



CITY OF HOUSTON, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CHRIS B. BROWN
OFFICE OF THE CITY CONTROLLER



DEDICATED TO THOSE LOST TO COVID-19,
AND TO THOSE STILL RECOVERING.
TOGETHER, WE REMAIN HOUSTON STRONG.

OFFICE OF THE CITY CONTROLLER – 119 YEARS OF HOUSTON HISTORY



CITY OF HOUSTON, TEXAS

Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022

Prepared by:

Chris B. Brown, City Controller

Beverly Riggans, Deputy City Controller

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CITY OF HOUSTON, TEXAS





PART I



INTRODUCTORY SECTION

OFFICE OF THE CITY CONTROLLER

Houston City Controller Chris B. Brown is the second highest elected official in the City of Houston Government (the “City”) and its Chief Financial Officer. The Office of the City Controller superintends the fiscal affairs of the City. This includes conducting audits, managing investments and debt, preparing financial statements, and providing leadership on policy issues pertaining to the City’s financial health. Controller Brown thus serves as an independently elected “financial watchdog” over the City’s fiscal affairs.

The Treasury Division is responsible for managing the City’s \$5.3 billion investment portfolio in accordance with state law and the City’s investment policy. Fitch has awarded the City’s general investment portfolio/pool its highest rating, AAA. The Treasury Division is also responsible for overseeing a debt program of approximately \$14.4 billion. The City has multiple general obligation commercial paper program with a total authorization of \$925 million. The current issuance capacity of the commercial paper program is \$550 million, which is supported by credit facilities or lines of credit. Additionally, the City has two appropriation facilities supported by a forward bond purchase agreement in the amount of \$300 million. The City has four interest rate swaps with a total notional amount of \$902 million. The City’s general obligation debt is rated Aa3 by Moody’s; AA by Standard and Poor’s; and AA by Fitch Ratings.

The Audit Division adheres to recognized professional auditing standards (*Government Auditing Standards and International Standards* as issued by the Institute of Internal Auditors). During fiscal year 2022, the Audit Division engaged in 13 audits and special projects that produced four audit reports and two risk assessment reports, as posted on the Office of the City Controller’s website. These audits and projects focused on risk assessment, contract compliance, performance and efficiency, process reviews, ongoing monitoring, consideration of fraud, waste or abuse, and quality assurance. These efforts resulted in City-wide policy and procedure changes, improved processes, and millions in potential recoveries. The Audit Division also provided updates to the City Controller regarding compliance efforts, fraud, waste or abuse reports, and quality assurance results. In the most recent peer review, the Association of Local Government Auditors concluded “the internal quality control system of the Office of the City Controller’s Audit Division within the City of Houston was suitably designed and operating effectively to provide reasonable assurance of conformance with the Standards.”

The Operations and Technical Services Division is responsible for funding certification for contracts, accounts payable, vendor payments and cash disbursement, travel advances, monthly bank account reconciliation, review and approval of City-wide personnel action requests, payroll payments processing, City-wide contract review, financial and accounting records retention and imaging retrieval, City-wide vendor liaison, and the Controller Office’s information technology operations. In the coming year, the division’s goals are to continue to move to a paperless approval system for invoices and agreements, as well as reduce the number of paper checks issued.

The Financial Reporting Division is ultimately responsible for the preparation of both the Monthly Financial and Operations Report and the Annual Comprehensive Financial Report (“ACFR”), although every division of the Office of the City Controller contributes to the ACFR effort. The ACFR is available on the City Controller’s website: www.houstontx.gov/controller and on a USB drive upon request. The division also produces the annual Trends Report.

**CITY CONTROLLER
CHRIS B. BROWN**



Controller Chris B. Brown is a lifelong Houstonian who was sworn into office as the City Controller of the City of Houston (the “City”) in January 2016 and re-elected to a second term in 2019.

As the Controller of the nation’s fourth largest city, Chris oversees a \$5.7 billion budget, manages the City’s \$5.3 billion investment portfolio, superintends its \$14.4 billion debt portfolio, and through the Office of the City Controller’s Audit Division, has identified approximately \$10 million in savings via increased efficiencies. Chris has also helped save City taxpayers more than \$669 million in present value savings through refinancing the City’s existing debt.

In addition, Chris has led on the City’s most pressing financial issues, playing an instrumental role in solving the City’s pension crisis, addressing billions of dollars in unfunded other post-employment benefits liability, and championing the City’s pursuit of adopting a structurally balanced budget every fiscal year.

Chris’ career spans more than two decades across both the public and private sectors. Prior to being elected Controller in December 2015, Chris served as Chief Deputy City Controller in the Office of the City Controller, where he managed the day-to-day operations of the office and oversaw a staff of more than 65 employees. Before being appointed Chief Deputy City Controller in 2009, Chris worked as City Council Chief of Staff, spearheading community development initiatives and serving as a liaison to the Budget and Fiscal Affairs Committee.

Chris’ career began in the private sector, where he worked as a trader for Coastal Securities, an investment bank. After several years, Chris co-founded an equity trading firm where he worked as the head of operations. This work gave him first-hand experience with leadership, risk management, compliance, reporting, building operations, and negotiating complex agreements.

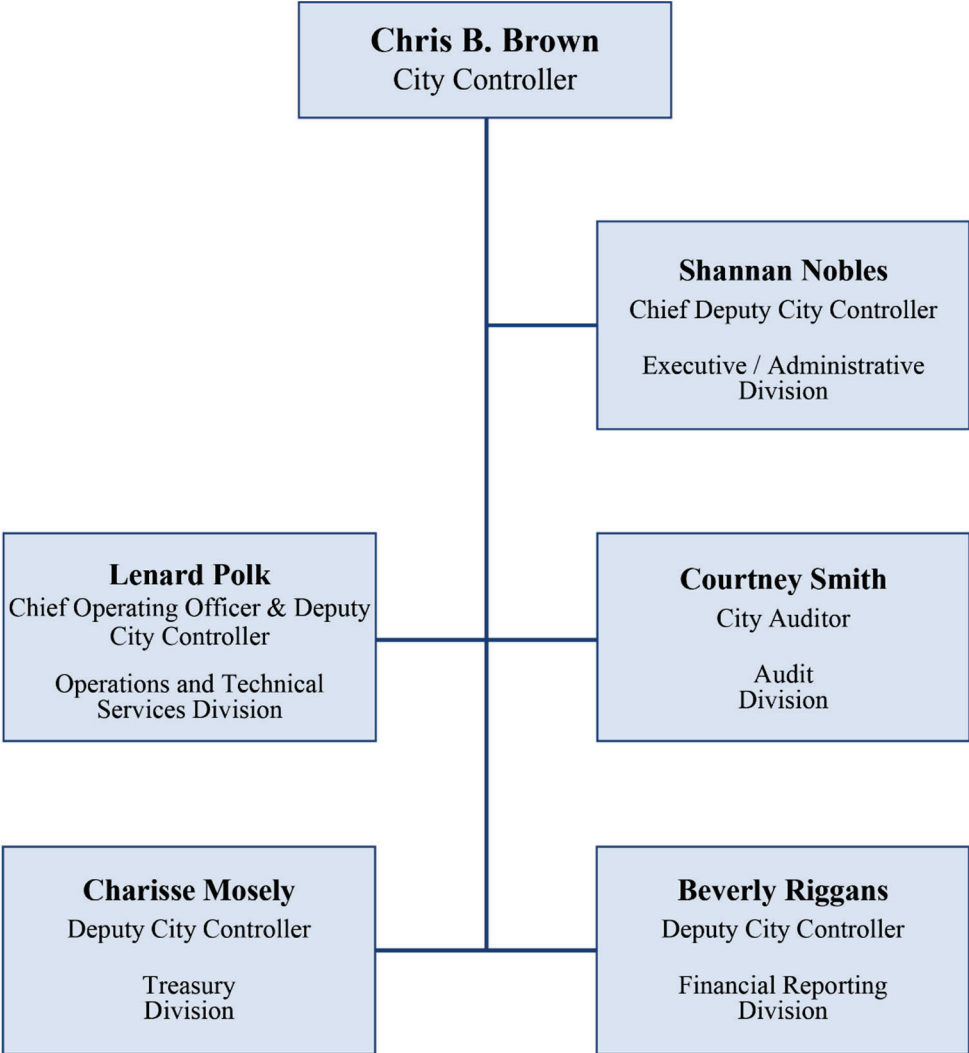
In addition to his professional experience, Chris is actively involved with several organizations in a leadership capacity.

Chris is the former Chair of the National League of Cities’ Finance, Administration & Intergovernmental Relations Committee (“FAIR Committee”), a role in which he played a key role in developing the organization’s policy positions on a range of issues for cities across the nation. Chris currently represents NLC on the Government Accounting Standards Board (GASB) Government Accounting Standards Advisory Council (GASAC) where he works to increase transparency of government finances by strengthening accounting and reporting standards.

Chris also serves on the board of the William A. Lawson Institute for Peace & Prosperity, the Asia Society of Texas Advisory Board, and the Texan-French Alliance for the Arts. In addition, he is a past board member of the Texas Christian University National Alumni Association and SEARCH Homeless Services.

As a fourth-generation Houstonian, Chris has deep roots across the community. He attended Texas Christian University, where he obtained a Bachelor of Business Administration in Finance, and later earned a Master's in Business Administration from the University of Houston. Chris and his wife, Divya, are involved in many philanthropic causes, and are proud parents to their daughter, Milana, and son, Britton.

**ORGANIZATION CHART
OFFICE OF THE CITY CONTROLLER
AS OF JUNE 30, 2022**



ELECTED OFFICIALS
AS OF JUNE 30, 2022



SYLVESTER TURNER
MAYOR



CHRIS BROWN
CONTROLLER



AMY PECK
DISTRICT A



TARSHA JACKSON
DISTRICT B



ABBIE KAMIN
DISTRICT C



CAROLYN EVANS-SHABAZZ
DISTRICT D



DAVE MARTIN
DISTRICT E



TIFFANY D. THOMAS
DISTRICT F



MARY NAN HUFFMAN
DISTRICT G



KARLA CISNEROS
DISTRICT H



ROBERT GALLEGOS
DISTRICT I



EDWARD POLLARD
DISTRICT J



MARIHA CASTEX-TATUM
DISTRICT K



MIKE KNOX
AT-LARGE POSITION 1



DAVID ROBINSON
AT-LARGE POSITION 2



MICHAEL KUBOSH
AT-LARGE POSITION 3

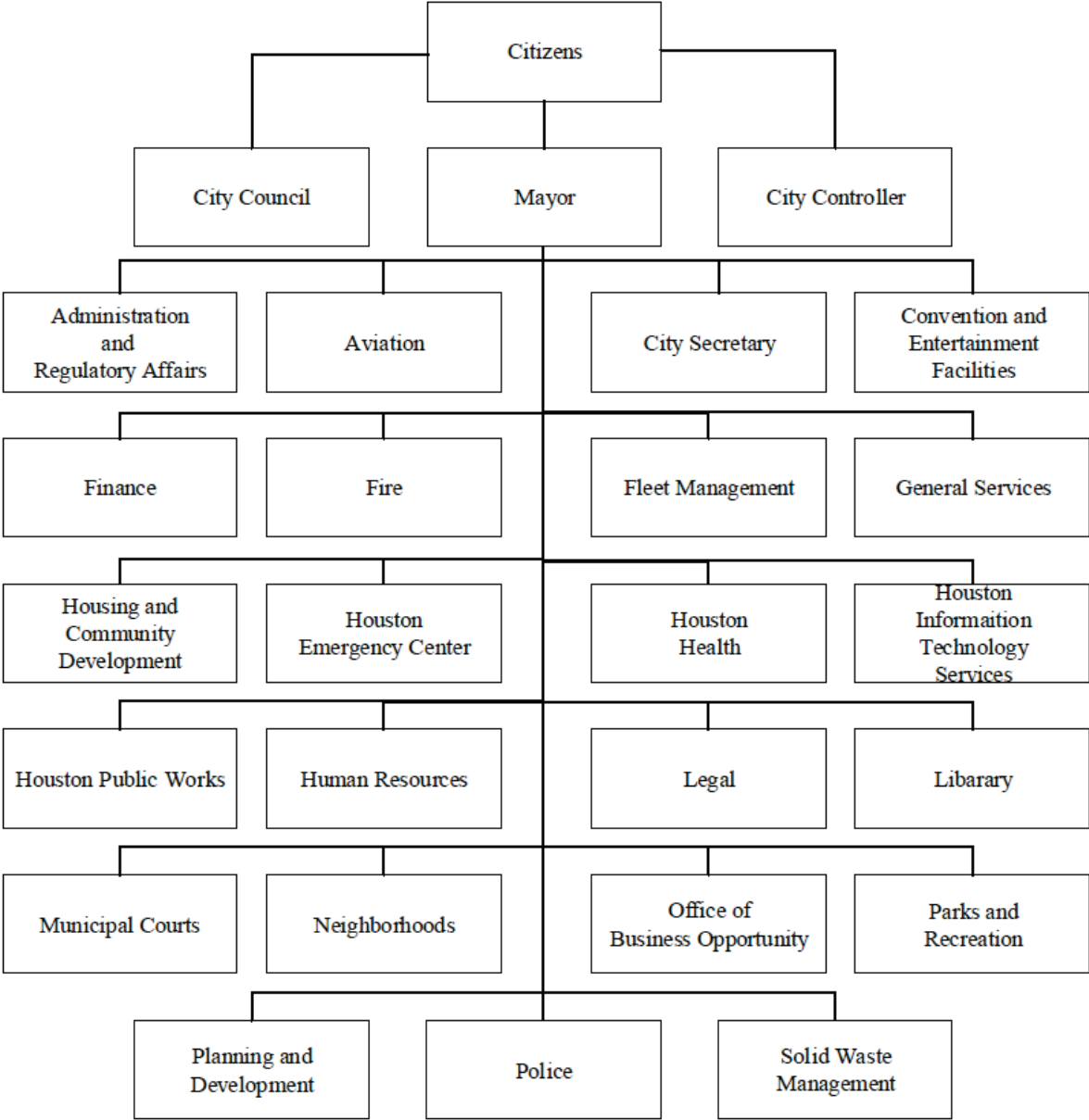


LETITIA PLUMMER
AT-LARGE POSITION 4



SALLIE ALCORN
AT-LARGE POSITION 5

**ORGANIZATION CHART
CITY GOVERNMENT**





CHRIS B. BROWN

OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

TRANSMITTAL LETTER

December 19, 2022

Citizens of Houston, Honorable Mayor and City Council Members:

I am pleased to provide you with the Annual Comprehensive Financial Report (“ACFR”) for the City of Houston, Texas, (the “City”) for the fiscal year ended June 30, 2022, including the independent auditors’ report prepared by McConnell & Jones/Banks, Finley, White & Co.

The ACFR was prepared by the City Controller’s Office and satisfies my responsibilities under the City Charter and State law. Responsibility for both the accuracy of the data presented, as well as the completeness and fairness of the presentation, including all disclosures, rests with the City.

We believe the data, as presented, is accurate in all material respects and is organized in a manner which fairly sets forth the financial position and results of operations of the City as measured by the financial activity of its various funds.

The City’s management is responsible for establishing and maintaining a system of internal controls designed to provide reasonable, but not absolute, assurance that the assets of the City are protected from loss, theft or misuse, and for the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management. The ACFR is presented in three sections.

The Introductory Section includes this transmittal letter, a list of elected City officials, and organizational charts for both the Office of City Controller and for City government.

The Financial Section includes Management’s Discussion and Analysis (“MD&A”), basic financial statements, combined and individual fund statements and schedules, as well as the independent auditors’ report on the basic financial statements.

The Statistical Section includes selected financial, demographic, and other information generally presented on a multi-year basis.

The Basic Financial Statements of the City include all government activities, organizations, and functions, including those legally separate organizations for which the City is financially accountable as defined by the Governmental Accounting Standards Board (“GASB”). These financial statements have been prepared in accordance with Generally Accepted Accounting Principles (“GAAP”) for local governments, as prescribed by GASB.

The Reporting Entity and Its Services

The Mayor serves as the Chief Executive Officer of the City. The City Controller is the second-highest elected official within City Government and serves as the Chief Financial Officer. The legislative body of the City is the City Council, which consists of the Mayor, eleven district members, and five at-large members. In November 2015, voters approved a proposition changing the terms of Mayor, Controller and Council members to four years, with a limit of two terms, which became effective in January 2016.

The City provides a full range of municipal government services including police and fire protection, emergency medical services, pretrial detention services, traffic and municipal courts, water production and distribution, solid waste collection, sanitary code enforcement, wastewater treatment, health and human services, building and maintenance, parks and recreation, library, convention and cultural activities; operation of three municipal airports, George Bush Intercontinental Airport, William P. Hobby Airport, and Ellington Airport; as well as operation of the Houston Spaceport.

The City does not operate hospitals, schools, transportation, or higher education systems. Special districts and governmental entities with independent taxing authority administer these services.

History and Population

Houston was founded on August 30, 1836, by New York real estate brokers John Kirby Allen and Augustus Chapman Allen. The Allen brothers paid \$9,428 for 6,642 acres of land at the headwaters of Buffalo Bayou. About a year later, General Sam Houston, the first president of the Republic of Texas, authorized Houston to incorporate. For the next four years Houston was the capital of the Republic. In the early years, cotton and the railroad were the key drivers of Houston's economy. That changed in 1901 with the discovery of oil at Spindletop in Beaumont, Texas. Energy is still prevalent, but the area's increasingly diverse economy is also supported by other economic engines such as Port Houston, the Texas Medical Center, NASA's Johnson Space Center, and a blossoming technology ecosystem bolstered by the region's startup space responsible for employing nearly a quarter-million of the region's residents. Houston is also home to several world-class colleges and universities.

At the time of the first census in Texas in 1850, Houston had a population of 2,397 and Galveston, a bustling port 45 miles south of Houston, was the state's largest city. Today, Houston is the largest city in Texas and the fourth largest city in the U.S. In the first decade of the new century, a quarter million people from other U.S. cities and towns relocated to Houston. Houston, with more than 2.28 million people as of July 1, 2021, is a melting pot of ethnicities and remains the nation's most diverse metro area. The city is the seat of a burgeoning metropolitan area encompassing nine counties with a total population surpassing 7.2 million.

Budgetary Information

In accordance with State law and the City Charter, Houston City Council shall, in collaboration with the Mayor and City departments, adopt balanced budgets each year for the General Fund, Debt Service Fund, Special Revenue Funds, Internal Service Funds, and Proprietary Funds. Exceptions are permitted for the Grant Revenue, Disaster Recovery, Health Special, and Housing Special Revenue Funds, for which City Council adopts separate operating or program budgets throughout the year. The City also does not budget capital projects and other capital expenditures from the General Fund. Instead, City Council authorizes these expenditures through individual appropriation ordinances. Proprietary Fund budgets, also called Enterprise Funds, exclude depreciation and amortization expenses. These Proprietary Fund budgets include debt service and capital equipment costs, but exclude buildings and improvements, with the exception of Aviation, which budgets its current year expenses for these projects. As with the General Fund capital projects, approval of each Proprietary Fund capital project is accomplished through individual appropriation ordinances. No City expenditures may be made without an appropriation. City Council can legally appropriate only those amounts

of money that the City Controller has previously certified are, or will be, in the City treasury. Although the legal level of budgetary control is at the departmental level within a fund, the City maintains internal budgetary control at the expenditure category (i.e., Personnel Services, Supplies, Other Services and Capital Outlay). Budget control is primarily managed using an automated encumbrance and accounts payable system. The City is required to undergo an annual Single Audit in conformity with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the audit requirements of the State of Texas Uniform Grants Management Standards. These audits are conducted simultaneously with the City's annual financial statement audit. Information related to these Single Audits, including the schedules of expenditures of federal and state awards, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations is included in the separately issued Single Audit Report.

The Area's Economy

In the early 2010's, Houston joined other cities across the country in benefitting from strong economic growth as the nation recovered from the Great Recession. With rising energy prices as its catalyst, Houston's regional economy became one of the most rapidly growing in the nation, resulting in thousands of new jobs and robust population growth.

The Houston metro area's GDP of \$488.2 billion ranks Houston as the seventh largest metro economy in the United States. If the Houston Metropolitan Statistical Area (MSA) were an independent nation, it would rank as the world's 27th largest economy, behind the United Arab Emirates (\$503.91 billion) and ahead of Egypt (\$469.1 billion), per the International Monetary Fund's 2022 ranking. Despite the resiliency exhibited by the regional economy in the wake of COVID-19, due in large part to federal stimulus, the City of Houston's organizational financial health has the potential to incur added stress as the region continues to grow.

Employment

Comfort is found in the resilience shown by our region's workforce in the last decade, and in particular, the last two years. Houston's economic prowess is buoyed by a bustling port, a world-class medical complex, and a vast network of leading institutions of higher education.

Oil and gas employment in Houston peaked at 300,100 jobs in November 2014. In the years following, roughly 93,000 jobs, or close to 30 percent of the local industry workforce, were lost. Fortunately, an increase in exploration activity in late 2016 sparked a resurgence in hiring, but only in services and equipment manufacturing. In fiscal year 2022, the region's employment continues to be closely tied to energy.

Fortunately, the Houston region has rebounded from COVID-19-related employment losses by adding nearly 84,600 jobs in the second half of fiscal year 2022, a record not seen since the 1980s. At the fiscal year 2022 end, eleven of the nineteen sectors tracked by the Texas Workforce Commission have recouped pandemic-related losses. Sectors that have yet to fully recover include energy (9,400 jobs left to recoup) and manufacturing (9,100 jobs left to recoup).

Population growth

The Houston MSA has seen a loss of population only once in the past 40 years, in 1988 following the loss of 220,000 jobs. After several years of slowing growth, Houston's population estimates have decreased in recent years from 2.31 million residents estimated in 2019; to 2.30 million residents estimated in 2020; and to 2.28 million residents estimated in 2021, per the Census Bureau. It is incumbent on the region's leaders to increase affordable housing supply, address failing infrastructure and enhance both the quality of life and service

delivery demanded by a growing population. While these charges incur significant costs, failing to address these challenges has the potential to hamper future economic success.

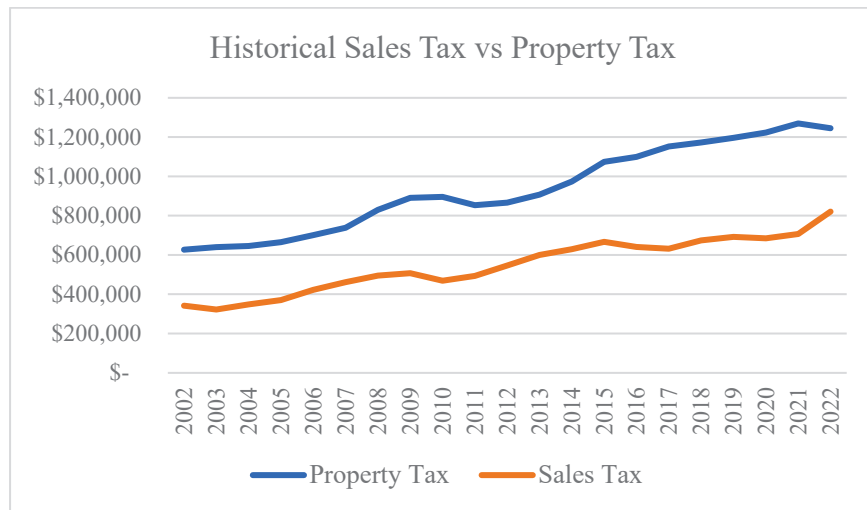
Housing and real estate

At the end of fiscal year 2022, the city’s real estate market is indicating a potential to normalize following 2021’s record-setting year attributable to the pandemic and low interest rates. In the last month of fiscal year 2022, home sales fell 8.6 percent compared to the same period prior year with the single-family home median sales price increased to \$355,000 from \$314,500, the highest of all time. As in recent years, sales volume increased for homes at all price levels except for luxury homes priced at \$1 million and above. Houston’s real estate market continues to exhibit volatility as we anticipate potential future interest rate increases and a shrinking housing volume coupled with rising sales prices and heightened uncertainty around a looming recession.

Since 2015, the Houston MSA continues to see a slow rise in the cost of living. While most of those costs remain below the national average – particularly as compared to other major metropolitan regions – that trend is expected to continue. With that, Houston is not as affordable as it once was. Per the Council for Community and Economic Research (C2ER), the cost of living in Houston was 12.3 percent below the national average in 2007 but only 8.6 percent below at the end of fiscal year 2022. How the region manages the demands of a growing population – and the rising costs associated with that – will play a key role in future growth.

Purchasing and income: The Houston Purchasing Managers Index (PMI), a short-term indicator for regional production, registered at 56.7 at the end of fiscal year 2021, but fell slightly to 55.5 at the end of fiscal year 2022. Despite the nominal decrease, this is an encouraging sign for the ongoing economic recovery, as readings above 50 signal economic expansion for the next three- to four-months.

The graph below illustrates a rebounding economy. Property tax revenue for the City, represented by the top line, has seen sustained growth following the recession of the late 2000s. More elastic to economic trends, sales tax, the lower line, experienced a slowdown during the downturn before experiencing positive growth following Hurricane Harvey in August 2017.



Property and Sales Taxes

Property tax is the City’s single largest source of revenue. Fiscal year 2022 was the eighth year the City was affected by the Proposition One revenue cap, which resulted in the lowering of the property tax rate.

Historically, the City's sales tax receipts have been closely tied to the rising price of oil, but as we diversify our regional economy, our reliance on energy may become less prevalent. The short economic contraction caused by the COVID-19 pandemic and a struggling energy sector caused a significant drop in sales tax revenue in the later months of fiscal year 2019, punctuated by a slow in consumer activity. Following the infusion of federal stimulus and receipt of recovery funding, Houston, among other localities, initially benefited from robust sales tax receipts. As revenues normalize, supply chain concerns continue to be prevalent and discretionary household spending wanes, sales tax has the potential to show more volatility in following reporting periods.

Property Tax Abatements: The City has entered into several property tax abatement agreements with local businesses under the state Property Redevelopment and Tax Abatement Act, Chapter 312. The agreements have investment and employment requirements that must be met to have a portion of property taxes abated. The total amount abated for the year ended June 30, 2022, totaled approximately \$1.1 million to eight businesses. Additional details on the agreements and projects are disclosed in the accompanying Notes to the Basic Financial Statements (Note 5 – Property Tax).

Financial Policies and Planning

The City has had formal financial and budgetary procedures in place since 1987. They require, among other things, a balanced budget, annual review of all fees and charges, funding of employee pensions and other benefits in a manner that systematically funds liabilities and maintenance of an Unassigned Fund Balance in its General Fund of a minimum of 7.5 percent of total expenses less debt service. Any funds in excess of 7.5 percent of total expenses less debt service are available for non-recurring expenses. A 1983 resolution adopted by City Council requires the Mayor to develop and submit annually to the City Council for approval a continuous five-year Capital Improvement Plan (CIP). Each year, the Mayor must review the CIP, revise it as necessary, and obtain approval and adoption by City Council. The 2022 – 2026 CIP calls for the appropriation of \$8.18 billion over the five-year period for both enterprise and property tax supported projects. About \$4.5 billion of this total will be paid for with income generated by the self-supporting enterprise funds. The City's financial policies further require that capital projects or equipment purchases funded through the issuance of bonds or other obligations will be financed for a period not to exceed the expected life of the project or equipment. Annual contributions for debt service from the General Fund are limited to 20 percent of total General Fund revenues, excluding state and federal grants. In addition, Texas law mandates that the City's total tax supported indebtedness shall not exceed 10 percent of the total assessed valuation of property in the City. As of June 30, 2022, the City's outstanding debt payable from taxes and other revenue sources totaled \$14.4 billion. This is in compliance with all applicable financial policies and considered manageable. The City has investments totaling approximately \$5.3 billion. The City adheres to an investment policy that emphasizes, in order of priority, safety, liquidity, and return on investment. The success of this deliberate approach is evident in the 'AAA' credit quality rating and "V1" volatility rating assigned to the City's general investment portfolio by Fitch Rating Services.

Long-term Financial Forecast and Major Initiatives

The most recent five-year planning scenario available from the City's Finance Department indicates anticipated cost increases are bound to continue straining the City's fiscal health. While some drivers of increased expenditures may be attributable to increased employee and retiree health costs, recent expenditures requiring subsequent recurring investment have the potential to bear added stress. Without increasing efficiencies or creating new revenue, few viable long-term options to address rising costs and a growing deficit remain except to drastically cut costs.

Structural Budget Deficit

Another critical goal the City must work toward is achieving a structurally balanced budget each fiscal year. A balanced budget is achieved when revenues equal expenditures while a *structurally* balanced budget avoids the use of one-time nonrecurring funding sources to fill budget shortfalls. Whereas the administration has traditionally used the sale of assets or land to address empirical budget deficits between \$160 million and \$200 million each year since fiscal year 2016, the receipt of grant funding has been used to address this historical shortfall in recent years. Both practices are unsustainable and will incur added financial strain as one-time resources are used. While the indicator that reflects the City’s structural balance is “net current activity,” this metric is not inclusive of all City obligations such as deferred OPEB liability or deferred maintenance.

As it relates to the City’s budgeting process, net current activity is calculated by subtracting the City’s total expenditures from its total revenue. Achieving structural budgetary balance is and must continue to be the foremost financial priority for the City of Houston.

Retiree & Other-Post Employment Benefits (OPEB)

The City provides certain health care benefits for its retired employees, their spouses, and survivors. Beginning with fiscal year 2018, the City is required by the GASB Statement No. 75 to recognize the full other post-employment benefits (“OPEB”) liability on the City’s balance sheet. The OPEB plan includes benefits such as health and life insurance for current and future retirees. Nearly all City employees become eligible for these benefits after they reach normal retirement age.

As of June, 30, 2022, the City’s unfunded OPEB liability is in excess \$2.3 billion. It has been the City’s practice to fund the cost of OPEB on an annual pay-as-you-go (PAYGO) basis and account for OPEB costs as a current operating expense on the governmental fund financial statements in the fiscal year in which the OPEB cost is paid. This practice satisfies debt obligations but fails to structurally reduce the accruing liability.

During the fiscal year ended June 30, 2022, changes were made to the health insurance plans. As a result, an actuarial adjustment of approximately \$461.1 million was recognized. This actuarial adjustment resulted a reduction to the accrued liability from \$2.6 billion as of June 30, 2021, to \$2.3 billion as of June 30, 2022.

