2,894,525	-	168,485	2,726,040 *	-
MDD	10,010,709	-	361,972	9,648,737 **	-
Total premiums	12,905,234	-	530,457	12,374,777	-
Total Discretely Presented Component Units	$ 118,055,234	$ -	$ 2,365,457	$ 115,689,777	$ 1,970,000
			Long-term debt payable in more than one year	$ 113,719,777	
			***Debt associated with BAWA capital assets**	$ 43,276,040 *	
			****Debt associated with MDD capital assets**	$ 72,413,737 **	

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, $1,379,522 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 together 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 hotel ("Hotel Unit") and convention center facilities ("City Facilities Unit") will be constructed; (ii) MDD will file a condominium declaration pursuant to which a Hotel Unit, City Facilities Unit and General Common Elements will be created; (iii) The MDD will retain ownership of the Hotel Unit; and (iv) the MDD will convey the City Facilities Unit, upon completion of construction, to the City, and the City will then lease the City Facilities Unit to the MDD, pursuant to a City Facilities Unit lease agreement ($10/month) for use as public meeting and convention center facilities along with public parking.

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

Current Refunding

In the current fiscal year, the City issued $17,595,000 in General Obligation Refunding Bonds, Series 2021A with interest rates ranging from four to five percent. The proceeds were used to provide for a current refunding of $20,510,000 of Series 2013 outstanding general obligation bonds and certificates of obligation (the "Series 2013"). The net proceeds of $20,827,106 (including a $3,374,450 premium and after payment of $253,537 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2013 is considered defeased and the liability has been removed from the Statement of Net Position. The reacquisition price was less than the net carrying amount of the debt by a total of $97,156 and is being amortized over the life of the new debt which is the same as the old debt. The current refunding reduced future total debt service payments by $982,963 and resulted in an economic gain of $895,086.

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
General Obligation Bonds:					
Series 2013	2.00 - 3.375	2033	$ 16,800,000	$ 16,800,000	$ -
Refunding, Series 2014	2.00 - 4.00	2034	28,520,000	15,325,000	13,195,000
Series 2015	2.00 - 5.00	2035	11,135,000	4,608,421	6,526,579
Refunding, Series 2016	2.00 - 5.00	2028	8,337,324	3,316,715	5,020,609
Refunding, Series 2019	3.00 - 5.00	2030	5,965,000	1,435,000	4,530,000
Refunding, Series 2019A	3.00 - 5.00	2031	9,530,000	2,820,000	6,710,000
Refunding, Series 2020	3.00 - 5.00	2032	16,555,000	2,865,000	13,690,000
Refunding, Series 2021A	4.00 - 5.00	2033	11,781,670	-	11,781,670
		Total General Obligation Bonds	143,903,994	69,560,136	61,453,858
Combination Tax and Certificates of Obligation:					
Series 2015	2.00 - 5.00	2035	6,600,000	1,845,000	4,755,000
Series 2016	2.00 - 5.00	2036	17,635,000	3,960,000	13,675,000
Series 2017	4.00 - 5.00	2027	18,010,000	8,045,000	9,965,000
Series 2019A	3.00 - 4.00	2024	6,925,000	3,655,000	3,270,000
Series 2020	3.00 - 5.00	2040	36,300,000	2,640,000	33,660,000
		Total Combination Tax and Revenue Bonds	87,570,000	15,950,000	65,325,000
		Total General Bonded Debt	234,493,994	$ 88,530,136	$ 126,778,858
Notes Payable:					
Tax-exempt agreement 2032	2.16	2022	$ 2,579,696	$ 2,579,696	$ -
		Total Notes Payable	$ 2,579,696	$ 2,579,696	$ -

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

Description	Interest Rate (%)	Maturity Date	Original Issue	Net Retirement	Outstanding
Water and Sewer Bonds:					
General Obligation and Refunding Series, 2015	2.00 - 5.00	2035	$ 14,175,000	$ 5,866,579	$ 8,308,421
General Obligation and Refunding Series, 2016	2.00 - 5.00	2028	27,192,676	11,753,283	15,439,393
General Obligation and Refunding Series, 2021A	4.00 - 5.00	2033	5,813,330	-	5,813,330
		Total Water and Sewer Bonds	47,181,006	17,619,862	29,561,144
Certificates of Obligation, Series 2013	2.00 - 3.38	2033	16,500,000	16,500,000	-
Certificates of Obligation, Series 2014	2.00 - 4.00	2034	11,715,000	3,680,000	8,035,000
Certificates of Obligation, Series 2019	3.00 - 5.00	2039	18,440,000	1,790,000	16,650,000
		Total Certificates of Obligation	46,655,000	21,970,000	24,685,000
		Total Bonded Debt	$ 93,836,006	$ 39,589,862	$ 54,246,144

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 2006	2.25 - 2.90	2022	$ 13,290,000	$ 13,290,000	$ -
Series 2012	2.00 - 3.50	2032	8,315,000	4,875,000	3,440,000
Series 2018	4.00 - 5.00	2038	22,040,000	340,000	21,700,000
Series 2019	3.00 - 4.00	2038	17,315,000	1,905,000	15,410,000
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	123,725,000	20,410,000	103,315,000
		Total Bonded Debt	$ 123,725,000	$ 20,410,000	$ 103,315,000

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

Fiscal Year Ending Sept. 30	Governmental Activities		Business-Type Activities		Total Primary Government
	Principal	Interest	Principal	Interest	
2023	$ 14,256,750	$ 4,918,190	$ 5,453,250	$ 2,060,804	$ 26,688,994
2024	14,009,619	4,263,856	5,750,381	1,800,663	25,824,519
2025	12,054,168	3,671,968	6,040,832	1,541,150	23,308,118
2026	11,729,938	3,140,098	5,695,062	1,291,333	21,856,431
2027	10,972,591	2,653,911	4,732,409	1,048,818	19,407,729
2028-2032	36,368,515	8,296,913	14,986,486	3,248,570	62,900,484
2033-2037	19,922,277	2,619,120	9,087,724	1,018,488	32,647,609
2038-2040	7,465,000	340,426	2,500,000	84,280	10,389,706
Total	$ 126,778,858	$ 29,904,482	$ 54,246,144	$ 12,094,106	$ 223,023,590

Fiscal Year Ending Sept. 30	Discretely Presented Component Units				
	MDD		BAWA		
	Principal	Interest	Principal	Interest	Total
2023	$ -	$ 2,759,125	$ 1,970,000	$ 1,613,294	$ 6,342,419
2024	-	2,759,125	2,005,000	1,528,994	6,293,119
2025	-	2,759,125	2,040,000	1,442,669	6,241,794
2026	1,025,000	2,739,263	2,080,000	1,354,219	7,198,482
2027	1,070,000	2,698,575	2,120,000	1,264,269	7,152,844
2028-2032	8,025,000	12,596,125	11,735,000	4,908,351	37,264,476
2033-2037	10,485,000	10,545,600	14,275,000	2,366,950	37,672,550
2038-2042	13,810,000	7,686,550	4,325,000	184,850	26,006,400
2043-2047	16,450,000	4,284,300	-	-	20,734,300
2048-2051	11,900,000	1,063,225	-	-	12,963,225
Total	$ 62,765,000	$ 49,891,013	$ 40,550,000	$ 14,663,596	$ 167,869,609

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.

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.

F. Interfund Transactions

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

Transfers In	Transfers Out	Amount
General	Water and sewer	$ 868,814
General	Aquatics	250,000
General	Nonmajor governmental	172,500
General	Other special revenue	418,182
Debt service	Water and sewer	732,730
Debt service	Nonmajor governmental	2,004,731
Debt service	Capital projects	1,500,000
Debt service	General	166,993
Capital projects	General	20,516,964
Capital projects	Water and sewer	645,000
Capital projects	Debt service	2,281,448
Capital projects	Nonmajor enterprise	470,500
Capital projects	Internal service	40,667
Other special revenue	Capital projects	958
Other special revenue	General	401,181
Water and sewer	Aquatics	131,054
Water and sewer	Nonmajor enterprise	600,000
Aquatics	General	1,553,226
Sanitation	General	250,000
Internal service	General	400,000
Internal service	Water and sewer	475,000
Nonmajor governmental	General	515,906
		$ 34,395,854

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. The transfer to the capital project fund from the debt service fund is for a payment made to the MDD for debt service payments. Transfers to other special revenue and nonmajor governmental funds are to provide matching funds for various grant programs. Transfers to the general, water and sewer, aquatics, sanitation, and internal service funds are to finance various governmental expenditures in accordance with budget authorizations.

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

Receivable Fund	Payable Fund	Amounts
General	Nonmajor governmental	$ 1,096,072
General	CDBG	2,569,554
Debt service	General	7,018
General	Nonmajor enterprise	1,647,010
	Total	$ 5,319,654

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:

Receivable fund	Payable fund	Amounts
General	Aquatics	$ 2,250,000
General	Capital projects	7,195,716
		$ 9,445,716

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. The amount payable to the general fund from the capital projects fund is related to capital expenditures that are to be paid with bond proceeds for bonds that were not issued until after fiscal year end. It is anticipated that the capital projects fund will pay back the advance when bond proceeds are received.

G. Fund Equity

As of September 30, 2022, $4,118,773 of the City's total fund balance is restricted by enabling legislation.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

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

Group medical benefits have an annually negotiated specific and aggregate stop-loss policy. The fund provides the first dollar coverage of claims up to the casualty insurance policy's deductible amounts. This policy also contains aggregate excess loss coverage for claims in excess of approximately $3 million, less any amounts reimbursed on the individual stop-loss insurance. Medical claims liabilities have been recorded at $1,648,000 as of September 30, 2022.

The City maintains third-party coverage for workers' compensation claims that exceed $300,000 per individual claim. Workers' compensation claims and judgments at year end have been recorded at $768,560. 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 whether allocation to specific claims.

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

Reconciliation of Changes in the Aggregate Liabilities for Claims and Judgments:	2022	2021
Unpaid claims, beginning of year	$ 2,272,414	$ 2,347,554
Plus: incurred claims (including IBNR)	12,546,517	11,345,525
Less: claim payments	(12,402,371)	(11,420,665)
Unpaid Claims, End of Year	$ 2,416,560	$ 2,272,414

B. Related Party Transactions

The City and BAWA entered into an agreement on November 26, 1996 to provide treated water to the City. BAWA is contractually obligated to provide treated water to the City with a maximum obligation of 14.22 million gallons per day per month through calendar year 2040. Should the consumption exceed the contract quantity by ten percent, a five percent surcharge shall be charged against that portion of the consumption that exceeds the contract quantity.