At the time of this letter, the administration has implemented reforms – consisting of reductions in multiplier benefits, and increases in employee and City contributions, among other tenets – projected to result in nearly \$4.6 billion in savings, though a comprehensive solution remains a critical need. Without a solution to meaningfully address this growing unfunded liability, the City can expect to face serious constraints in the future.

Award

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR for the fiscal year ended June 30, 2021. This was the 25th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our 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.

Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the dedicated services and hard work of a highly qualified staff. The City of Houston has such a staff in the City Controller's Office. Although much time and effort in preparation of this report lies in the Financial Reporting Division, there was support from the other divisions of the Office: Administration, Executive, Operations and Technical Services, and Treasury. I would like to express my appreciation to the entire staff of the City Controller's Office, and to the staffs of the Finance, Aviation, Houston First (formerly, Convention and Entertainment Facilities), and Houston Public Works departments who assisted and contributed to the preparation of this report. The City Controller's Office also received invaluable assistance and support from many others outside its immediate organization. Within the City of Houston, the accounting staffs of the operating departments and the technical staff of the Information Services Division all played key roles in producing this report. McConnell & Jones/Banks, Finley, White & Co was not only our independent auditor, but also served as an invaluable source of information and ideas for improving the way City finances are reported.

Request for Information

This financial report is designed to provide a general overview of the City of Houston's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Controller, 901 Bagby Street, 8th Floor, Houston, Texas 77002. The Annual Comprehensive Financial Report (ACFR) is accessible on the City's web site and is also available in USB drive format.



Chris B. Brown
City Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Houston
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



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PART II

FINANCIAL SECTION



Financial Section:

The mission of the Houston Police Department is to enhance the quality of life in the City of Houston by working cooperatively with the public and within the framework of the U.S. Constitution, to enforce the laws, preserve the peace, reduce fear and provide for a safe environment. The men and women of HPD dedicate themselves to protecting Houstonians and keeping our communities safe, cohesive and thriving.

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor, Members of City Council, and
City Controller of the City of Houston, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Houston, Texas (the "City"), as of and for the year ended June 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, based on our audit and the reports of the other auditors, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 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.

We did not audit the financial statements of the Firefighter's Relief and Retirement Pension Trust Fund, the Municipal Employees' Pension Trust Fund, and the Police Officer's Pension Trust Fund, discretely presented component units of the City, which in the aggregate represent 100% percent, of the assets and net position of the pension trust funds, within the fiduciary funds, as of June 30, 2022. Except for Houston Area Library Automated Network, and Lamar Terrace Public Improvement District, we did not audit the financial statements of any governmental discretely presented component units which represent 8.3%, 0.6% and 7.6%, respectively, of the assets, net position (deficit), and revenues of the governmental activities or any business-type discretely presented component units which represents 6.1%, 9.3% and 5.8% respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such pension trust funds, governmental discretely presented component units, and business-type discretely presented component units, is based solely on the reports of the other auditors.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter

Restatement of Prior Period Financial Statements

As described in Note 16 to the financial statements, an error related to the misapplication of the implementation of GASB Statement No. 84, *Fiduciary Activities* was discovered. The City determined that those funds previously reported as Custodial Funds did not meet all the criteria described in GASB Statement No. 84 to be reported as Custodial Funds. Amounts previously reported in the Custodial Funds are now reported with the General Fund and other Governmental Funds.

In addition, the City identified overstatements/understatements of certain balances in the Capital Projects Fund, Grants Fund, and the Public Works Special Revenue Fund related to a construction contracts, loan programs administered by the City's Housing and Community Development Department, and deferred inflows and expenses related to the drainage charges, respectively. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (page 5 through 15), Schedule of Budgeted and Actual Revenues and Expenditures of the General

Operating Fund (pages 140 through 145), Pension System Supplementary Information (pages 146 through 149), and Other Post-Employment Benefits Supplementary Information (pages 150 through 152) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's 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.

McConnell & Jones LLP Banks, Finley, White & Co.

December 19, 2022

CITY OF HOUSTON, TEXAS

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CITY OF HOUSTON, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2022
(Unaudited)

As management of the City of Houston, Texas (the “City”), we offer readers of this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022 (“FY2022”). Please read this information in conjunction with the transmittal letter that precedes this section and the basic financial statements that follow this section. The discussion and analysis include comparative data for the year ended June 30, 2021 (“FY2021”). All amounts, unless otherwise indicated, are expressed in millions of dollars.

Financial Highlights

Some of the City’s financial highlights for the fiscal year ended June 30, 2022 include:

- Total assets and deferred outflows of resources of the City exceeded its total liabilities and deferred inflows of resources by \$5.9 billion. This is a net increase from the prior year of \$2.3 billion and is mainly attributed to an increase of approximately \$1.1 billion in total assets and a decrease in deferred inflows of resources of \$1.4 billion. Of the \$1.1 billion increase in total assets, approximately \$814 million was due to increases in capital assets in both governmental and business-type activities. Deferred inflows of resources decreased by \$1.4 billion in FY2022 mainly due to amortization of prior and current years’ deferred amounts related to the three pension plans.
- The City’s unrestricted net position is a deficit of \$6.3 billion. This is an improvement of approximately \$1.0 billion compared to FY2021. The deficit is mainly attributable to the outstanding net pension liabilities for the Municipal and Police pension plans, pension obligation bonds, and total other post-employment benefits (“OPEB”) liability.
- The City’s total expenses were \$4.6 billion compared to \$5.0 billion in the prior year. The decrease was primarily due to OPEB benefit as due to changes in benefit terms and amortization of prior year deferred inflows related to the OPEB Health Benefit plan.

Impact of COVID-19 Pandemic (the “Pandemic”)

Since the Pandemic began in early 2020, the Federal Government infused an unprecedented amount in economic stimulus into the economy in response to the Pandemic. As of June 30, 2022, the City has fully expended the entire \$404.8 million Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) funds the City received in the fourth quarter of fiscal year 2020 from the Federal Government. The funds were used for direct response to the Pandemic.

On March 11, 2021, the American Rescue Plan Act (“ARPA”) was signed into law. Under ARPA, the State and Local Fiscal Recovery Fund (“SLFRF”) provided additional funding to state and local governments for response and recovery from the Pandemic. The City was awarded a total of \$607.7 million, which was received in two separate payments of \$303.8 million each in FY2021 and FY2022. As of June 30, 2022, the City has expended approximately \$166.3 million on revenue replacement, public safety, and other programs.

In addition, the City was awarded grants totaling approximately \$173.2 million during FY2021 to be used by the City’s Housing and Community Development Department for emergency rental assistance. The City expended approximately \$91.1 million in FY2022, and none of those funds were spent FY2021.

Furthermore, the City’s Airport System, (the “Airport System”), received a total of \$200.2 million of CARES Act funds through the Federal Aviation Administration (the “FAA”). The Airport System also received funds under the Coronavirus Response and Relief Supplemental Appropriation Act (“CRRSA Act”), passed by the U.S. Congress on December 27, 2020. The Airport System and its airport concessions were awarded approximately \$45.8 million and \$6.2 million, respectively, of CRRSA Act funds through the FAA. Under ARPA, the Airport System and its concessions are eligible to receive approximately a total of \$181.0 million and \$24.8 million, respectively, in addition to the CRRSA Act funds. As of June 30, 2022, a total of \$330.0 million of CARES Act, CRRSA, and ARPA funds have been expended, excluding amounts available for the concessionaires.

CITY OF HOUSTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022
(Unaudited)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City basic financial statements are comprised of three components: (1) government-wide financial statements ("GWFS"), (2) fund financial statements, and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. GWFS are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal 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. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of GWFS distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, health, housing and community development, parks and recreation, and library. The business-type activities of the City include the Airport System, Combined Utility System (the "Combined Utility"), and Convention & Entertainment Facilities (the "Convention and Entertainment").

The GWFS include not only the City itself (known as the primary government), but also legally separate component units for which the City is financially accountable. Except for the three pension systems, financial information for the component units is reported separately from the financial information presented for the primary government itself. The pension systems, 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.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the GWFS. However, unlike the GWFS, 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 fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains ten individual governmental funds for financial reporting purposes. 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, the debt service fund, the capital projects fund, and the grants fund, all of which are considered as major funds. Data from the other funds is combined in the column labeled "Nonmajor Governmental Funds" on both of these statements (see the separate tab labeled "Governmental Funds" for more information on these funds).

Change in reporting entity. As of and for the fiscal year ended June 30, 2022, CARES Act Fund and Affordable Housing TIRZ 2021 Fund, which are sub-funds of Grants Fund and Special Revenue Fund, respectively, are no longer reported as major funds.

The City adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget in the Required Supplementary Information section of this report.

CITY OF HOUSTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022
(Unaudited)

Proprietary funds. The City maintains two different types of proprietary funds: Enterprise funds (see separate tab of same name) and internal service funds (see separate tab of same name). Enterprise funds are used to report the same functions presented as business-type activities in the GWFS. The City uses enterprise funds to account for its Airport System, Combined Utility, and Convention and Entertainment. The City uses internal service funds to account for health benefits and long-term disability activities. Because both health benefits and long-term disability activities predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the GWFS.

Proprietary funds provide the same type of information as the GWFS, only in more detail. The proprietary fund financial statements provide separate information for the Airport System, Combined Utility, and Convention and Entertainment, all of which are major funds for the City. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary funds. Fiduciary funds (see separate tab of same name) are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the GWFS because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes (see separate tab of same name) provide additional information that is essential to a full understanding of the data provided in the GWFS and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning: General fund – budget vs. actual, the City's three defined benefit pension plans, and the two other post-employment benefits plans.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, on a government-wide basis, assets and deferred outflows were higher than liabilities and deferred inflows by \$5.9 billion at June 30, 2022.

The largest portion of the City's net position is net investment in capital assets of approximately \$8.9 billion (e.g., land, building, machinery, equipment, and infrastructure); less any related 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 capital assets themselves cannot be used to liquidate these liabilities. Resources that are subject to external restrictions on how they may be used represents approximately \$3.3 billion of the City's net position.

	Net Position					
	June 30, 2022					
	(in millions)					
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 2,992	\$ 2,798	\$ 5,428	\$ 5,347	\$ 8,420	\$ 8,145
Capital assets	8,700	8,455	12,195	11,626	20,895	20,081
Total assets	<u>11,692</u>	<u>11,253</u>	<u>17,623</u>	<u>16,973</u>	<u>29,315</u>	<u>28,226</u>
Deferred outflows of resources	699	841	323	417	1,022	1,258
Long-term liabilities	7,862	7,509	12,157	12,670	20,019	20,179
Other liabilities	1,487	1,500	997	891	2,484	2,391
Total liabilities	<u>9,349</u>	<u>9,009</u>	<u>13,154</u>	<u>13,561</u>	<u>22,503</u>	<u>22,570</u>
Deferred inflows of resources	1,540	2,808	413	499	1,953	3,307
Net position						
Net investment in capital assets,	6,756	6,333	2,135	1,521	8,891	7,854
Restricted	1,864	1,713	1,442	1,356	3,306	3,069
Unrestricted (deficit)	(7,118)	(7,769)	802	453	(6,316)	(7,316)
Total net position (deficit)	<u>\$ 1,502</u>	<u>\$ 277</u>	<u>\$ 4,379</u>	<u>\$ 3,330</u>	<u>\$ 5,881</u>	<u>\$ 3,607</u>

CITY OF HOUSTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022
(Unaudited)

Change in Net Position
For the Fiscal Years Ended June 30, 2022 and 2021
(in millions)

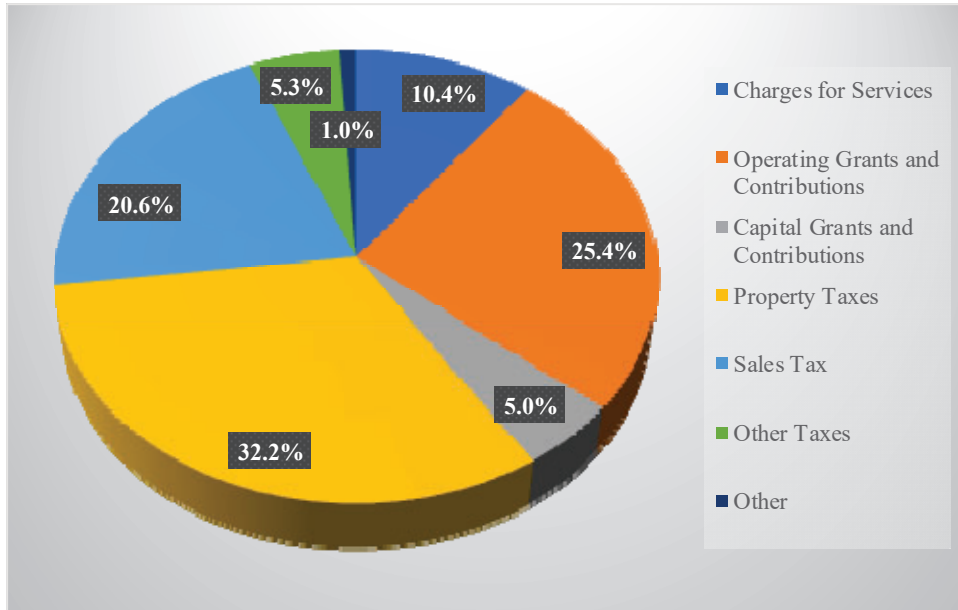
	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Program Revenues:						
Charges for services	\$ 416	\$ 440	\$ 1,909	\$ 1,489	\$ 2,325	\$ 1,929
Operating grants and contributions	1,012	1,139	146	222	1,158	1,361
Capital grants and contributions	199	246	587	433	786	679
General revenues:						
Property taxes	1,284	1,270	-	-	1,284	1,270
Sales taxes	823	707	-	-	823	707
Other taxes	211	201	83	47	294	248
Other	35	67	60	77	95	144
Gain (loss) on sale of asset	4	1	(5)	-	(1)	1
Total revenues	<u>3,984</u>	<u>4,071</u>	<u>2,780</u>	<u>2,268</u>	<u>6,764</u>	<u>6,339</u>
Expenses:						
General government	314	447	-	-	314	447
Public safety	1,206	1,298	-	-	1,206	1,298
Public works	355	397	-	-	355	397
Health	225	290	-	-	225	290
Housing and community development	390	372	-	-	390	372
Parks and recreation	82	97	-	-	82	97
Library	34	43	-	-	34	43
Interest on Long-term Debt	109	134	-	-	109	134
Depreciation and amortization	181	179	-	-	181	179
Airport System	-	-	560	586	560	586
Convention & Entertainment Facilities	-	-	107	76	107	76
Combined Utility System	-	-	1,005	1,052	1,005	1,052
Total expenses	<u>2,896</u>	<u>3,257</u>	<u>1,672</u>	<u>1,714</u>	<u>4,568</u>	<u>4,971</u>
Change in net position before contributions, special items and transfers	1,088	814	1,108	554	2,196	1,368
Transfers	59	63	(59)	(63)	-	-
Change in net position	1,147	877	1,049	491	2,196	1,368
Net position, July 1 as previously reported	277	(600)	3,330	2,155	3,607	1,555
Prior period adjustment	78	-	-	684	78	684
Beginning net position July 1	355	(600)	3,330	2,839	3,685	2,239
Net position (deficit) June 30	<u>\$ 1,502</u>	<u>\$ 277</u>	<u>\$ 4,379</u>	<u>\$ 3,330</u>	<u>\$ 5,881</u>	<u>\$ 3,607</u>

Governmental activities. Governmental activities increased the City's net position from FY2021 by approximately \$1.1 billion. The key elements of this change are as follows:

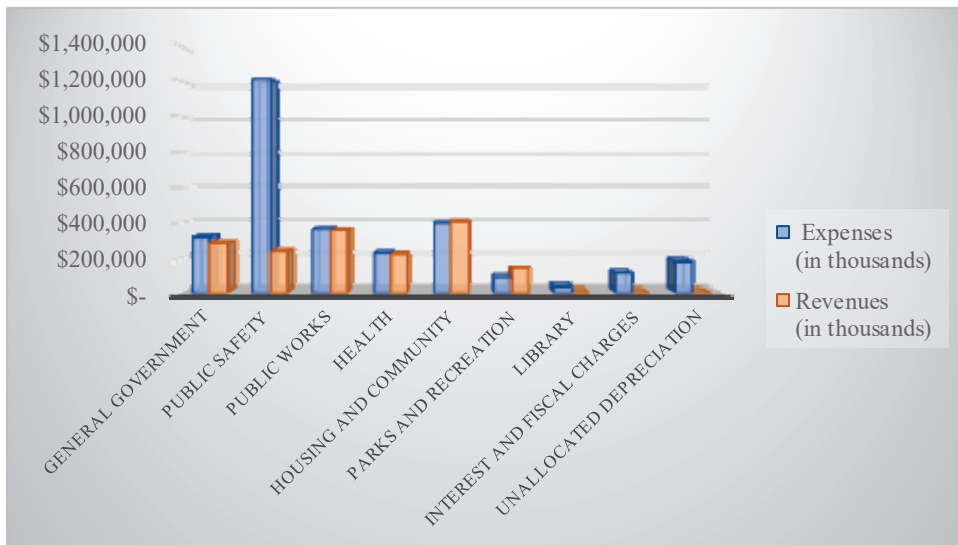
- Operating grants and contributions decreased by approximately \$126.9 million to \$1,011.7 million in FY2022. The decrease was due to less federal award expenditures during FY2022 compared to FY2021.
- Sales tax revenue for FY2022 increased by approximately \$115.8 million as both commercial and personal activities returned to normal in the City since many restrictions related to the Pandemic were lifted. In addition, federal funds distributed to organizations and individuals contributed to the growing economy in the City.
- Total expenses decreased by approximately \$361.3 million mainly due to pension and OPEB benefits realized from prior year deferred amounts and a change in benefit terms. The benefits were offset mainly by increases in public safety spendings.

CITY OF HOUSTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022
(Unaudited)

FY2022 Governmental Activities – Revenue by Source



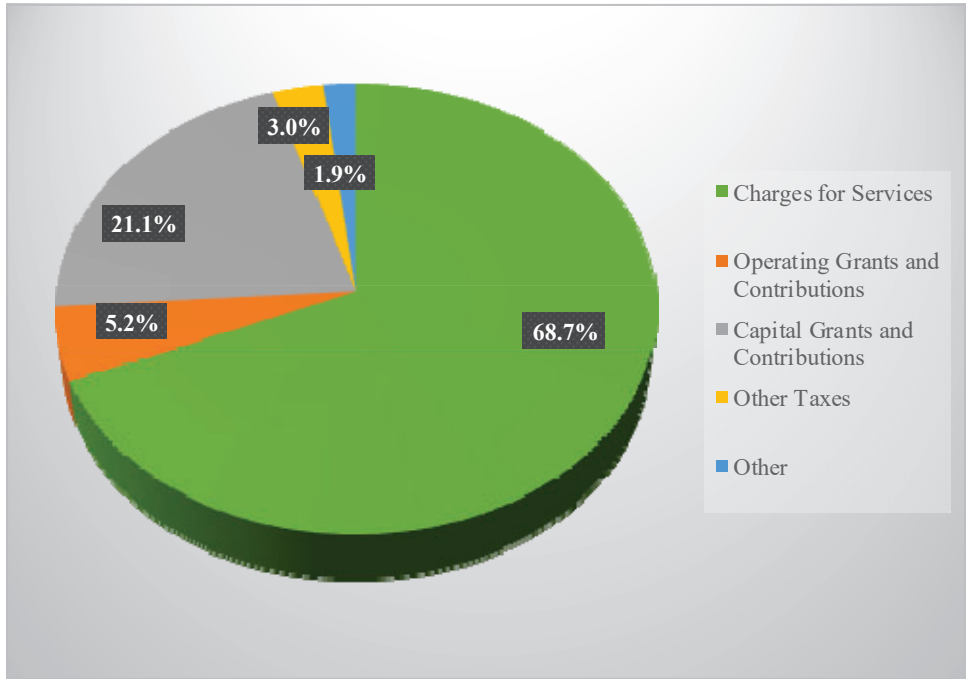
FY2022 Governmental Activities – Program Revenues and Expenses



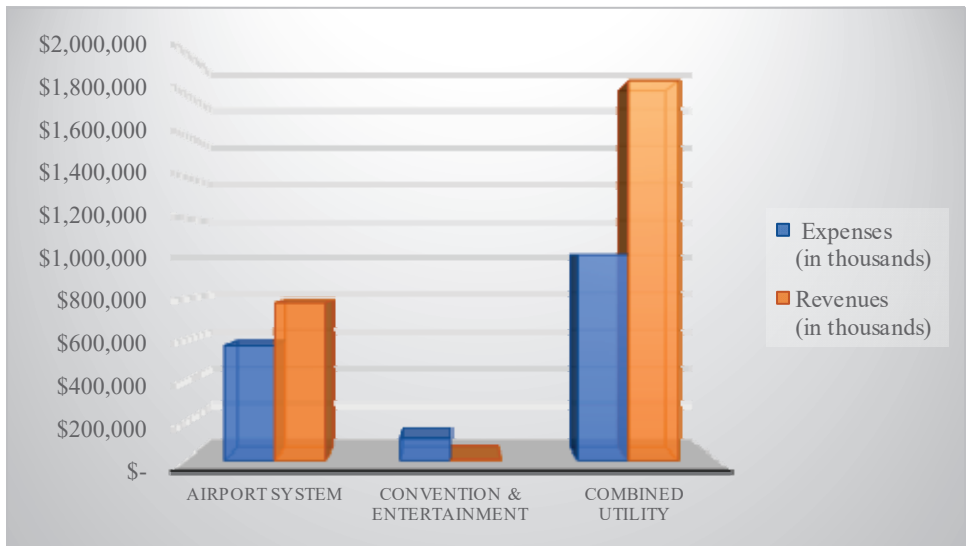
CITY OF HOUSTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022
(Unaudited)

Business-type activities. Change in net position totaled \$1,048.7 million for the City's business-type activities in FY2022. Total net position increased from \$3,330.4 million at the end of FY2021 to \$4,379.1 million at the end of FY2022. Of the \$4,379.1 million total net position, the Airport System accounted for approximately 41.1% or \$1,797.7 million, while the Combined Utility accounted for approximately 56.6% or \$2,478.1 million of the total.

FY2022 Business-Type Activities – Revenue by Source



FY2022 Business-Type Activities – Program Revenues & Expenses



CITY OF HOUSTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022
(Unaudited)

Key elements of this change are as follows:

- The Airport System's operating revenues increased by approximately \$162.6 million or 51.0% to \$481.2 million in FY2022 mainly due to total number of passengers increased from 29.7 million in FY2021 to 52.0 million in FY2022 as both business and leisure travel continue to recover since the Pandemic. Passenger Facility Charges earned also increased by \$35.9 million or 57.4% to \$98.4 million in FY2022. Operating expenses totaled approximately \$482.8 million in FY2022, a decrease of \$6.6 million from \$489.4 million in FY2021. \$4.0 million or 61.1% of this decrease was attributable to a decrease in depreciation and amortization expense as certain capital assets being retired as part of the IAH Terminal Redevelopment Program, while new additions remained in construction in progress.
- The Convention & Entertainment's maintenance and operating expenses increased by \$38.9 million or 127.6% as travelers started to return to the City after most restrictions were lifted during FY2022. In addition, hotel occupancy tax revenue increased from \$47.4 million in FY2021 to \$82.5 million in FY2022, a \$35.1 million or 73.9% increase.
- The Combined Utility's operating revenues increased by approximately \$214.8 million or 19.7% in FY2022 compared to FY2021. This increase was mainly due the rate increases implemented in September 2021 and April 2022 based on the rate study completed in FY2021. Operating expenses decreased by approximately \$57.5 million or 7.2% primarily due to amortization of deferred amounts related to the pension plan as well as a change in benefit terms related to the OPEB health benefits plan.
- Investment income (loss) for business-type activities decreased by \$103.8 million to a loss of \$89.8 million in FY2022. This is due to a combined \$126.8 million decrease in fair value of investments for the three enterprise funds.

Financial Analysis of the Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds (see separate tab of same name). 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 a government's net resources available for spending at the end of the fiscal year.

At the end of FY2022, the City's governmental funds reported combined ending fund balances of approximately \$1.5 billion. Approximately 25.8% of this total, or \$379.7 million, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is set aside to indicate that it is not available for new spending because it has already been assigned for capital expenditures, \$110.4 million; restricted to pay debt service, \$149.5 million; or a variety of other restricted purposes, \$831.4 million.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$379.7 million, while the total fund balance reached \$420.7 million. 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 fund balance represents approximately 16.7% of total general fund expenditures, while total fund balance represents 18.5% of that same amount. Revenues increased by approximately \$259.4 million or 10.6% while expenditures increased by approximately \$149.0 million or 7.0%.

Key differences in the general fund activity between FY2022 and FY2021 are as follows:

- Property tax revenue decreased by approximately \$9.3 million or 0.7% to \$1,244.7 million for FY2022 due to protests by property owners, refunds to taxpayers, and other adjustments by the appraisal districts.
- Sales tax revenue increased by \$113.8 million or 16.1% due to more than \$5 trillion in economic stimulus injected into the economy in response to the Pandemic and rapid recovery in Houston's economy resulting increased consumer spending.
- Charges for services increased by \$12.8 million or 8.4% primarily due to an increase of \$7.2 million in ambulance fees collected during FY2022.
- Intergovernmental grants increased by \$133.5 million or 198.4% mainly due to \$139.4 million of ARPA grants expended for various governmental functions.
- Expenditures for General Government increased by approximately \$41.0 million or 16.3% as costs for services, real estate rental, legal claims, and payments to municipal utility districts increased by approximately \$37.0 million in FY2022 compared to FY2021.

CITY OF HOUSTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022
(Unaudited)

- Expenditures for Public Safety increased by approximately \$75.3 million or 5.2% primarily due to increases in payroll expenses and employee benefits totaling approximately \$51.5 million. Of the \$51.5 million, approximately \$18.7 million was for the Police Department, while \$32.5 million was for the Fire Department.
- Park and Recreation Department's expenditures increased by approximately \$18.8 million or 34.6% mainly due to operating costs for the Houston Zoo were paid by the General Fund (\$10.5 million) versus Grants Fund (\$10.4 million) in FY2022 and FY2021, respectively. In addition, personnel related costs increased by approximately \$5.4 million compared to FY2021.

Debt service expenditures (principal and interest) for the debt service fund increased by \$45.5 million or 12.5%. In addition, net proceeds from issuance of debt totaled \$341.0 million in FY2022. The increases are primary due to issuance of Public Improvement Bonds and Certificates of Obligations Series 2021A, 2021B, 2021C, 2021D, and 2021E.

The capital projects fund, which is used for the acquisition and/or construction of capital facilities by the City (except those financed by the three enterprise funds), has a fund balance of \$132.2 million as compared to \$141.9 million a year ago. Intergovernmental grants increased by \$29.1 million or 64.8% primarily due to additional funding totaling approximately \$16.9 million and \$12.2 million from the Metropolitan Transit Authority of Harris County and other governments, respectively. Capital outlay increased by \$37.9 million or 13.1% primarily due to an increase in the number and completion of various projects throughout the City.

The ARPA Fiscal Recovery Fund is used to receive funds from the U.S. Department of Treasury to be used for the response efforts relating to local fiscal recovery from the Pandemic pursuant to the ARPA. Cash and cash equivalents and unearned revenue increased by \$152.5 million or 50.2% and \$150.1 million or 49.4%, respectively, due to additional federal award received in June 2022. See Note 13.G. to the basic financial statements for additional details on the ARPA funds received.

The grants fund, which is used to account for grant resources received from various local, state, and federal agencies and organizations, has a fund balance of \$190.6 million at June 30, 2022, a 17.0% increase from \$162.9 million at the June 30, 2021. Significant amount of grants was received by the City during FY2021 in response to the Pandemic. In comparison, grant revenues decreased by \$268.3 million or 28.6% to approximately \$669.9 million in FY2022. This decrease was primarily due to many activities related to the Pandemic being ceased/completed. Expenditures totaled approximately \$643.3 million, a decrease of 223.4 million or 25.8% compared to FY2021. All governmental functions had lower expenditures in FY2022 compared to FY2021, except housing and community development, which continued to expend federal grant awards related to rental assistance and other housing projects.

Tax revenues reported in Nonmajor Governmental Funds. In FY2022, two sub-funds of Other Special Revenue Fund, reported collections of incremental property taxes, sales tax, and mixed beverage tax totaling approximately \$41.3 million. These collections are considered as special revenues and are restricted for two of the Tax Increment Reinvestment Zones ("TIRZs"), which are to be set up as separate legal entities in the future like other TIRZs, which are discretely presented component units of the City. See Note 1 for a list of discretely presented component units and Note 5 regarding TIRZs.

Proprietary funds (see tabs labeled "Enterprise Funds" and "Internal Services Funds"). The City proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At June 30, 2022, the Airport System, Convention and Entertainment, and Combined Utility had an unrestricted net position of \$80.9 million, \$23.1 million, and \$697.5 million, respectively. Major factors concerning the finances and change in net position of these funds are addressed in the discussion of the City's business-type activities.

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CITY OF HOUSTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022
(Unaudited)

General Fund Budgetary Highlights

Total revenues were above the final budget by approximately \$93.5 million due to higher-than-expected collections in property tax and sales tax by \$13.7 million and \$117.6 million, respectively. The increase in property tax was attributable to increase in assessed property values, which rose significantly in FY2022 or tax year 2021. The increase in sales tax was attributable to overall economic environment in the City and the State of Texas post-Pandemic as well as inflation. Additionally, mixed beverage tax collected exceeded the budget by approximately \$5.6 million. Restaurants and bars in the City reopened sooner than anticipated as restrictions were lifted. The details of the more significant variances are summarized below:

- \$13.7 million above budget in property tax
- \$2.3 million above budget in industrial assessments
- \$117.6 million above budget in sales taxes
- \$5.6 million above budget in mixed beverage tax
- \$4.6 million above budget in ambulance services
- \$11.5 million below budget in interest income
- \$4.3 million above budget in other income

Total expenditures for the general fund were \$10.7 million below the final expenditure budget and was mainly due to savings in personnel, supplies, and services. Personnel costs were approximately \$19.0 million under the budgeted amount, and other departmental expenditures were approximately \$7.4 million under the budgeted amount. Lower personnel costs were mainly due to many open positions still to be filled at the end of FY2022. The details of the more significant variances are highlighted below:

- \$13.7 million under budget in general government
- \$2.6 million under budget in public safety
- \$6.5 million under budget in parks and recreation
- \$2.9 million under budget in library
- \$2.9 million under budget in other current expenditures
- \$20.2 million over budget in transfers out

Capital Assets and Debt Administration

Capital assets: The City's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of June 30, 2022 totaled approximately \$20.9 billion. This investment in capital assets includes land, buildings and improvements, machinery, equipment, storm drainage, streets and bridges. The City's capital assets, net, increased by more than \$800 million in FY2022.