C. Contingent Liabilities

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

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

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

D. Pension Plan

Texas Municipal Retirement System

The City participates as one of 901 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 TMRS Act, Subtitle G, Title 8, Texas Government Code (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; however, TMRS is not fiscally dependent on the State. TMRS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.tmrs.com.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits 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:

	2022	**2021**
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees Covered by Benefit Terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	532
Inactive employees entitled to, but not yet receiving, benefits	426
Active employees	872
Total	1,830

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City-matching ratios are either 1:1 (1 to 1), 1.5:1 (1½ to 1), or 2:1 (2 to 1), 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 17.67% and 17.29% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2022 were $12,953,718, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Other Public and Private Market	12.00%	7.22%
Real Estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private Equity	10.00%	10.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the TPL was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the

rates specified in statute. Based on that assumption, the TMRS fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability (A)	**Plan Fiduciary Net Position (B)**	**Net Pension Liability (A) - (B)**
Changes for the year:			
Service cost	$ 12,080,272	$ -	$ 12,080,272
Interest	26,056,865	-	26,056,865
Change of benefit terms	-	-	-
Difference between expected and actual experience	5,884,509	-	5,884,509
Changes of assumptions	-	-	-
Contributions - employer	-	12,432,056	(12,432,056)
Contributions - employee	-	4,925,880	(4,925,880)
Net investment income	-	44,049,995	(44,049,995)
Benefit payments, including refunds of employee contributions	(16,387,333)	(16,387,333)	-
Administrative expense	-	(203,716)	203,716
Other changes	-	1,395	(1,395)
Net Changes	27,634,313	44,818,277	(17,183,964)
Balance at December 31, 2020	388,181,162	337,730,147	50,451,015
Balance at December 31, 2021	$ 415,815,475	$ 382,548,424	$ 33,267,051

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	**Discount Rate (6.75%)**	**1% Increase in Discount Rate (7.75%)**
City's Net Pension Liability	$ 94,942,822	$ 33,267,051	$ 17,149,144

Pension Plan Fiduciary Net Position

Detailed information about the TMRS fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

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

For the fiscal year ended September 30, 2022, the City recognized pension expense of $5,592,910.

At September 30, 2022, 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	$ 5,169,695	$ 37,292
Changes in actuarial assumptions	244,259	-
Difference between projected and actual investment earnings	-	22,593,587
Contributions subsequent to the measurement date	9,553,245	-
Total	$ 14,967,199	$ 22,630,879

$9,553,245 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30:	Pension Expense
2023	$ (2,446,712)
2024	(8,010,839)
2025	(3,569,869)
2026	(3,189,505)
Total	$ (17,216,925)

E. Other Postemployment Benefits

1. TMRS - Supplemental Death Benefits

Plan Description

The City participates in a defined benefit OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the 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 Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB 75). As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The SDBF's funding policy assures that adequate resources are available to meet all death benefit payments for the upcoming year. The SDBF is a pay-as-you-go fund, and any excess contributions are available for future SDBF benefits.

Benefits

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

Participation in the SDBF as of December 31, 2021 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	396
Inactive employees entitled to, but not yet receiving, benefits	112
Active employees	872
Total	1,380

Total OPEB Liability

The City's total OPEB liability of $3,407,833 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement period, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	1.84%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.50% and 3.00% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Due to the higher mortality rates associated with the global pandemic, the TMRS Board adopted changes to the

assumptions and methodology used for calculating 2023 rates as determined in the December 31, 2021 actuarial valuation.

Changes in the Total OPEB Liability

		Total OPEB Liability
Changes for the year:		
Service cost		$ 154,785
Interest		65,157
Differences between expected and actual experience		(72,397)
Changes of assumptions		107,985
Benefit payments*		(56,285)
	Net Changes	199,245
Beginning balance		3,208,588
	Ending balance	$ 3,407,833

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

The discount rate decreased from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

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

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

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

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
City's Total OPEB Liability	$ 4,194,482	$ 3,407,833	$ 2,801,802

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

For the year ended September 30, 2022, the City recognized OPEB expense of $324,520. 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		$ 103,492	$ 340,690
Changes in actuarial assumptions		658,471	62,346
Contributions subsequent to the measurement date		44,212	-
	Total	$ 806,175	$ 403,036

$44,212 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2023.

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
2023	$ 104,578
2024	89,146
2025	66,971
2026	62,728
2027	33,227
Thereafter	2,277
	$ 358,927

2. Postemployment Healthcare Plan

Plan Description

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

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

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

Participation in the Plan as of December 31, 2021 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	267
Inactive employees entitled to, but not yet receiving, benefits	-
Active employees	294
Total	561

Funding Policy

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

Total OPEB Liability

The City's total OPEB liability of $70,849,898 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement period, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	1.84%*
Actuarial cost method	Individual entry-age normal
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the TMRS.
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Healthcare trends rates	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years Post-65: Initial rate of 6.30% declining to an ultimate rate of 4.25% after 13 years.
Participation rates	Hired before January 1, 2004: 85% for retirees with 10 or more years of service; 0% for retirees with less than 10 years of service; Hired on or after January 1, 2004: 85% for retirees with 25 or more years of service; 40% for retirees with 20 to 24 years of service; 20% for retirees with 15 to 19 years of service; 0% for retirees with less than 15 years of service Retirees hired on or after January 1, 2004 with less than 25 years of service are assumed to discontinue their health coverage when they become eligible for Medicare.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

Changes in the Total OPEB Liability

		Total OPEB Liability
Changes for the year:		
Service cost		$ 2,030,932
Interest		1,370,813
Difference between expected and actual experience		(322,792)
Changes of assumptions		1,237,458
Benefit payments*		(1,983,375)
	Net Changes	2,333,036
Beginning balance		68,516,862
	Ending Balance	$ 70,849,898

Changes in benefit terms were related to the benefits provided to Medicare retirees. Changes of assumptions reflect a change in the discount rate from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021, the removal of excise tax load, and revised TMRS demographic and salary increase assumptions.

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 1.84%, 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 (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
City's Total OPEB Liability	$ 79,333,368	$ 70,849,898	$ 63,591,275

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	$ 61,303,211	$ 70,849,898	$ 82,617,724

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

For the year ended September 30, 2022, the City recognized OPEB expense of $5,184,901. 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	$ 31,221	$ 6,261,103
Changes in actuarial assumptions	9,668,439	345,775
Contributions subsequent to the measurement date	1,611,162	-
Total	$ 11,310,822	$ 6,606,878

$1,611,162 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2023.

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
2023	$ 1,722,342
2024	1,253,901
2025	(19,076)
2026	135,615
	$ 3,092,782

3. Aggregate Total OPEB Expenses/Expenditures

The City recognized aggregate total OPEB expense/expenditures of $5,509,421 during the fiscal year ending September 30, 2022 related to the City's TMRS and City-administered OPEB plans.

F. Tax Abatements

Chapter 380 Economic Development Agreements

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

Sales Taxes

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

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

- A developer constructed a retail development of at least 60,000 square feet (the "Project") for the purpose of promoting economic development in the City and stimulating business and commercial activity. The retail store opened for business in December 2014. The Agreement expires 15 years after January 1 following the year in which a certificate of occupancy is issued for the Project. The City will make payments to the developer from sales tax revenues at an amount equal to 1% of taxable sales generated by the Project. For the year ended September 30, 2022, the total amount of taxes abated were $447,784 for the City and $149,261 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, 2022, the total amount of taxes abated was $290,047 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, 2022, the total amount of taxes abated was $245,426 for the City.

G. Section 212 Agreement

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.

H. Subsequent Events

On November 16, 2022, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2022 (the "Certificates") in the amount of $24,270,000. Proceeds from the sale of the Certificates will be used for all or any part of the costs associated with (i) the design, construction, and equipment of streets, sidewalks, and related infrastructure, (ii) the design, construction, and equipment of storm water drainage facilities and improvements, (iii) the design, construction, renovation, and equipment of firefighting facilities and the purchase of related land and/or rights-of-way located in the vicinity of the 2200 hundred block of Market Street, (iv) the design, construction, renovation, and equipment of public safety facilities; (v) the design, construction, renovation, and equipment of parks and recreational facilities, (vi) the design, construction, renovation, and equipment of improvements to existing municipal buildings and facilities, including (a) buildings and facilities for municipal courts, public works, facilities maintenance, mosquito control, and environmental health and community services, (b) the Arts League Building, and (c) Sterling Library, and (vii) the cost of professional services incurred in connection therewith. The Certificates will mature during fiscal year 2042 and have an interest rate ranging from 4% to 5%.

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.

I. Restatement of Net Position and Fund Balance

The City has restated beginning assets, liabilities, and deferred inflows of resources for governmental and business-type activities and for the general fund and enterprise nonmajor fund for the implementation of GASB 87, *Leases*. This restatement had no impact on beginning fund balance or net position.

	Governmental Activities	Business-Type Activities	General	Nonmajor Enterprise
Beginning net position and fund balances, as reported	$ 235,373,250	$ 211,261,114	$ 48,375,076	$ 5,998,749
Leases receivable	664,185	117,686	664,185	117,686
Deferred inflows - leases	(664,185)	(117,686)	-	(117,686)
Unavailable revenue - leases	-	-	(664,185)	-
Beginning net position and fund balances, as restated	$ 235,373,250	$ 211,261,114	$ 48,375,076	$ 5,998,749

REQUIRED SUPPLEMENTARY INFORMATION

City of Baytown, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND (BUDGET BASIS) (Page 1 of 2)

For the Year Ended September 30, 2022

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	$ 113,280,302	$ 113,280,302	$ 114,043,876	$ 763,574
Licenses and permits	3,058,768	3,058,768	2,227,669	(831,099)
Charges for services	2,608,269	2,608,269	2,730,856	122,587
Fines and forfeitures	1,785,580	1,785,580	1,608,346	(177,234)
Intergovernmental	1,784,282	1,784,282	2,514,472	730,190
Investment earnings, net	189,544	189,544	(757,423)	(946,967)
Miscellaneous	973,245	973,245	4,654,365	3,681,120
Total Revenues	123,679,990	123,679,990	127,022,161	3,342,171
Expenditures				
General government:				
General administration	2,370,207	1,859,748	1,784,360	75,388
Fiscal operation	2,698,579	2,288,234	2,211,838	76,396
Legal services	1,242,581	1,242,581	1,124,510	118,071
Information technology services	4,959,874	5,032,898	5,032,898	-
Planning and development	5,052,046	3,671,351	3,284,853	386,498
Human resources	1,572,059	1,480,251	1,450,693	29,558
City clerk	1,653,075	1,015,452	920,755	94,697
Municipal court	1,794,742	1,689,431	1,625,930	63,501
City facilities	2,804,935	4,516,324	4,485,068	31,256
General overhead	5,674,202	5,265,900	5,245,639	20,261
Public safety:				
Police	28,990,028	28,998,725	28,941,098	57,627
Fire	25,657,754	27,913,995	27,870,605	43,390
Emergency management	414,088	314,330	234,992	79,338
Communication	2,497,438	2,213,218	2,095,540	117,678
Public works:				
Public works administration	515,714	548,252	548,252	-
Streets and drainage	2,719,492	2,791,122	2,791,122	-
Traffic control	1,747,903	1,814,896	1,814,896	-
Engineering	1,363,312	1,218,992	1,163,201	55,791
Public health:				
Health and welfare	5,072,297	4,491,816	4,362,515	129,301

City of Baytown, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND (BUDGET BASIS) (Page 2 of 2)

For the Year Ended September 30, 2022

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Expenditures (continued)				
Parks, recreation, and culture:				
Parks and recreation	$ 8,152,309	$ 7,550,124	$ 7,530,401	$ 19,723
Library	2,807,906	2,684,976	2,565,397	119,579
Capital outlay	2,321,455	1,917,856	1,867,470	50,386
Debt service:				
Principal	-	-	269,207	(269,207) *
Interest	-	-	3,278	(3,278) *
Total Expenditures	112,081,996	110,520,472	109,224,518	1,295,954
Excess of Revenues Over Expenditures	11,597,994	13,159,518	17,797,643	4,638,125
Other Financing Sources (Uses)				
Transfers in	2,493,516	2,493,516	1,260,696	(1,232,820)
Transfers (out)	(24,836,415)	(23,382,345)	(26,655,790)	(3,273,445) *
Total Other Financing (Uses)	(22,342,899)	(20,888,829)	(25,395,094)	(4,506,265)
Net Change in Fund Balance	$ (10,744,905)	$ (7,729,311)	(7,597,451)	$ 131,860
Beginning fund balance			48,375,076	
Reconciliation of fund balance (GAAP basis)				
Perspective differences:				
Net effect of consolidated sub-fund without an adopted budget			1,144,070	
Ending Fund Balance			$ 41,921,695	

Notes to Required Supplementary Information (RSI):

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

City of Baytown, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

For the Year Ended September 30, 2022

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

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

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

City of Baytown, Texas

SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2022

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

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

Notes to Required Supplementary Information:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 years
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period December 31, 2014 - December 31, 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

3. Other Information:
   There were no benefit changes during the year.

Fiscal Year*				
2018	**2019**	**2020**	**2021**	**2022**
$ 10,405,269	$ 10,811,996	$ 11,453,850	$ 12,246,744	$ 12,953,718
(10,405,269)	(10,811,996)	(11,453,850)	(12,246,744)	(12,953,718)
$ -	$ -	$ -	$ -	$ -
$ 59,592,299	$ 61,478,073	$ 65,800,160	$ 69,676,086	$ 74,509,317
17.46%	17.59%	17.41%	17.58%	17.39%

City of Baytown, Texas

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

For the Year Ended September 30, 2022

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

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

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

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	1.84%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB No. 68.
Mortality - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.50% and 3.00% minimum motality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

3. Other Information:

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

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period of December 31, 2014 to December 31, 2018.