Capital Assets
June 30, 2022
(in millions)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	Activities		Activities		Primary Government	
	2022	2021	2022	2021	2022	2021
Land and right of way	\$ 2,417	\$ 2,344	\$ 493	\$ 500	\$ 2,910	\$ 2,844
Buildings, improvements and equipment	2,982	2,921	6,095	5,949	9,077	8,870
Construction in progress	861	689	2,782	2,236	3,643	2,925
Water rights	-	-	847	847	847	847
Garage rights	-	-	13	13	13	13
Intangibles	-	-	21	23	21	23
Infrastructure assets	8,320	8,132	12,526	12,224	20,846	20,356
Less accumulated depreciation	(5,880)	(5,631)	(10,580)	(10,166)	(16,460)	(15,797)
Total	\$ 8,700	\$ 8,455	\$ 12,197	\$ 11,626	\$ 20,897	\$ 20,081

CITY OF HOUSTON, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022
(Unaudited)

Major capital asset events during FY2022 included the following:

- Governmental fund activities recorded a total of \$547.3 million additions to capital assets. Of the \$547.3 million, more than \$367.9 million was added to construction in progress for drainage, roads, and other projects. In addition, the City continued to work on various projects related to disaster recoveries during FY2022. Construction in progress, after placing a total of \$196.0 million of assets in service, totaled approximately \$860.9 million as of June 30, 2022.
- Business-type activities had approximately \$1,048.8 million of additions to capital assets during FY2022.
 - The Airport System added approximately \$291.7 million of capital assets during FY2022, with \$287.8 million to construction in progress. Majority of the additions to construction in progress is related to the Airport System's IAH Terminal Redevelopment Program. At June 30, 2022, the Airport System had approximately \$556.9 million in construction in progress.
 - The Combined Utility added approximately \$757.1 million of capital assets during FY2022. Construction in progress increased from \$1,826.3 million at the end of FY2021 to more than \$2,224.6 million at the end of FY2022. The increase was mainly due to expansion work at the Northeast Water Purification Plant, which accounted for approximately \$324.5 million of the \$730.9 million additions to construction in progress. In addition, various water and sewer projects were placed in service during the year, resulting transfers totaling \$332.7 million from construction in progress to infrastructure and other capital assets.

More detailed information regarding capital assets can be found in Note 6 to the financial statements.

Long-term debt: The City's total debt remained stable in FY2022. At the end of FY2022, the City had total bonded debt of \$14.7 billion outstanding. The two largest portions of this total consisted of approximately \$2.1 billion debt backed by the full faith and credit of the government and \$10.4 billion of revenue bonds payable from the three enterprise funds' revenues. The remainder of the City's debt represents various long-term contracts and \$1.5 billion in pension bonds.

New debt issued during FY2022 included issuance of Public Improvement Bonds and Certificates of Obligations Series 2021A, 2021B, 2021C, 2021D, and 2021E totaling approximately \$327.3 million and issuance of \$130.0 million of Combined Utility System First Lien Revenue Bonds Series 2020E. In addition, the outstanding balance of the Airport System's commercial paper as of June 30, 2022 increased to \$185.0 million from \$20.0 million as of June 30, 2021.

Outstanding Debt
June 30, 2022
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
General obligation bonds and commercial paper	\$ 2,122	\$ 2,216	\$ 185	\$ 20	\$ 2,307	\$ 2,236
Pension bonds	1,375	1,400	94	98	1,469	1,498
Special facility bonds	-	-	61	69	61	69
Revenue bonds	-	-	10,363	10,650	10,363	10,650
Other borrowings	28	29	441	462	469	491
Total	\$ 3,525	\$ 3,645	\$ 11,144	\$ 11,299	\$ 14,669	\$ 14,944

CITY OF HOUSTON, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2022
(Unaudited)

Standard & Poor’s, Moody’s, Fitch’s and Kroll’s underlying ratings of the City’s obligations as of June 30, 2022 are as follows:

	<u>Standard & Poor's</u>	<u>Moody's</u>	<u>Fitch's</u>	<u>Kroll</u>
General Obligation	AA	Aa3	AA	N/R
Water & Sewer System Junior Lien	AA+	Aa1	AA+	N/R
Combined Utility System First Lien	AA	Aa2	AA	N/R
Houston Airport System-Subordinate Lien	A	A1	A+	AA-
Houston Airport System-CRCF Special Facility	BBB+	A3	A-	N/R
Convention & Entertainment - Senior Lien	A	A2	N/R	N/R
Combined Utility System - CWA	AA	N/R	AA+	N/R

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. At June 30, 2022, total assessed valuation is approximately \$345.5 billion, and therefore, the City’s debt limit is \$34.5 billion. The City’s outstanding general obligation debt of \$3.3 billion as of June 30, 2022 is well below the current debt limitation.

More detailed information on long-term debt can be found in Note 8 to the financial statements.

Economic Factors and Next Year’s Budget and Rates

The unemployment rate for the Houston-The Woodlands-Sugarland, Texas Metropolitan Statistical Area decreased to 4.8% as of June 2022 compared to 7.1% as of June 2021 according to the U.S. Bureau of Labor Statistics. As of September 2022, the unemployment rate remained consistent at 4.2% compared to June 2022.

Highlights of the fiscal year 2023 budget are as follows:

- The property tax rate was decreased to 53.3640 cents per \$100 of valuation in fiscal year 2023 (“FY2023”) compared to 55.083 cents for FY2022. While assessed property values increased for FY2023, due to the Proposition 1 restriction discussed in Note 13, property tax revenues cannot exceed the limit of \$1,271,767,258.
- Budgeted sales tax revenue increased to \$806.9 million in FY2023. The budgeted amount for FY2023 is mainly based on the actual amount earned in FY2022 and assumes no growth from FY2022. Although inflation results higher sales tax revenue, rising interest rates have opposite effect to the revenue.
- Total expenditures and other uses increased by approximately \$100.3 million to \$2,743.5 million in FY2023. Of the \$100.3 million increase, approximately \$54.1 million or 53.9% is due to increased spending in public safety.

Request for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Controller, Attention: Financial Reporting Division, 901 Bagby Street, Houston, Texas 77002.

CITY OF HOUSTON, TEXAS
STATEMENT OF NET POSITION

June 30, 2022
(amounts expressed in thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental	Business-type
Assets					
Cash and cash equivalents (Note 3A)	\$ 699,976	\$ 556,200	\$ 1,256,176	\$ 204,214	\$ 66,747
Investments (Note 3A)	1,214,975	1,671,396	2,886,371	448,137	47,600
Receivables, net of allowances					
Accounts receivable	157,897	257,603	415,500	22,748	12,717
Hotel occupancy tax receivable	-	22,431	22,431	554	-
Property taxes receivable	42,815	-	42,815	22,394	-
Sales taxes receivable	145,815	-	145,815	-	-
Mixed beverage taxes receivable	3,819	-	3,819	-	-
Franchise taxes receivable	9,691	-	9,691	-	-
Special assessments receivable	7,811	93	7,904	26	-
Accrued interest and other	-	-	-	1,358	686
Due from component units	-	35,326	35,326	-	-
Internal balances	27,774	(27,774)	-	-	-
Due from other governments	301,258	698,718	999,976	741	100
Inventory	26,976	16,591	43,567	-	-
Prepaid items	4,762	16,453	21,215	4,181	6,133
Notes receivable	105,709	-	105,709	-	-
Restricted:					
Cash and cash equivalents (Note 3A)	-	175,266	175,266	-	36,344
Investments (Note 3A)	-	1,429,645	1,429,645	13,134	51,831
Receivables and deposits	-	10,089	10,089	3,858	131,807
Due from component units	-	285,839	285,839	-	-
Property held for sale	-	-	-	43,558	-
Amounts held by other governments	-	13,064	13,064	-	-
Lease asset receivable	37,373	267,251	304,624	-	58,243
Lease ROU, net of accumulated amortization	74,954	119	75,073	84	11,825
Due from primary government	-	-	-	3,446	-
Firefighter's net pension asset	130,298	-	130,298	-	-
Capital assets:					
Land and right-of-way	2,400,123	493,093	2,893,216	158,117	42,680
Buildings	1,412,125	3,865,905	5,278,030	205,214	924,013
Improvements and equipment	1,569,975	2,228,590	3,798,565	-	-
Construction in progress	860,871	2,781,536	3,642,407	38,762	68,224
Water rights	-	846,510	846,510	-	-
Garage rights	-	13,144	13,144	-	-
Rights and intangibles	17,021	21,010	38,031	-	-
Infrastructure assets	8,319,747	12,525,609	20,845,356	-	-
Less accumulated depreciation and amortization	(5,880,253)	(10,580,040)	(16,460,293)	(45,715)	(296,438)
Total assets	\$ 11,691,512	\$ 17,623,667	\$ 29,315,179	\$ 1,124,811	\$ 1,162,512
Deferred outflows of resources					
Deferred outflows of resources	698,768	322,737	1,021,505	3,334	3,778
Total deferred outflows of resources	\$ 698,768	\$ 322,737	\$ 1,021,505	\$ 3,334	\$ 3,778

(Continued)

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
STATEMENT OF NET POSITION

June 30, 2022
(amounts expressed in thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental	Business-type
Liabilities					
Accounts payable and accrued expenditures	\$ 281,731	245,114	\$ 526,845	\$ 44,744	\$ 24,884
Accrued payroll liabilities	106,070	13,031	119,101	465	1,970
Cost of issuance	-	515	515	-	-
Accrued interest payable	44,690	82,550	127,240	10,108	5,229
Due to other governments	38,181	5,141	43,322	22,304	-
Other liabilities	-	-	-	-	2,599
Advances and deposits	5,301	62,229	67,530	937	-
Unearned revenue	568,137	32,719	600,856	17,799	1,007
Due to component units	-	31,816	31,816	113	-
Due to primary government	-	-	-	-	29,142
Contracts and retainages payable	-	89,933	89,933	2,262	8,057
Contracts payable - debt current maturities	-	8,866	8,866	-	-
Non-current liabilities					
Due within one year					
Notes payable	261	1,193	1,454	25,288	26,721
Bonds payable	202,291	388,085	590,376	40,575	-
Claims and judgments	72,925	2,999	75,924	-	-
Compensated absences	132,825	18,965	151,790	-	-
Lease liability	7,014	89	7,103	1,658	2,285
Construction billings and retainages	-	-	-	3,097	-
Special facility bonds payable	-	8,165	8,165	-	-
Arbitrage rebate liability	-	378	378	-	-
Other liabilities	-	1,328	1,328	-	-
Pension bonds payable	27,154	3,835	30,989	-	-
Due in more than one year					
Notes payable	28,375	14,800	43,175	127,857	522,465
Bonds payable	1,750,969	9,974,580	11,725,549	772,449	-
Claims and judgments	133,436	6,059	139,495	-	-
Compensated absences	401,576	16,875	418,451	1,403	-
Contracts payable	-	416,529	416,529	3,000	-
Special facility bonds payable	-	52,515	52,515	-	-
Commercial paper	168,000	185,000	353,000	-	-
Due to other governments	-	9,369	9,369	-	-
Unearned revenue	-	491,027	491,027	-	10,837
Lease liabilities	76,801	34	76,835	43,607	9,731
Arbitrage rebate liability	-	548	548	-	-
Accrued interest payable	-	56,402	56,402	-	-
Other liabilities	-	-	-	4	525
SWAP liability	-	124,651	124,651	-	-
Pension obligation bonds payable	1,348,319	90,103	1,438,422	-	-
Other post employment benefits liability	2,087,138	263,457	2,350,595	-	-
Municipal net pension liability	1,143,585	455,141	1,598,726	-	-
Police officers' net pension liability	723,746	-	723,746	-	-
Total liabilities	\$ 9,348,525	\$ 13,154,041	\$ 22,502,566	\$ 1,117,670	\$ 645,452
Deferred inflows of resources					
Deferred inflows of resources	1,540,176	413,307	1,953,483	2,938	73,794
Total deferred inflows of resources	\$ 1,540,176	\$ 413,307	\$ 1,953,483	\$ 2,938	\$ 73,794
Net position					
Net investment in capital assets	6,755,792	2,135,190	8,890,982	259,076	286,473
Restricted net position					
Restricted for debt service	117,305	519,249	636,554	96,023	7,493
Restricted for renewal and replacement	-	10,000	10,000	-	-
Restricted for maintenance and operations	-	165,481	165,481	4,628	-
Restricted for others' capital improvement	-	50,953	50,953	-	-
Restricted for capital improvement	329,117	696,751	1,025,868	33,362	-
Other restricted	1,417,290	-	1,417,290	97,632	77,027
Unrestricted (deficit)	(7,117,925)	801,432	(6,316,493)	(483,184)	76,051
Total net position (deficit)	\$ 1,501,579	\$ 4,379,056	\$ 5,880,635	\$ 7,537	\$ 447,044

* The notes to the basic financial statements are an integral part of this statement *

**CITY OF HOUSTON, TEXAS
STATEMENT OF ACTIVITIES**

**For the Fiscal Year Ended June 30, 2022
(amounts expressed in thousands)**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 314,357	\$ 63,704	\$ 219,974	\$ -
Public safety	1,205,824	154,258	81,184	-
Public works	355,357	162,141	113,855	74,057
Health	225,311	23,967	195,296	-
Housing and community development	390,235	129	397,875	-
Parks and recreation	81,696	10,599	3,384	125,174
Library	33,753	1,303	102	-
Interest and fiscal charges	108,939	-	-	-
Unallocated depreciation expense	180,676	-	-	-
Total governmental activities	<u>2,896,148</u>	<u>416,101</u>	<u>1,011,670</u>	<u>199,231</u>
Business-type activities				
Airport System	559,777	593,343	134,621	41,047
Convention & Entertainment facilities	106,599	8,357	-	-
Combined Utility System	1,004,623	1,307,513	11,196	546,307
Total business-type activities	<u>1,670,999</u>	<u>1,909,213</u>	<u>145,817</u>	<u>587,354</u>
Total primary government	<u>\$ 4,567,147</u>	<u>\$ 2,325,314</u>	<u>\$ 1,157,487</u>	<u>\$ 786,585</u>
Component Units				
Governmental	\$ 307,450	\$ 21,202	\$ 66,394	\$ 7,942
Business-type	216,530	127,646	88,902	-
Total component units activities	<u>\$ 523,980</u>	<u>\$ 148,848</u>	<u>\$ 155,296</u>	<u>\$ 7,942</u>

General Revenues and Transfers:

Taxes:
Property taxes levied for general purposes/tax increments
Property taxes levied for debt service
Industrial assessments tax
Sales tax
Franchise tax
Mixed beverage tax
Hotel occupancy tax
Investment loss
Other
Gain (loss) on disposal of asset
Transfers
Total general revenues and transfers
Change in net position
Net position beginning, as previously reported
Prior period adjustment
Net position beginning, restated
Net position ending

(Continued)

* The notes to the basic financial statements are an integral part of this statement *

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Governmental	Business-type	
\$ (30,679)	\$ -	\$ (30,679)	\$ -	\$ -	
(970,382)	-	(970,382)	-	-	
(5,304)	-	(5,304)	-	-	
(6,048)	-	(6,048)	-	-	
7,769	-	7,769	-	-	
57,461	-	57,461	-	-	
(32,348)	-	(32,348)	-	-	
(108,939)	-	(108,939)	-	-	
(180,676)	-	(180,676)	-	-	
<u>(1,269,146)</u>	<u>-</u>	<u>(1,269,146)</u>	<u>-</u>	<u>-</u>	
-	209,234	209,234	-	-	
-	(98,242)	(98,242)	-	-	
-	860,393	860,393	-	-	
-	971,385	971,385	-	-	
<u>(1,269,146)</u>	<u>971,385</u>	<u>(297,761)</u>	<u>-</u>	<u>-</u>	
-	-	-	(211,912)	-	
-	-	-	-	18	
-	-	-	<u>(211,912)</u>	<u>18</u>	
948,692	-	948,692	222,299	-	
335,250	-	335,250	-	-	
24,086	-	24,086	-	-	
822,656	-	822,656	-	-	
149,978	-	149,978	-	-	
21,890	-	21,890	-	-	
15,588	82,505	98,093	1,682	-	
(35,405)	(89,842)	(125,247)	750	5,603	
70,884	149,412	220,296	10,399	8,551	
3,630	(5,398)	(1,768)	-	-	
59,396	(59,396)	-	-	-	
<u>2,416,645</u>	<u>77,281</u>	<u>2,493,926</u>	<u>235,130</u>	<u>14,154</u>	
1,147,499	1,048,666	2,196,165	23,218	14,172	
276,546	3,330,390	3,606,936	(15,682)	432,872	
77,534	-	77,534	1	-	
354,080	3,330,390	3,684,470	(15,681)	432,872	
<u>\$ 1,501,579</u>	<u>\$ 4,379,056</u>	<u>\$ 5,880,635</u>	<u>\$ 7,537</u>	<u>\$ 447,044</u>	

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022
(amounts expressed in thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets			
Cash and cash equivalents	\$ 23,865	\$ 36,721	\$ 44,017
Investments	306,458	112,672	241,901
Receivables, net of allowances			
Accounts receivable	111,306	246	1
Contracts receivable	-	-	-
Notes receivable	-	-	-
Property taxes receivable	42,815	-	-
Sales taxes receivable	145,815	-	-
Mixed beverage taxes receivable	3,819	-	-
Franchise taxes receivable	9,691	-	-
Special assessments receivable	7,811	-	-
Lease asset receivable	37,373	-	-
Due from other funds	85,397	-	9,180
Due from other governments	26,005	-	26,970
Due from component units	-	-	-
Inventory	22,965	-	-
Prepaid items	2,712	-	2,048
Notes receivable	-	-	5,000
Total assets	<u>\$ 826,032</u>	<u>\$ 149,639</u>	<u>\$ 329,117</u>
Liabilities and fund balance			
Liabilities			
Accounts payable	\$ 96,421	\$ 144	\$ 62,856
Accrued payroll liabilities	92,687	-	-
Due to other funds	26,336	-	24,244
Due to component units	-	-	-
Due to other governments	24,131	-	11,778
Advances and deposits	192	-	-
Claims and judgments	2,162	-	-
Compensated absences	5,085	-	-
Unearned revenue	-	-	98,025
Total liabilities	<u>247,014</u>	<u>144</u>	<u>196,903</u>
Deferred inflows of resources			
Deferred inflow of resources	158,359	-	-
Total deferred inflows of resources	<u>158,359</u>	<u>-</u>	<u>-</u>
Fund balances			
Non-Spendable			
Prepays	2,712	-	2,048
Inventory	22,965	-	-
Restricted	983	149,495	19,725
Committed	14,292	-	-
Assigned	-	-	110,441
Unassigned	379,707	-	-
Total fund balances	<u>420,659</u>	<u>149,495</u>	<u>132,214</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 826,032</u>	<u>\$ 149,639</u>	<u>\$ 329,117</u>

* The notes to the basic financial statements are an integral part of this statement *

ARPA Fiscal Recovery Fund		Grants	Nonmajor Governmental Funds	Total
\$	456,434	\$ 26,517	\$ 100,074	\$ 687,628
	-	-	489,048	1,150,079
	-	29,439	16,904	157,896
	-	-	-	-
	-	-	-	42,815
	-	-	-	145,815
	-	-	-	3,819
	-	-	-	9,691
	-	-	-	7,811
	-	-	-	37,373
	-	592	25,507	120,676
	-	224,954	23,318	301,247
	-	-	-	-
	-	707	3,304	26,976
	-	-	-	4,760
	-	98,559	2,150	105,709
<u>\$</u>	<u>456,434</u>	<u>\$ 380,768</u>	<u>\$ 660,305</u>	<u>\$ 2,802,295</u>
\$	802	\$ 97,395	\$ 19,353	\$ 276,971
	1,128	4,918	7,136	105,869
	2	6,519	34,182	91,283
	-	-	-	-
	-	717	1,555	38,181
	-	289	4,820	5,301
	-	-	-	2,162
	-	-	102	5,187
	454,028	14,290	-	566,343
<u>\$</u>	<u>455,960</u>	<u>124,128</u>	<u>67,148</u>	<u>1,091,297</u>
	-	66,059	15,540	239,958
	-	66,059	15,540	239,958
	-	-	-	4,760
	-	707	3,304	26,976
	474	189,874	504,289	864,840
	-	-	70,024	84,316
	-	-	-	110,441
	-	-	-	379,707
<u>\$</u>	<u>474</u>	<u>190,581</u>	<u>577,617</u>	<u>1,471,040</u>
<u>\$</u>	<u>456,434</u>	<u>\$ 380,768</u>	<u>\$ 660,305</u>	

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

1. Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,697,699
2. Revenues earned but not available are not recognized as revenues on the fund financial statements	137,852
3. Deferred inflows and outflows related to pension and debt are not recognized on the fund financial statements	(841,408)
4. Lease liabilities used in governmental activities are not financial resources and, therefore, are not reported in the funds.	(81,596)
5. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	26,456
6. Lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	72,766
7. Liabilities, including bonds payable, not due and payable in the current period are not reported in the funds	(7,981,230)
Net position of governmental activities	<u>\$ 1,501,579</u>

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS
 For the Fiscal Year Ended June 30, 2022
 (amounts expressed in thousands)

	General	Debt Service	Capital Projects
Revenues			
Taxes and assessments	\$ 2,276,122	\$ -	\$ -
Licenses and permits	33,694	-	-
Charges for services	165,372	-	-
Intergovernmental - grants	200,762	-	74,057
Fines and forfeitures	20,186	-	-
Investment income (loss)	(6,991)	(4,347)	(8,239)
Other	18,051	639	12,169
Total revenues	<u>2,707,196</u>	<u>(3,708)</u>	<u>77,987</u>
Expenditures			
Current			
General government	292,604	-	-
Public safety	1,536,217	-	-
Public works	220,501	-	-
Health	59,636	-	-
Housing and community development	276	-	-
Parks and recreation	73,301	-	-
Library	40,607	-	-
Retiree benefits	11,837	-	-
Capital outlay	36,352	-	328,135
Debt Service			
Debt service principal	-	264,844	-
Debt service interest	1,632	142,932	-
Debt service fiscal agent & fees	-	4,528	-
Total expenditures	<u>2,272,963</u>	<u>412,304</u>	<u>328,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>434,233</u>	<u>(416,012)</u>	<u>(250,148)</u>
Other financing sources (uses)			
Issuance of debt	31,000	305,861	138,487
Issuance of debt for capital lease	6,833	-	-
Premium on sale of refunding bonds	-	35,170	-
Sale of capital assets	6,998	-	-
Transfers in	70,037	414,131	160,444
Transfers out	(477,968)	-	(58,440)
Payment to escrow agent for refunded bonds	-	(338,940)	-
Insurance proceeds	-	-	-
Total other financing sources (uses)	<u>(363,100)</u>	<u>416,222</u>	<u>240,491</u>
Changes in fund balance	71,133	210	(9,657)
Fund balances, July 1, as previously reported	<u>349,526</u>	<u>149,285</u>	<u>153,023</u>
Change in reporting entity	-	-	-
Prior period adjustment	-	-	(11,152)
Fund balances, July 1 as restated	<u>349,526</u>	<u>149,285</u>	<u>141,871</u>
Fund balances, June 30	<u>\$ 420,659</u>	<u>\$ 149,495</u>	<u>\$ 132,214</u>

* The notes to the basic financial statements are an integral part of this statement *

ARPA Fiscal Recovery Fund	Grants	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 41,783	\$ 2,317,905
-	-	79,650	113,344
-	-	170,200	335,572
14,305	669,914	126,432	1,085,470
-	-	10,666	30,852
471	822	(14,973)	(33,257)
-	19	40,001	70,879
<u>14,776</u>	<u>670,755</u>	<u>453,759</u>	<u>3,920,765</u>
440	26,974	73,089	393,107
10,776	28,645	50,603	1,626,241
-	30,364	141,191	392,056
3,090	150,473	26,198	239,397
-	381,916	5,137	387,329
-	848	9,849	83,998
-	68	-	40,675
-	-	-	11,837
-	23,531	41,130	429,148
-	253	-	265,097
-	208	-	144,772
-	-	468	4,996
<u>14,306</u>	<u>643,280</u>	<u>347,665</u>	<u>4,018,653</u>
<u>470</u>	<u>27,475</u>	<u>106,094</u>	<u>(97,888)</u>
-	-	-	475,348
-	-	-	6,833
-	-	-	35,170
-	-	-	6,998
-	590	107,212	752,414
-	(413)	(156,197)	(693,018)
-	-	-	(338,940)
-	-	-	-
<u>-</u>	<u>177</u>	<u>(48,985)</u>	<u>244,805</u>
470	27,652	57,109	146,917
<u>4</u>	<u>164,821</u>	<u>328,738</u>	<u>1,145,397</u>
-	554	100,638	101,192
-	(2,446)	91,132	77,534
<u>4</u>	<u>162,929</u>	<u>520,508</u>	<u>1,324,123</u>
<u>\$ 474</u>	<u>\$ 190,581</u>	<u>\$ 577,617</u>	<u>\$ 1,471,040</u>

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022
(amounts expressed in thousands)**

Net change in fund balances - total governmental funds	\$	146,917
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation of \$299,535 and net disposal of assets of \$3,368 was less than the increase in capital assets of \$554,752 in the current period. For capital outlay, the Statement of Revenues, Expenditures and Changes in Fund Balance is \$429,148 of which \$6,833 is related to right of use assets which were offset by proceeds from financing related to leases. The City also recorded donated capital assets of \$125,174 which is recorded as capital contributions in the Statement of Activities.</p>		243,809
<p>Revenue in the statement of activities that do not provide current financial resources are deferred as revenues in the funds.</p>		137,852
<p>Generally, governmental funds report revenue when cash is actually received, or is expected 60 days after the close of the fiscal year. Cash received during the period relates to prior periods.</p>		(201,022)
<p>The issuance of long-term debt 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, as expenditures, 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		119,450
<p>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. Governmental funds report payments as expenditures in the period of disbursement. The liquidation of long-term liabilities previously accrued should not be reported in the statement of activities.</p>		696,575
<p>Internal service funds are used by management to charge the costs of certain activities, such as the cost of health benefits, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.</p>		4,854
<p>Net effect of lease transactions</p>		(936)
Change in net position of governmental activities	\$	1,147,499

The Notes to the Financial Statement are a basic part of this statement.

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS

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CITY OF HOUSTON, TEXAS
 PROPRIETARY FUNDS
 Statement of Net Position
 June 30, 2022
 (amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	Convention & Entertainment	Combined Utility
Assets			
Current Assets			
Cash and cash equivalents	\$ 206,842	\$ 15,952	\$ 333,406
Investments	142,190	44,031	1,485,175
Receivables, net of allowances			
Accounts receivable	4,841	13	252,749
Hotel occupancy tax receivable	-	22,431	-
Special assessments receivable	-	-	93
Due from component units	-	35,326	-
Due from other funds	695	-	2,665
Due from other governments	90,504	-	7,242
Inventory	2,563	-	14,028
Prepaid items	6,975	-	6,761
Lease receivable	13,859	1,431	-
Restricted assets			
Cash and cash equivalents	175,229	-	37
Restricted accounts receivable	10,089	-	-
Investments	86,238	-	-
Total current assets	<u>740,025</u>	<u>119,184</u>	<u>2,102,156</u>
Noncurrent Assets			
Investments	6,645	34,988	63,289
Due from component units	-	285,839	-
Prepaid items	160	-	2,557
Lease asset receivable	246,716	5,245	-
Lease right-of-use assets, net of accumulated amortization	107	-	12
Due from other governments	-	-	600,972
Amounts held by other governments	-	-	13,064
Restricted assets			
Investments	1,238,485	-	-
Total noncurrent restricted assets	<u>1,492,113</u>	<u>326,072</u>	<u>679,894</u>
Capital assets			
Land	216,039	93,860	183,194
Buildings	3,109,559	566,149	190,197
Improvements and equipment	2,023,101	8,409	197,080
Infrastructure	558,286	334	11,966,989
Construction in progress	556,914	-	2,224,622
Intangibles	21,010	-	-
Water rights	-	-	846,510
Garage rights	-	13,144	-
Less accumulated depreciation and amortization	(3,618,269)	(342,846)	(6,618,925)
Net capital assets	<u>2,866,640</u>	<u>339,050</u>	<u>8,989,667</u>
Total noncurrent assets	<u>4,358,753</u>	<u>665,122</u>	<u>9,669,561</u>
Total assets	<u>5,098,778</u>	<u>784,306</u>	<u>11,771,717</u>
Deferred outflows of resources			
Deferred outflows	34,065	1,432	287,240
Total deferred outflows of resources	<u>\$ 34,065</u>	<u>\$ 1,432</u>	<u>\$ 287,240</u>

(Continued)

* The notes to the basic financial statements are an integral part of this statement *

Business-type Activities-Enterprise Funds		Governmental Activities	
Total		Internal Service Funds	
\$	556,200	\$	12,348
	1,671,396		64,896
	257,603		1
	22,431		-
	93		-
	35,326		-
	3,360		40
	97,746		11
	16,591		-
	13,736		2
	15,290		-
	175,266		-
	10,089		-
	86,238		-
	<u>2,961,365</u>		<u>77,298</u>
	104,922		-
	285,839		-
	2,717		-
	251,961		-
	119		2,188
	600,972		-
	13,064		-
	<u>1,238,485</u>		<u>-</u>
	<u>2,498,079</u>		<u>2,188</u>
	493,093		-
	3,865,905		963
	2,228,590		-
	12,525,609		-
	2,781,536		820
	21,010		-
	846,510		-
	13,144		-
	<u>(10,580,040)</u>		<u>(674)</u>
	<u>12,195,357</u>		<u>1,109</u>
	<u>14,693,436</u>		<u>3,297</u>
	<u>17,654,801</u>		<u>80,595</u>
	<u>322,737</u>		<u>-</u>
\$	<u>322,737</u>	\$	<u>-</u>

(Continued)

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
 PROPRIETARY FUNDS
 Statement of Net Position
 June 30, 2022
 (amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	Convention & Entertainment	Combined Utility
Liabilities			
Current Liabilities			
Accounts payable	\$ 11,728	\$ 65	\$ 233,321
Accrued payroll liabilities	4,580	-	8,451
Accrued interest payable	44,118	5,032	33,400
Notes payable	1,193	-	-
Contracts and retainages payable	89,933	-	-
Due to other funds	1,466	-	31,203
Due to component units	-	31,816	-
Due to other governments	1,846	-	3,295
Special facility bonds payable	8,165	-	-
Advances and deposits	2,790	-	59,439
Contracts payable - debt current maturities	-	-	8,866
Cost of issuance payable	-	515	-
Claims and judgments	1,181	-	1,818
Compensated absences	6,820	-	12,145
Arbitrage rebate	-	-	378
Pension obligation bonds payable	-	210	3,625
Other liabilities	1,328	-	-
Current lease liability	77	-	12
Revenue bonds payable	77,700	26,461	283,924
Unearned revenue	32,719	-	-
Total current liabilities	<u>285,644</u>	<u>64,099</u>	<u>679,877</u>
Noncurrent liabilities			
Accrued interest payable	-	-	56,402
Revenue bonds payable	2,253,712	580,924	7,139,944
Special facility bonds payable	52,515	-	-
Claims and judgments	1,043	-	5,016
Compensated absences	7,460	-	9,415
Contracts payable	-	-	416,529
Commercial paper	185,000	-	-
Arbitrage rebate liability	-	-	548
Due to other governments	-	-	9,369
Lease liabilities	34	-	-
Municipal net pension liability	165,413	4,829	284,899
Other post employment benefits	70,922	8,368	184,167
Notes payable	14,800	-	-
SWAP liability	-	-	124,651
Unearned revenue	-	5,442	485,585
Pension obligation bonds payable	2,006	2,789	85,308
Total noncurrent liabilities	<u>2,752,905</u>	<u>602,352</u>	<u>8,801,833</u>
Total liabilities	<u>3,038,549</u>	<u>666,451</u>	<u>9,481,710</u>
Deferred inflows of resources			
Deferred inflows	296,569	17,602	99,136
Total deferred inflows of resources	<u>296,569</u>	<u>17,602</u>	<u>99,136</u>
Net position			
Net investment in capital assets	507,167	26,281	1,601,742
Restricted net position			
Restricted for debt service	412,293	34,988	71,968
Restricted for renewal and replacement	10,000	-	-
Restricted for maintenance and operations	55,332	17,333	91,281
Restricted for others' capital improvement	50,953	-	-
Restricted for capital improvements	681,093	-	15,658
Unrestricted (deficit)	80,887	23,083	697,462
Total net position	<u>\$ 1,797,725</u>	<u>\$ 101,685</u>	<u>\$ 2,478,111</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
 Net position of business-type activities
 (Continued)

* The notes to the basic financial statements are an integral part of this statement *

Business-type Activities-Enterprise Funds		Governmental Activities	
Total		Internal Service Funds	
\$	245,114	\$	4,760
	13,031		201
	82,550		-
	1,193		-
	89,933		-
	32,669		124
	31,816		-
	5,141		-
	8,165		-
	62,229		-
	8,866		-
	515		-
	2,999		28,319
	18,965		187
	378		-
	3,835		-
	1,328		-
	89		-
	388,085		-
	32,719		1,794
	<u>1,029,620</u>		<u>35,385</u>
	56,402		-
	9,974,580		-
	52,515		-
	6,059		15,000
	16,875		-
	416,529		-
	185,000		-
	548		-
	9,369		-
	34		2,219
	455,141		-
	263,457		-
	14,800		-
	124,651		-
	491,027		-
	90,103		-
	<u>12,157,090</u>		<u>17,219</u>
	<u>13,186,710</u>		<u>52,604</u>
	413,307		-
	<u>413,307</u>		<u>-</u>
	2,135,190		3,297
	519,249		-
	10,000		-
	163,946		-
	50,953		-
	696,751		-
	801,432		24,694
\$	<u>4,377,521</u>	\$	<u>27,991</u>
\$	1,535		
\$	<u>4,379,056</u>		

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
PROPRIETARY FUNDS
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2022
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	Convention & Entertainment	Combined Utility
Operating Revenues			
Landing area fees	\$ 94,253	\$ -	\$ -
Terminal space rentals	192,029	-	-
Parking	98,418	6,836	-
Concession	88,817	-	-
Other	7,657	-	-
Rental	-	1,521	-
Water/Sewer billing	-	-	1,307,513
Health benefit premiums	-	-	-
Total operating revenue	<u>481,174</u>	<u>8,357</u>	<u>1,307,513</u>
Operating Expenses			
Administrative costs	-	-	-
Claims costs	-	-	-
Maintenance and operating	316,001	69,298	463,364
Depreciation and amortization	166,792	12,848	282,839
Total operating expenses	<u>482,793</u>	<u>82,146</u>	<u>746,203</u>
Operating income (loss)	<u>(1,619)</u>	<u>(73,789)</u>	<u>561,310</u>
Nonoperating revenues (expenses)			
Investment income (loss)	(47,109)	7,979	(50,712)
Hotel occupancy tax	-	82,505	-
Other revenue	10,660	324	138,428
Gain (loss) on disposal of assets	(8,594)	-	3,196
Interest expense	(76,705)	(24,063)	(254,149)
Cost of issuance	-	(356)	(3,758)
CARES grant	134,621	-	-
Passenger facility charges	98,446	-	-
Contributions	-	-	11,196
Customer facility charges	13,723	-	-
Special facility cost	(128)	-	-
Total nonoperating revenues (expenses)	<u>124,914</u>	<u>66,389</u>	<u>(155,799)</u>
Income (loss) before capital contributions and transfers	<u>123,295</u>	<u>(7,400)</u>	<u>405,511</u>
Capital contributions	41,047	-	546,307
Transfers out	-	(1,521)	(57,875)
Total transfers	<u>-</u>	<u>(1,521)</u>	<u>(57,875)</u>
Change in net position	164,342	(8,921)	893,943
Total net position, July 1,	1,633,383	110,606	1,584,168
Total net position, June 30	<u>\$ 1,797,725</u>	<u>\$ 101,685</u>	<u>\$ 2,478,111</u>

Change in net position
Internal service fund activity is reported with governmental activities.
The amount shown represents the net expense allocated to business-type activities.
Total change in net position business-type activities

(Continued)

* The notes to the basic financial statements are an integral part of this statement *

Business-type Activities Enterprise Funds	Governmental Activities
Total	Internal Service Funds
\$ 94,253	\$ -
192,029	-
105,254	-
88,817	-
7,657	691
1,521	-
1,307,513	-
-	401,164
1,797,044	401,855
-	6,673
-	388,456
848,663	-
462,479	422
1,311,142	395,551
485,902	6,304
(89,842)	(2,148)
82,505	-
149,412	-
(5,398)	-
(354,917)	-
(4,114)	-
134,621	-
98,446	-
11,196	-
13,723	-
(128)	-
35,504	(2,148)
521,406	4,156
587,354	-
(59,396)	-
(59,396)	-
1,049,364	4,156
3,328,157	23,835
\$ 4,377,521	\$ 27,991
\$ 1,049,364	
(698)	
\$ 1,048,666	

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
PROPRIETARY FUNDS
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	Convention & Entertainment	Combined Utility
Cash flows from operating activities			
Receipts from customers	\$ 552,383	\$ 8,357	\$ 1,098,425
Payments to employees	(113,985)	(1,428)	(201,778)
Payments to suppliers	(165,416)	(55)	(230,103)
Internal activity-payments (to) from other funds	(69,895)	-	(89,015)
Payments to Houston First Corporation	-	(69,687)	-
Claims paid	-	-	43,188
Due to(from) other governments	-	-	-
Other receipts	7,657	1,191	86,651
Other payments	-	-	-
Receipts from component units	-	30,223	-
Receipts from other governments	-	-	1,934
Net cash provided by (used in) operating activities	<u>210,744</u>	<u>(31,399)</u>	<u>709,302</u>
Cash flows from investing activities			
Interest income on investments	12,625	11,102	13,274
Purchases of investments	(3,029,491)	(125,280)	(3,239,326)
Sales of investments	2,696,088	110,328	3,031,117
Net cash used in investing activities	<u>(320,778)</u>	<u>(3,850)</u>	<u>(194,935)</u>
Cash flows from capital and related financing activities			
Retirement of revenue bonds	(75,580)	(53,892)	(247,845)
Lease liabilities	(128)	-	-
Retirement of special facility bonds	(7,505)	-	-
Proceeds from SECO Loan	1,572	-	-
Proceeds from issuance of revenue bonds	-	37,284	130,000
Retirement of subordinate lien bonds	-	-	(12,475)
Proceeds from issuance of commercial paper	165,000	-	-
Passenger facilities charges	103,850	-	-
Customer facilities charges	13,645	-	-
Retirement of Junior Lien bonds	-	-	(15,480)
Interest expense on debt	(88,539)	(32,371)	(258,985)
Proceeds from disposition of assets	-	-	5,824
Grant receipts	60,885	-	-
Retirement of contracts payable	-	-	(8,580)
Acquisition of property, plant and equipment	(273,909)	-	(745,564)
Capital contributions from other local governments	-	-	443,449
Cost of issuance on debt	-	80	(3,758)
Special facility cost	(128)	-	-
Net cash used in capital and related financing activities	<u>(100,837)</u>	<u>(48,899)</u>	<u>(713,414)</u>

(Continued)

* The notes to the basic financial statements are an integral part of this statement *

Business-type Activities Enterprise Funds		Governmental Activities	
Total		Internal Service Funds	
\$	1,659,165	\$	400,035
	(317,191)		(4,571)
	(395,574)		(557)
	(158,910)		(1,624)
	(69,687)		-
	43,188		(391,595)
	-		19
	95,499		691
	-		(2)
	30,223		-
	1,934		-
	<u>888,647</u>		<u>2,396</u>
	37,001		(2,148)
	(6,394,097)		(122,557)
	<u>5,837,533</u>		<u>110,445</u>
	<u>(519,563)</u>		<u>(14,260)</u>
	(377,317)		-
	(128)		2,219
	(7,505)		-
	1,572		-
	167,284		-
	(12,475)		-
	165,000		-
	103,850		-
	13,645		-
	(15,480)		-
	(379,895)		-
	5,824		-
	60,885		-
	(8,580)		-
	(1,019,473)		(3,387)
	443,449		-
	(3,678)		-
	(128)		-
	<u>(863,150)</u>		<u>(1,168)</u>

(Continued)

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
PROPRIETARY FUNDS
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2022
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	Convention & Entertainment	Combined Utility
Cash flows from noncapital financing activities			
Interest expense on pension obligation bonds	\$ -	\$ -	\$ (4,771)
CARES Act/CRRSAA/ARPA grants	57,097	-	-
Retirement of pension bonds	-	(195)	(3,369)
Hotel occupancy tax revenue	-	77,558	-
Transfers to debt service fund	-	-	(4,899)
Transfers to other funds	-	(1,521)	(52,977)
Net cash provided by (used in) noncapital financing activities	57,097	75,842	(66,016)
Net increase (decrease) in cash and cash equivalents	(153,774)	(8,306)	(265,063)
Cash and cash equivalents, July 1	535,845	24,258	598,506
Cash and cash equivalents, June 30	\$ 382,071	\$ 15,952	\$ 333,443
Cash and cash equivalents			
Pooled cash and cash equivalents (Note 3A)	\$ 206,842	\$ 15,952	\$ 333,406
Current restricted cash and cash equivalents (Note 3A)	175,229	-	37
Total cash and cash equivalents, June 30	\$ 382,071	\$ 15,952	\$ 333,443
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (1,619)	\$ (73,789)	\$ 561,310
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	166,792	12,848	282,839
Changes in assets and liabilities			
Accounts receivable	50,868	-	(81,780)
Other revenues (expenses)	-	-	132,642
Due from other funds	828	-	(2,297)
Due from/to component unit	-	31,385	-
Receipts from other governments	-	-	1,934
Inventory and prepaid items	(1,745)	-	(1,835)
Lease receivable	25,463	1,735	-
Accounts payable	1,345	62	17,811
Accrued payroll liabilities	419	-	933
Due to (from) other funds	1,367	-	(5,448)
Advances and deposits	470	-	5,789
Due from other governments	-	-	(1,167)
Claims and judgments-workers' compensation	(852)	-	2,640
Compensated absences	261	-	777
Other current liabilities	23,820	-	-
Other post employment benefits	(18,037)	(1,428)	(43,685)
Pension obligation payable	(16,261)	(476)	(29,029)
Unearned revenue	-	(291)	-
Deferred inflow - leases	(22,375)	(1,445)	-
Other long-term liabilities	-	-	(132,132)
Net cash provided by (used in) operating activities	\$ 210,744	\$ (31,399)	\$ 709,302
Non cash transactions			
Capital additions included in liabilities	\$ (51,712)	\$ -	\$ (32,725)
Amortization of premium and discount	\$ (15,014)	\$ (10,455)	\$ (18,680)
Unrealized gain (loss) on investments	\$ (59,734)	\$ (3,123)	\$ (63,985)
Donated capital	\$ -	\$ -	\$ (7,431)
CAB accretion interest	\$ -	\$ -	\$ 7,940
Gain (loss) on disposal of assets	\$ (8,594)	\$ -	\$ 3,196

(Continued)

* The notes to the basic financial statements are an integral part of this statement *

Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
Total	
\$ (4,771)	\$ -
57,097	-
(3,564)	-
77,558	-
(4,899)	-
(54,498)	-
<u>66,923</u>	<u>-</u>
(427,143)	(13,032)
<u>1,158,609</u>	<u>25,380</u>
<u>\$ 731,466</u>	<u>\$ 12,348</u>
\$ 556,200	\$ 12,348
175,266	-
<u>\$ 731,466</u>	<u>\$ 12,348</u>
\$ 485,902	\$ 6,304
462,479	422
(30,912)	2
132,642	-
(1,469)	39
31,385	-
1,934	-
(3,580)	(2)
27,198	-
19,218	3,129
1,352	35
(4,081)	85
6,259	-
(1,167)	19
1,788	(6,268)
1,038	(114)
23,820	-
(63,150)	-
(45,766)	-
(291)	(1,255)
(23,820)	-
<u>(132,132)</u>	<u>-</u>
<u>\$ 888,647</u>	<u>\$ 2,396</u>
\$ (84,437)	\$ -
\$ (44,149)	\$ -
\$ (126,842)	\$ -
\$ (7,431)	\$ -
\$ 7,940	\$ -
\$ (5,398)	\$ -

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2022
(With comparative totals for 2002)
(amounts expressed in thousands)

	Pension Trust Funds	Private-Purpose Trust Funds
Assets		
Cash and cash equivalents	\$ 75,906	\$ 270
Investments		
Investments held by trust	-	6,109
Other fixed income securities	2,487,361	-
Commingled equity funds	2,263,020	-
Common and preferred stock	3,935,550	-
Real estate, partnerships and alternatives	5,882,968	-
Short-term investment funds	1,111,677	-
Invested securities lending collateral	311,839	-
Receivables, net of allowances		
Accounts receivable	7,725	-
Contributions	25,344	-
Accrued interest and dividends	13,061	-
Other receivable	121,578	-
Other Assets	16,185	-
Land	5,805	-
Building	3,109	-
Lease right-of-use assets, net of accumulated amortization	438	-
Total assets	16,261,566	6,379
Liabilities		
Accounts payable	11,575	-
Security lending collateral	311,839	-
Foreign funds contracts payable	12,413	-
Lease liabilities	438	-
Other liabilities	8,128	-
Total liabilities	344,393	-
Net position		
Restricted net position for		
Pension	15,917,173	-
Individuals, organizations, and other governments	-	6,379
Total net position	\$ 15,917,173	\$ 6,379

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2022
(amounts expressed in thousands)

	Pension Trust Funds	Private-Purpose Trust Funds
Additions		
Contributions:		
City of Houston	\$ 431,066	\$ -
Plan members	113,625	-
Total contributions	<u>544,691</u>	<u>-</u>
Investment earnings		
Interest and dividends	127,448	-
Net depreciation in the fair value of investments	<u>(2,306)</u>	<u>(1,302)</u>
Total investment income (loss)	125,142	(1,302)
Less investment expense	<u>(34,489)</u>	<u>-</u>
Net investment income (loss)	<u>90,653</u>	<u>24</u>
Total additions	<u>635,344</u>	<u>24</u>
Deductions		
Benefits	968,660	-
Refund of contributions	6,006	-
Administrative expense	<u>15,182</u>	<u>-</u>
Total deductions	<u>989,848</u>	<u>-</u>
Change in net position	<u>(354,504)</u>	<u>-</u>
Total net position restricted, July 1	16,271,677	7,657
Total net position restricted, June 30	<u>\$ 15,917,173</u>	<u>\$ 6,379</u>

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Net Position
June 30, 2022
(amounts expressed in thousands)

	Greater Greenspoint Redevelopment Authority	Houston Forensic Science, LGC	Lake Houston Redevelopment Authority	Main Street Market Square Redevelopment Authority	Memorial City Redevelopment Authority
Assets					
Current Assets					
Cash	\$ 17,496	\$ 1,141	\$ 1,154	2,231	\$ 21
Investments					
Equity in pooled cash and investments	21,481	-	48,285	30,934	34,207
Receivables, net of allowances					
Accounts receivable	-	-	-	-	-
Hotel occupancy receivable	-	-	-	-	-
Property taxes receivable, net	9,036	-	-	381	-
Special assessments receivable	-	-	-	-	-
Accrued interest and other	-	-	-	-	-
Due from primary government	-	424	-	-	-
Due from other governments	-	-	-	-	-
Property Held for resale	-	-	-	-	-
Prepaid items	-	1,002	-	420	226
Restricted assets					
Investments	-	-	-	-	-
Other receivables	-	-	-	479	1
Total current assets	<u>48,013</u>	<u>2,567</u>	<u>49,439</u>	<u>34,445</u>	<u>34,455</u>
Noncurrent Assets					
Restricted assets					
Investments	-	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Right to use assets, net of amortization					
Right to use assets	-	-	-	-	-
Total right to use assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets					
Land	5,506	-	-	9,579	6,971
Buildings, improvements and equipment	35,196	39,164	-	2,187	-
Construction in progress	-	-	-	-	-
Less accumulated depreciation and amortization	(10,470)	(7,263)	-	(588)	-
Total capital assets	<u>30,232</u>	<u>31,901</u>	<u>-</u>	<u>11,178</u>	<u>6,971</u>
Total assets	<u>78,245</u>	<u>34,468</u>	<u>49,439</u>	<u>45,623</u>	<u>41,426</u>
Deferred outflows of resources					
Deferred outflows of resources	-	-	-	-	-
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities					
Current Liabilities					
Accounts payable	2,348	931	344	4,811	2,230
Accrued payroll liabilities	-	-	265	-	-
Accrued interest payable	400	-	-	686	602
Contracts and retainages payable	-	-	-	496	-
Notes payable	-	-	-	-	13,764
Lease payable	-	741	-	392	-
Due to other governments	-	-	-	-	-
Advances and deposits	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Current liabilities payable from restricted assets					
Bonds payable	1,570	-	-	2,180	5,660
Construction billings and retainages	-	-	-	-	-
Due to component units	-	-	-	-	-
Total current liabilities	<u>4,318</u>	<u>1,672</u>	<u>609</u>	<u>8,565</u>	<u>22,256</u>
Noncurrent liabilities					
Notes payable	-	-	22,233	-	-
Bonds payable	28,615	-	48,879	45,034	42,893
Lease payable	-	31,123	-	10,968	-
Other liabilities	-	-	-	-	-
Compensated absences	-	1,403	-	-	-
Contracts payable	-	-	-	-	-
Total Noncurrent liabilities	<u>28,615</u>	<u>32,526</u>	<u>71,112</u>	<u>56,002</u>	<u>42,893</u>
Total liabilities	<u>32,933</u>	<u>34,198</u>	<u>71,721</u>	<u>64,567</u>	<u>65,149</u>
Deferred inflows of resources					
Deferred inflows of resources	-	-	-	-	-
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net position					
Net investment in capital assets	24,360	37	-	-	6,971
Restricted net position					
Restricted for debt service	2,732	-	3,979	8,559	12,427
Restricted for maintenance and operations	-	-	-	-	-
Restricted for capital improvements	-	-	-	-	-
Other restricted	-	-	-	-	-
Unrestricted (deficit)	18,220	233	(26,261)	(27,503)	(43,121)
Total net position (deficit)	<u>\$ 45,312</u>	<u>\$ 270</u>	<u>\$ (22,282)</u>	<u>\$ (18,944)</u>	<u>\$ (23,723)</u>

* The notes to the basic financial statements are an integral part of this statement *

	Midtown Redevelopment Authority	OST/Alameda Corridors Redevelopment Authority	Southwest Houston Redevelopment Authority	Upper Kirby Redevelopment Authority	Uptown Development Authority	Nonmajor Component Units	Total
\$	29,509	\$ 10	\$ 3,483	\$ 14,994	\$ 64,958	\$ 69,217	\$ 204,214
	13,798	75,323	39,569	8,878	-	175,662	448,137
	-	-	-	874	695	21,179	22,748
	-	-	-	-	-	554	554
	1,911	-	-	-	-	11,066	22,394
	-	-	-	-	-	26	26
	-	-	-	-	-	1,358	1,358
	-	-	-	-	-	3,022	3,446
	-	-	-	-	357	384	741
	43,558	-	-	-	-	-	43,558
	-	-	229	-	7	2,297	4,181
	-	-	-	-	-	13,029	13,029
	3,196	-	-	-	-	182	3,858
	91,972	75,333	43,281	24,746	66,017	297,976	768,244
	-	-	-	-	-	105	105
	-	-	-	-	-	105	105
	-	-	-	-	-	84	84
	-	-	-	-	-	84	84
	14,945	3,154	6,938	13,509	17,101	80,414	158,117
	87,945	36	-	-	30,568	10,118	205,214
	-	-	-	-	-	38,762	38,762
	(13,588)	(36)	-	-	(8,090)	(5,680)	(45,715)
	89,302	3,154	6,938	13,509	39,579	123,614	356,378
	181,274	78,487	50,219	38,255	105,596	421,779	1,124,811
	-	-	185	-	3,149	-	3,334
\$	-	\$ -	\$ 185	\$ -	\$ 3,149	\$ -	\$ 3,334
	630	1,299	2,812	1,710	15,135	12,494	44,744
	-	-	-	-	-	200	465
	2,123	765	1,016	68	3,395	1,053	10,108
	48	-	-	908	-	810	2,262
	2,858	-	-	3,000	906	4,760	25,288
	-	-	-	244	-	281	1,658
	-	-	-	-	8,739	13,565	22,304
	-	-	-	33	-	904	937
	-	-	-	-	1,870	15,929	17,799
	3,785	2,415	2,740	-	20,030	2,195	40,575
	-	3,097	-	-	-	-	3,097
	-	-	-	-	-	113	113
	9,444	7,576	6,568	5,963	50,075	52,304	169,350
	16,791	-	-	27,000	8,069	53,764	127,857
	76,990	58,840	78,826	-	302,480	89,892	772,449
	-	-	-	98	-	1,418	43,607
	-	-	-	-	-	4	4
	-	-	-	-	-	-	1,403
	3,000	-	-	-	-	-	3,000
	96,781	58,840	78,826	27,098	310,549	145,078	948,320
	106,225	66,416	85,394	33,061	360,624	197,382	1,117,670
	2,938	-	-	-	-	-	2,938
\$	2,938	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,938
	65,676	3,154	6,938	13,846	23,527	114,567	259,076
	13,011	4,649	2,629	1,848	43,142	3,047	96,023
	-	-	-	-	-	4,628	4,628
	1,189	-	20,568	-	-	11,605	33,362
	47,270	-	-	-	-	50,362	97,632
	(55,035)	4,268	(65,125)	(10,500)	(318,548)	40,188	(483,184)
\$	72,111	\$ 12,071	\$ (34,990)	\$ 5,194	\$ (251,879)	\$ 224,397	\$ 7,537

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Activities
For the Year Ended June 30, 2022
(amounts expressed in thousands)

Net (Expense) Revenue and Change in Net Position

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Greenspoint Redevelopment Authority	Houston Forensic Science LGC	Lake Houston Redevelopment Authority
Component Units							
City Park Redevelopment Authority	\$ 355	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
East Downtown Redevelopment Authority	2,900	-	-	-	-	-	-
Fifth Ward Redevelopment Authority	997	-	-	-	-	-	-
Fourth Ward Redevelopment Authority	4,543	-	-	-	-	-	-
Greater Greenspoint Redevelopment Authority	7,485	-	-	-	(7,485)	-	-
Greater Houston Convention and Visitors Bureau	2,444	486	-	-	-	-	-
Gulfgate Redevelopment Authority	3,188	-	400	-	-	-	-
Hardy Near Northside Redevelopment Authority	373	-	-	-	-	-	-
Hiram Clarke/Fort Bend Redevelopment Authority	2,932	-	-	-	-	-	-
Houston Area Library Automated Network	1,616	-	1,355	-	-	-	-
Houston Arts Alliance	24,219	3,452	22,584	-	-	-	-
Houston BARC Foundation	152	78	144	-	-	-	-
Houston Civic Events, Inc	2,341	279	1,936	-	-	-	-
Houston Downtown Park Corporation	6	-	6	-	-	-	-
Houston Forensic Science LGC, Inc.	31,091	-	30,455	-	-	(636)	-
Houston Media Source, Inc	2,224	1,717	-	-	-	-	-
Houston Parks Board, LGC, Inc	22,513	13,872	-	7,942	-	-	-
Houston Public Library Foundation	2,165	-	754	-	-	-	-
Houston Recovery Center LGC, Inc	4,575	-	4,444	-	-	-	-
Lake Houston Redevelopment Authority	23,720	-	-	-	-	-	(23,720)
Main Street Market Square Redevelopment Authority	20,709	-	-	-	-	-	-
Memorial City Redevelopment Authority	7,957	-	-	-	-	-	-
Midtown Redevelopment Authority	20,668	-	-	-	-	-	-
OST/Almeda Corridors Redevelopment Authority	9,059	-	-	-	-	-	-
Southwest Houston Redevelopment Authority	15,415	-	-	-	-	-	-
Upper Kirby Redevelopment Authority	19,875	1,318	527	-	-	-	-
Uptown Development Authority	45,105	-	-	-	-	-	-
Nonmajor component units	106,366	19,884	35,412	7,942	-	-	-
Total component units	307,450	21,202	66,394	7,942	(7,485)	(636)	(23,720)
General Revenues:							
Taxes							
Property Taxes - general purposes / tax increment					15,414	-	19,491
Hotel occupancy tax					-	-	-
Unrestricted investment earnings (loss)					-	-	66
Other					356	242	-
Total general revenues and transfers					15,770	242	19,557
Change in net position					8,285	(394)	(4,163)
Net Position (deficit) beginning					37,027	665	(18,119)
Net Position (deficit) ending	\$				45,312	270	(22,282)

* The notes to the basic financial statements are an integral part of this statement *

Net (Expense) Revenue and Change in Net Position

<u>Market Square Redevelopment Authority</u>	<u>Memorial City Redevelopment Authority</u>	<u>Midtown Redevelopment Authority</u>	<u>Corridors Redevelopment Authority</u>	<u>Houston Redevelopment Authority</u>	<u>Upper Kirby Redevelopment Authority</u>	<u>Uptown Development Authority</u>	<u>Nonmajor Component Units</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (355)
-	-	-	-	-	-	-	-	(2,900)
-	-	-	-	-	-	-	-	(997)
-	-	-	-	-	-	-	-	(4,543)
-	-	-	-	-	-	-	-	(7,485)
-	-	-	-	-	-	-	-	(1,958)
-	-	-	-	-	-	-	-	(2,788)
-	-	-	-	-	-	-	-	(373)
-	-	-	-	-	-	-	-	(2,932)
-	-	-	-	-	-	-	-	(261)
-	-	-	-	-	-	-	-	1,817
-	-	-	-	-	-	-	-	70
-	-	-	-	-	-	-	-	(126)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(636)
-	-	-	-	-	-	-	-	(507)
-	-	-	-	-	-	-	-	(699)
-	-	-	-	-	-	-	-	(1,411)
-	-	-	-	-	-	-	-	(131)
-	-	-	-	-	-	-	-	(23,720)
(20,709)	-	-	-	-	-	-	-	(20,709)
-	(7,957)	-	-	-	-	-	-	(7,957)
-	-	(20,668)	-	-	-	-	-	(20,668)
-	-	-	(9,059)	-	-	-	-	(9,059)
-	-	-	-	(15,415)	-	-	-	(15,415)
-	-	-	-	-	(18,030)	-	-	(18,030)
-	-	-	-	-	-	(45,105)	-	(45,105)
-	-	-	-	-	-	-	(43,128)	(43,128)
<u>(20,709)</u>	<u>(7,957)</u>	<u>(20,668)</u>	<u>(9,059)</u>	<u>(15,415)</u>	<u>(18,030)</u>	<u>(45,105)</u>	<u>(43,128)</u>	<u>(211,912)</u>
21,858	17,335	27,021	11,978	9,419	11,563	46,699	41,521	222,299
-	-	-	-	-	-	-	1,682	1,682
2,470	39	50	122	68	29	40	(2,134)	750
-	-	264	23	2,120	-	-	7,394	10,399
<u>24,328</u>	<u>17,374</u>	<u>27,335</u>	<u>12,123</u>	<u>11,607</u>	<u>11,592</u>	<u>46,739</u>	<u>48,463</u>	<u>235,130</u>
3,619	9,417	6,667	3,064	(3,808)	(6,438)	1,634	5,335	23,218
(22,563)	(33,140)	65,444	9,007	(31,182)	11,632	(253,513)	219,060	(15,682)
<u>\$ (18,944)</u>	<u>\$ (23,723)</u>	<u>\$ 72,111</u>	<u>\$ 12,071</u>	<u>\$ (34,990)</u>	<u>\$ 5,194</u>	<u>\$ (251,879)</u>	<u>\$ 224,397</u>	<u>\$ 7,537</u>

* The notes to the basic financial statements are an integral part of this statement *

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CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - BUSINESS-TYPE
Combining Statement of Net Position
June 30, 2022
(amounts expressed in thousands)