There were no benefit changes during the year.

Measurement Year* 2021
$ 154,785
65,157
(72,397)
107,985
(56,285)
199,245
3,208,588
$ 3,407,833
$ 70,356,852
4.84%

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City of Baytown, Texas

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE MEDICAL PROGRAM

For the Year Ended September 30, 2022

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

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

Notes to Required Supplementary Information:

1. Changes in Assumptions:

Changes in assumptions reflect a change in the discount rate from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021.

2. Other Information

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

Measurement Year* 2021
$ 2,030,932
1,370,813
-
(322,792)
1,237,458
(1,983,375)
2,333,036
68,516,862
$ 70,849,898
$ 25,264,705
280.43%

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COMBINING STATEMENTS AND SCHEDULES

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City of Baytown, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended September 30, 2022

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Property taxes	$ 14,400,000	$ 14,400,000	$ 13,632,363	$ (767,637)
Intergovernmental	1,347,800	1,347,800	996,574	(351,226)
Investment earnings	75,750	75,750	4,348	(71,402)
Miscellaneous	-	-	6,891	6,891
Total Revenues	15,823,550	15,823,550	14,640,176	(1,183,374)
Expenditures				
Debt service:				
Principal	17,820,000	17,820,000	14,456,571	3,363,429
Interest and fiscal agent fees	6,476,519	6,476,519	5,377,155	1,099,364
Issuance costs	980,000	980,000	169,057	810,943
Total Expenditures	25,276,519	25,276,519	20,002,783	5,273,736
(Deficiency) of Revenues (Under) Expenditures	(9,452,969)	(9,452,969)	(5,362,607)	4,090,362
Other Financing Sources (Uses)				
Transfers in	7,886,469	7,886,469	4,404,454	(3,482,015)
Transfers (out)	-	-	(2,281,448)	(2,281,448) **
Refunding debt issued	-	-	11,781,670	11,781,670
Bond premium	-	-	2,259,543	2,259,543
Payment to refunding bond escrow agent	-	-	(13,945,899)	(13,945,899) *
Total Other Financing Sources	7,886,469	7,886,469	2,218,320	(5,668,149)
Net Change in Fund Balance	$ (1,566,500)	$ (1,566,500)	(3,144,287)	$ (1,577,787)
Beginning fund balance			3,144,287	
Ending Fund Balance			$ -	

Notes to Supplementary Information:

1. * Expenditures exceeded the appropriations at the legal level of control. While the debt service fund budget was not amended for payment to refunding bond escrow agent and issuance costs, the City Council did authorize the issuance of General Obligation Refunding Bonds, Series 2021A.

2. **Expenditures exceeded appropriations at the legal level of control.

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City of Baytown, Texas

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2022

SPECIAL REVENUE FUNDS

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

Emergency Management Fund

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

Library Fund

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

Crime Control and Prevention District Fund

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

Police Grant Fund

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

Hotel/Motel Fund

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

Fire Control, Prevention, and Emergency Medical Services District Fund

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

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)

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

Bay Creek Public Improvement District (PID)

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

Bayview Heights Public Improvement District (PID)

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

City of Baytown, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)

September 30, 2022

	Special Revenue Funds			
	Emergency Management	**Library**	**Crime Control Prevention District**	**Police Grant**
Assets				
Current assets:				
Cash and equity in pooled cash and investments	$ -	$ 102,068	$ 364,771	$ 370,996
Taxes receivable	-	-	422,769	-
Accounts receivable	687,917	-	-	794,822
Total Assets	$ 687,917	$ 102,068	$ 787,540	$ 1,165,818
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	$ 3,600	$ 3,613	$ -	$ 25,263
Due to other funds	344,547	-	-	689,591
Unearned revenue	3,486	-	-	-
Total Liabilities	348,147	3,613	-	714,854
Fund balances:				
Restricted:				
Special projects	336,284	98,455	787,540	450,964
Unassigned	-	-	-	-
Total Fund Balances	336,284	98,455	787,540	450,964
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 687,917	$ 102,068	$ 787,540	$ 1,165,818

Special Revenue Funds					
Hotel/Motel	Fire Control, Prevention, and EMS District	TIRZ No. 1	Crossings at Baytown PID	Bay Creek PID	Bayview Heights PID
$ 1,938,519	$ 775,450	$ 4,732,483	$ -	$ 20,543	$ -
296,614	428,825	-	-	-	-
-	-	-	-	-	-
$ 2,235,133	$ 1,204,275	$ 4,732,483	$ -	$ 20,543	$ -
$ 108,175	$ -	$ 25,912	$ -	$ -	$ -
-	-	-	20,978	14,646	26,310
-	-	-	-	-	-
108,175	-	25,912	20,978	14,646	26,310
2,126,958	1,204,275	4,706,571	-	5,897	-
-	-	-	(20,978)	-	(26,310)
2,126,958	1,204,275	4,706,571	(20,978)	5,897	(26,310)
$ 2,235,133	$ 1,204,275	$ 4,732,483	$ -	$ 20,543	$ -

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City of Baytown, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)

September 30, 2022

	Total Nonmajor Governmental Funds
Assets	
Current assets:	
Cash and equity in pooled cash and investments	$ 8,304,830
Taxes receivable	1,148,208
Accounts receivable	1,482,739
Total Assets	$ 10,935,777
Liabilities, Deferred Inflows of Resources, and Fund Balances	
Liabilities:	
Accounts payable	$ 166,563
Due to other funds	1,096,072
Unearned revenue	3,486
Total Liabilities	1,266,121
Fund balances:	
Restricted:	
Special projects	9,716,944
Unassigned	(47,288)
Total Fund Balances	9,669,656
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 10,935,777

City of Baytown, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)

For the Year Ended September 30, 2022

	Special Revenue Funds			
	Emergency Management	**Library**	**Crime Control Prevention District**	**Police Grant**
Revenues				
Taxes and fees	$ -	$ -	$ 2,433,612	$ -
Intergovernmental	645,074	-	-	2,477,593
Fine and forfeitures	-	-	-	138,152
Investment earnings	-	71	4,203	9,392
Miscellaneous	27,253	49,153	-	37,078
Total Revenues	672,327	49,224	2,437,815	2,662,215
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	1,884,092	2,527,413
Public works	198,159	-	-	-
Parks, recreation, and culture	-	54,276	-	-
Capital outlay	496,727	-	-	629,006
Total Expenditures	694,886	54,276	1,884,092	3,156,419
Excess (Deficiency) of Revenues Over (Under) Expenditures	(22,559)	(5,052)	553,723	(494,204)
Other Financing Sources (Uses)				
Transfers in	-	-	-	515,906
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	515,906
Net Change in Fund Balances	(22,559)	(5,052)	553,723	21,702
Beginning fund balances	358,843	103,507	233,817	429,262
Ending Fund Balances	$ 336,284	$ 98,455	$ 787,540	$ 450,964

Special Revenue Funds					
Hotel/Motel	Fire Control, Prevention, and EMS District	TIRZ No. 1	Crossings at Baytown PID	Bay Creek PID	Bayview Heights PID
$ 1,410,798	$ 2,467,881	$ 2,324,842	$ -	$ -	$ -
-	-	594,660	-	-	-
-	-	-	-	-	-
43,906	9,011	-	-	-	-
-	-	-	-	25,000	-
1,454,704	2,476,892	2,919,502	-	25,000	-
-	-	483,693	21,128	3,682	26,310
-	668,660	-	-	-	-
-	-	-	-	-	-
743,612	-	-	-	-	-
128,400	587,170	83,019	-	-	-
872,012	1,255,830	566,712	21,128	3,682	26,310
582,692	1,221,062	2,352,790	(21,128)	21,318	(26,310)
-	-	-	-	-	-
-	(782,125)	(1,395,106)	-	-	-
-	(782,125)	(1,395,106)	-	-	-
582,692	438,937	957,684	(21,128)	21,318	(26,310)
1,544,266	765,338	3,748,887	150	(15,421)	-
$ 2,126,958	$ 1,204,275	$ 4,706,571	$ (20,978)	$ 5,897	$ (26,310)

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City of Baytown, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)

For the Year Ended September 30, 2022

	Total Nonmajor Governmental Funds
Revenues	
Taxes and fees	$ 8,637,133
Intergovernmental	3,717,327
Fine and forfeitures	138,152
Investment earnings	66,583
Miscellaneous	138,484
Total Revenues	12,697,679
Expenditures	
Current:	
General government	534,813
Public safety	5,080,165
Public works	198,159
Parks, recreation, and culture	797,888
Capital outlay	1,924,322
Total Expenditures	8,535,347
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,162,332
Other Financing Sources (Uses)	
Transfers in	515,906
Transfers (out)	(2,177,231)
Total Other Financing Sources (Uses)	(1,661,325)
Net Change in Fund Balances	2,501,007
Beginning fund balances	7,168,649
Ending Fund Balances	$ 9,669,656

City of Baytown, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CRIME CONTROL AND PREVENTION DISTRICT FUND (BUDGET BASIS)

For the Year Ended September 30, 2022

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	$ 2,006,313	$ 2,006,313	$ 2,433,612	$ 427,299
Investment earnings	171	171	4,203	4,032
Total Revenues	2,006,484	2,006,484	2,437,815	431,331
Expenditures				
Current:				
Public safety	2,067,276	2,067,276	1,884,092	183,184
Total Expenditures	2,067,276	2,067,276	1,884,092	183,184
Net Change in Fund Balance	$ (60,792)	$ (60,792)	553,723	$ 614,515
Beginning fund balance			233,817	
Ending Fund Balance			$ 787,540	

City of Baytown, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL HOTEL/MOTEL FUND (BUDGET BASIS)