	Houston First Corporation	Houston Housing Finance Corp	Houston Zoo, Inc.	Total Component Units
ASSETS				
Cash	\$ 30,358	\$ 31,239	\$ 5,150	\$ 66,747
Investments	-	-	47,600	47,600
Receivables, net of allowances				
Accounts receivable	8,000	935	3,782	12,717
Accrued interest and other	-	686	-	686
Prepaid items	4,742	95	1,296	6,133
Lease receivable	1,945	-	-	1,945
Restricted assets				
Investments	26,401	-	-	26,401
Other receivables	9,509	175	51,663	61,347
Due from other governments - grants	-	100	-	100
Total current assets	<u>80,955</u>	<u>33,230</u>	<u>109,491</u>	<u>223,676</u>
Noncurrent Assets				
Restricted cash and cash equivalents	3,554	3,999	28,791	36,344
Investments	25,430	-	-	25,430
Receivable and deposits	60,035	10,425	-	70,460
Lease receivable	56,298	-	-	56,298
Right to use lease asset	11,825	-	-	11,825
Total noncurrent assets	<u>157,142</u>	<u>14,424</u>	<u>28,791</u>	<u>200,357</u>
Property, plant & equipment				
Land	14,824	27,856	-	42,680
Buildings, improvements and equipment	652,465	56,069	215,479	924,013
Construction in progress	10,476	-	57,748	68,224
Less accumulated depreciation and amortization	<u>(203,221)</u>	<u>(9,171)</u>	<u>(84,046)</u>	<u>(296,438)</u>
Total property, plant & equipment	<u>474,544</u>	<u>74,754</u>	<u>189,181</u>	<u>738,479</u>
Total assets	<u>712,641</u>	<u>122,408</u>	<u>327,463</u>	<u>1,162,512</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflow of resources	<u>3,778</u>	<u>-</u>	<u>-</u>	<u>3,778</u>
Total deferred outflow of resources				
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 22,341	\$ 386	\$ 2,157	\$ 24,884
Accrued payroll liabilities			1,970	1,970
Accrued interest payable	5,229	-	-	5,229
Contracts and retainages payable	-	-	8,057	8,057
Due to primary government	29,142	-	-	29,142
Notes payable	23,394	1,007	2,320	26,721
Lease payable	2,285	-	-	2,285
Other liabilities - current	773	992	834	2,599
Deferred revenue	337	-	670	1,007
Total current liabilities	<u>83,501</u>	<u>2,385</u>	<u>16,008</u>	<u>101,894</u>
Long-term liabilities				
Notes payable	453,791	45,663	23,011	522,465
Lease payable	9,731	-	-	9,731
Deferred revenue	6,713	255	3,869	10,837
Other liabilities - LT	-	-	525	525
Total noncurrent liabilities	<u>470,235</u>	<u>45,918</u>	<u>27,405</u>	<u>543,558</u>
Total liabilities	<u>553,736</u>	<u>48,303</u>	<u>43,413</u>	<u>645,452</u>
DEFERRED INFLOW OF RESOURCES				
Deferred inflows of resources	<u>54,591</u>	<u>19,203</u>	<u>-</u>	<u>73,794</u>
Total deferred inflows of resources				
NET POSITION				
Investment in capital assets	120,697	28,084	137,692	286,473
Restricted net position				
Restricted for debt service	7,493	-	-	7,493
Other restricted	3,554	-	73,473	77,027
Unrestricted (deficit)	<u>(23,652)</u>	<u>26,818</u>	<u>72,885</u>	<u>76,051</u>
Total net position	<u>108,092</u>	<u>54,902</u>	<u>284,050</u>	<u>447,044</u>
Total liabilities, deferred inflow of resources, and net position	<u>\$ 716,419</u>	<u>\$ 122,408</u>	<u>\$ 327,463</u>	<u>\$ 1,166,290</u>

* The notes to the financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - BUSINESS-TYPE
Combining Statement of Activities
For the Year Ended June 30, 2022
(amounts expressed in thousands)

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
Component Units			
Houston First Corporation	\$ 158,485	\$ 75,266	\$ 59,419
Houston Housing Finance Corp.	9,630	339	463
Houston Zoo Inc.	48,415	52,041	29,020
Totals	<u>\$ 216,530</u>	<u>\$ 127,646</u>	<u>\$ 88,902</u>

General Revenues:

Unrestricted investment earnings

Other

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

* The notes to the basic financial statements are an integral part of this statement *

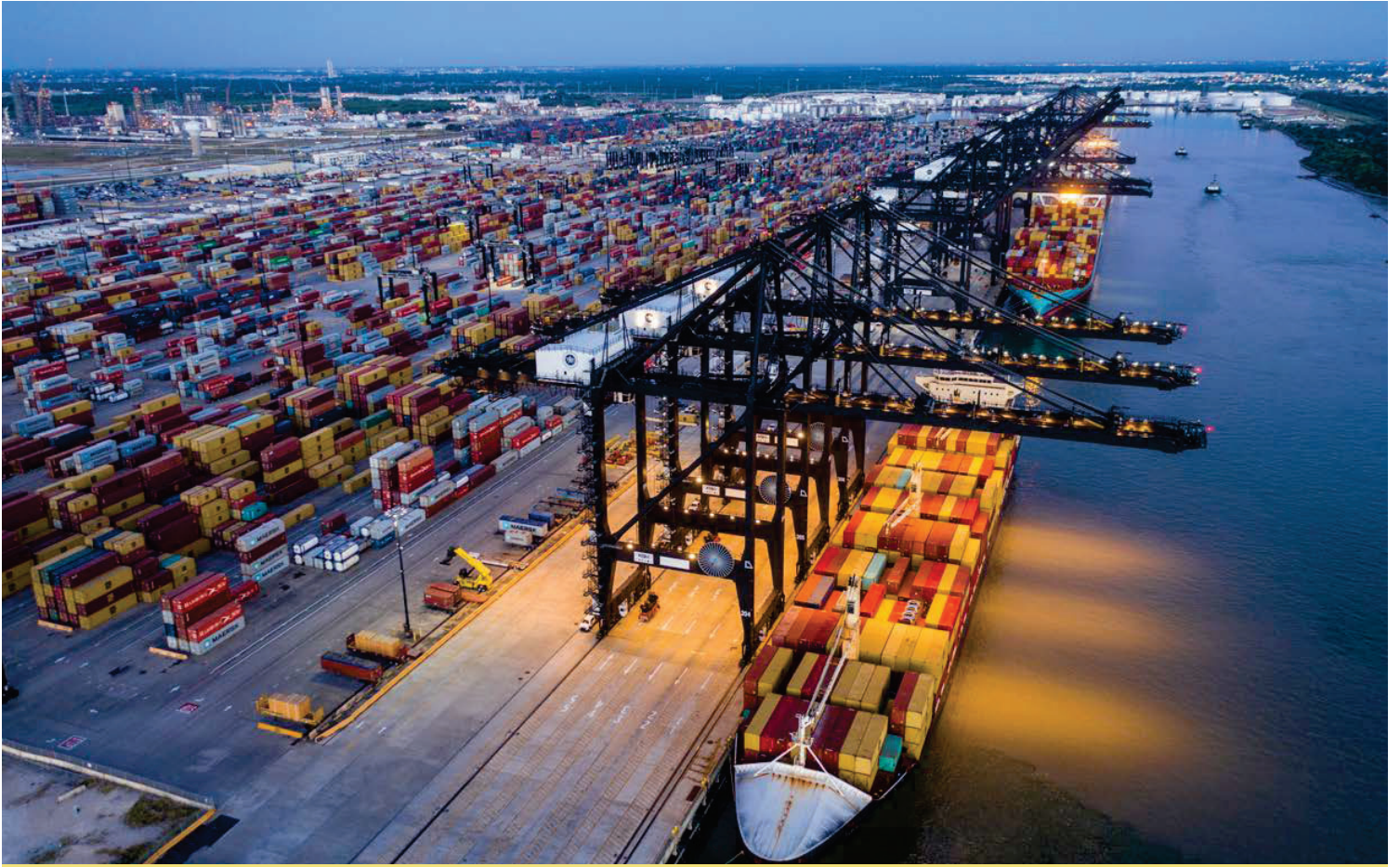
Net (Expense) Revenue and Change in Net Position

Houston First Corporation	Houston Housing Finance Corp.	Houston Zoo, Inc.	Total
\$ (23,800)	\$ -	\$ -	\$ (23,800)
-	(8,828)	-	(8,828)
-	-	32,646	32,646
<u>(23,800)</u>	<u>(8,828)</u>	<u>32,646</u>	<u>18</u>
2,064	1,419	2,120	5,603
<u>3,322</u>	<u>5,701</u>	<u>(472)</u>	<u>8,551</u>
<u>5,386</u>	<u>7,120</u>	<u>1,648</u>	<u>14,154</u>
(18,414)	(1,708)	34,294	14,172
<u>126,506</u>	<u>56,610</u>	<u>249,756</u>	<u>432,872</u>
<u>\$ 108,092</u>	<u>\$ 54,902</u>	<u>\$ 284,050</u>	<u>\$ 447,044</u>

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS

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Port Houston

NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements:

The Houston region, the country's No. 1 region for exports, is home to the largest petrochemical manufacturing complex in the Americas. Energy production and the export of crude oil, along with the increasing global demand for chemicals produced in the region, are major drivers of this success.

Due in large part to the petrochemical activity along the 52-mile ship channel, nearly 200 private companies that make up the Greater Port of Houston have helped make the port the No. 1 U.S. port in waterborne tonnage. Centrally located on the Gulf Coast, Houston is a strategic gateway for cargo originating in or destined for the U.S. West and Midwest. Houston lies within close reach of one of the nation's largest concentrations of 156 million consumers within 1,000 miles.

The port is vital to the local, state and national economy, and the maintenance and improvements of the public facilities ensures its continued economic impacts. Keeping the port secure so that business can flow freely is also an essential responsibility. As the local sponsor of the Houston Ship Channel, Port Houston plays an important role in the management and environmental stewardship of this important waterway.

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

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CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022



CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Houston, Texas (the “City”) was incorporated under the laws of the Republic of Texas in 1837 and again under the laws of the State of Texas in 1905. The City operates under a Home Rule Charter with a Mayor-Council form of government and provides the following services as authorized or required by its charter: public safety (police and fire), highways and streets, sanitation, water, airports, health services, culture-recreation, storm drainage, solid waste disposal, planning and inspection, civil defense, public improvements, and general administrative services, including pension and other benefits for its employees.

The financial statements presented in this report conform to the reporting requirements of the Governmental Accounting Standards Board (“GASB”), which establishes combined statements at the required reporting level for governmental entities that present financial statements in accordance with generally accepted accounting principles in the United States of America (“GAAP”).

The significant accounting policies of the City are as follows:

A. Principles Used in Determining the Reporting Entity for Financial Reporting Purposes

The accompanying financial statements include the City and all of its component units, collectively referred to as “the financial reporting entity”. In accordance with GASB Statement No. 14 and GASB Statement No. 61, the component units have been included in the City’s reporting entity because of the significant of their operational and final relationships with the City. Organizations are included if they are financially accountable to the City, or the nature and significance of their relationship with the City are such that exclusion would cause the financial statements to be misleading or incomplete. Inclusion is determined on the basis of the City’s ability to exercise significant influence. Significant influence or accountability is based primarily on its operational or financial relationship with the City (as distinct from legal relationship).

Component units are related organizations to the primary government. They are legally separate, independently audited, and are incorporated into the City’s Annual Comprehensive Financial Report (“ACFR”). Factors for determining if an entity should be treated as a component unit of a primary government are as follows:

- Fiscal dependency: does the primary government appoint a voting majority of the governing body
- Financial benefit or burden relationship or the ability for the primary government to impose its will
- Financial presentation: the potential that exclusion would result in misleading financial reporting

There are 2 classifications of component units: blended and discretely presented.

A blended component unit functions, for all practical purposes, as an integral part of the primary government, much like a department. The following criteria is utilized to determine if a component unit is blended:

- Substantively the same governing body and a financial benefit or burden relationship exists
- Substantively the same governing body and operational responsibility falls with the primary government
- (Almost) exclusive service or benefit to the primary government itself rather than its citizens
- Total debt of the component unit repayable (almost) entirely from resources of the primary government

If a component unit does not function as an integral part of the primary government, it is reported as a discretely presented component unit.

B. Basis of Presentation - Financial Reporting Entity

1. Component Units

Most component units of the City issue separately audited financial statements and are reported in this ACFR. Additional information is available by contacting the entities at the addresses shown herein.

All component units of the City have the same fiscal year end as the City, June 30, except the following component units, which have December 31 year end: Houston First Corporation, Houston Housing Finance Corporation, Houston Zoo Inc., Miller theatre Advisory Board Inc., Greater Houston Convention and Visitors Bureau Inc., and Houston Arts Alliance.

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

The City has one blended component unit, and it is incorporated into the financial statements of the City.

Blended Component Units

Brief Description of Activities, Relationship to the City and Key Inclusion Criteria

Houston Spaceport Development Corporation
16930 JFK Boulevard
Houston, TX 77032

Created on September 15, 2021, Houston Spaceport Development Corporation (“HSDC”) has a seven-member board of directors, including the Director of Aviation of Houston Airport System, appointed by the mayor. This corporation is responsible for managing and promoting the development of Houston Spaceport as well as applying for funds under the Texas Spaceport Trust Fund. During the year ended June 30, 2022, HSDC did not have any financial activities and had no impact to the operating results of the Airport System Fund.

Reporting Fund: Airport System Fund

Following are the City’s fiduciary component units:

Fiduciary Component Units

Brief Description of Activities, Relationship to the City and Key Inclusion Criteria

Houston Firefighters’ Relief and Retirement Fund (“HFRRF”)
4225 Interwood North Parkway
Houston, TX 77032

Responsible for administration, management, and operation of the pension system solely for active and retired City of Houston firefighters. One member of the Board is either the Mayor or an appointed representative, five members are elected by active firefighters, one member is elected by retired firefighters, two members are citizen representatives, and one member is the City Treasurer. There is a fiscal dependency on the City, and there is the potential that exclusion would result in misleading financial reporting.

Reporting Fund: Houston Firefighters’ Relief and Retirement Pension Trust Fund.

Houston Municipal Employees Pension System (“HMEPS”)
1201 Louisiana, Suite 900
Houston, TX 77002

Responsible for administration, management, and operation of the pension system solely for active and retired municipal (non-classified) employees of the City. One member of the Board is appointed by the Mayor, one member of the Board is appointed by the City Controller, four are elected by active employees, two are elected by retirees, one is appointed by the elected trustees and two are appointed by the governing body of the City. There is a fiscal dependency on the City, and there is the potential that exclusion would result in misleading financial reporting.

Reporting Fund: Houston Municipal Employees’ Pension Trust Fund.

Houston Police Officers’ Pension System (“HPOPS”)
602 Sawyer, Suite 300
Houston, TX 77007

Responsible for administration, management, and operation of the pension system solely for active and retired police officers of the City. One member of the Board is appointed by the Mayor, three are elected by employees, two are elected by retirees, and one is the City Treasurer. There is a fiscal dependency on the City, and there is the potential that exclusion would result in misleading financial reporting.

Reporting Fund: Houston Police Officers’ Pension Trust Fund.

Discretely presented component units, both business-type and governmental, are reported in separate columns in the government-wide financial statements of the City. Discretely presented component units are classified as major and minor component units. Whether a given component unit is major depends on the nature and significance of its relationship to the primary government as follows:

- It is essential that financial statement users have separate information on the component unit because of the type of services it provides to citizens.
- The component unit is engaged in significant transactions with the primary government.
- There is a significant financial benefit or burden relationship with the primary government.

Major discretely presented component units, both business-type and governmental, are reported in detail within combining statements included as part of the basic financial statements. Non-major discretely presented component units are summarized in one column within said combining statements.

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

Following are the City's discretely presented business-type component units: (* indicates a major designation)

Discretely Presented Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
<p><i>*Houston First Corporation</i> <i>701 Avenida de las Americas</i> <i>Houston, TX 77010</i></p>	<p>On June 1, 2011, City of Houston City Council approved the consolidation of the City's Convention & Entertainment Facilities Department (Department) operations into the Hotel Corporation (Consolidation), effective July 1, 2011, in order to bring various entities responsible for generating and spending City hotel occupancy tax (HOT) revenues under one governing body. In connection with the Consolidation, the Hotel Corporation reconstituted and renamed itself as "Houston First Corporation," and Houston First Corporation (HFC) assumed the primary roles and responsibilities of the Department. To accomplish this, the Hotel Corporation amended its bylaws and articles of incorporation to broaden its authority to accomplish its expanded duties and responsibilities. The City appoints a voting majority of HFC's board. There is a fiscal dependency on the City, as well as a financial burden on the City, and there is the potential that exclusion would result in misleading financial reporting.</p>
<p><i>*Houston Housing Finance Corporation</i> <i>9545 Katy Freeway, Suite 105</i> <i>Houston, TX 77024</i></p>	<p>Non-profit corporation incorporated by the City in accordance with the Texas Housing Finance Corporation Act to finance residential mortgage loans to low or moderate-income persons through the sale of revenue bonds collateralized by the mortgage loans. The Board is nominated by the Mayor and confirmed by City Council. The City has financial accountability because it appoints a voting majority of the Board and a financial benefit/burden relationship exists, allowing the City to impose its will.</p>
<p><i>*Houston Zoo, Inc</i> <i>1513 Cambridge Street</i> <i>Houston, TX 77030</i></p>	<p>Houston Zoo, Inc. (HZI) is a 501(c)(3) non-profit corporation and has a contract with Houston Zoo Development Corporation to operate the Zoo. The Mayor may appoint up to 20% of the Board of Directors of HZI. Houston Zoo Development Corporation (HZDC) is a local government corporation that leases the zoo from the City. The lease provides for the City to make payments in support of capital and operating expenses over the lease term, which it makes available to HZI. The City appoints a voting majority to the HZI board. There is a fiscal dependency on the City, as well as a financial burden on the City, and there is the potential that exclusion would result in misleading financial reporting.</p>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

Following are the City's discretely presented governmental fund component units: (* indicates a major designation)

<u>Discretely Presented Component Units</u>	<u>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</u>
<p><i>City Park Redevelopment Authority</i> <i>c/o Hawes Hill and Assoc, LLP</i> <i>P.O. Box 22167</i> <i>Houston, TX 77227-2167</i></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the City Park Tax Increment Reinvestment Zone Board in the redevelopment of a neighborhood northwest of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by the City Council and a financial benefit/burden relationship exists, allowing the City to impose its will. In addition, there is a fiscal dependence on the City.</p>
<p><i>East Downtown Redevelopment Authority</i> <i>711 Louisiana Street, Suite 2300</i> <i>Houston, TX 77002</i></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the East Downtown Tax Increment Zone Board in the redevelopment of a blighted neighborhood east of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will. In addition, there is a fiscal dependence on the City.</p>
<p><i>Fifth Ward Redevelopment Authority</i> <i>c/o Fifth Ward Community Redevelopment Corporation</i> <i>4300 Lyons Avenue, Suite 300</i> <i>Houston, TX 77020</i></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Fifth Ward Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood adjacent to Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will. The City has investment authority for the Zone's assets.</p>
<p><i>Fourth Ward Redevelopment Authority</i> <i>410 Pierce Street, Suite 355</i> <i>Houston, TX 77002</i></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Fourth Ward Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood adjacent to Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will. The City has investment authority for the Zone's assets.</p>
<p><i>*Greater Greenspoint Redevelopment Authority</i> <i>12257 Kuykendahl</i> <i>Houston, TX 77067</i></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Greater Greenspoint Tax Increment Reinvestment Zone Board in the redevelopment of the Greenspoint Mall and a blighted adjacent neighborhood in North Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will.</p>
<p><i>Greater Houston Convention and Visitors Bureau</i> <i>701 Avenida De Las Americas</i> <i>Houston, TX 77010</i></p>	<p>A non-profit organization established in 1963. Prior to July 1, 2014 the organization was funded by both private sector memberships and a portion of the hotel occupancy tax. Subsequent to July 1, 2014 it is funded by only private sector memberships. Their mission is to improve the economy of Greater Houston by attracting conventions, tourists and film projects to the area through sales and marketing efforts. The City has financial accountability because there is a fiscal dependence on the City and a financial benefit/burden relationship exists, allowing the City to impose its will.</p>
<p><i>Gulfgate Redevelopment Authority</i> <i>c/o Bracewell LLP</i> <i>711 Louisiana Street, Suite 2300</i> <i>Houston, TX 77002</i></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Gulfgate Tax Increment Reinvestment Zone Board in the redevelopment of the Gulfgate Mall and a blighted adjacent neighborhood southeast of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists allowing the City to impose its will.</p>

CITY OF HOUSTON, TEXAS
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Discretely Presented Component Units

Brief Description of Activities, Relationship to City, and Key Inclusion Criteria

***Harrisburg Redevelopment Authority
c/o Hawes Hill & Associates, LLP
9610 Long Point Rd., Suite 150
Houston, TX 77055***

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Harrisburg Tax Increment Reinvestment Zone Board in the redevelopment of the East End area of Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists allowing the City to impose its will.

***Hiram Clarke/Fort Bend Redevelopment Authority
14083 South Main Street
Houston, TX 77035***

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Hiram Clarke/Fort Bend Tax Increment Reinvestment Zone Board in the redevelopment of the Hiram Clarke area of Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists allowing the City to impose its will.

***Houston Area Library Automated Network
Houston Central Library
500 McKinney Street
Houston, TX 77002***

Provides review and guidance to the operation, funding and development of the Houston Area Library Automated Network, which provides library services to Houston and surrounding communities. Three members are appointed by City Council, two by the County, and one elected by the smaller libraries. The City does appoint a voting majority, and is financially accountable for this organization because HALAN is fiscally dependent on the City for revenues, allowing the City the ability to impose its will.

***Houston Arts Alliance
5280 Caroline Street
Houston, TX 77004***

A 501(c)(3) non-profit corporation with a mission to enhance the city's quality of life through advancing and investing in the arts and diverse cultural programming. The Alliance awards grants, provides arts-related services and manages portions of the City's Civic Art Program. The City has financial accountability because it must approve the members of the board of directors and a financial benefit/burden relationship exists, allowing the City to impose its will. In addition, there is a fiscal dependence on the City for the revenues provided from a portion of hotel occupancy tax.

***Houston BARC Foundation
c/o City of Houston, Administration and
Regulatory Affairs Department
611 Walker Street, 13th Floor
Houston, TX 77002***

A 501(c)(3) non-profit corporation with a mission to enhance the city's quality of life through advancing and investing in the care and humane treatment of animals. The Foundation solicits funds, gifts, and bequests for use at BARC. It promotes awareness to Houston area residents on responsible pet ownership, and the humane treatment of all animals. The City has financial accountability because it must approve the members of the board of directors and a financial benefit/burden relationship exists, allowing the City to impose its will.

***Houston Civic Events, Inc
901 Bagby Street, 1st Floor
Houston, TX 77002***

A 501(c)(3) non-profit, local government corporation and component unit created specifically to support the City's Civic Celebration Program. Under the existing structure, donations and sponsorship revenues received by the Mayor's Office of Special Events are currently housed with two component units, Houston Parks Board, Inc. and Central Houston Civic Improvement, Inc. Board members are appointed by the City and a financial benefit/burden relationship exists, allowing the City to impose its will. There is the potential that exclusion would result in misleading financial reporting.

***Houston Downtown Park Corporation
1500 McKinney Street
Houston, TX 77010***

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to aid and act on behalf of the City to accomplish the City's governmental purpose of providing for the acquisition, development, operation, and maintenance of a new public park, open space and related amenities and facilities to provide recreational, educational and tourism opportunities within, and beautification of the Central Business District of the City. Additionally, the corporation maintains an enterprise fund to account for the activities of the Discovery Green Parking Garage. Board members are appointed by the City and a financial benefit/burden relationship exists, allowing the City to impose its will. There is the potential that exclusion would result in misleading financial reporting.

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Discretely Presented Component Units

****Houston Forensic Science Center, Inc***
500 Jefferson Street, 13th Floor
Houston, TX 77002

Houston Land Bank
c/o City of Houston, Housing
and Community Department
1919 Decatur
Houston, TX 77007

Houston Media Source
410 Roberts Street
Houston, TX 77003

Houston Parks Board LGC, Inc
300 N. Post Oak Lane
Houston, TX 77024

Houston Public Library Foundation
Houston Central Library
550 McKinney Street
Houston, TX 77002

Houston Recovery Center, LGC
150 North Chenever Street, Suite 100
Houston, TX 77002

****Lake Houston Redevelopment***
Authority
c/o TIFWorks, LLC
P.O. Box 10330
Houston, TX 77206

Brief Description of Activities, Relationship to City, and Key Inclusion Criteria

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to provide forensic science services previously provided by the Houston Police Department. Board members are appointed by the City and a financial benefit/burden relationship exists, allowing the City to impose its will. There is the potential that exclusion would result in misleading financial reporting.

The Houston Land Bank (HLB) formerly known as Land Assemblage Redevelopment Authority (LARA) is a 13-member board appointed by the Mayor, City Council, Harris County and the Houston Independent School District. The HLB is organized for the purpose of aiding, assisting and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City and in undertaking and completing one or more projects, as may be defined or determined by the City Council. The City has financial accountability because the voting majority of the board members are nominated by City Council, allowing the City to impose its will, and the operations provide financial benefits to the City.

A non-profit organization organized to coordinate and develop all public and educational cable access activities within the City of Houston. Funding is provided by Public and Educational, and Government Access (PEG) payments made to the city by cable operators under the City's cable franchises with respect to the annual support of the PEG Channels for the support of public, educational, and governmental access programming. Board members are appointed by the City and a financial benefit/burden relationship exists, allowing the City to impose its will. There is the potential that exclusion would result in misleading financial reporting.

Acquires land for and develops and improves new and existing public parks and open spaces and advises the Mayor and City Council on park acquisitions and improvements. These activities provide a direct benefit to the City. The Houston Parks Board administers and manages the LGC's business operations and grants privately raised funds to the LGC in support of its purpose. LGC board members are nominated by the Mayor and confirmed by City Council, allowing the City to impose its will. Upon dissolution, the LGC's assets revert to the City. There is a potential that exclusion of the LGC would result in misleading financial reporting.

A 501(c)(3) non-profit corporation that solicits and manages funds raised privately for library improvements and advises the Mayor and City Council on additions and improvements to the library system that provide a direct benefit to the City. Board members are nominated by the Mayor and confirmed by City Council, allowing the City to impose its will. There is a potential that exclusion would result in misleading financial reporting.

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to provide management of the Houston Center for Sobriety. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial burden to the City, allowing the City to impose its will.

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist Tax Increment Reinvestment Zone 10 Board in the redevelopment of the Lake Houston area. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.

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Brief Description of Activities, Relationship to City, and Key Inclusion Criteria

Lamar Terrace Public Improvement District
City of Houston
P. O. Box 1562
Houston, TX 77251

Special tax district organized under state statute to redevelop a blighted neighborhood in Southwest Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City, allowing the City to impose its will.

Leland Woods Redevelopment Authority I
c/o Bracewell, LLP
711 Louisiana Street, Suite 2300
Houston, TX 77002-2770

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act and Chapter 394 of the Texas Local Government Code to assist the City and Tax Increment Reinvestment Zone Number 22 in the redevelopment of a blighted neighborhood. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will.

Leland Woods Redevelopment Authority II
c/o Bracewell, LLP
711 Louisiana, Suite 2300
Houston, TX 77002-2770

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act and Chapter 394 of the Texas Local Government Code to assist the City, Leland Woods Redevelopment Authority and Tax Increment Reinvestment Zone Number 22 in the redevelopment of a blighted neighborhood. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will.

****Main Street Market Square Redevelopment Authority***
909 Fannin, Suite 1650
Houston, TX 77010

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Main St./Market Square Tax Increment Reinvestment Zone Board in the redevelopment of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.

****Memorial City Redevelopment Authority***
c/o Hawes Hill & Associates, LLP
P.O. Box 22167
Houston, TX 77227-2167

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Memorial City Tax Increment Reinvestment Zone Board in the redevelopment of the Memorial City Mall and the Town & Country Mall areas west of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.

Memorial-Heights Redevelopment Authority
c/o John Kuhl, Attorney
SKLaw
1980 Post Oak Boulevard, Suite 1380
Houston, TX 77056

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Memorial Heights Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood adjacent to Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.

****Midtown Redevelopment Authority***
410 Pierce Street, Suite 355
Houston, TX 77002

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Midtown Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood south of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.

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Discretely Presented Component Units

Miller Theatre Advisory Board, Inc
6000 Hermann Park Drive
Houston, TX 77030-1702

Montrose Redevelopment Authority
c/o Knudson, LP
Zone Administrator
8588 Katy Freeway, Suite 441
Houston, TX 77024

Near Northside Redevelopment Authority
c/o Bracewell LLP
711 Louisiana Street, Suite 2300
Houston, TX 77002-2770

Old Sixth Ward Redevelopment Authority
c/o City of Houston, Mayor's Office of Economic Development
901 Bagby Street, 4th Floor
Houston, TX 77002

****OST/Almeda Corridors Redevelopment Authority***
5445 Almeda Road, Suite 545
Houston, TX 77004

Saint George Place Redevelopment Authority
c/o Hawes Hill & Associates, LLP
P.O. Box 22167
Houston, TX 77227-2167

South Post Oak Redevelopment Authority
c/o City of Houston, Mayor's Office of Economic Development
901 Bagby Street, 4th Floor
Houston, TX 77002

Brief Description of Activities, Relationship to City, and Key Inclusion Criteria

A 501(c)(3) non-profit corporation with a mission to act as a steward of public and private funds to provide professional-caliber performances, free to the public, at the Miller Outdoor Theatre for the cultural enrichment of Houston's diverse communities and visitors to this great city. Miller Outdoor Theatre is owned by the City and the Board awards grants to various artistic and performing groups for performances at Miller Outdoor Theater. The City has financial accountability because the directors are appointed by the Mayor and approved by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will. In addition, there is a fiscal dependence on the City for the revenues provided from a portion of hotel occupancy tax.

Montrose Redevelopment Authority was set up as a local government corporation pursuant to provisions of Chapter 431 of the Texas Transportation Code and Chapter 394 of the Texas Local Government Code. The Authority is organized as a public non-profit corporation for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental function to promote the common good and general welfare of Reinvestment Zone Number Twenty-Seven (the "Zone") and neighboring areas and to promote, develop, encourage and maintain housing, educational facilities, employment, commerce and economic development in the City. The Authority may issue bonds with consent of City Council. The Authority is managed by a Board of Directors consisting of seven members who are appointed by the Mayor with the approval of City Council.

A local government corporation established by the City of Houston in 2009 in accordance with Chapter 311 of the Texas Tax Code. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists allowing the City to impose its will.

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Old Sixth Ward Tax Increment Reinvestment Zone Board in the redevelopment of a neighborhood adjacent to Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council, the operations provide financial benefits to the City, and the City has investment authority for the Authority's assets.

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the OST/Almeda Corridors Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood south of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the St. George Place Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood in southwest Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council. The operations provide financial benefits to the City and the City has investment authority for the Authority's assets.

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the South Post Oak Tax Increment Reinvestment Zone Board in the development of an affordable housing project in Southwest Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council, and the operations provide financial benefits to the City.