For the Year Ended September 30, 2022

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	$ 1,315,537	$ 1,315,537	$ 1,410,798	$ 95,261
Investment earnings	20,083	20,083	43,906	23,823
Miscellaneous	5,412	5,412	-	(5,412)
Total Revenues	1,341,032	1,341,032	1,454,704	113,672
Expenditures				
Parks, recreation, and culture:				
Arts	72,350	72,350	15,226	57,124
Promotional	820,435	820,435	613,923	206,512
Historical	165,000	165,000	46,473	118,527
Conference center	1,601,930	1,601,930	67,990	1,533,940
Capital outlay	1,600,000	1,600,000	128,400	1,471,600
Total Expenditures	4,259,715	4,259,715	872,012	3,387,703
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,918,683)	(2,918,683)	582,692	3,501,375
Other Financing Sources (Uses)				
Transfers (out)	(350,000)	(350,000)	-	350,000
Total Other Financing (Uses)	(350,000)	(350,000)	-	350,000
Net Change in Fund Balance	$ (3,268,683)	$ (3,268,683)	582,692	$ 3,851,375
Beginning fund balance			1,544,266	
Ending Fund Balance			$ 2,126,958	

City of Baytown, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FIRE CONTROL, PREVENTION, AND EMS DISTRICT FUND (BUDGET BASIS)

For the Year Ended September 30, 2022

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	$ 1,935,812	$ 1,935,812	$ 2,467,881	$ 532,069
Investment earnings	621	621	9,011	8,390
Total Revenues	1,936,433	1,936,433	2,476,892	540,459
Expenditures				
Current:				
General government	15,200	15,200	-	15,200
Public safety	762,351	762,351	668,660	93,691
Capital outlay	1,051,148	1,051,148	587,170	463,978
Total Expenditures	1,828,699	1,828,699	1,255,830	572,869
Excess (Deficiency) of Revenues Over (Under) Expenditures	107,734	107,734	1,221,062	1,113,328
Other Financing Sources (Uses)				
Transfers (out)	(782,125)	(782,125)	(782,125)	-
Total Other Financing (Uses)	(782,125)	(782,125)	(782,125)	-
Net Change in Fund Balance	$ (674,391)	$ (674,391)	438,937	$ 1,113,328
Beginning fund balance			765,338	
Ending Fund Balance			$ 1,204,275	

Bayland Island Fund

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

Storm Water Utility Fund

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

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City of Baytown, Texas

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
September 30, 2022

	Enterprise Funds		
	Bayland Island	**Storm Water Utility**	**Total Enterprise Funds**
Assets			
Current assets:			
Cash and equity in pooled cash and investments	$ 266,554	$ -	$ 266,554
Accounts receivable	-	351,736	351,736
Leases receivable	72,895	-	72,895
Total Current Assets	339,449	351,736	691,185
Noncurrent assets:			
Capital assets, net	3,678,421	838,932	4,517,353
Total Capital Assets (Net of Accumulated Depreciation)	3,678,421	838,932	4,517,353
Total Noncurrent Assets	3,678,421	838,932	4,517,353
Total Assets	4,017,870	1,190,668	5,208,538
Deferred Outflows of Resources			
Deferred outflows - pensions	-	200,854	200,854
Deferred outflows - OPEB	-	180,967	180,967
Total Deferred Outflows of Resources	-	381,821	381,821
Liabilities			
Current liabilities:			
Account payable	611	194,371	194,982
Due to other funds	-	1,647,010	1,647,010
Compensated absences	-	86,774	86,774
Total Current Liabilities	611	1,928,155	1,928,766
Noncurrent liabilities:			
Compensated absences	-	9,641	9,641
Net pension liability	-	54,933	54,933
Total OPEB liability	-	1,001,670	1,001,670
Total Noncurrent Liabilities	-	1,066,244	1,066,244
Total Liabilities	611	2,994,399	2,995,010
Deferred Inflows of Resources			
Deferred inflows - pensions	-	390,478	390,478
Deferred inflows - OPEB	-	103,369	103,369
Deferred inflows - leases	72,130	-	72,130
Total Deferred Inflows of Resources	72,130	493,847	565,977
Net Position			
Net investment in capital assets	3,678,421	838,932	4,517,353
Unrestricted	266,708	(2,754,689)	(2,487,981)
Total Net Position	$ 3,945,129	$ (1,915,757)	$ 2,029,372

City of Baytown, Texas

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

For the Year Ended September 30, 2022

	Enterprise Funds		
	Bayland Island	**Storm Water Utility**	**Total Enterprise Funds**
Operating Revenues			
Charges for sales and services	$ 55,209	$ 3,838,203	$ 3,893,412
Total Operating Revenues	55,209	3,838,203	3,893,412
Operating Expenses			
Personnel costs	-	1,249,850	1,249,850
Supplies	-	148,679	148,679
Maintenance	12,141	299,095	311,236
Services	-	38,714	38,714
Miscellaneous	-	4,647,284	4,647,284
Depreciation	197,100	199,426	396,526
Total Operating Expenses	209,241	6,583,048	6,792,289
Income (Loss) before Transfers	(154,032)	(2,744,845)	(2,898,877)
Transfers			
Transfers (out)	-	(1,070,500)	(1,070,500)
Change in Net Position	(154,032)	(3,815,345)	(3,969,377)
Beginning net position	4,099,161	1,899,588	5,998,749
Ending Net Position	$ 3,945,129	$ (1,915,757)	$ 2,029,372

City of Baytown, Texas

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For the Year Ended September 30, 2022

	Enterprise Funds		
	Bayland Island	**Storm Water Utility**	**Total Enterprise Funds**
Cash Flows from Operating Activities			
Receipts from customers and users	$ 54,444	$ 3,773,959	$ 3,828,403
Payments to suppliers	(12,228)	(3,388,366)	(3,400,594)
Payments to employees	-	(1,291,560)	(1,291,560)
Net Cash Provided (Used) by Operating Activities	42,216	(905,967)	(863,751)
Cash Flows from Noncapital and Related Financing Activities			
Transfers (out)	-	(1,070,500)	(1,070,500)
Net Cash (Used) by Noncapital and Related Financing Activities	-	(1,070,500)	(1,070,500)
Cash Flows from Capital and Related Financing Activities			
Acquisition, disposal, and construction of capital assets	(212,630)	-	(212,630)
Net Cash (Used) by Capital and Related Financing Activities	(212,630)	-	(212,630)
Net (Decrease) in Cash and Cash Equivalents	(170,414)	(1,976,467)	(2,146,881)
Beginning cash and cash equivalents	436,968	1,976,467	2,413,435
Ending Cash and Cash Equivalents	$ 266,554	$ -	$ 266,554
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	$ (154,032)	$ (2,744,845)	$ (2,898,877)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	197,100	199,426	396,526
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Current Assets:			
Accounts receivable	-	(64,244)	(64,244)
Leases receivable	44,791	-	44,791
Deferred outflows - pensions	-	(48,320)	(48,320)
Deferred outflows - OPEB	-	39,013	39,013
Increase (Decrease) in Current Liabilities:			
Accounts payable	(87)	99,096	99,009
Compensated absences	-	9,800	9,800
Net pension liability	-	(214,136)	(214,136)
Ttoal OPEB liability	-	31,556	31,556
Due to other funds	-	1,647,010	1,647,010
Refundable deposits	-	(700)	(700)
Deferred inflows - pensions	-	170,715	170,715
Deferred inflows - OPEB	-	(30,338)	(30,338)
Deferred inflows - leases	(45,556)	-	(45,556)
Net Cash Provided (Used) by Operating Activities	$ 42,216	$ (905,967)	$ (863,751)

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

Central Services Fund

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

Risk Management Fund

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

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City of Baytown, Texas

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2022

	Internal Service Funds		
	Central Services	**Risk Management**	**Total Internal Service Funds**
Assets			
Current assets:			
Equity in pooled cash and investments	$ 346,078	$ 18,821,518	$ 19,167,596
Prepaid expenses	-	271,020	271,020
Inventories	714,770	-	714,770
Total Current Assets	1,060,848	19,092,538	20,153,386
Noncurrent assets:			
Capital assets:			
Buildings and improvements	167,540	-	167,540
Machinery and equipment	828,292	20,822	849,114
Less: accumulated depreciation	(821,360)	(20,822)	(842,182)
Total Capital Assets (Net of Accumulated Depreciation)	174,472	-	174,472
Total Noncurrent Assets	174,472	-	174,472
Total Assets	1,235,320	19,092,538	20,327,858
Deferred Outflows of Resources			
Deferred outflows - pensions	149,818	13,851	163,669
Deferred outflows - OPEB	121,353	9,405	130,758
Total Deferred Outflows of Resources	271,171	23,256	294,427
Liabilities			
Current liabilities:			
Account payable	55,522	254,548	310,070
Accrued expenses	-	2,416,560	2,416,560
Compensated absences	96,189	-	96,189
Total Current Liabilities	151,711	2,671,108	2,822,819
Noncurrent liabilities:			
Compensated absences	4,860	10,000	14,860
Net pension liability	378,292	73,851	452,143
Total OPEB liability	793,050	23,280	816,330
Total Noncurrent Liabilities	1,176,202	107,131	1,283,333
Total Liabilities	1,327,913	2,778,239	4,106,152
Deferred Inflows of Resources			
Deferred inflows - pensions	223,371	16,367	239,738
Deferred inflows - OPEB	67,924	6,980	74,904
Total Deferred Inflows of Resources	291,295	23,347	314,642
Net Position			
Net investment in capital assets	174,472	-	174,472
Unrestricted	(287,189)	16,314,208	16,027,019
Total Net Position	$ (112,717)	$ 16,314,208	$ 16,201,491

City of Baytown, Texas

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS

For the Year Ended September 30, 2022

	Internal Service Funds		
	Central Services	**Risk Management**	**Total Internal Service Funds**
Operating Revenues			
Charges for sales and services	$ 2,868,373	$ 17,154,916	$ 20,023,289
Other revenue	-	33,997	33,997
Total Operating Revenues	2,868,373	17,188,913	20,057,286
Operating Expenses			
Personnel costs	993,741	105,410	1,099,151
Supplies	2,589,958	-	2,589,958
Maintenance	13,029	-	13,029
Services	32,626	-	32,626
Claim payments and fees	-	17,664,147	17,664,147
Depreciation	56,011	-	56,011
Total Operating Expenses	3,685,365	17,769,557	21,454,922
Operating (Loss)	(816,992)	(580,644)	(1,397,636)
Income (Loss) Before Transfers	(816,992)	(580,644)	(1,397,636)
Transfers			
Transfers in	875,000	-	875,000
Transfers (out)	(40,667)	-	(40,667)
Change in Net Position	17,341	(580,644)	(563,303)
Beginning net position	(130,058)	16,894,852	16,764,794
Ending Net Position	$ (112,717)	$ 16,314,208	$ 16,201,491

City of Baytown, Texas

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2022

	Internal Service Funds		
	Central Services	Risk Management	Total Internal Service Funds
Cash Flows from Operating Activities			
Receipts from customers and users	$ 118,545	$ 1,738,968	$ 1,857,513
Receipts from interfund charges for central services	2,749,828	-	2,749,828
Receipts from interfund charges for risk management services	-	15,480,925	15,480,925
Payments to suppliers	(2,807,000)	(17,324,171)	(20,131,171)
Payments to employees	(1,038,180)	(102,872)	(1,141,052)
Net Cash (Used) by Operating Activities	(976,807)	(207,150)	(1,183,957)
Cash Flows from Noncapital Financing Activities			
Transfers in	875,000	-	875,000
Transfers out	(40,667)	-	(40,667)
Net Cash Provided by Noncapital Financing Activities	834,333	-	834,333
Cash Flows from Capital and Related Financing Activities			
Acquisition, disposal, and construction of capital assets	(82,060)	-	(82,060)
Net Cash (Used) by Capital and Related Financing Activities	(82,060)	-	(82,060)
Net (Decrease) in Cash and Cash Equivalents	(224,534)	(207,150)	(431,684)
Beginning cash and cash equivalents	570,612	19,028,668	19,599,280
Ending Cash and Cash Equivalents	$ 346,078	$ 18,821,518	$ 19,167,596
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating (loss)	$ (816,992)	$ (580,644)	$ (1,397,636)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation	56,011	-	56,011
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Current Assets:			
Prepaid expenses	-	30,980	30,980
Inventory	(22,441)	-	(22,441)
Deferred outflows - pensions	(36,630)	(3,921)	(40,551)
Deferred outflows - OPEB	29,686	3,054	32,740
Increase (Decrease) in Current Liabilities:			
Accounts payable	(148,946)	195,830	46,884
Accrued expenses	-	144,146	144,146
Compensated absences	(5,658)	6,986	1,328
Net pension liability	(162,329)	(17,378)	(179,707)
Total OPEB liability	24,123	2,359	26,482
Deferred inflows - pensions	129,413	13,854	143,267
Deferred inflows - OPEB	(23,044)	(2,416)	(25,460)
Net Cash (Used) by Operating Activities	$ (976,807)	$ (207,150)	$ (1,183,957)

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STATISTICAL SECTION

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

Contents **Page**

Financial Trends 138

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 150

These schedules contain information to help the reader assess the City's most significant local revenue source: property and industrial tax.

Debt Capacity 160

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 168

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 172

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.

City of Baytown, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
Governmental Activities				
Net investment in capital assets	$ 108,585,824	$ 105,468,075	$ 109,961,720	$ 124,672,382
Restricted	32,167,392	35,688,185	23,773,394	23,871,650
Unrestricted	(20,474,460)	(26,434,814)	(40,715,091)	(49,911,857)
Total Governmental Activities Net Position	120,278,756	114,721,446	93,020,023	98,632,175
Business-Type Activities				
Net investment in capital assets	136,434,868	152,339,260	158,442,675	174,117,286
Restricted	5,364,616	5,873,007	4,612,543	1,489,416
Unrestricted	18,736,201	18,371,116	16,349,137	12,602,126
Total Business-Type Activities Net Position	160,535,685	176,583,383	179,404,355	188,208,828
Primary Government				
Net investment in capital assets	245,020,692	257,807,335	268,404,395	298,789,668
Restricted	37,532,008	41,561,192	28,385,937	25,361,066
Unrestricted	(1,738,259)	(8,063,698)	(24,365,954)	(37,309,731)
Total Primary Government Net Position	$ 280,814,441	$ 291,304,829	$ 272,424,378	$ 286,841,003

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 132,729,930	$ 145,445,182	$ 157,058,993	$ 164,442,016	$ 179,256,695	$ 223,595,639
23,942,473	27,132,868	29,898,189	87,344,253	85,604,701	59,138,284
(88,264,838)	(87,917,695)	(67,824,691)	(44,298,173)	(29,488,146)	(16,941,180)
68,407,565	84,660,355	119,132,491	207,488,096	235,373,250	265,792,743
187,741,777	191,309,418	191,361,951	189,184,366	187,757,786	192,004,893
2,276,610	2,096,080	3,717,286	3,966,558	5,390,663	6,802,407
2,301,381	3,414,173	5,895,296	11,667,731	18,112,665	19,207,309
192,319,768	196,819,671	200,974,533	204,818,655	211,261,114	218,014,609
320,471,707	336,754,600	348,420,944	353,626,382	367,014,481	415,600,532
26,219,083	29,228,948	33,615,475	91,310,811	90,995,364	65,940,691
(85,963,457)	(84,503,522)	(61,929,395)	(32,630,442)	(11,375,481)	2,266,129
$ 260,727,333	$ 281,480,026	$ 320,107,024	$ 412,306,751	$ 446,634,364	$ 483,807,352

City of Baytown, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
Expenses				
Governmental activities:				
General government	$ 22,049,401	$ 22,600,531	$ 22,256,413	$ 24,398,812
Public safety	39,297,052	44,295,623	47,791,009	50,793,309
Public works	8,881,876	8,869,974	8,967,472	10,539,608
Public health	2,431,619	2,554,462	2,696,850	2,866,441
Parks, recreation, and culture	8,739,612	9,339,424	9,553,806	9,904,352
Interest and fiscal agent fees on long-term debt	3,749,173	4,111,811	3,989,720	4,561,801
Total Governmental Activities Expenses	85,148,733	91,771,825	95,255,270	103,064,323
Business-type activities:				
Water and sewer	31,539,964	32,762,226	34,320,794	35,865,094
Sanitation	4,685,496	4,742,268	4,709,577	4,677,436
Bayland Island development	208,078	200,308	265,349	251,084
Aquatics	2,245,949	2,917,055	3,052,435	3,393,046
Storm water utility	436,934	448,681	483,028	1,734,694
Total Business-Type Activities Expenses	39,116,421	41,070,538	42,831,183	45,921,354
Total Primary Government Expenses	$ 124,265,154	$ 132,842,363	$ 138,086,453	$ 148,985,677
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 159,520	$ 183,147	$ 632,295	$ 710,604
Public safety	3,807,789	4,371,773	4,692,058	4,507,258
Public works	1,137,371	1,305,831	1,620,206	2,067,310
Public health	532,436	611,297	195,057	202,134
Parks, recreation, and culture	365,967	420,172	132,271	135,180
Operating grants and contributions	7,903,949	8,007,514	5,946,639	4,920,154
Capital grants and contributions	73,000	-	-	11,230,528
Total Governmental Activities Program Revenues	13,980,032	14,899,734	13,218,526	23,773,168
Business-type activities:				
Charges for services:				
Water and sewer	34,022,544	35,990,349	39,201,196	40,811,009
Sanitation	4,589,026	4,618,491	4,737,391	4,758,805
Bayland Island development	16,327	49,086	51,052	54,443
Aquatics	2,056,711	2,903,853	3,274,726	3,353,347
Storm water	1,217,580	1,226,741	1,245,325	1,556,404
Operating grants and contributions	-	-	3,143,274	-
Capital grants and contributions	2,241,040	4,517,598	1,400,484	1,674,116
Total Business-Type Activities Program Revenues	44,143,228	49,306,118	53,053,448	52,208,124
Total Primary Government Program Revenues	58,123,260	64,205,852	66,271,974	75,981,292
Net (Expense)/Revenue				
Governmental activities	(71,168,701)	(76,872,091)	(82,036,744)	(79,291,155)
Business-type activities	5,026,807	8,235,580	10,222,265	6,287,770
Total Primary Government Net Expense	$ (66,141,894)	$ (68,636,511)	$ (71,814,479)	$ (73,003,385)

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 29,020,563	$ 35,811,336	$ 29,574,296	$ 37,547,850	$ 34,593,112	$ 43,338,424
57,510,237	59,520,128	50,702,718	62,126,552	64,257,206	65,934,972
13,257,500	15,100,450	10,994,322	12,912,206	12,222,500	14,561,561
3,338,793	3,317,250	3,107,475	3,944,973	3,860,167	4,480,489
12,156,291	12,697,314	12,405,161	13,655,690	13,866,632	13,135,098
4,546,195	4,841,986	4,525,617	4,302,467	5,106,860	4,202,723
119,829,579	131,288,464	111,309,589	134,489,738	133,906,477	145,653,267
38,149,024	38,422,378	37,007,827	40,424,646	41,044,691	40,737,009
4,831,088	5,648,915	6,448,858	7,006,746	7,099,764	7,327,685
242,443	212,956	203,198	207,174	200,376	209,241
3,873,789	4,161,320	4,064,190	2,792,302	3,771,985	4,497,100
1,657,138	1,907,273	1,956,790	2,850,413	2,059,443	6,070,667
48,753,482	50,352,842	49,680,863	53,281,281	54,176,259	58,841,702
$ 168,583,061	$ 181,641,306	$ 160,990,452	$ 187,771,019	$ 188,082,736	$ 204,494,969
$ 708,990	$ 1,946,717	$ 787,821	$ 774,175	$ 829,628	$ 956,624
5,043,397	4,780,753	4,481,288	3,495,226	3,523,408	3,583,517
2,079,076	2,604,862	2,112,433	2,563,470	2,691,675	2,242,639
205,779	206,039	208,890	200,085	208,545	213,579
124,862	94,772	128,541	99,208	194,615	235,317
5,944,003	12,307,936	7,109,369	12,195,930	6,569,222	8,254,143
12,396,215	8,394,369	4,444,501	70,945,960	4,873,025	10,473,060
26,502,322	30,335,448	19,272,843	90,274,054	18,890,118	25,958,879
40,998,750	43,301,862	42,415,981	46,051,831	47,144,502	50,276,510
5,027,666	5,830,109	5,957,494	6,675,548	6,933,639	7,040,757
54,442	56,238	55,041	54,445	55,595	55,209
3,351,968	3,813,735	3,290,996	15,672	2,898,040	3,785,323
197,162	2,597,711	2,645,147	2,673,489	2,990,931	3,838,203
-	1,362,643	1,365,276	1,363,365	1,342,488	1,526,388
2,354,725	77,680	129,901	2,260,000	1,910,670	130,977
51,984,713	57,039,978	55,859,836	59,094,350	63,275,865	66,653,367
78,487,035	87,375,426	75,132,679	149,368,404	82,165,983	92,612,246
(93,327,257)	(100,953,016)	(92,036,746)	(44,215,684)	(115,016,359)	(119,694,388)
4,971,231	6,687,136	6,178,973	5,813,069	9,099,606	7,811,665
$ (88,356,026)	$ (94,265,880)	$ (85,857,773)	$ (38,402,615)	$ (105,916,753)	$ (111,882,723)

City of Baytown, Texas

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	$ 21,128,244	$ 21,788,376	$ 22,991,938	$ 24,824,084
Sales and hotel/motel taxes	18,558,609	20,494,629	22,460,619	22,790,624
Franchise fees	3,825,432	4,053,895	4,155,898	4,233,571
Industrial district payments	28,339,356	29,379,711	31,675,333	32,136,165
Investment earnings	628,564	699,761	332,705	378,067
Miscellaneous income	1,777,705	2,469,911	5,209,956	2,601,488
Transfers, net	2,750,047	(7,571,502)	3,170,393	(2,060,692)
Total Governmental Activities	77,007,957	71,314,781	89,996,842	84,903,307
Business-type activities:				
Investment earnings	265,092	240,616	77,540	135,215
Miscellaneous	-	-	364,508	320,796
Transfers, net	(2,750,047)	7,571,502	(3,170,393)	2,060,692
Total Business-Type Activities	(2,484,955)	7,812,118	(2,728,345)	2,516,703
Total Primary Government	74,523,002	79,126,899	87,268,497	87,420,010
Changes in Net Position				
Governmental activities	5,839,256	(5,557,310)	7,960,098	5,612,152
Business-type activities	2,541,852	16,047,698	7,493,920	8,804,473
Total Primary Government Changes in Net Position	$ 8,381,108	$ 10,490,388	$ 15,454,018	$ 14,416,625