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<u>Discretely Presented Component Units</u>	<u>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</u>
<p>*Southwest Houston Redevelopment Authority <i>c/o Hawes Hill & Associates, LLP</i> <i>P.O. Box 22167</i> <i>Houston, TX 77227-2167</i></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Southwest Houston Tax Increment Reinvestment Zone Board (TIRZ 20) in the redevelopment of the Sharpstown Mall and adjacent neighborhoods southwest of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.</p>
<p>*Upper Kirby Redevelopment Authority 3120 Southwest Freeway, Suite 102 Houston, TX 77098</p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Upper Kirby Tax Increment Reinvestment Zone Board in the redevelopment of a neighborhood west of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.</p>
<p>*Uptown Development Authority 1980 Post Oak Boulevard, Suite 1700 Houston, TX 77056</p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Uptown Tax Increment Reinvestment Zone Board in the redevelopment of the Galleria Mall area, west of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.</p>

2. Related Organizations

The following entities are related organizations to which the City appoints board members but for which the City has no significant financial accountability. Some of these organizations are Access Houston Cable Corporation, Coastal Water Authority, Employees Deferred Compensation Plan, Harris County–Houston Sports Authority, Metropolitan Transit Authority of Harris County, Houston Clean City Commission, and the Miller Theater Advisory Council. All transactions with these related organizations are conducted in the ordinary course of business. Further financial information is available from the respective organizations.

C. Basis of Presentation

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity between governmental funds has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable and is a financial burden/benefit.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as *general revenues*. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF HOUSTON, TEXAS
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The accounts of the City are organized on the basis of funds, each of which is accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund balance/net position, revenues, and expenditures/expenses. Government resources are allocated to and accounted for in individual funds for the purpose of carrying on specific activities in accordance with special regulations, restrictions, or limitations. The type and purpose of funds is described below.

Fund Accounting

1. The City reports the following major governmental funds:

- (a) **General Fund** - is the principal operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.
- (b) **Debt Service Fund** - is used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of tax supported debt.
- (c) **Capital Projects Fund** - is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Such resources are derived principally from proceeds of public improvement bonds and from special assessments.
- (d) **ARPA Fiscal Recovery Fund** - The ARPA Fiscal Recovery Fund is used to receive funds from the U.S. Department of Treasury to be used for the response efforts relating to local fiscal recovery from the COVID-19 pandemic pursuant to the American Rescue Plan Act of 2021. Based on management judgement, the ARPA Fiscal Recovery Fund is particularly important to financial statement users due to its significance; therefore, this fund is being reported as a major fund. Even though, this fund is a sub-fund of the Grants Fund.
- (e) **Grants Fund** - is used to account for grant resources received from various local, state and federal sources. The use of these resources is restricted to a particular function of the City by each grantor.

2. The City reports the following major enterprise funds:

- (a) **Airport System Fund (the "Airport System")** - is used to account for the operations of the City's Airport System. The system is comprised of George Bush Intercontinental Airport, William P. Hobby Airport, and Ellington Airport.
- (b) **Convention and Entertainment Facilities Fund (the "Convention and Entertainment")** - is used to account for the operations of the City's major entertainment facilities, outdoor venues, and parking garages and surface lots. These assets include, but are not limited to, the following: George R. Brown Convention Center, Gus S. Wortham Center, Jesse H. Jones Hall, Houston Center for the Arts, Talento Bilingue de Houston, Jones Plaza, and Theater District parking garages.
- (c) **Combined Utility System Fund (the "Combined Utility")** - is used to account for the production and transmission of water and the treatment of wastewater for City residents and businesses as well as for other governmental entities located in the Houston area.

3. The City reports the following additional funds:

- (a) **Nonmajor Special Revenue Funds** - are used to account for the proceeds of specific revenue sources (other than identified major fund) that are legally restricted to expenditures for specific purposes.
- (b) **Internal Service Funds** - are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.
- (c) **Fiduciary Fund Types** - are used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governmental units, and other funds. These include the following:
 - (1) **Pension Trust Funds** - are used to account for the assets held in trust for the members and beneficiaries of the City's three defined benefit pension plans.
 - (2) **Private-Purpose Trust Funds** - are used to account for assets held in trust dedicated to providing benefits to recipients in accordance with the benefit terms.

CITY OF HOUSTON, TEXAS
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D. Measurement Focus and Basis of Accounting

The government-wide financial statements display information about the City as a whole. Government-wide statements exclude both fiduciary funds and fiduciary component units. The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions". Program revenues include (1) amounts received from those who purchase, use, or directly benefit from a program, (2) amounts received from parties outside the City of Houston's citizenry that are restricted to one or more specific programs and (3) earnings on investments that are legally restricted for a specific program. Program revenue is divided into three categories: (1) charges for services, (2) operating grants and contributions and (3) capital grants and contributions.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current period. Expenditures are recognized under the modified accrual basis of accounting in the accounting period in which the fund liability is incurred, if measurable. Claims, judgments and compensated absences are recognized when matured.

The following types of revenues are susceptible to accrual under the modified accrual basis of accounting: property taxes, including delinquent property taxes (including penalty and interest); services billed to other funds; sales tax; mixed beverage tax; franchise fees; fines and forfeits; ambulance receipts; and investment earnings. Intergovernmental revenue from reimbursable grants and capital projects is recognized when the related expenditure is incurred.

All governmental funds and certain component units are accounted for using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances (net current assets) are considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of certain long-term receivables, primarily property taxes and special assessments, are reported on the balance sheets of governmental funds in spite of their spending measurement focus. Special reporting treatments are used to indicate that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund revenues represented by noncurrent receivables is deferred until they become current receivables and reported as deferred inflow.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Proprietary funds and pension trust funds of the primary government and certain component units are accounted for on a cost of services or "economic resources" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statements of net position.

All proprietary funds define operating revenues and expenses consistent with the precepts of GASB Statement No. 9, paragraphs 16 – 19 and 31: cash receipts from customers, cash receipts from interfund services provided and used with other funds and other operating cash receipts. All other revenues or expenses recognized are non-operating.

All proprietary and pension trust funds use the full accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses and related liabilities, including claims, judgments, and compensated absences, are recognized when they are incurred.

When restricted and unrestricted resources are available to cover expenses, unrestricted resources are first applied. Administrative overhead charges are included in direct program expenses.

In accordance with GASB Statement No. 62, paragraphs 114-123, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", the City utilizes the percentage-of-completion method for a long-term construction contract when estimates of costs to complete and extent of progress toward completion of long-term contracts are reasonably dependable.

CITY OF HOUSTON, TEXAS
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E. Assets and Liabilities

1. Deposits and Investments

Substantially all cash, except for imprest accounts, is deposited with financial institutions in non-interest-bearing accounts. The City's deposit account is considered as a non-interest-bearing account. Instead of receiving interest on the accounts, the City receives the "Earnings Credit Rate". The majority of the City's cash and investments are administered using a pooled concept, which combines the monies of various funds for investment purposes. Interest earnings of the pool are apportioned to each fund, unless otherwise required by bond covenants, based on the fund's relative share of the investment pool. All cash and investments are displayed on the statement of net position as "Cash and cash equivalents" and "Investments" and in accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools."

Investments are carried at fair value as defined in GASB Statement No. 72 "Fair Value Measurement and Application". Consistent with GASB Statement No. 72, the City categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. A detail of the fair value hierarchy of investments held by the City are disclosed in Note 3 to the financial statements. Similar disclosure for debt held by the City at fair values is disclosed in Note 8.C.14 to the financial statements. The fiduciary and discretely presented component units separately invest their funds and report investments pursuant to their respective investment policies described in their separately audited financial statements.

"Cash and cash equivalents" and "Investments" are further split into current and non-current in accordance with GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements".

The City considers all highly liquid debt securities with a maturity date of three months or less to be cash equivalents.

Investments authorized by the City's investment policy, which is guided by state laws and city ordinances, generally include: obligations of the United States of America or its agencies and instrumentalities; fully-collateralized Certificates of Deposit from City Council-approved public depositories; direct obligations of the State of Texas or its agencies and instrumentalities; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; obligations of states, agencies, counties, cities, and other political subdivisions; no-load money market mutual funds registered and regulated by the Securities and Exchange Commission; corporate commercial paper; fully collateralized repurchase agreements; and reverse repurchase agreements within specific terms. Investments are carried at fair value based on quoted market prices.

2. Inventories of Materials and Supplies

With the exception of fuel, inventories are carried at the average cost in government-wide, proprietary and governmental funds. Inventories are presented under the consumption method. These inventories include: automobile parts, chemical and medical supplies, uniforms and their accessories, vaccines and office supplies. Fuel is carried at the lower of market or replacement cost.

3. Capital Assets

a. Governmental Funds and Governmental Activities - Property, Plant, Equipment, and Infrastructure

Capital assets are defined by the general government as assets with an initial cost of \$5,000 or more, and an estimated useful life in excess of one fiscal year. The costs of maintenance and repairs that do not significantly add to the utility of an asset, or materially extend its useful life beyond its initially estimated useful life are not capitalized.

Capital asset valuation is based on historical costs if purchased or constructed, or based on estimated historical costs if original costs are not available - such as for the costs of infrastructure acquired prior to fiscal year 1981. Donated capital assets are recorded at acquisition value on the dates of donation.

General governmental capital acquisition and construction charges for land; buildings and improvements; improvements other than buildings; machinery and equipment; construction in progress; and infrastructure (e.g., storm drainage, streets and bridges) are reflected as capital outlay expenditures in the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances. Capitalizable expenditures are reported also as capital assets in the Governmental Activities column of the government-wide Statement of Net Position.

During any construction phase, capitalizable outlays are reported as construction-in-progress on the government-wide Statement of Net Position. There is no depreciation expense for this class of capital assets.

CITY OF HOUSTON, TEXAS
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Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful Life</u>
Buildings and improvements	Range from 20 to 45 years
Improvements other than buildings	Range from 15 to 30 years
Machinery	Range from 5 to 20 years
Equipment	Range from 3 to 15 years
Storm drainage	Range from 40 to 50 years
Streets	Range from 6 to 50 years
Bridges	Range from 20 to 50 years

b. Enterprise Funds – Property, Plant, and Equipment

Property, plant, and equipment owned by the Enterprise Funds are stated at cost or estimated historical cost if original cost is not available. Construction costs (excluding land and equipment) are added to work-in-progress until the assets are substantially complete. At that point, the project is moved to the appropriate asset category and depreciation begins. Land and equipment costs are added to the capital asset base in the year of acquisition. Depreciation on equipment begins in the year of acquisition.

Depreciation is computed using the straight-line method on the composite asset base over the estimated useful lives as follows:

<u>Assets</u>	<u>Useful Life</u>
Airport System Facilities	Range from 3 to 50 years
Convention & Entertainment Facilities	Range from 5 to 45 years
Combined Utility Facilities	Range from 5 to 50 years

Water rights and conveyance system rights of the Combined Utility are not amortized. Garage rights of the Convention and Entertainment are amortized over the life of the related contracts. These rights are reported as capital assets. Land use and navigation easements of the Airport System are not amortized.

4. Leases

Leases are defined by the general government as the right to use an underlying asset. As lessee, the City recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease unless the lease is considered a short-term lease or transfers ownership of the underlying asset. Right-of-use lease assets are measured based on the net present value of the future lease payments at inception, using the weighted average cost of capital, which approximate the incremental borrowing rate. Re-measurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

The City calculates the amortization of the discount on the lease liability and report that amount as outflows of resources. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

As lessor, the City recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of receivables at the beginning of the lease term. Periodic amortization of the discount on the receivable are reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. This recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Re-measurement of lease receivables occur when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

For lease contracts that are short-term, the City recognizes short-term lease payments as inflows of resources (revenues) based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

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Leases between the Airport System and air carriers and other aeronautical users are subject to external laws and regulations. As permitted by GASB Statement No. 87, paragraph 43, the Airport System recognizes inflows of resources based on the payment provisions of the lease contract, and the accounting policies do not apply to regulated leases. Additional disclosures regarding regulated leases are in Note 9.

5. Bond Premiums, Discounts and Issuance Costs

Bond premiums, discounts and prepaid bond insurance costs in Enterprise Funds are amortized over the term of the bonds using the effective interest or straight-line amortization method. Gains or losses on Enterprise Fund refundings are reported as deferred inflows or outflows and are amortized over the term of the lesser of the new bonds or the refunded bonds using the straight-line or effective interest method. Debt issuance costs are recognized as expenditures/expenses when incurred.

F. Deferred Outflows and Inflows of Resources

In accordance with GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," the City reports deferred outflows of resources in the Statement of Net Position in a separate section following Assets. Similarly, the City reports deferred inflows of resources in the Statement of Net Position in a separate section following Liabilities.

The components of the deferred outflows of resources and deferred inflows of resources are as follows (in thousands):

	Governmental Activities	Business Type Activities			Total
		Aviation	Convention & Entertainment	Combined Utility System	
Deferred Outflows of Resources from:					
Municipal pension activities	\$ 13,819	\$ 2,083	\$ 58	\$ 3,443	\$ 19,403
Police pension activities	121,382	-	-	-	121,382
Firefighter's municipal pension activities	237,841	-	-	-	237,841
Deferred Outflows of Resources for pensions	<u>373,042</u>	<u>2,083</u>	<u>58</u>	<u>3,443</u>	<u>378,626</u>
OPEB activities - long-term disability	2,718	256	-	487	3,461
OPEB activities - health benefits	293,732	9,903	1,219	25,596	330,450
Unamortized bond refunding costs/SWAP liability	29,276	21,823	155	257,714	308,968
Total Deferred Outflows of Resources	<u>698,768</u>	<u>34,065</u>	<u>1,432</u>	<u>287,240</u>	<u>1,021,505</u>
Deferred Inflows of Resources from:					
Municipal pension activities	(272,784)	(38,282)	(1,118)	(68,619)	(380,803)
Police pension activities	(239,862)	-	-	-	(239,862)
Firefighter's municipal pension activities	(580,033)	-	-	-	(580,033)
Deferred Inflows of Resources for pensions	<u>(1,092,679)</u>	<u>(38,282)</u>	<u>(1,118)</u>	<u>(68,619)</u>	<u>(1,200,698)</u>
OPEB activities - health benefits	(341,551)	(11,496)	(1,377)	(29,972)	(384,396)
OPEB activities - long term disability	(3,039)	(286)	-	(545)	(3,870)
Unearned revenues	(66,859)	-	-	-	(66,859)
Unamortized cost on refunded debt	-	-	(8,604)	-	(8,604)
Leases	(36,048)	(246,505)	(6,503)	-	(289,056)
Total Deferred Inflows of Resources	<u>\$ (1,540,176)</u>	<u>\$ (296,569)</u>	<u>\$ (17,602)</u>	<u>\$ (99,136)</u>	<u>\$ (1,953,483)</u>

In the fund financial statements, revenues that have met the eligibility criteria for future years except for the time availability have been reclassified from liabilities to deferred inflows of resources. In the government-wide financial statements, the unamortized loss on refunding has been reclassified from long-term debt to deferred outflows of resources.

G. Fund Balances and Budget Stabilization Arrangements

1. Fund Balance Descriptions

a. **Non-spendable** - indicates that portion of a fund balance that cannot be spent because they are either:

- 1) not in spendable form (such as inventories and prepaid amounts); or
- 2) legally or contractually required to be maintained intact.

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- b. Restricted** - indicates that portion of a fund balance for which external constraints are placed on the use of resources that are either:
- 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - 2) imposed by law through constitutional provisions or enabling legislation.
- c. Committed** – refers to that portion of a fund balance that can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Council. The same formal action is required to remove the limitation.
- d. Assigned** – indicates that portion of a fund balance that are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. City Council may assign fund balance through approval of budget appropriations.
- e. Unassigned** – residual net resources as a positive balance within the general fund only.

2. Fund Balance Summary

A summary of the nature and purpose of governmental fund balances at June 30, 2022 is as follows (in thousands):

	General	Debt Service	Capital Projects	Grants	ARPA	Non-Major Special Revenue Funds					Total Nonmajor	Total
						Public Safety	Public Works	Health & Housing	Parks	Other		
Fund balances:												
Non-spendable:												
Inventory	\$22,965	\$ -	\$ -	\$ 707	\$ -	\$ -	\$ 3,304	\$ -	\$ -	\$ -	\$ 3,304	\$ 26,976
Prepaid items	2,712	-	2,048	-	-	-	-	-	-	-	-	4,760
Total non-spendable	25,677	-	2,048	707	-	-	3,304	-	-	-	3,304	31,736
Restricted for:												
Grants and other purposes	-	-	-	-	-	-	-	-	-	5,770	5,770	5,770
Police special purpose	300	-	-	-	-	7,152	-	-	-	-	7,152	7,452
Public transit operations	-	-	-	-	-	-	-	-	-	3,935	3,935	3,935
Affordable housing programs	-	-	-	-	-	-	-	131,074	-	-	131,074	131,074
Health services	683	-	-	189,874	474	-	-	-	-	3,864	3,864	194,895
Community development	-	-	-	-	-	-	-	-	158	101,021	101,179	101,179
Capital construction	-	-	19,725	-	-	-	236,838	-	-	14,477	251,315	271,040
Debt service	-	149,495	-	-	-	-	-	-	-	-	-	149,495
Total restricted	983	149,495	19,725	189,874	474	7,152	236,838	131,074	158	129,067	504,289	864,840
Committed to:												
Community development	1,576	-	-	-	-	6	-	-	1,446	442	1,894	3,470
Economic development	-	-	-	-	-	-	-	-	-	1,375	1,375	1,375
Court operations	-	-	-	-	-	807	-	-	-	-	807	807
Police special purpose	-	-	-	-	-	16,043	(5)	-	-	-	16,038	16,038
Emergency services	-	-	-	-	-	4,301	-	-	-	-	4,301	4,301
Capital construction	8,545	-	-	-	-	-	-	-	-	-	-	8,545
Public parks and preserves	4,171	-	-	-	-	-	1,794	-	4,026	-	5,820	9,991
Recycling programs	-	-	-	-	-	-	5,430	-	-	-	5,430	5,430
Development services	-	-	-	-	-	-	26,844	-	-	-	26,844	26,844
Health services	-	-	-	-	-	-	-	5,436	-	-	5,436	5,436
Affordable housing programs	-	-	-	-	-	-	-	-	-	97	97	97
Public transit operations	-	-	-	-	-	-	-	-	-	1,982	1,982	1,982
Total committed	14,292	-	-	-	-	21,157	34,063	5,436	5,472	3,896	70,024	84,316
Assigned:												
Capital construction	-	-	110,441	-	-	-	-	-	-	-	-	110,441
Total assigned	-	-	110,441	-	-	-	-	-	-	-	-	110,441
Unassigned:	379,707	-	-	-	-	-	-	-	-	-	-	379,707
Total	420,659	149,495	132,214	190,581	474	28,309	274,205	136,510	5,630	132,963	577,617	1,471,040

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When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications—committed and then assigned fund balances before using unassigned fund balances when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications are available.

3. Budget Stabilization Arrangements

In accordance with the City's Financial Policies (as amended by Ordinance 2018-390) (the "Financial Policies"), the City created a Budget Stabilization Fund in an amount not less than the greater of (a) 1% of Adopted Budget General Fund expenditures (excluding debt service payments and transfers for pay-as-you-go ("PAYGO") capital expenditures) or (b) \$20 million, which may be used in accordance with the definition of the fund. Transfers necessary to meet this requirement shall occur by July 31 of each fiscal year. Any proposed use of the Budget Stabilization Fund shall be accompanied by a justification to City Council and shall require approval from two-thirds of the City Council present and voting. When an event causing use of the Budget Stabilization Fund has concluded, the City shall allocate sufficient funds by the end of the second subsequent full fiscal year to restore the Budget Stabilization Fund to at least minimum levels. Also, in accordance with the Financial Policies, the City will maintain fund balance as additional insurance against disasters, emergencies, and economic instability. The City's desired minimum unassigned fund balance for any given fiscal year is 7.5% of General Fund expenditures for that fiscal year, excluding debt service payments and transfers for PAYGO capital expenditures. These amounts are included in the General Fund's unassigned fund balance.

On February 24, 2021, Ordinance 2021-144 was passed authorizing the appropriation of \$10 million from the Budget Stabilization Fund to the Disaster Recovery Fund for immediate relief during Winter Storm Uri. During fiscal year 2022, a total of \$10 million was replenished to the Budget Stabilization Fund from the COVID-19 Disaster Fund (Fund 5306) in the amount of \$5 million and the Disaster Recovery Fund (Fund 5303) for Winter Storm Uri in the amount of \$5 million. The remaining \$5 million from Winter Storm Uri will be fully replenished in FY2023.

H. Transfers, Revenues, Expenditures and Expenses

1. Interfund Transactions

A description of the four basic types of interfund transactions and the related accounting policies are as follows:

- a. Loans are reported as receivables and payables as appropriate.
- b. Charges for services are reported as revenues for the performing fund and expenditures of the requesting fund.
- c. Transactions to reimburse a fund for expenditures made by it for the benefit of another fund are recorded as expenditures or expenses in the reimbursing fund and as a reduction of expenditures or expenses in the fund that is reimbursed.
- d. All other interfund transfers, such as legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended, are transfers. Transfers are classified as other financing sources or uses (or transfers for proprietary funds) in the Statement of Revenues, Expenditures (or expenses) and Changes in Fund Balances (or net position). For reporting at the government-wide financial statements level, the City eliminates direct interfund charges for services and the balances created within the same fund categories (i.e. governmental vs. business-type). This process ensures neither business-type nor governmental funds report direct internal revenue/expenditures. Interfund activity and balances resulting from transactions with the fiduciary funds are not eliminated. Instead, the fiduciary interfund activity and balances are treated as transactions with an external party. Interfund activity with discretely presented component units are handled in the same manner as fiduciary interfund activity balances. However, the discretely presented balances are reported on a separate line of the Statement of Net Position. The Internal Service Fund reports any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost reimbursement basis.

2. Compensated Absences

Full-time civilian employees of the City are eligible for 10 days of vacation leave per year. After four years, employees receive 15 days. The amount of vacation time gradually increases after that, reaching a maximum of 25 days per year after 18 years of service. Employees may accumulate up to 105 days of vacation leave or 60 days for employees with a computation date after December 31, 1999. However, upon termination or retirement, full-time civilian employees are paid a maximum of 90 days of unused vacation leave or 45 days for employees with a computation date after December 31, 1999, which is based on the average rate of pay during the employee's highest 60 days of employment. Part-time and temporary employees are not eligible for vacation or sick leave benefits. Firefighters accrue 15 to 22 days of vacation annually, based upon years of service. Police officers participate in a paid time off program that combines sick and vacation leave. Officers enter the program upon completion of their probationary period and then accrue 15 to 40 days annually, based upon years of service.

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The majority of full-time civilian employees and firefighters are covered under the compensatory sick leave plan and receive a leave time allowance of 2.5 hours per payroll period (bi-weekly) up to a maximum of 65 hours per year. Employees who use fewer than 65 hours during the benefit year will receive a match equal to the number of hours accrued minus the number of hours used. Once an employee's balance has reached 1,040 hours, no additional match for unused hours is given. Upon termination, all unused sick leave time allowances in excess of 1,040 hours are payable to the employee at the employee's rate of pay at the time of termination. An employee who uses less than 16 hours of sick leave in any benefit year receives up to three days of personal leave in the next year. Personal leave may be used in place of vacation leave but will not accumulate and will not be paid out at termination. The balance of full-time civilian employees and firefighters are covered by a sick plan that was closed to employees in 1985. That plan accumulates a cash value for every sick day not used, which is payable upon resignation or retirement.

The City also has adopted policies of compensatory time to comply with the Fair Labor Standards Act as amended in 1985. These policies provide limits to the accumulation of compensatory time and provide that time not used will be paid in cash. Only classified employees and civilian employees in certain pay grades routinely earn compensatory time.

To the extent that the City's obligation is attributable to employees' services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means, vacation and compensatory time benefits are accrued as liabilities (on a government-wide basis) as employees earn the benefits. On a fund financial statement basis for the governmental funds, only matured liabilities and liabilities expected to be liquidated with current assets are accrued. Sick leave benefits are accrued as a liability as employees earn the benefits, but only to the extent that it is probable that the City will compensate the employees through cash payments conditioned on the employees' termination or retirement. A compensated absence is liquidated in the fund where the employee's salary was paid at termination, with all compensated absences liquidated in the general fund that are associated with employees' salaries paid from governmental funds.

I. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements. This reclassification had no effect on previously reported change in net position.

K. Internal Service Funds

The Internal Service Funds' purpose is to measure the full cost of providing health benefits and long-term disability to City employees and dependents for the purpose of fully recovering that cost through fees or charges – employee payroll deductions and expenditures in departmental personnel budgets. Any profit (loss) during a period is credited (charged) back to participating programs. All assets and liabilities are reported in the governmental activities column of the Statement of Net Position.

L. New Accounting Pronouncements

In June 2018, the GASB issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020, as postponed by GASB Statement No. 95. The City has implemented GASB Statement No. 89 in this annual report.

In May 2019, the GASB issued Statement No. 91, "Conduit Debt Obligations". This statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. The City is evaluating the effect that Statement No. 91 will have on the financial statements.

In January 2020, the GASB issued Statement No. 92, "Omnibus 2020". This statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The City has implemented GASB Statement No. 92 in this annual report.

In March 2020, the GASB issued Statement No. 93, "Replacement of Interbank Offered Rates". This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies

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appropriate benchmark interest rates for hedging derivative instruments. The requirements of this statement are effective for reporting periods ending after December 31, 2021. The City has identified two applicable hedging derivative instruments that utilize a London Interbank Offered Rate (“LIBOR”) and is making updates to the language in the agreements which provide fallback protocol language to trigger a change to a new reference rate when the LIBOR tenor ceases to be published. No further action is needed at this time.

In March 2020, the GASB issued Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”. This Statement establishes standards of accounting and financial reporting for Public-Public Partnerships and Availability Payment Arrangements for governments. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The City is evaluating the effect that Statement No. 94 will have on the financial statements.

In May 2020, the GASB issued Statement No. 96, “Subscription-Based Information Technology Arrangements”. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements (“SBITA”) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The City is evaluating the effect that Statement No. 96 will have on the financial statements.

In June 2020, the GASB issued Statement No. 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans”. This statement (1) clarifies rules related to reporting of fiduciary activities under Statements No. 14 and No. 84; (2) mitigate costs for defined contribution plans; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting of Code section 457 plans that meet the definition of a pension plan. The requirements in paragraphs 4 and 5 are effective upon issuance. All other requirements of this statement are effective for financial statements for reporting periods beginning after June 15, 2021, which City has implemented in this annual report.

In April 2022, the GASB issued Statement No. 99, “Omnibus 2022”. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain provisions of Statement No. 99 are effective upon issuance, while other provisions of Statement No. 99 are effective for fiscal years beginning after June 15, 2022 or 2023. The City has implemented the provisions of Statement No. 99 that are effective upon issuance. The City is evaluating the effect of other provisions of Statement No. 99 not yet effective will have on the financial statements.

In June 2022, the GASB issued Statement No. 100, “Accounting Changes and Error Corrections – Amendment of GASB Statement No. 62”. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior period, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement are effective for financial statement for reporting period beginning after June 15, 2023. The City is evaluating the impact that adoption of this Statement will have on its financial statements.

In June 2022, the GASB issued Statement No. 101, “Compensated Absences”. This Statement clarifies the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2023. The City is evaluating the impact that adoption of this Statement will have on its financial statements.

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NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Statement of Net Position

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 fund statements. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the government-wide statement of net position. Also, during the year, the City refunded some of its existing debt. The amount borrowed is received in the governmental funds and increases fund balance. The amount that was sent to the paying agent to be escrowed for payment of the old debt as it comes due is paid out of governmental funds and reduces fund balance. The difference between those amounts will be amortized as an adjustment to interest expense in the government-wide statement of activities over the remaining life of the refunded bonds.

Balances at June 30, 2022 were (in thousands):

Deferred outflows of resources	\$ 698,768
Deferred inflows of resources	(1,540,176)
	<u>\$ (841,408)</u>
Internal Service Fund total assets	\$ 80,595
Internal Service Fund liabilities	(52,604)
Allocation to Proprietary Funds	(1,535)
	<u>\$ 26,456</u>
Bonds and notes payable	\$ (3,525,369)
Accrued interest	(44,690)
Compensated absences not reported at the fund level	(529,027)
Claims and judgments not reported at the fund level	(160,880)
Net pension liability	(1,737,033)
Lease liability	(81,596)
Other post employment benefits obligation	(2,087,138)
	<u>\$ (8,165,733)</u>

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statement of net position, however, issuing debt increases long-term liabilities and does not affect the government-wide statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the government-wide statement of net position.

Balances at June 30, 2022 were (in thousands):

Debt issued:	
Public Improvement Bonds	\$ 324,753
Certificates of Obligations	2,595
Commercial paper	148,000
	<u>\$ 475,348</u>
Repayments:	
Payment to escrow	(593,868)
	<u>\$ (593,868)</u>
Amortization of:	
Premium	\$ (930)
Net adjustment	\$ (930)
Total	<u>\$ (119,450)</u>

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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the government-wide statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustment is a combination of the following items (in thousands):

Property taxes earned but not available	\$	42,565
Ambulance fees earned but not available		64,416
Fines and forfeits earned but not available		2,838
Other (primarily storm water drainage fees) earned but not available		<u>28,033</u>
Total revenue not reported at fund level	\$	<u><u>137,852</u></u>
Property taxes for prior periods	\$	(42,330)
Ambulance fees for prior periods		(62,782)
Fines and forfeits for prior periods		(2,917)
Other (primarily storm water drainage fees) earned but not available		<u>(92,993)</u>
Total revenue for prior period transactions	\$	<u><u>(201,022)</u></u>
Accrued interest		9,265
Municipal Employees pension		(17,964)
Police Officers' pension		(517,160)
Firefighters' pension		(160,705)
Claims and judgments		(15,840)
Deferred inflow from pensions and OPEB		1,332,520
Deferred outflow from pensions and OPEB		(147,819)
Compensated absences		(27,260)
Other liabilities		5,634
Other post employment benefits		<u>235,904</u>
Total differences in accrued expenses	\$	<u><u>696,575</u></u>

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NOTE 3: DEPOSITS AND INVESTMENTS

A. Deposits

The City's Investment Policy (the "Investment Policy") requires all deposits to be fully collateralized with depository insurance; obligations of the United States of America or its agencies and instrumentalities (excluding those mortgage-backed securities prohibited by the Public Funds Investment Act); or in any other manner and amount provided by law for the deposits of the City. At all times, such securities should have a fair value of not less than 102% of the amount of the deposits collateralized thereby, adjusted by the amount of applicable depository insurance. There were no deposits with custodial risk at year end.