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 27,274,068	$ 30,235,501	$ 31,874,951	$ 34,782,426	$ 38,307,300	$ 38,879,872
24,050,819	26,273,237	24,138,407	24,252,318	28,921,685	31,406,526
4,359,389	4,317,509	4,681,762	4,372,062	4,402,737	4,529,372
39,991,747	48,772,964	57,968,306	65,535,406	65,470,755	66,118,684
753,425	1,722,482	2,723,663	2,084,524	318,854	296,698
1,544,848	3,369,646	2,339,954	2,598,997	2,756,507	7,243,911
(3,948,300)	2,514,467	2,781,839	2,482,787	2,723,675	1,638,818
94,025,996	117,205,806	126,508,882	136,108,520	142,901,513	150,113,881
182,128	327,234	743,135	513,840	66,528	580,648
-	-	14,593	-	-	-
3,948,300	(2,514,467)	(2,781,839)	(2,482,787)	(2,723,675)	(1,638,818)
4,130,428	(2,187,233)	(2,024,111)	(1,968,947)	(2,657,147)	(1,058,170)
98,156,424	115,018,573	124,484,771	134,139,573	140,244,366	149,055,711
698,739	16,252,790	34,472,136	91,892,836	27,885,154	30,419,493
9,101,659	4,499,903	4,154,862	3,844,122	6,442,459	6,753,495
$ 9,800,398	$ 20,752,693	$ 38,626,998	$ 95,736,958	$ 34,327,613	$ 37,172,988

City of Baytown, Texas

TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	Fiscal Year			
Function	**2013**	**2014**	**2015**	**2016**
Property taxes	$ 21,128,244	$ 21,788,376	$ 22,991,938	$ 24,824,084
Sales and hotel/motel taxes	18,558,609	20,494,629	22,460,619	22,790,624
Franchise fees	3,825,432	4,053,895	4,155,898	4,233,571
Industrial in-lieu-of-taxes	28,339,356	29,379,711	31,675,333	32,136,165
Total	$ 71,851,641	$ 75,716,611	$ 81,283,788	$ 83,984,444

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 27,274,068	$ 30,235,501	$ 31,874,951	$ 34,782,426	$ 38,307,300	$ 38,879,872
24,050,819	26,273,237	24,138,407	24,252,318	28,921,685	31,406,526
4,359,389	4,317,509	4,681,762	4,372,062	4,402,737	4,529,372
39,991,747	48,772,964	57,968,306	65,535,406	65,470,755	66,118,684
$ 95,676,023	$ 109,599,211	$ 118,663,426	$ 128,942,212	$ 137,102,477	$ 140,934,454

City of Baytown, Texas

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
General fund:				
Nonspendable	$ 2,432	$ 5,651	$ 3,109	$ 3,475
Unassigned	23,644,132	24,401,167	23,823,197	18,130,265
Total General Fund	$ 23,646,564	$ 24,406,818	$ 23,826,306	$ 18,133,740
All Other Governmental Funds:				
Nonspendable and restricted	$ 32,422,912	$ 35,690,127	$ 43,613,527	$ 52,172,068
Assigned	-	-	-	-
Unassigned, reported in special revenue funds	-	-	-	-
Total All Other Governmental Funds	$ 32,422,912	$ 35,690,127	$ 43,613,527	$ 52,172,068

Fiscal Year					
2017	**2018**	**2019**	**2020**	**2021**	**2022**
$ 2,926	$ 1,531	$ 3,355	$ 5,500	$ 4,103	$ 4,451
17,568,823	21,278,127	27,606,051	36,991,362	48,370,973	41,917,244
$ 17,571,749	$ 21,279,658	$ 27,609,406	$ 36,996,862	$ 48,375,076	$ 41,921,695
$ 36,709,833	$ 55,134,251	$ 45,198,903	$ 100,290,976	$ 134,419,705	$ 96,118,284
-	-	-	16,998,695	16,998,695	32,166,326
-	-	-	-	(898,483)	(3,283,828)
$ 36,709,833	$ 55,134,251	$ 45,198,903	$ 117,289,671	$ 150,519,917	$ 125,000,782

City of Baytown, Texas

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
Revenues				
Taxes and fees	$ 71,412,597	$ 76,037,374	$ 81,863,957	$ 84,037,378
Licenses and permits	1,487,239	1,665,982	1,721,765	2,144,150
Charges for services	1,862,802	2,446,596	2,643,569	2,786,220
Fines and forfeitures	2,653,042	2,779,642	2,906,553	2,692,116
Intergovernmental	7,976,949	8,007,514	5,946,639	13,094,923
Investment earnings	628,564	699,601	166,132	378,067
Other revenues	1,777,705	2,469,911	6,192,512	2,601,488
Contributions	-	-	-	-
Total Revenues	87,798,898	94,106,620	101,441,127	107,734,342
Expenditures				
Current:				
General government	22,112,626	22,052,424	20,882,865	23,036,419
Public safety	35,931,532	40,149,536	44,126,002	46,447,222
Public works	12,140,511	7,567,629	9,095,480	6,564,222
Public health	2,157,928	2,211,409	2,345,425	2,501,379
Parks, recreation, and culture	7,232,586	7,737,412	8,088,039	8,348,940
Capital outlay	14,699,587	15,379,097	18,538,657	27,415,269
Debt service:				
Principal	5,720,963	6,607,061	7,906,112	8,914,526
Payment to bond escrow agent	-	9,593,273	-	752,503
Interest	3,561,552	3,801,444	4,027,127	4,428,640
Issuance costs	278,160	325,255	226,570	349,520
Total Expenditures	103,835,445	115,424,540	115,236,277	128,758,640
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,036,547)	(21,317,920)	(13,795,150)	(21,024,298)
Other Financing Sources (Uses)				
Transfers in	9,207,896	20,118,032	8,098,158	14,963,268
Transfers out	(5,131,440)	(24,142,524)	(4,834,270)	(10,213,657)
Debt issued	16,800,000	2,579,696	17,735,000	-
Refunding debt issued	-	28,520,000	-	25,972,324
Premium on bonds	283,150	1,864,050	1,322,838	2,673,873
Payment to refunding bond escrow agent	-	(3,593,865)	-	(8,965,535)
Total Other Financing Sources	21,159,606	25,345,389	22,321,726	24,430,273
Net Change in Fund Balances	$ 5,123,059	$ 4,027,469	$ 8,526,576	$ 3,405,975
Debt service as a percentage of noncapital expenditures	11.18%	11.34%	12.78%	12.83%

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 95,832,195	$ 109,311,548	$ 118,721,554	$ 128,711,804	$ 136,906,290	$ 141,501,625
2,144,845	2,660,921	2,143,028	2,653,882	2,746,436	2,227,669
2,951,385	4,122,263	2,907,682	2,585,655	2,816,194	3,222,885
3,065,874	2,849,959	2,668,263	1,892,627	1,885,241	1,781,122
16,164,410	15,617,715	8,158,083	13,746,103	8,030,265	8,999,763
753,425	1,722,482	2,723,663	2,084,524	318,854	296,698
1,544,848	3,369,646	2,339,954	2,598,997	2,756,507	7,243,911
-	-	-	66,000,000	-	-
122,456,982	139,654,534	139,662,227	220,273,592	155,459,787	165,273,673
27,118,110	34,201,834	31,655,440	32,017,491	29,454,534	42,579,878
49,986,911	53,384,757	56,003,676	56,026,717	62,013,800	64,379,158
8,327,323	9,808,883	6,118,816	7,267,936	7,009,495	8,051,967
2,907,596	3,016,332	3,374,559	3,705,462	3,790,467	4,362,515
10,134,050	11,415,502	11,675,270	11,736,303	12,415,466	11,553,443
29,924,675	19,386,069	19,711,585	18,653,130	20,386,905	46,943,759
10,052,613	11,152,299	11,479,844	13,222,495	14,180,808	14,725,778
-	-	6,377,582	-	-	-
4,888,606	5,196,902	5,106,471	4,703,175	5,295,080	5,380,433
-	169,700	122,720	294,216	705,305	169,057
143,339,884	147,732,278	151,625,963	147,626,925	155,251,860	198,145,988
(20,882,902)	(8,077,744)	(11,963,736)	72,646,667	207,927	(32,872,315)
12,783,144	15,500,232	15,972,569	18,869,959	20,945,261	30,986,574
(8,464,042)	(12,825,287)	(14,035,659)	(17,420,300)	(18,448,377)	(30,182,089)
-	25,375,000	-	-	36,300,000	-
-	-	5,965,000	16,455,000	16,555,000	11,781,670
-	2,159,700	456,226	1,702,378	8,745,530	2,259,543
-	-	-	(10,775,480)	(19,696,881)	(13,945,899)
4,319,102	30,209,645	8,358,136	8,831,557	44,400,533	899,799
$ (16,563,800)	$ 22,131,901	$ (3,605,600)	$ 81,478,224	$ 44,608,460	$ (31,972,516)
12.83%	12.70%	12.61%	13.44%	13.90%	13.26%

City of Baytown, Texas

TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

	Fiscal Year			
Function	**2013**	**2014**	**2015**	**2016**
Property taxes	$ 20,694,270	$ 22,109,139	$ 23,572,107	$ 24,877,018
Sales and hotel taxes	18,558,609	20,494,629	22,460,619	22,790,624
Franchise fees	3,825,432	4,053,895	4,155,898	4,233,571
Industrial in-lieu-of-taxes	28,334,286	29,379,711	31,675,333	32,136,165
Total	$ 71,412,597	$ 76,037,374	$ 81,863,957	$ 84,037,378

Fiscal Year					
2017	**2018**	**2019**	**2020**	**2021**	**2022**
$ 27,430,240	$ 29,947,838	$ 31,933,079	$ 34,552,018	$ 38,111,113	$ 39,447,043
24,050,819	26,273,237	24,138,407	24,252,318	28,921,685	31,406,526
4,359,389	4,317,509	4,681,762	4,372,062	4,402,737	4,529,372
39,991,747	48,772,964	57,968,306	65,535,406	65,470,755	66,118,684
$ 95,832,195	$ 109,311,548	$ 118,721,554	$ 128,711,804	$ 136,906,290	$ 141,501,625

City of Baytown, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
Real assessed value	$ 2,939,825,902	$ 3,014,917,703	$ 3,183,226,576	$ 3,543,467,674
Personal assessed value	436,801,409	503,811,955	481,129,714	477,839,010
Total assessed value (1)	3,376,627,311	3,518,729,658	3,664,356,290	4,021,306,684
Less: real property exemptions	(886,164,075)	(898,967,084)	(901,716,167)	(994,698,219)
Taxable Value	$ 2,490,463,236	$ 2,619,762,574	$ 2,762,640,123	$ 3,026,608,465
Taxable value as a percentage of assessed value	73.76%	74.45%	75.39%	75.26%
Total tax rate	$ 0.82203	$ 0.82203	$ 0.82203	$ 0.82203

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

Fiscal Year					
2017	**2018**	**2019**	**2020**	**2021**	**2022**
$ 3,920,519,981	$ 4,463,767,737	$ 4,325,246,351	$ 5,132,331,415	$ 5,599,446,660	$ 6,367,472,832
488,232,942	421,789,587	890,790,087	733,637,733	781,518,631	329,667,607
4,408,752,923	4,885,557,324	5,216,036,438	5,865,969,148	6,380,965,291	6,697,140,439
(1,074,967,955)	(1,205,507,599)	(1,254,432,050)	(1,468,317,451)	(1,592,961,532)	(1,607,840,255)
$ 3,333,784,968	$ 3,680,049,725	$ 3,961,604,388	$ 4,397,651,697	$ 4,788,003,759	$ 5,089,300,184
75.62%	75.33%	75.95%	74.97%	75.04%	75.99%
$ 0.82203	$ 0.82203	$ 0.81203	$ 0.80203	$ 0.79515	$ 0.78500

City of Baytown, Texas

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
City of Baytown by fund				
General fund	$ 0.43658	$ 0.43713	$ 0.445620	$ 0.450010
Debt service fund	0.38545	0.384900	0.376410	0.372020
Total	$ 0.82203	$ 0.82203	$ 0.82203	$ 0.822030
Harris County	$ 0.40021	$ 0.41455	$ 0.417310	$ 0.419230
Harris County Flood Control District	0.02809	0.02827	0.027360	0.027330
Port of Houston Authority	0.19216	0.17160	0.015310	0.013420
Harris County Hospital District	0.18216	0.17000	0.170000	0.170000
Harris County Dept. of Education	0.00662	0.00636	0.005999	0.005422
Goose Creek Independent School District	1.33213	1.38679	1.431890	1.431890
Lee Junior College District	0.24100	0.26070	0.260700	0.250200
Total Direct and Overlapping Rates	$ 3.20440	$ 3.26030	$ 3.150599	$ 3.139522

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

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 0.470060	$ 0.455430	$ 0.457643	$ 0.460930	$ 0.484000	$ 0.489310
0.351970	0.366600	0.354387	0.341100	0.311150	0.295690
$ 0.822030	$ 0.822030	$ 0.812030	$ 0.802030	$ 0.795150	$ 0.785000
$ 0.416560	$ 0.418010	$ 0.418580	$ 0.407130	$ 0.391160	$ 0.376930
0.028290	0.028310	0.028770	0.027920	0.031420	0.033490
0.013340	0.012560	0.011550	0.010740	0.009910	0.008720
0.171790	0.171100	0.171080	0.165910	0.166710	0.162210
0.005200	0.005195	0.005190	0.005000	0.004993	0.004990
1.431890	1.431890	1.431800	1.354280	1.341100	1.368600
0.245300	0.250400	0.250100	0.230100	0.230100	0.230100
$ 3.134400	$ 3.139495	$ 3.129100	$ 3.003110	$ 2.970543	$ 2.970040

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City of Baytown, Texas

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

	Fiscal Year					
	2022			2013		
Property Taxpayer	**Taxable Assessed Value**	**Rank**	**% of Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**% of Taxable Assessed Value**
CenterPoint Energy Inc.	$ 101,674,687	1	2.00%	$ 10,712,322	1	0.43%
Raven Butene-1 LLC	89,167,415	2	1.75%	-	-	N/A
Jindal Saw USA LLC	73,903,039	3	1.45%	-	-	N/A
Passci Sapphire Bay District	58,282,016	4	1.15%	-	-	N/A
Exxon Mobile Corp.	49,748,453	5	0.98%	-	-	N/A
619 Rollingbrook Street LP	44,373,830	6	0.87%	-	-	N/A
Eastpoint Baytown Ownner LLC	43,560,756	7	0.86%	-	-	N/A
Abby Baytown LP	43,432,784	8	0.85%	-	-	N/A
Port 10 Logistics LLC	42,225,729	9	0.83%	-	-	N/A
HEB Grocery Co. LP	38,378,253	10	0.75%	-	-	N/A
Petroleum Wholesale Inc.	-	-	N/A	1,953,437	2	0.08%
PMD Enterprises LLC	-	-	N/A	1,851,690	3	0.07%
Govinji Multiple Business LLC	-	-	N/A	1,360,310	4	0.05%
Dicus Jimmie	-	-	N/A	774,000	5	0.03%
Oneal Robert	-	-	N/A	723,160	6	0.03%
Rios Pedro M & Mary E	-	-	N/A	705,630	7	0.03%
Grohman Venture W-1 Ltd.	-	-	N/A	576,690	8	0.02%
Dykes Norman	-	-	N/A	565,410	9	0.02%
Subtotal	584,746,962		11.49%	19,786,589		0.77%
Other Taxpayers	4,504,553,222		88.51%	2,470,676,647		99.23%
Total	$ 5,089,300,184		100.00%	$ 2,490,463,236		100.00%

Source: Goose Creek Independent School District Tax Office

*A significant portion of Exxon Mobil Corporation's property was disannexed in fiscal year 2010 and the tax revenue the City receives on such property is now accounted for as industrial district agreement revenue, not property tax revenue.

City of Baytown, Texas

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
Tax levy	$ 20,166,530	$ 21,200,763	$ 22,423,830	$ 24,611,681
Current tax collected	$ 19,387,454	$ 20,487,419	$ 21,865,661	$ 23,892,720
Percentage of current tax collections	96.14%	96.64%	97.51%	97.08%
Delinquent tax collections (1)	656,891	590,597	398,891	517,195
Total Tax Collections	$ 20,044,345	$ 21,078,016	$ 22,264,552	$ 24,409,915
Total collections as a percentage of current levy	99.39%	99.42%	99.29%	99.18%
Outstanding delinquent taxes (2)	$ 122,185	$ 122,747	$ 159,278	$ 201,766
Outstanding delinquent taxes as percentage of current levy	0.61%	0.58%	0.71%	0.82%

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

Fiscal Year					
2017	**2018**	**2019**	**2020**	**2021**	**2022**
$ 27,001,086	$ 29,685,764	$ 31,563,309	$ 34,520,007	$ 37,433,434	$ 39,195,452
$ 26,416,758	$ 28,878,775	$ 30,729,241	$ 33,480,249	$ 36,420,317	$ 38,097,172
97.84%	97.28%	97.36%	96.99%	97.29%	97.20%
321,690	487,404	618,605	509,698	749,567	496,296
$ 26,738,448	$ 29,366,179	$ 31,347,846	$ 33,989,947	$ 37,169,884	$ 38,593,468
99.03%	98.92%	99.32%	98.46%	99.30%	98.46%
$ 262,638	$ 319,585	$ 215,463	$ 530,060	$ 263,550	$ 601,984
0.97%	1.08%	0.68%	1.54%	0.70%	1.54%

City of Baytown, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
Governmental Activities:				
General obligation bonds	$ 92,419,850	$ 104,834,650	$ 109,014,950	$ 100,829,041
Certificates of obligation	10,945,000	10,320,000	16,275,000	33,015,000
Capital leases	2,667,325	2,579,696	2,273,274	1,956,981
Premiums	3,077,237	4,702,742	5,698,278	7,978,804
Business-Type Activities:				
Revenue bonds	4,145,150	-	-	-
General obligation bonds	-	2,695,350	16,090,050	42,425,959
Certificates of obligation	85,315,000	83,940,000	62,525,000	26,710,000
Premiums	473,537	866,564	2,363,321	6,487,181
Total Primary Government	$ 199,043,099	$ 209,939,002	$ 214,239,873	$ 219,402,966
Percentage of personal income	12.53%	11.52%	13.13%	12.37%
Per capita	$ 2,692	$ 2,783	$ 2,814	$ 2,770

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

Fiscal Year					
2017	2018	2019	2020	2021	2022
$ 92,604,605	$ 84,852,517	$ 83,320,072	$ 74,012,321	$ 69,008,759	$ 61,453,858
31,510,000	53,815,000	43,860,000	46,160,000	70,795,000	65,325,000
1,633,804	1,303,593	966,194	621,452	269,206	-
7,408,272	8,757,473	8,410,157	8,851,148	15,584,665	16,288,603
-	-	-	-	-	-
40,325,395	36,947,483	33,929,928	30,732,680	27,341,242	29,561,144
24,270,000	23,115,000	40,375,000	38,735,000	36,820,000	24,685,000
6,000,949	5,514,717	5,943,039	5,423,905	4,904,771	5,276,535
$ 203,753,025	$ 214,305,783	$ 216,804,390	$ 204,536,506	$ 224,723,643	$ 202,590,140
10.65%	11.42%	8.95%	8.26%	8.97%	9.30%
$ 2,434	$ 2,413	$ 2,339	$ 2,200	$ 2,389	$ 2,403

City of Baytown, Texas

RATIO OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
Net Taxable Assessed Value				
All property	$ 2,490,463,236	$ 2,619,762,574	$ 2,619,762,574	$ 3,026,608,465
Net Bonded Debt				
Gross bonded debt	106,442,087	119,857,392	130,988,228	141,822,845
Less debt service funds	3,715,519	5,418,953	4,895,113	2,940,258
Total Net Bonded Debt	$ 102,726,568	$ 114,438,439	$ 126,093,115	$ 138,882,587
Ratio of Net Bonded Debt to Assessed Value	4.12%	4.37%	4.81%	4.59%
Population	73,950	75,424	76,127	79,215
Net Bonded Debt per Capita	$ 1,389	$ 1,517	$ 1,656	$ 1,753

Fiscal Year					
2017	**2018**	**2019**	**2020**	**2021**	**2022**
$ 3,333,784,968	$ 3,680,049,725	$ 3,961,604,388	$ 4,397,651,697	$ 4,788,003,759	$ 5,089,300,184
131,522,877	147,424,990	135,590,229	129,023,469	155,388,424	143,067,461
2,632,347	3,816,355	5,050,333	6,268,425	3,144,287	-
$ 128,890,530	$ 143,608,635	$ 130,539,896	$ 122,755,044	$ 152,244,137	$ 143,067,461
3.87%	3.90%	3.30%	2.79%	3.18%	2.81%
83,724	88,830	92,679	92,984	94,081	84,324
$ 1,539	$ 1,617	$ 1,409	$ 1,320	$ 1,618	$ 1,697

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City of Baytown, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

For the Year Ended September 30, 2022

Governmental Unit	Net Bonded Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Harris County (2)	$ 1,863,542,125	0.92%	$ 17,144,588
Harris County Dept. of Education	20,185,000	0.92%	185,702
Harris County MUD #213B	9,030,000	100.00%	9,030,000
Harris County MUD #459	23,100,000	100.00%	23,100,000
Harris County MUD #473	9,335,000	100.00%	9,335,000
Harris County Flood Control	807,875,000	0.92%	7,432,450
Harris County Hospital District	76,385,000	0.92%	702,742
Goose Creek Independent School District	673,617,572	33.12%	223,102,140
Lee College District	36,245,000	33.12%	12,004,344
Port of Houston Authority	469,434,397	0.92%	4,318,796
Deer Park Independent School District	340,780,000	0.56%	1,908,368
San Jacinto Community College District	551,322,427	0.16%	882,116
Chambers County (2)	85,945,000	2.08%	1,787,656
Subtotal, overlapping debt	4,966,796,521		310,933,902
City direct debt	143,067,461	100.00%	143,067,461
Total Direct and Overlapping Debt			$ 454,001,363

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 overlapping governments taxable assessed value that is within the City's boundaries and dividing it by the City's total taxable assessed value.

(2) The City of Baytown is located within two counties. A resident would either live in Harris County or Chambers County, not both.