Cash, Cash Equivalents, and Investments

The City maintains a cash and investment pool (the "Pool") that is available for use by all funds. On the Statement of Net Position, "Cash and Cash Equivalents" includes each fund's portion of the Pool and each fund's non-pooled cash; "Investments" represents each fund's portion of the Pool and non-pooled investment. Participation in the Pool is limited to normal operating activities of the fund and other funds that are restricted because of statutory or contractual considerations but does not include cash on hand (petty cash and change funds), which is included in non-pooled cash. Earnings from the Pool are allocated to the funds based upon each fund's average daily balance in the Pool. A summary of balances in pooled and non-pooled accounts as of June 30, 2022 is as follows (in thousands):

	Pooled Cash and Cash Equivalents	Pooled Investments	Total Pooled Cash and Investments	Non-Pooled Cash	Non-Pooled Investments	Total Cash and Investments
Governmental Funds:						
General	\$ 23,775	\$ 306,458	\$ 330,233	\$ 90	\$ -	\$ 330,323
Debt Service	36,691	106,043	142,734	30	6,629	149,393
Capital Projects	44,017	241,901	285,918	-	-	285,918
Grants	26,516	-	26,516	1	-	26,517
ARPA Fiscal Recovery Fund	456,434	-	456,434	-	-	456,434
Non-major:						
Health and Housing	25,122	112,503	137,625	-	-	137,625
Parks and Recreation	1,268	5,400	6,668	5	-	6,673
Public Safety	6,247	25,433	31,680	-	-	31,680
Public Works	42,485	233,231	275,716	2	-	275,718
Other Special Revenue	24,945	112,481	137,426	-	-	137,426
	-	-	-	-	-	-
Enterprise Funds:						
Airport System	332,287	1,473,557	1,805,844	49,784	-	1,855,628
Convention & Entertainment	15,952	79,019	94,971	-	-	94,971
Combined Utility	333,406	1,548,464	1,881,870	37	-	1,881,907
	-	-	-	-	-	-
Internal Service:						
Health Benefits	10,866	58,022	68,888	-	-	68,888
Long-term Disability	1,482	6,874	8,356	-	-	8,356
	-	-	-	-	-	-
Fiduciary:						
Trust Fund	-	-	-	270	6,109	6,379
Total	\$1,381,493	\$4,309,386	\$5,690,879	\$50,219	\$12,738	\$5,753,836

B. Investments and Risk Disclosures

The following describes the investment positions of the City's operating funds as of June 30, 2022. The City held \$5.3 billion in high grade, fixed income investments in three separate investment pools, each serving a specific purpose as described below. All investments are governed by state law and the Investment Policy, which dictates the following objectives, in order of priority:

1. Safety
2. Liquidity
3. Return on Investment
4. Legal Requirements

These funds are managed internally by City personnel. The investments listed in this section do not include the City's three pension funds, which are described separately in Note 3.C.

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Fair Value Measurements

To the extent available, the City's investments are recorded at fair value. GASB Statement No. 72, "Fair Value Measurement and Application," defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis.

The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access at the measurement date.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

1. General Investment Pool

The General Investment Pool consists of all working capital, construction, and debt service funds not subject to yield restriction under Internal Revenue Service ("IRS") arbitrage regulations. The funds of the City's enterprise systems, as well as the general fund, are commingled in this pool to gain operational efficiency. Approximately 98.7% of the City's total pooled investable funds are held in this portfolio.

<u>Investments As of June 30, 2022</u>	<u>Credit Quality Ratings (1)(2)</u>	<u>Fair Value (\$ in millions)</u>	<u>WAM* (years)</u>
U.S. Treasury Securities	AAA	\$ 2,595.39	1.490
Govt. Agency Securities (3)	AAA	1,028.52	1.790
Govt. Agency Securities (State of Israel Bond)	AA	9.75	1.088
Govt. Agency Securities (3) (4)	Not Rated	288.28	1.684
Govt. Mortgaged Backed Securities (3) (4)	Not Rated	0.65	0.743
MMF - TexSTAR Cash Reserves	AAA Short Term	293.08	0.003
Commercial Paper	A-1/P-1 Short Term	705.36	0.276
Municipal Securities	AAA Long Term	174.72	1.695
Municipal Securities	AA Long Term	199.86	2.093
Total Investments		<u>\$ 5,295.62</u>	

* Weighted Average Maturity ("WAM") is computed using average life of mortgage-backed securities and effective maturity of callable securities.

(1) Fitch Ratings Inc. has assigned an AAA credit quality rating and S1 volatility rating to the City's General Investment Pool. The AAA signifies the highest level of credit protection, and the S1 rating signifies volatility consistent with a portfolio of government securities maturing from one to three years.

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- (2) All credit ratings shown are either actual Fitch ratings, or if a Fitch credit rating is not available, the equivalent Fitch credit rating is shown to represent the actual Moody's or Standard & Poor's credit rating.
- (3) These are securities issued by government sponsored enterprises, including the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation ("Freddie Mac"), Federal National Mortgage Corporation ("Fannie Mae"), and Federal Farm Credit Bank ("Farmer Mac").
- (4) These securities were issued by the Federal Home Loan Bank, Freddie Mac, Fannie Mae, and Farmer Mac. While these individual issues were not rated, senior lien debt of these entities is rated AAA.

Risk Disclosures:

Interest Rate Risk. In order to ensure the ability of the City to meet obligations and to minimize potential fair value losses arising from rising interest rate environments, the Investment Policy limits this investment portfolio's WAM to 2.5 years maximum. As of June 30, 2022, this investment portfolio's WAM was 1.343 years. Modified duration was 1.305 years. Modified duration can be used as a multiplier to determine the percent change in price of a bond portfolio for every 100 basis point (1%) change in yield. For example, a portfolio with a modified duration of 1.305 years would experience approximately a 1.305% change in market price for every 100 basis point change in yield.

Credit Risk – Investments. The U.S. Treasury Securities and Housing and Urban Development Securities are direct obligations of the United States government. Government Agency Securities and Mortgage-backed Securities were issued by government sponsored enterprises but are not direct obligations of the U.S. Government. The Money Market Mutual Funds were rated AAA. Municipal Securities were rated at least AA. The Investment Policy limits investments in the General Investment Pool to high quality securities with maximum maturity of five years for all U.S. Treasuries, Government Agency, and Municipal Securities except for Government Mortgaged-backed Securities which can have maximum maturity of 15 years. Certificates of Deposit maximum maturity is two years, and Commercial Paper maximum maturity is 365 days. The General Investment Pool maximum sector exposure are as follow: U.S. Treasuries up to 100%; Government Agency Securities up to 85% with maximum exposure to any one Agency issuer is 35%; Mortgage-backed Securities up to 20%; Municipal Securities up to 20% with a rating not less than A by a nationally recognized rating agency; Money Market Mutual Funds up to 25%; Certificates of Deposit up to 15%; and Commercial Paper up to 20%.

Credit Risk – Securities Lending. Under its securities lending program, the City receives 102% of fair value for its U.S. Treasury securities at the time the repurchase agreements are signed, and agreements are limited to 90 days by policy and have been less than 35 days by practice. At June 30, 2022, there were no securities lending agreements outstanding.

Custodial Credit Risk. The custodial credit risk for investments is the risk that in the event of failure of a counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are not registered in the name of the City, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name. As of June 30, 2022, none of the City's investments in the General Investment Pool were subject to custodial credit risk.

Foreign Currency Risk. Foreign currency risk is the risk that investments will change value due to changes in exchange rates between time of purchase and reporting or sale. The City's General Investment Pool investments are limited by policy to U.S. dollar denominated investments and not subject to this risk.

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A summary of the General Investment Pool's investment under the requirements of the fair value hierarchy follows:

	Fair Value Measurements Using (\$ in millions)			
	<u>6/30/22</u>	<u>Quoted prices (Level 1)</u>	<u>Other significant observable inputs (Level 2)</u>	<u>Significant observable inputs (Level 3)</u>
Investments by fair value level				
U.S. Treasury Securities	\$ 2,595.39	\$ 2,595.39	\$ -	\$ -
Govt. Agency Securities	1,316.80	-	1,316.80	-
Govt. Agency Securities (State of Israel Bd)	9.75	-	-	9.75
Govt. Mortgage Backed Securities	0.65	-	0.65	-
Municipal Securities	374.57	-	374.57	-
Commercial Paper	705.36	-	705.36	-
Total Investment by Fair Value Level	\$ 5,002.53	\$ 2,595.39	\$ 2,397.39	\$ 9.75
Investments measured at net asset value (NAV)				
MMF - TexSTAR Cash Reserves	293.08			
Total investments measured at the net asset value (NAV)	293.08			
Total investments measured at fair value and NAV	\$ 5,295.62			

TexSTAR uses the fair value method to determine the Net Asset Value ("NAV") per unit of the Cash Reserve Fund. Under the fair value method, fixed income securities are valued each day by independent or affiliated commercial pricing services or third-party broker-dealers. In instances where sufficient market activity exists, the pricing services or broker-dealers may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the broker-dealers or pricing services also utilize proprietary valuation models which may consider market transactions in comparable securities and the various relationships between securities in determining value and/or market characteristics such as benchmark yield curves, option adjusted spreads, credit spreads, estimated default rates, coupon-rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair values.

TexSTAR Cash Reserve Fund has not been classified in the fair value hierarchy table. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statement of Net Position. For additional information regarding TexSTAR, visit: https://www.texstar.org/GetDocument.aspx?FileName=TexSTAR_InformationStatement.pdf.

2. Tax Exempt Pool

The Tax Exempt Pool consists of those funds which are subject to yield restrictions and arbitrage regulation under the 1986 Tax Reform Act. All these investments were held in a tax-exempt municipal bonds and cash.

<u>Investments As of June 30, 2022</u>	<u>Credit Quality Ratings</u>	<u>Fair Value (\$ in millions)</u>	<u>WAM</u>
Municipal Securities	AAA Long Term	\$ 7.74	309

Risk Disclosures:

Interest Rate Risk. In order to ensure the ability of the City to meet obligations and to minimize potential fair value losses arising from rising interest rate environments, the Investment Policy limits this pool's WAM to 1.5 years. As of June 30, 2022, the pool's dollar-weighted average maturity was 309 days or 0.847 years. Modified duration was 0.829 years.

Credit Risk. The Investment Policy limits investments in the Tax-Exempt Pool to high quality securities with a maturity of less than three years and a minimum rating of AA.

Custodial Credit Risk. As of June 30, 2022, none of the City's investments in this pool were subject to custodial credit risk.

Foreign Currency Risk. The City's investments in this pool are all U.S. dollar denominated and not subject to foreign currency risk.

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A summary of the Tax Exempt Pool's investment under the requirements of the fair value hierarchy follows:

	<u>Fair Value Measurements Using (\$ in millions)</u>			
		Quoted prices	Other significant observable inputs	Significant observable inputs
	<u>6/30/22</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments by fair value level				
Municipal Securities	\$ 7.74	\$ -	\$ 7.74	\$ -
Total Investment by Fair Value Level	<u>\$ 7.74</u>	<u>\$ -</u>	<u>\$ 7.74</u>	<u>\$ -</u>

3. Housing Department Section 108 Pool

The Housing Department Pool was created to comply with rules of the U.S. Department of Housing and Urban Development ("HUD"), which requires that funds provided by HUD must be held in a separate custodial account for HUD's benefit. The primary goal of this fund is to meet the cash flow and investment needs of the City's Housing and Community Development HUD program.

<u>Investments As of June 30, 2022</u>	<u>Credit Quality Ratings</u>	<u>Fair Value (\$ in millions)</u>	<u>WAM</u>
U.S. Treasury Bills	F1+	\$ 7.99	35 days

Risk Disclosures:

Interest Rate Risk. In order to ensure the ability of the City to meet obligations and to minimize potential fair value losses arising from rising interest rate environments, the Investment Policy limits this investment portfolio's dollar-weighted average stated maturity to six months maximum. As of June 30, 2022, this investment portfolio's dollar-weighted average stated maturity was 35 days. Modified duration was 0.096 years.

Credit Risk. HUD requires that investment of these funds must be in direct obligations of the U.S. Government.

Custodial Credit Risk. As of June 30, 2022, none of the City's investments in this pool were subject to custodial credit risk.

Foreign Currency Risk. The City's investments in this pool are all U.S. dollar denominated and not subject to foreign currency risk.

A summary of the Housing Department Section 108 Pool's investment under the requirements of the fair value hierarchy follows:

	<u>Fair Value Measurements Using (\$ in millions)</u>			
		Quoted prices	Other significant observable inputs	observable inputs
	<u>6/30/22</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments by fair value level				
Debt Securities				
U.S. Treasury Bills	\$ 7.99	\$ 7.99	\$ -	\$ -
Total Investment by Fair Value Level	<u>\$ 7.99</u>	<u>\$ 7.99</u>	<u>\$ -</u>	<u>\$ -</u>

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4. Miscellaneous Money Market Accounts

In addition to its investment pools, the City maintains several money market accounts for various purposes. These accounts are considered cash and cash equivalents on the Statements of Cash Flows because they maintain a weighted average maturity of less than three months. These accounts are described below:

<u>Investments As of June 30, 2022</u>	<u>Credit Quality Ratings</u>	<u>Fair Value (\$ in millions)</u>	<u>WAM</u>
BlackRock Institutional Temporary Liquidity Fund: Balances held for Consolidated Rental Car Facility operations, improvements, debt service	AAA	\$ 49.9227	37 days
First American US Treasury Money Market Fund: Balances held for commercial paper debt service	AAA	0.369	31 days
Total Miscellaneous Money Market Funds		<u>\$ 50.2913</u>	

Risk Disclosures:

Interest Rate Risk. These money market funds maintain an average maturity of less than 60 days and seek to maintain a stable net asset value of \$1.00. These funds are redeemable on a same day notice.

Credit Risk. These funds hold only U.S. dollar denominated securities that present minimal credit risk. They have the highest credit ratings.

Custodial Credit Risk. As of June 30, 2022, none of the City's investments in this pool were subject to custodial credit risk.

Foreign Currency Risk. The City's investments in this pool are all U.S. dollar denominated and not subject to foreign currency risk.

A summary of the investment under the fair value hierarchy follows:

	<u>6/30/22</u>
Investments measured at net asset value (NAV)	
BlackRock FedFund-Institutional	\$ 49.9227
First American US Treasury MMF	0.3686
Total investment measured at net asset value (NAV)	<u>\$ 50.2913</u>

5. Houston Foundation

The Houston Foundation (the "Foundation") consists of the Hill Trust. It is reported as an Nonmajor Other Special Revenue Fund; its investments are laid out below. The Hill Trust was established by will in the early 1900's as a general purpose charity trust. The trust is administered by an outside trustee. The City's Administration and Regulatory Affairs Department provides administrative support to the foundation and its board.

<u>Investments As of June 30, 2022</u>	<u>Credit Quality Ratings</u>	<u>Fair Value (\$ in millions)</u>	<u>WAM (years)</u>
Cash and Equivalents	Not Rated	\$ 0.201	N/A
Fixed Income	Not Rated	0.770	7.40
Equities	Not Rated	3.432	N/A
Tangible Assets	Not Rated	0.099	N/A
Total Assets		<u>\$ 4.502</u>	

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Risk Disclosures:

Interest Rate Risk. The cash and equivalents portions of this portfolio are invested in money market mutual funds. The fixed income portfolio is invested in bond mutual funds with WAM equal to or less than 8.14 years. The WAM for the fixed income portfolio is 7.4 years, and the weighted average duration is 5.4 years.

Credit Risk. The allocations of assets among various asset classes are set by the Foundation’s board. The fixed income portfolio consists of unrated mutual funds. The equities portion of this portfolio is invested in common stocks.

Custodial Credit Risk. As of June 30, 2022, all of the Foundation's holdings were subject to custodial credit risk.

Foreign Currency Risk. Foreign currency risk is the risk that investments will change value due to changes in exchange rates between times of purchase, reporting or sale. The equity investments of the Foundation are subject to this risk to the extent that the Foundation held have not fully hedged their foreign currency dealings.

A summary of the Foundation’s investment under the requirements of the fair value hierarchy follows follows:

	Fair Value Measurements Using (\$ in millions)			
	6/30/22	Quoted prices (Level 1)	Other significant observable inputs (Level 2)	Significant observable inputs (Level 3)
Investments by fair value level				
Cash and Equivalents	\$ 0.201	\$ 0.201	\$ -	\$ -
Fixed Income	0.770	\$ 0.111	\$ 0.660	\$ -
Equities	3.432	\$ 1.288	\$ 2.144	\$ -
Tangible Assets	0.099	\$ -	\$ -	\$ 0.099
Total Investment by Fair Value Level	\$ 4.502	\$ 1.599	\$ 2.804	\$ 0.099

C. Pension Systems Investments and Risk Disclosures

1. Houston Municipal Employees Pension System (“HMEPS”)

HMEPS’ Board, in accordance with the power and authority conferred under the Texas Statutes, engaged State Street Bank and Trust Company (the “Custodian”) as custodian of the assets of HMEPS, and in said capacity, the Custodian is a fiduciary of HMEPS’ assets with respect to its discretionary duties including safekeeping of HMEPS’ assets.

The Custodian has established and maintains a custodial account to hold, or direct its agents to hold, for the account of HMEPS all assets that the Board shall from time-to-time deposit with the Custodian. All rights, title, and interest in and to HMEPS’ assets shall at all times be vested in HMEPS.

HMEPS’ Board shall manage the investment program of HMEPS in compliance with all applicable Federal and State statutes and regulations concerning the investment of pension assets. HMEPS’ Board has adopted an investment policy statement to set forth the factors involved in the management of investment assets for HMEPS and which is made part of every investment management agreement. Representative guidelines by type of investment are disclosed in HMEPS’ separately issued financial statements.

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Fair Value Disclosures:

A summary of the fair value hierarchy is as follows (in thousands):

<u>June 30, 2022</u>	<u>Fair Value Measurements Using</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level				
Global equity and inflation linked	\$ 791,966	\$ 785,690	\$ -	\$ 6,276
Fixed income	189,824	-	186,918	2,906
Short-term investment funds	177,419	-	177,419	-
Securities lending collateral arrangements	35,555	35,555	-	-
Total investment by fair value level	<u>\$ 1,194,764</u>	<u>\$ 821,245</u>	<u>\$ 364,337</u>	<u>\$ 9,182</u>
Investments measured at NAV				
Collective trusts	794,429			
Hedge funds	130,356			
Limited partnerships	1,850,996			
Total investments measured at NAV	<u>2,775,781</u>			
Total investments	<u>\$ 3,970,545</u>			

Details of investments measured at NAV at June 30, 2022 are as follows (in thousands):

	<u>NAV</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Global equity collective trusts	\$ 518,765	\$ -	Daily	< 1 month
Inflation linked collective trusts	83,586	-	Daily	< 1 month
Fixed income collective trusts	56,718	-	Daily	< 1 month
Real estate collective trust	135,360	-	Daily	< 1 month
Absolute return hedge funds	130,356	-	Monthly, Quarterly, Semiannually, or Annually	30-90 days
Inflation linked limited partnerships	222,348	129,042	N/A	N/A
Private equity limited partnerships	1,238,475	397,580	N/A	N/A
Private credit limited partnerships	104,327	167,687	N/A	N/A
Real estate limited partnerships	285,846	174,870	N/A	N/A
	<u>\$ 2,775,781</u>	<u>\$ 869,179</u>		

Risk Disclosures:

Custodial Credit Risk. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of HMEPS and are held by either the counterparty or the counterparty's trust department or agent but not in the HMEPS' name.

Concentration Risk. The allocation of assets among various asset classes is set by HMEPS' Board. For major asset classes (e.g., global equity, fixed income, real estate, private equity, inflation-linked, absolute return and private credit), HMEPS will further diversify by employing managers with demonstrated skills in complementary areas of expertise. The managers retained will utilize varied investment approaches, but when combined will exhibit characteristics that are similar, but not identical, to the asset class proxy utilized in the strategic asset allocation plan. The investment portfolio as of June 30, 2022 contained no concentration of investments in any one entity that represented 5% or more of the total investment portfolio, excluding passive index funds.

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Interest Rate Risk. Duration is the measure of a bond prices's sensitivity to a 100-basis point change in interest rates. The duration of HMEPS' debt securities is managed by the active managers.

At June 30, 2022, the following table shows HMEPS' investments by type, fair value and the effective duration rate.

	<u>Effective Duration</u>	<u>Domestic</u>	<u>International</u>	<u>Total</u>
Collateralized mortgage obligations	3.3	\$ 4,617,309	\$ -	\$ 4,617,309
Convertible bonds	0.8	3,446,361	56,280	3,502,641
Corporate bonds	5.0	88,629,818	15,556,677	104,186,495
GNMA/FNMA/FHLMC	5.3	20,090,494	-	20,090,494
Municipal	10.6	369,754	-	369,754
Government issues	7.8	28,946,959	644,648	29,591,607
Misc. receivable (auto/credit card)	1.4	3,331,733	-	3,331,733
Other ABS	N/A	976,121	-	976,121
Bank loan	N/A	24,470,061	524,900	24,994,961
Commingled funds	N/A	54,881,100	-	54,881,100
Total		<u>\$ 229,759,710</u>	<u>\$ 16,782,505</u>	<u>\$ 246,542,215</u>

Credit Risk. The quality ratings of investments in fixed income securities are set forth in HMEPS' Investment Policy Statement. All issues purchased by investmentgrade fixed income managers must be of investment grade quality, unless expressly authorized by HMEPS' Board. Fixed income investments should emphasize high-quality and reasonable diversification.

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at June 30, 2022 are as follows:

<u>Quality Rating</u>	<u>Fair Value</u>	<u>Percentage</u>
AAA	\$ 1,479,052	0.60%
AA	977,168	0.40%
A	4,088,597	1.66%
BBB	21,892,924	8.88%
BB	25,146,022	10.20%
B	28,778,200	11.67%
CCC	21,906,136	8.89%
D	-	0.00%
Commingled funds	54,881,101	22.26%
Not available	87,393,015	35.44%
Total	<u>\$ 246,542,215</u>	<u>100.00%</u>

Securities Lending. HMEPS is authorized under its Investment Policy Statement to participate in a securities lending program through its agent and Custodian. Under this program, for an agreed-upon fee, HMEPS-owned investment are loaned to a borrowing financial institution. During the year ended June 30, 2022, the Custodian lent HMEPS securities and received cash and securities issued or guaranteed by the U.S. government as collateral. The following table show the fair value measurement of the securities lent, cash collateral received, and the reinvested cash collateral at June 30, 2022:

	<u>Fair Value of Underlying Securities Lent</u>	<u>Cash Collateral Received</u>	<u>Collateral Reinvestment Value</u>
Domestic bond and equities	\$ 34,493,643	\$ 35,385,863	\$ 35,385,863
International equities	156,964	169,082	169,082
Total	<u>\$ 34,650,607</u>	<u>\$ 35,554,945</u>	<u>\$ 35,554,945</u>

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Foreign Currency Risk. International securities investment managers are expected to maintain diversified portfolios by sector and by issuer using HMEPS' Investment Policy.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

HMEPS' has an indirect exposure to foreign currency fluctuation as of June 30, 2022 as follows:

	<u>Fair Value</u>
Australian Dollar	\$ 5,904,825
Brazilian Real	3,602,144
Canadian Dollar	16,843,300
Chilean Peso	3,962
Czech Koruna	261,638
Danish Krone	5,064,183
Euro Currency	103,842,798
Hong Kong Dollar	14,869,668
Hungarian Forint	417,906
Indonesian Rupiah	2,115,396
Japanese Yen	39,926,667
Mexican Peso	1,227,727
New Israeli Sheqel	59,841
New Taiwan Dollar	5,597,444
Norwegian Krone	1,344,406
Philippine Peso	296,601
Polish Zloty	108,984
Pound Sterling	36,662,291
Singapore Dollar	2,301,335
South African Rand	843,158
South Korean Won	4,784,718
Swedish Krona	12,777,969
Swiss Franc	14,283,034
Turkish Lira	927,813
	<u>\$ 274,067,808</u>

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2. Houston Firefighters' Relief and Retirement Fund ("HFRRF")

Statutes of the State of Texas authorize HFRRF to invest surplus funds in the manner provided by the Government Code, Title 8, Subtitle A, Subchapter C. This subchapter provides for the investment of surplus assets as described in section 802.202 of the Government Code. HFRRF's Board seeks to produce a return on investments that is based on prudent and reasonable investment risk and the cash flow requirements of HFRRF given prevailing economic and capital market conditions. While HFRRF's Board recognizes the importance of the preservation of capital, it also adheres to the theory of capital market pricing which maintains that varying degrees of investment risk should be rewarded with incremental returns. Consequently, prudent risk-taking is justifiable.

HFRRF's Board manages the investment program of HFRRF in compliance with all applicable Federal and State statutes and regulations concerning the investment of pension assets. HFRRF has adopted an Investment Policy Statement to set forth the factors involved in the management of investment assets for HFRRF. HFRRF's Board has established an Investment Committee to act on all matters related to investments.

Fair Value Disclosures:

A summary of the fair value hierarchy is as follows (in thousands):

June 30, 2022	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Short-term investment funds	\$ 324,772	\$ 324,772	\$ -	\$ -
Government securities	18,844	8,845	9,999	-
Corporate bonds	44,740	13,841	30,899	-
Convertible debt securities	854	-	854	-
Equity securities	13,798	13,798	-	-
Inflation hedge securities	79,932	79,932	-	-
Private debt	22,505	22,505	-	-
Private equity - energy	1,075	-	-	1,075
Real estate	1,170	-	-	1,170
Total investment by fair value level	507,690	\$ 463,693	\$ 41,752	\$ 2,245
Investments measured at NAV				
Commingled investment funds	1,956,506			
Hedge funds	130,967			
Private debt funds	168,465			
Private equity funds	1,803,780			
Real estate funds	340,175			
Total investments measured at the NAV	4,399,893			
Total investments	\$ 4,907,583			

Alternative Investments – As of June 30, 2022, HFRRF was invested in various private equity funds as detailed in the table below.

Investment Type	Fair Value (\$000's)
<i>Private Equity</i>	
Buyout partnerships/funds	\$ 868,855
Co-investments	208,950
Digital assets	6,992
Distressed debt partnerships/funds	67,071
Direct investments	1,075
Infrastructure partnerships/funds	80,258
Mixed strategies	55,405
Secondary partnerships/funds	212,206
Special situations investments	110,824
Venture capital partnerships/funds	193,219
Total	\$ 1,804,855

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Risk Disclosures:

Custodial Credit Risk. Portions of HFRRF’s investments are classified as security investments. A security is a transferable financial instrument that evidences ownership or creditorship. Investments in companies, partnerships and real estate are investments that are evidenced by contracts rather than securities. At June 30, 2022, HFRRF’s security investments (excluding cash) that were not subject to custodial credit risk were the investments not registered on an exchange.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributable to the magnitude of HFRRF’s investment in a single issue. The allocation of assets among various asset classes is set by HFRRF’s Board with the objective of optimizing the investment return of HFRRF within framework of acceptable risk and diversification. For major asset classes (e.g., domestic equities, international equities, fixed income, hedge funds, private equity and real estate), HFRRF further diversifies by employing investment managers who implement the strategies selected by the Investment Committee (IC). In addition, Exchange Traded Funds (ETFs) may be used.

Significant risk management asset allocation guidelines and actual allocations are disclosed in HFRRF’s separately issued financial statements.

Interest Rate Risk. HFRRF invests in fixed income securities including, but not limited to, investments representing instruments with an obligated fixed rate of interest including public and private debentures, mortgages, investments in life insurance general accounts and guaranteed investment contracts, with maturities greater than one year, and options/futures. Instruments may have an investment grade or non-investment grade rating. Purchases and sales, investment selection and implementation of investment strategies are delegated to the discretion of external investment managers, subject to compliance with its investment management agreement and HFRRF’s Investment Policy.

HFRRF does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates, but rather mandates such limits within the external manager’s investment management agreement.

At June 30, 2022, the following table shows HFRRF’s investments by type, with weighted average maturity and fair value:

	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
Commingled Funds	5.01	\$ 299,479,447
Non-U.S. Convertibles	0.96	205,325
Non-U.S. Corporate	3.43	46,689,625
Non-U.S. Treasuries	11.63	264,728
Taxable Municipals	20.69	2,829,051
U.S. Agencies	29.59	6,807,253
U.S. Collateralized	10.60	450,158
U.S. Convertibles	2.78	648,698
U.S. Corporate	3.16	218,911,719
U.S. Treasuries	15.99	8,844,670
Total Fixed Income Securities		<u>\$ 585,130,674</u>

Credit Risk. HFRRF does not have a formal policy limiting investment credit risk, but rather mandates such limits within the investment management agreement of each manager as may be appropriate to strategy.

CITY OF HOUSTON, TEXAS
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HFRRF's exposure to investment credit risk in fixed income securities (which includes government securities, corporate bonds, convertibles) as of June 30, 2022 is as follows:

Quality Rating	Fair Value	Percentage of Holdings
AGY	\$ 6,807,254	0.14%
AAA	1,822,818	0.04%
AA1	-	0.00%
AA2	435,078	0.01%
AA3	2,952,183	0.06%
A1	552,927	0.01%
A2	4,223,237	0.09%
A3	3,631,428	0.07%
BAA1	7,163,495	0.15%
BAA2	7,226,411	0.15%
BAA3	8,496,194	0.17%
BA1	19,319,298	0.39%
BA2	24,517,713	0.50%
BA3	62,607,343	1.28%
B1	33,266,041	0.68%
B2	24,370,940	0.50%
B3	18,216,715	0.37%
B	-	0.00%
CAA1	310,827,540	6.33%
CAA2	4,920,023	0.10%
CAA3	-	0.00%
CA	-	0.00%
Not rated	34,929,366	0.71%
Total credit risk debt securities*	<u>\$ 576,286,004</u>	<u>11.75%</u>

*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and therefore, have not been included in this disclosure.

Foreign Currency Risk. HFRRF's policy allows external investment managers to decide what action to take regarding their respective portfolio's foreign currency exposures subject to compliance with its respective investment management agreement of each manager as may be appropriate to strategy.