City of Baytown, Texas

PLEDGED REVENUE COVERAGE (WATER AND SEWER FUND)

Last Ten Fiscal Years

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
Gross Revenues	$ 34,022,544	$ 35,990,349	$ 39,044,709	$ 40,811,009
Operating Expenses (1)	22,570,370	23,234,448	24,953,929	25,981,703
Net Revenues Available for Debt Service	$ 11,452,174	$ 12,755,901	$ 14,090,780	$ 14,829,306
Debt Service Requirements (2)				
Principal	$ 1,620,000	$ -	$ -	$ -
Interest	3,123,765	-	-	-
Total	$ 4,743,765	$ -	$ -	$ -
Coverage	2.41	N/A	N/A	N/A

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

Fiscal Year					
2017	**2018**	**2019**	**2020**	**2021**	**2022**
$ 40,998,750	$ 43,301,862	$ 42,415,981	$ 46,051,831	$ 47,144,502	$ 50,276,510
28,327,663	28,264,773	26,043,889	29,416,895	30,353,357	30,274,348
$ 12,671,087	$ 15,037,089	$ 16,372,092	$ 16,634,936	$ 16,791,145	$ 20,002,162
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -
N/A	N/A	N/A	N/A	N/A	N/A

City of Baytown, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
Population (1)	73,950	75,424	76,127	79,215
Personal income	$1,588,963,650	$1,822,625,836	$1,631,325,483	$1,773,069,345
Per capita personal income (2)	$ 21,487	$ 24,165	$ 21,429	$ 22,383
Median age (3)	31.0	31.0	31.0	31.0
Education level in years of schooling (3)	14.8	14.8	19.5	14.8
School enrollment (4)	21,663	21,723	22,915	22,320
Unemployment rate (5)	8.60%	6.40%	6.00%	6.40%

Data sources:

(1) Prior years from either Census or City Planning Department. FY17 provided by Applied Geographic Solutions (AGS). FY19 from Population.us. FY20 - FY22 from Official Statement

(2) U.S. Bureau of Labor Statistics (Quick Facts)

(3) USA.com

(4) Texas Education Agency

(5) U.S. Bureau of Labor Statistics

Fiscal Year					
2017	**2018**	**2019**	**2020**	**2021**	**2022**
83,724	88,830	92,679	92,984	94,081	84,324
$1,912,591,056	$1,875,937,700	$2,421,331,554	$2,474,769,160	$2,503,965,815	$2,178,257,568
$ 22,844	$ 24,425	$ 26,126	$ 26,615	$ 26,615	$ 25,832
32.9	32.4	32.7	32.8	32.9	33.2
14.8	14.8	14.8	14.8	12.4	12.4
23,748	23,795	23,837	23,926	23,318	23,908
10.40%	8.10%	6.60%	9.60%	10.50%	7.30%

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City of Baytown, Texas

PRINCIPAL EMPLOYERS

Current Fiscal Year and Nine Years Ago

	Fiscal Year					
	2022			2013		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Goose Creek Consolidated Independent School District	4,000	1	13.08%	3,012	2	9.56%
Exxon Mobil-Baytown Complex	3,785	2	12.38%	3,785	1	12.01%
Houston Methodist Baytown Hospital	1,975	3	6.46%	1,687	3	5.35%
Covestro	1,110	4	3.63%	-	-	-
Chevron Phillips	990	5	3.24%	685	6	2.17%
City of Baytown	930	6	3.04%	-	-	-
Lee College	700	7	2.29%	-	-	-
Wal-Mart Distribution Center	600	8	1.96%	600	7	1.90%
JSW Steel	450	9	1.47%	800	5	2.54%
Borusan Mannesmann	342	10	1.12%	-	-	-
Home Depot Distribution Center	-	-	-	325	8	1.03%
Bayer Corporation	-	-	-	1,100	9	3.49%
TMK-IPSCO	-	-	-	245	4	0.78%
Exel Logistics	-	-	-	200	10	0.63%
Total	14,882		48.68%	12,439		39.47%

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

City of Baytown, Texas

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
General Fund:				
General government	92.40	93.40	94.90	96.90
Public safety				
Police				
Officers	137.00	143.00	150.00	150.00
Civilians	49.00	50.00	49.00	49.00
Fire				
Firefighters and officers	112.00	140.00	147.00	147.00
Civilians	6.00	10.00	9.00	9.00
Other public safety	53.00	26.00	26.00	26.00
Public works	44.50	43.50	43.50	40.50
Public health	23.00	23.00	23.00	25.00
Parks, recreation, and culture	64.00	64.00	63.00	64.00
General Fund Total	580.90	592.90	605.40	607.40
Hotel/Motel Fund	1.00	2.00	2.00	2.00
Enterprise Fund:				
Aquatics	2.00	3.00	4.00	4.00
Water and sewer	117.85	122.85	122.85	120.85
Sanitation	12.50	13.50	13.50	13.50
Storm water utility	4.00	4.00	4.00	16.00
Internal service	12.00	12.00	12.00	12.00
Enterprise Fund Total	148.35	155.35	156.35	166.35
Program Funds:				
Community development block grant	4.50	4.50	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
Crime control and prevention district	15.00	15.00	15.00	15.00
Fire control, prevention, and emergency medical services district	2.00	2.00	2.00	2.00
Municipal court special revenue	2.00	2.00	2.00	2.00
Wetlands education and recreation center	2.00	2.00	2.00	2.00
Capital improvement program	3.00	3.00	3.00	3.00
Capital improvement program fund - water and sewer	-	1.00	1.00	2.00
Municipal Development District	2.00	3.00	3.00	-
Baytown Nature Center	1.00	1.00	1.00	1.00
Workers' compensation	1.00	1.00	1.00	1.00
Program Funds Total	36.75	38.75	38.25	41.25
Total	767.00	789.00	802.00	817.00

Fiscal Year					
2017	**2018**	**2019**	**2020**	**2021**	**2022**
99.90	107.90	110.90	117.90	117.90	123.75
153.00	157.00	157.00	157.00	157.00	170.00
51.00	49.00	49.00	49.00	49.00	54.00
155.00	156.00	157.00	161.00	165.00	162.00
13.00	13.00	13.00	15.00	12.00	17.00
26.00	26.00	26.00	27.00	27.00	28.00
40.50	41.50	43.00	45.00	45.00	52.00
28.00	30.00	35.00	36.00	36.00	42.00
67.00	70.00	74.00	77.00	77.00	79.00
633.40	650.40	664.90	684.90	685.90	727.75
5.00	3.00	3.00	3.00	3.00	3.00
4.00	4.00	5.00	5.00	5.00	5.00
124.85	124.85	124.85	132.85	132.85	131.00
13.50	13.50	13.00	13.00	13.00	13.00
16.00	21.00	21.00	21.00	21.00	22.00
12.00	12.00	12.00	12.00	12.00	12.00
170.35	175.35	175.85	183.85	183.85	183.00
4.00	4.00	4.00	4.00	4.00	3.00
0.25	0.25	0.25	0.25	0.25	0.25
4.00	4.00	4.00	4.00	4.00	4.00
7.00	13.00	14.00	18.00	18.00	21.00
15.00	15.00	15.00	15.00	15.00	-
3.00	3.00	3.00	3.00	2.00	-
2.00	2.00	2.00	2.00	2.00	2.00
2.00	2.00	2.00	2.00	2.00	3.00
3.00	4.00	4.00	4.00	4.00	7.00
2.00	2.00	2.00	3.00	3.00	9.00
1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	-
1.00	1.00	1.00	1.00	1.00	1.00
45.25	52.25	53.25	58.25	57.25	51.25
854.00	881.00	897.00	930.00	930.00	965.00

City of Baytown, Texas

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
Function				
Police:				
Arrests	5,877	5,717	5,637	5,584
Accident reports	1,980	2,207	2,594	2,676
Citations	21,731	17,904	20,144	23,817
Offense reports	15,144	14,911	14,788	15,014
Calls for service	48,988	55,045	67,765	70,236
Fire:				
Medical responses	5,039	9,577	9,999	10,568
Fire/rescue incidents	2,097	2,301	2,513	2,345
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	65.86%	61.81%	59.82%	59.70%
Nine minutes or less for the deployment of a full first alarm assignment at a fire suppression incident	91.03%	85.44%	86.21%	83.52%
Water:				
Number of water customers	22,212	22,417	22,599	21,398
Source	Trinity River	Trinity River	Trinity River	Trinity River
Average daily water usage (millions of gallons)	12.58	12.70	11.11	11.55
Number of million gallons of surface water pumped	4.26	4.64	4.07	4.23
Number of million gallons of well water pumped	0.53	2.13	0.19	0.58
Peak daily consumption (millions of gallons)	18.55	17.11	16.69	18.71
Sewer:				
Number of sewer connections	21,316	21,513	21,705	20,553
Average daily treatment (millions of gallons)	12.23	10.44	13.28	13.07
Total consumption (billions of gallons)	4.46	3.81	4.75	4.77
Peak daily consumption (millions of gallons)	40.16	35.95	56.06	55.49

Data source: various City departments

Fiscal Year					
2017	2018	2019	2020	2021	2022
5,589	5,121	4,882	3,460	3,404	3,190
2,619	2,402	2,228	2,172	2,040	2,157
25,878	26,714	22,457	14,431	14,373	5,747
14,226	14,217	14,148	13,455	12,360	12,728
71,448	72,639	74,859	70,477	64,307	48,555
8,992	10,933	11,559	10,866	12,379	12,890
3,189	2,602	2,767	2,558	2,956	2,929
*	*	*	*	43.00%	55.00%
*	*	*	*	72.00%	73.00%
*	*	*	*	81.00%	97.00%
54.72%	51.60%	59.14%	63.51%	*	*
84.00%	84.40%	84.95%	56.75%	*	*
21,731	21,912	22,148	23,810	24,067	22,552
Trinity River	Trinity River	Trinity River	Trinity River	Trinity River	Trinity River
11.61	12.12	11.58	12.32	11.81	12.30
5.41	5.13	4.23	4.97	4.31	4.86
0.48	0.52	0.55	0.63	0.70	0.00
17.37	17.52	19.21	18.35	23.84	21.82
20,887	21,043	21,276	22,344	23,613	22,166
11.99	11.67	12.06	10.93	10.90	10.13
4.34	4.04	4.47	3.70	4.09	3.70
41.20	39.19	48.27	27.57	30.37	35.94

City of Baytown, Texas

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

	Fiscal Year			
	2013	**2014**	**2015**	**2016**
Function				
Police:				
Stations	3	3	3	3
Patrol units	87	93	94	100
Fire stations	6	7	7	8
Other public works:				
Streets (miles)	429	431	447	468
Streetlights	5,098	4,911	5,124	5,443
Parks and recreation:				
Parks	47	50	50	52
Parks acreage	1,084	1,151	1,151	1,290
Parks - developed	967	972	972	1,120
Parks - undeveloped	117	179	179	179
Spraygrounds	4	5	5	5
Baseball/softball diamonds	22	22	22	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
Water:				
Water mains (miles)	390	398	399	400
Fire hydrants	1,937	2,003	2,431	2,545
System capacity (millions of gallons)	26.0 MGD	26.0 MGD	26.0 MGD	26.0 MGD
Sewer:				
Sanitary sewers (miles)	372	377	382	384
Storm sewers (miles)	173	174	175	180
Treatment plant capacity (millions of gallons)	20.2 MGD	24.2 MGD	24.2 MGD	24.2 MGD

Data source: various City departments

Fiscal Year					
2017	**2018**	**2019**	**2020**	**2021**	**2022**
3	3	3	3	3	3
100	104	111	109	109	108
8	8	8	8	8	8
471	484	499	514	514	505
5,504	5,617	5,911	6,096	6,096	6,256
53	53	53	55	53	54
1,292	1,292	1,292	1,319	1,251	1,323
1,122	1,122	1,122	1,123	1,061	1,125
170	170	170	196	190	198
6	6	6	6	6	5
2	22	22	22	18	18
4	4	4	4	8	2
1	1	1	1	1	1
2	2	2	2	2	2
2	2	3	3	3	2
402	403	404	420	463	502
2,618	2,637	2,690	2,850	3,371	3,568
26.0 MGD	26.0 MGD	26.0 MGD	26.0 MGD	26.0 MGD	26.0 MGD
400	397	402	409	472	478
183	186	190	194	22	233
24.2 MGD	24.2 MGD	24.2 MGD	24.2 MGD	24.2 MGD	24.4 MGD

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