HFRRF's exposure to foreign currency fluctuation as of June 30, 2022 is as follows:

	Fair Value	Percentage of Holdings
Euro Currency Unit	\$ 234,722,073	4.78%
Mexican Peso	-	-
Indian Rupee	-	-
Brazil Real	-	-
Norwegian Krone	-	-
Total securities subject to foreign currency risk	<u>\$ 234,722,073</u>	<u>4.78%</u>

CITY OF HOUSTON, TEXAS
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3. Houston Police Officers' Pension System ("HPOPS")

Statutes of the State of Texas authorize HPOPS to invest surplus funds in a manner provided by the Government Code, Title 8, Subtitle A, Subchapter C. These statutes stipulate that the governing body of HPOPS is responsible for the management and administration of the funds of HPOPS and shall determine the procedure it finds most efficient and beneficial for the management of the reserve fund of HPOPS. The governing body may directly manage the investments of HPOPS or may choose and contract for professional investment management services.

Fair Value Disclosures:

A summary of the fair value hierarchy is as follows (in thousands):

June 30, 2022	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Investments by fair value level				
Short-term investment funds	\$ 809,816	\$ -	\$ 809,816	\$ -
Fixed income	290,073	-	290,073	-
Domestic equities	205,296	82,594	122,702	-
Private equity	1,283,424	-	-	1,283,424
Real estate	729,841	-	-	729,841
Private credit	427,998	-	-	427,998
Foreign currency contracts	1,632	1,632	-	-
Total investment by fair value level	<u>\$ 3,748,080</u>	<u>\$ 84,226</u>	<u>\$ 1,222,591</u>	<u>\$ 2,441,263</u>
Investments measured at NAV				
Domestic equities commingled funds	1,684,763			
International equities commingled funds	395,550			
Fixed income commingled funds	643,139			
Hedge funds	368,103			
Total investments measured at the NAV	<u>3,091,555</u>			
Total investments measured at fair value	<u>\$ 6,839,635</u>			

Alternative Investments – As of June 30, 2022, HPOPS was invested in various partnerships, separate accounts and commingled funds across various types of alternative investments as detailed in the table below.

Investment Type	Fair Value (\$000's)
<i>Private Equity</i>	
Leveraged Buy outs	\$ 835,395
Energy	155,338
Special Situations	156,298
Private Equity Secondaries	128,464
Venture Capital	7,929
<i>Other Alternatives</i>	
Real Estate	729,841
Private Credit	427,998
<i>Hedge Funds</i>	
Global macro hedge funds	149,343
Multi-strategy hedge funds	182,392
Long/short credit hedge funds	4,072
Long/short equity hedge funds	32,296
Total	<u>\$ 2,809,366</u>

CITY OF HOUSTON, TEXAS
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Risk Disclosures:

Custodial Credit Risk for Deposits and Investments. As of June 30, 2022, HPOPS had a balance of \$441 thousand on deposit at a financial institution. The Federal Depository Insurance Corporation ("FDIC") covered cash on deposit up to \$250 thousand at this financial institution. Therefore, as of June 30, 2022, \$191 thousand of HPOPS' bank balance of \$441 thousand was exposed to custodial credit risk. At June 30, 2022, HPOPS did not have any other investments with other financial institutions subject to custodial credit risk.

Credit Risk. As of June 30, 2022, HPOPS' fixed income assets that are not U.S. government guaranteed represented 86.4% of HPOPS' fixed income plus short term investments portfolio. The tables below and on the following page summarize the HPOPS' fixed income portfolio and short term investment exposure levels and credit qualities as of June 30, 2022.

**Average Credit Quality and Exposure Levels of Non-U.S. Government
Guaranteed Securities**

Fixed Income Security Type	Fair Value (\$000's)	Percent of Total	Weighted Average Credit Quality
Corporate Bonds	\$ 258,660	17.2%	B
Corporate Convertible Bonds	31,413	2.1	B
Mutual Bond Funds	406,109	27.0	Not Rated
Short Term Investment Funds	809,816	53.7	Not Rated
Total	<u>\$ 1,505,998</u>	<u>100.0%</u>	

Ratings Dispersion Detail (\$000's)

Credit Rating Level	Corporate Bonds	Corporate Convertible Bonds	Mutual Bond Funds	Short Term Investment Funds
BBB	\$ 8,900	\$ -	\$ -	\$ -
BB	127,602	322	-	-
B	95,479	311	-	-
CCC	23,478	747	-	-
Not Rated	3,201	30,033	406,109	809,816
Total	<u>\$ 258,660</u>	<u>\$ 31,413</u>	<u>\$ 406,109</u>	<u>\$ 809,816</u>

HPOPS' investment policy allows investment managers full discretion in adopting investment strategies to deal with these risks. Specific guidelines governing risks and concentrations and portfolio quality are established in contracts with each manager and are monitored by HPOPS staff.

Concentration of Credit Risk. HPOPS' investment policy does not provide for specific limits on investment in any one single security, as this is governed by contracts with individual managers. As of June 30, 2022, HPOPS did not have any single investment in any one organization which represented greater than 5% of plan net position.

Interest Rate Risk. HPOPS' investment policy delegates the management of interest rate risk to the individual investment managers in accordance with each manager's designated strategy. Investment managers have full discretion in adopting investment strategies to deal with these risks, and all of HPOPS' fixed income portfolios are managed in accordance with guidelines that are specific as to the degree of interest rate risk taken. The reporting of modified duration as of June 30, 2022, found in the tables below quantify the interest rate risk of HPOPS' fixed income and short-term investments.

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Modified Duration by Security Type

Security Type	Fair Value (\$000's)	Percent of Total	Weighted Average Modified Duration (years)
U.S. Treasuries	\$ 237,030	13.60%	2.4
Corporate Bonds	258,660	14.8	3.6
Corporate Convertible Bonds	31,413	1.8	3.8
Mutual Bond Funds	406,109	23.3	5.0
Short Term Investment Funds	809,816	46.5	0.1
Total	\$ 1,743,028	100.0%	

Modified Duration Analysis by Security Type

U.S. Treasuries	Fair Value (\$000's)	Average Modified Duration	Contribution to Modified Duration
Less than 1 year	\$ 41,954	2.5	0.4
1 to 5 years maturities	195,076	2.5	2.0
Total	\$ 237,030		2.4
Corporate Bonds			
Less than 1 year	\$ 9,674	0.6	0.0
1 to 5 years maturities	175,946	2.9	2.0
5 to 10 years maturities	66,612	5.4	1.4
Greater than 10 years maturities	6,428	8.8	0.2
Total	\$ 258,660		3.6
Corporate Convertible Bonds			
Less than 1 year	\$ 1,091	0.8	0.0
1 to 5 years maturities	25,469	3.5	2.8
5 to 10 years maturities	4,582	5.4	0.8
Greater than 10 years maturities	271	26.2	0.2
Total	\$ 31,413		3.8
Mutual Bond Funds			
Less than 1 year	\$ 8,544	5.0	0.1
1 to 5 years maturities	164,907	5.0	2.0
5 to 10 years maturities	170,291	5.0	2.1
Greater than 10 years maturities	62,367	5.0	0.8
Total	\$ 406,109		5.0
Short Term Investment Funds			
Less than 1 year	\$ 763,627	0.1	0.1
1 to 5 years maturities	46,189	0.1	0.0
Total	\$ 809,816		0.1

Foreign Currency Risk. The books and records of HPOPS are maintained in U.S. dollars. Foreign currencies and non-US dollar denominated investments are translated into U.S. dollars at the bid prices of such currencies against U.S. dollars at each balance sheet date. Realized and unrealized gains and losses on investments which result from changes in foreign currency exchange rates have been included in the net appreciation in fair value of investments. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date of investment securities transactions, foreign currency transactions and the difference between the amounts of interest and dividends recorded on the books of HPOPS and the amount actually received. International and global managers have the permission to use currency forward and futures contracts to hedge currency against the U.S. dollar.

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Currency forwards and futures used for the purpose of hedging currency shall be subject to the following guidelines: 1) net forward and futures sales of any currency may not exceed total fair value of the assets denominated in that currency. This limitation does not apply to global fixed income managers and currency overlay managers if provided for in their contracts, 2) foreign currency exchange contracts with a maturity exceeding 12 months are not permitted, 3) currency options may be entered into in lieu of or in conjunction with forwards sales of currencies with the same limitations as currency forwards and futures. Cross hedging, the selling of one foreign currency for another foreign currency, which may or may not be the base currency of the portfolio, is permitted.

HPOPS' exposure to foreign currency risk in U.S. dollars as of June 30, 2022, is shown in the table below (in thousands).

Foreign Currency Exposure by Asset Class

Currency	Short Term Investments	Fixed Income	Equities	Alternative Investments	Foreign Currency Contracts	Total
Canadian dollar	\$ 30,664	\$ -	\$106,036	\$ -	\$ -	\$ 136,700
Euro	(86,931)	-	194,644	752	-	108,465
Japanese yen	(62,105)	-	140,117	-	-	78,012
Swiss franc	-	-	66,098	-	-	66,098
Australian dollar	-	-	49,475	7,740	-	57,215
British pound sterling	(43,916)	-	100,492	-	-	56,576
Chilean peso	-	-	47,486	-	-	47,486
HK offshore Chinese Yuan Renminbi	-	-	-	-	(31,068)	(31,068)
Swedish krona	-	-	21,245	-	-	21,245
Hong Kong dollar	-	-	21,003	-	-	21,003
South Korean won	-	-	19,452	-	-	19,452
Danish krone	-	-	17,372	-	-	17,372
Hungarian forint	-	-	17,037	-	-	17,037
South African rand	-	-	15,218	-	-	15,218
Singapore dollar	-	-	9,183	-	-	9,183
Norwegian krone	-	-	5,285	-	-	5,285
New Israeli shekel	-	-	4,798	-	-	4,798
Saudi riyal	-	-	4,752	-	-	4,752
Malaysian ringgit	-	-	2,844	-	-	2,844
New Taiwan dollar	-	-	2,547	-	-	2,547
Indian rupee	-	-	2,445	-	-	2,445
Kuwaiti dinar	-	-	1,960	-	-	1,960
Turkish lira	-	-	1,696	-	-	1,696
Polish zloty	-	-	1,386	-	-	1,386
New Zealand dollar	-	-	1,137	-	-	1,137
Indonesian rupiah	-	-	1,102	-	-	1,102
Peruvian nuevo sol	-	-	962	-	-	962
Philippine peso	-	-	808	-	-	808
Brazilian real	-	-	684	-	-	684
Thai baht	-	-	376	-	-	376
Egyptian pound	-	-	339	-	-	339
Mexican peso	-	-	294	-	-	294
Colombian peso	-	-	219	-	-	219
Chinese yuan renminbi	-	-	214	-	-	214
Czech koruna	-	-	88	-	-	88
	<u>\$ (162,288)</u>	<u>\$ -</u>	<u>\$858,794</u>	<u>\$ 8,492</u>	<u>\$ (31,068)</u>	<u>\$ 673,930</u>

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Securities Lending Program. HPOPS' Board of Trustees' policies permit HPOPS to lend securities (domestic and international equities and fixed income) to securities firms on a temporary basis through its custodian bank. HPOPS receives fees for all loans and retains the right to all interest and dividend payments while the securities are on loan. Cash, letters of credit or various government securities having fair values equal to or exceeding 102% and 105% of the value of the loaned securities for domestic and international securities, respectively, collateralize all security loan agreements. Whenever the fair value of the securities on loan changes, the borrower must adjust the collateral accordingly. HPOPS' bank pools all collateral received from securities lending transactions and invests any cash collateral. HPOPS holds an undivided share of the collateral provided by the borrowers of the securities. At June 30, 2022, the weighted-average maturity of the collateral pool was 31 days. The relationship between the maturities of the collateral pool and the System's loans has not been determined. Cash collateral invested in the custodian bank collateral pool at June 30, 2022, was \$237,338 thousand. HPOPS also had non-cash collateral at June 30, 2022, of \$10,282 thousand consisting of treasury securities and letters of credit. HPOPS cannot sell or pledge the collateral unless the borrower fails to return the securities borrowed.

The fair value of securities on loan at June 30, 2022, was \$241,244 thousand. At June 30, 2022, HPOPS had no credit risk exposure to borrowers because the amounts HPOPS owes the borrowers, \$247,620 thousand, exceeds the amounts the borrowers owe HPOPS, \$241,244 thousand.

Derivatives. HPOPS' investment managers may invest in derivatives if permitted by the guidelines established by HPOPS' Board of Trustees. HPOPS' staff monitors guidelines and compliance. From time to time HPOPS' investment managers will invest in equity, fixed income and short term futures contracts along with foreign currency forward contracts. No derivatives are purchased with borrowed funds. These investments derivatives are primarily classified in Level 1 of the fair value hierarchy as futures contracts are price base on market quotes.

The fair value balance of posted margin and collateral and notional amounts of derivative instruments outstanding at June 30, 2022, classified by type, and the changes in fair value of such derivative instruments for the year then ended is shown in the table below.

	Fair Value (\$000's)				
	Changes in Fair		Collateral Held		Notional Value
	Value	Posted Margin	at Custodian	Collateral Held	
			Bank	at Broker	
Equity Futures	\$ (251,904)	\$ 32,932	\$ 549,747	\$ -	\$ 599,657
Currency Futures	40,839	(216)	110,350	-	(160,947)
Currency Forwards	(1,843)	-	-	-	(31,068)
Commodity Futures	(3,349)	(1,699)	34,876	3,474	36,444
Equity Options	64,604	-	89,604	-	1,000,000

Futures are used to obtain market exposure and to take advantage of mis-pricing opportunities. When a position is taken in a futures contract, a margin is posted and the contract is subject to daily mark-to-market adjustments. For options, no margin is posted. Instead, options are purchased at a premium, which is either forfeited or recouped, depending on the gain or loss on the contract. Foreign currency contracts are used to hedge against the currency risk in the System's investments in foreign equity and fixed income securities. To liquidate the contract prior to expiration an offsetting position in the same contract must be taken.

These derivative instruments are subject to the following risks:

- *Custodial Credit Risk* – Consistent with HPOPS' investment policy, HPOPS' derivative instruments were held by the counterparty that was acting as HPOPS' agent.
- *Credit Risk* – HPOPS' investment policy allows investment managers full discretion in adopting investment strategies to deal with this risk. HPOPS' investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures.
- *Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the HPOPS' derivative instruments.
- *Foreign Currency Risk* – HPOPS' exposure to foreign currency risk derives from its positions in foreign currency denominated international equity and fixed income investments as outlined in the following schedule. HPOPS has a currency hedging program in place that hedges fifty percent of the exposure to the Euro, Pound, and Yen exposure in these investment programs. This hedging program is disclosed elsewhere in this footnote.

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HPOPS' derivative instruments exposure to foreign currency risk in U.S. dollars as of June 30, 2022, is shown in the table below (in thousands).

Foreign Currency Exposure for Derivatives

<u>Currency</u>	<u>Equity Derivatives</u>	<u>Currency Derivatives</u>	<u>Total</u>
Canadian dollar	\$ 30,291	\$ 32,012	\$ 62,303
Chilean peso	47,486	-	47,486
Swiss franc	29,403	-	29,403
Australian dollar	22,009	-	22,009
South Korean won	19,452	-	19,452
Hungarian forint	17,037	-	17,037
South African rand	15,218	-	15,218
Swedish krona	9,451	-	9,451
Hong Kong dollar	9,343	-	9,343
Danish krone	7,728	-	7,728
Saudi riyal	4,752	-	4,752
Singapore dollar	4,085	-	4,085
Malaysian ringgit	2,844	-	2,844
New Taiwan dollar	2,547	-	2,547
Indian rupee	2,445	-	2,445
Norwegian krone	2,351	-	2,351
New Israeli shekel	2,135	-	2,135
Kuwaiti dinar	1,960	-	1,960
Turkish lira	1,696	-	1,696
Polish zloty	1,386	-	1,386
Indonesian rupiah	1,102	-	1,102
Peruvian nuevo sol	962	-	962
Philippine peso	808	-	808
British pound sterling	44,704	(43,916)	788
Brazilian real	684	-	684
New Zealand dollar	506	-	506
Thai baht	376	-	376
Egyptian pound	339	-	339
Mexican peso	294	-	294
Euro	86,708	(86,939)	(231)
Japanese yen	62,330	(62,105)	225
Colombian peso	219	-	219
Chinese yuan renminbi	214	-	214
Czech koruna	88	-	88
Total	<u>\$ 432,953</u>	<u>\$ (160,948)</u>	<u>\$ 272,005</u>

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NOTE 4: ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE

Accounts and Other Receivables

Accounts and other receivables by fund as of June 30, 2022 are as follows (in thousands):

GOVERNMENTAL FUNDS	<u>General</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Grants</u>	<u>Internal Service Fund</u>	<u>Total Governmental Activities</u>
Receivables:							
Accounts	\$ 863,942	\$ 1	\$ 246	\$ 199,253	\$ 29,439	\$ 78	\$ 1,092,959
Property tax	73,974	-	-	-	-	-	73,974
Sales tax	145,815	-	-	-	-	-	145,815
Mixed beverage	3,819	-	-	-	-	-	3,819
Franchise	9,691	-	-	-	-	-	9,691
Special assessment	7,811	-	-	-	-	-	7,811
Due from other governments	26,005	26,970	-	25,108	224,954	11	303,048
Gross receivables	1,131,057	26,971	246	224,361	254,393	89	1,637,117
Less: allowance for doubtful accounts	(783,795)	-	-	(182,349)	-	(77)	(966,221)
Receivables, net	<u>\$ 347,262</u>	<u>\$ 26,971</u>	<u>\$ 246</u>	<u>\$ 42,012</u>	<u>\$ 254,393</u>	<u>\$ 12</u>	<u>\$ 670,896</u>

ENTERPRISE FUNDS	<u>Airport System</u>	<u>Convention and Entertainment</u>	<u>Combined Utility</u>	<u>Total Enterprise Activities</u>
Receivables:				
Accounts	\$ 57,229	\$ 531	\$ 507,289	\$ 565,049
Hotel occupancy tax	-	22,431	-	22,431
Special assessment	-	-	93	93
Due from other governments (current)	90,504	-	7,242	97,746
Due from other governments (non-current)	-	-	600,972	600,972
Gross receivables	147,733	22,962	1,115,596	1,286,291
Less allowance for doubtful accounts	(4,925)	(518)	(254,540)	(259,983)
Receivables, net	<u>\$ 142,808</u>	<u>\$ 22,444</u>	<u>\$ 861,056</u>	<u>\$ 1,026,308</u>

Notes Receivable

The City entered into various loan agreements with various third parties related to Hurricane Harvey projects and its affordable housing and community development programs. Of the \$105.7 million recorded in note receivable, approximately \$97.5 million is not expected to be collected within one year. Included in the \$105.7 million is a loans receivable totaling \$37.5 million for loans to Houston First Corporation, a component unit of the City, associated with Hurricane Harvey project costs. These loans have maturity date from 2024 to 2030, with interest rates ranging from 1.30% to 2.134%. The remaining \$68.2 million note and loans receivables are related to Grants Fund and Special Revenue Funds, net of allowance for doubtful accounts of \$28.7 million. Those loans have maturity date from 2025 to 2059, with interest rates ranging from 0% to 7%. The \$68.2 million of notes and loans have corresponding deferred inflows of resources balance recorded within the governmental funds.

In addition, the City entered into loan agreements with various third parties and organization for the purpose of financing housing and redevelopment projects. These projects include a mix of affordable housing and market rate units. Principal and interest of these loans may be forgiven by the City upon meeting certain requirements, such as affordability period of the housing project. Payments on these loans may be required to be made from the project's surplus cash flows. Due to the uncertainty of payment, the City is not recognizing a receivable in the financial statements and will record all payments as revenue at the time of receipt. The total amount of these notes outstanding is \$442.7 million as of June 30, 2022.

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NOTE 5: PROPERTY TAX

The City's annual ad valorem property tax is required to be levied by October 1, or as soon thereafter as practicable, on the assessed value listed as of the prior January 1 for all real and certain personal property. Taxes are due on January 31 of the year following the year of the levy. A tax lien attaches to all property on January 1 of each year to secure the payment of all taxes, penalties and interest that is ultimately imposed on the property. The tax rate established by the City Council for the 2021 tax year was \$0.550830 per \$100 of assessed value with \$0.402471 for operations and \$0.148359 for debt service.

In 2004, Houston voters approved Proposition 1, which limits increases in ad valorem tax revenues collected by the City. In each fiscal year, Proposition 1 limits increases in ad valorem tax revenues collected by the City by limiting such annual ad valorem collections to the lesser of (i) the actual ad valorem tax revenues collected in the preceding fiscal year, plus 4.5%, or (ii) actual ad valorem revenues received in fiscal year 2005, adjusted for the cumulative combined rates of inflation and the City's population growth (as determined by the U.S. Census). The Texas Property Tax Code (the "Code"), with certain exceptions, exempts intangible personal property, household goods, and family-owned automobiles from taxation. In addition, the Code provides for countywide appraisal districts.

Tax Increment Reinvestment Zones

The City has 26 active Tax Increment Reinvestment Zones ("TIRZs") as of June 30, 2022.

TIRZ #	TIRZ Name	TIRZ #	TIRZ Name	TIRZ #	TIRZ Name
1	St. George Place	11	Greenspoint	20	Southwest
2	Midtown	12	City Park	21	Near Northside
3	Main St/Market Square	13	Old Sixth Ward	22	Leland Woods
5	Memorial Heights	14	Fourth Ward	23	Harrisburg
6	**Eastside	15	East Downtown	24	**Greater Houston
7	OST/Almeda	16	Uptown	25	Hiram Clarke/Fort Bend County
8	Gulfgate	17	Memorial City	26	**Sunnyside
9	South Post Oak	18	Fifth Ward	27	Montrose
10	Lake Houston	19	Upper Kirby		

The TIRZs were created pursuant to Chapter 311 of the Code to aid in financing the development or redevelopment of unproductive, underdeveloped or blighted areas.

The City, through its agreement with each individual TIRZ, contributes tax increment dollars to finance capital projects such as streets, drainage, water, parks and public facilities, streetscape (sidewalks, lighting, landscaping), parking facilities, and affordable housing to enhance economic growth. The amount of tax increment contributed by the City is based on the incremental taxable value generated by each individual TIRZ above its taxable value at creation.

Each TIRZ is required by Chapter 311 of the Code to create a project plan and reinvestment zone financing plan that reflects the TIRZ's goals and priorities for its term. The plan is subsequently approved by City Council for implementation. Annually, City Council reviews and approves each TIRZ budget for implementation of capital projects.

During the year ended June 30, 2022, the City contributed \$164.8 million in tax increments to the City-led TIRZs. A summary of taxing units that participate in various TIRZs through interlocal agreements are listed below. These taxing units contributed a combined \$43.7 million to the TIRZs. The City-led TIRZ budgets totaled \$531.8 million in expenditures for the year ended June 30, 2022.

City of Houston TIRZ Interlocal Participation Agreements	
Taxing Jurisdiction	TIRZ Number
Harris County ^{1,2}	1, 2, 3, 5, 7, 8, 9, 10, 11, 13, 15, 24
Harris County Flood Control District ¹	3
Harris County Hospital District ¹	3
Harris County Port of Houston Authority ¹	3
Houston Community College District	2
Houston Independent School District	1, 2, 3, 4, 5, 7, 8, 9, 12, 13, 14, 15, 16, 18, 19
Humble Independent School District	10
Aldine and Spring Independent School Districts, Lone Star College District	11

¹Included in the Harris County Interlocal Agreement

²Harris County no longer participates in TIRZ No. 1, 2, 5, 7, 8, 9, 10, 11 and 13

CITY OF HOUSTON, TEXAS
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³Harris County Hospital District and Harris County Flood Control no longer participates in TIRZ No. 2 and 3

⁴Houston Independent School District no longer participates in TIRZ No. 5 and 19

**These TIRZs are not legally separated entities from the City or component units of the City. Activities of these TIRZ are accounted for in the City's special revenue funds.

Tax Abatements

The City also enters into property tax abatement agreements with local businesses under the state Property Redevelopment and Tax Abatement Act, Chapter 312. These have investment and employment requirements that must be met to have a portion of their property taxes abated. The total amount abated was \$1,133,138, to eight businesses.

Company Name	Abatement Project Information	Investment Requirement	City's Abatement Commitments	Amount Eligible for Abatement (HCAD Value)	Tax abatement for Tax Year 2021 (COH tax rate - 0.0055083)
BVSW Garden Oaks	To renovate, develop, upgrade, and expand the existing 136 units of deteriorated, vacant apartment property into 166 units of upscale multi-family housing accommodations.	\$8,000,000	City agrees to grant the Owner a fifty percent (50%) of the ad valorem taxes levied on the Improvements in the Zone.	\$10,072,904	\$55,485
Brittmoore Founders District	Development of a multi-use facility including office space, co-working space, retail, regional community events center, 250+ units of multi-family apartments, athletic facilities and park amenities; the use of the facility is to create a 32 acre mixed-use entrepreneurial hub for startups, technology firms, and other high-growth businesses.	\$150,000,000	City agrees to grant the Owner a ninety percent (90%) of the ad valorem taxes levied on the Improvements in the Zone.	\$15,525,000	\$85,516
UPS	The facility will be approximately 400,000 to 500,000 square feet comprising package handling and distribution center and ancillary office facilities.	\$59,000,000	City agrees to grant the Owner a seventy-five percent (75%) of the ad valorem taxes levied on the Improvements in the Zone.	\$75,568,637	\$416,255
CyrusOne	CyrusOne will invest a minimum of \$10,000,000.00 in constructing and installing the improvements in the Zone by Effective date of Abatement and \$90,000,000.00 by the end of 2017. If, at the end of 2017, CyrusOne has not invested at least 70% of the \$90,000,000 investment commitment or \$63,000,000 the City will reduce the tax abatement percentage to 40%.	\$90,000,000	City agrees to grant CyrusOne a fifty percent (50%) abatement of the ad valorem taxes on the Improvements in the Zone during the abatement period. The tax abatement will apply to the appraised value up to \$72,000,000.00 and is capped at that value. Any value in excess of \$72,000,000.00 will not be subject to the abatement.	\$20,117,388	\$110,813

(continued)

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Halliburton	The Owner represents that it will complete construction of the Facility on the Real Property no later than December 31,2015. The Owner represents and warrants that it will invest a minimum of \$145,000,000 in designing, construction, and installing the Improvements by the Effective Date of Abatement.	\$145,000,000	City agrees to grant Halliburton a fifty percent (50%) abatement of the ad valorem taxes on the Improvements in the Zone during the abatement period. Maximum abatement amount is \$1,500,000.	\$8,405,742	\$46,301
Kroger	The Company represents and warrants that it will invest approx. \$24M related to an upgrade of the Facility and approx. \$17M related to the expansion of the Facility in the Zone by the Effective Date of Abatement.	\$10,097,947	City agrees to grant Kroger a Seventy five percent (75%) abatement of the ad valorem taxes on the Improvements in the Zone during the abatement period. The real property improvements subjects to tax abatement are \$17M.	\$10,129,322	\$55,795
Cullen SH Apartments	The Company represents and warrants that it will invest a minimum of \$22M in acquiring the Real Property and constructing and installing the Improvements in the Zone by the Effective Date of Abatement.	\$22,000,000	City agrees to grant Cullen SH Apartments 90% abatement of the improvements.	\$22,331,659	\$123,009
Converge Midstream Services (formerly Fairway Energy)	The Company represents and warrants that it will invest a minimum of \$218M in capital improvements to the Facility by the Effective Date of Abatement and has provided a pro forma of projected annual Net Operating Income.	\$218,000,000	City agrees to grant a 50% abatement of the ad valorem taxes on the Improvements in the Zone during the Abatement Period.	\$43,564,080	\$239,964

CITY OF HOUSTON, TEXAS
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NOTE 6: CAPITAL ASSETS

A. Governmental Activities

A summary of changes in capital assets for the year ended June 30, 2022, follows (in thousands):

	Balance July 1, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 547,825	\$ 9,434	\$ (1,265)	\$ 1,351	\$ 557,345
Right of way	1,779,121	37,199	-	26,458	1,842,778
Construction Work in Progress	688,938	367,910	-	(195,977)	860,871
Total capital assets not being depreciated	<u>3,015,884</u>	<u>414,543</u>	<u>(1,265)</u>	<u>(168,168)</u>	<u>3,260,994</u>
Depreciable capital assets:					
Buildings	1,405,842	799	-	5,484	1,412,125
Rights & Intangibles - Amortizable	16,858	163	-	-	17,021
Improvements and Equipment	1,515,140	72,672	(39,616)	21,779	1,569,975
Infrastructure	8,132,274	59,312	(12,744)	140,905	8,319,747
Total other capital assets	<u>11,070,114</u>	<u>132,946</u>	<u>(52,360)</u>	<u>168,168</u>	<u>11,318,868</u>
Less accumulated depreciation for:					
Buildings	(585,564)	(37,731)	-	-	(623,295)
Rights and Intangibles	(13,063)	(2,302)	-	-	(15,365)
Improvements and Equipment	(1,064,614)	(79,149)	37,595	-	(1,106,168)
Infrastructure	(3,967,734)	(180,353)	12,662	-	(4,135,425)
Total accumulated depreciation	<u>(5,630,975)</u>	<u>(299,535)</u>	<u>50,257</u>	<u>-</u>	<u>(5,880,253)</u>
Depreciable capital assets, net	<u>5,439,139</u>	<u>(166,589)</u>	<u>(2,103)</u>	<u>168,168</u>	<u>5,438,615</u>
Governmental Activities capital assets, net	<u>\$ 8,455,023</u>	<u>\$ 247,954</u>	<u>\$ (3,368)</u>	<u>\$ -</u>	<u>\$ 8,699,609</u>

B. Business-type Activities

	Balance July 1, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Airport System					
Capital assets not being depreciated:					
Land	\$ 216,100	\$ -	\$ (61)	\$ -	\$ 216,039
Rights & Intangibles- Non Amortizable	18,333	-	-	2,655	20,988
Construction Work in Progress	409,680	287,838	-	(140,604)	556,914
Total capital assets not being depreciated	<u>644,113</u>	<u>287,838</u>	<u>(61)</u>	<u>(137,949)</u>	<u>793,941</u>
Depreciable capital assets:					
Buildings	3,036,287	823	(921)	73,370	3,109,559
Improvements and Equipment	1,968,479	2,975	(8,692)	60,339	2,023,101
Infrastructure	553,970	76	-	4,240	558,286
Rights & Intangibles- Amortizable	4,697	-	(4,675)	-	22
Total other capital assets	<u>5,563,433</u>	<u>3,874</u>	<u>(14,288)</u>	<u>137,949</u>	<u>5,690,968</u>
Less accumulated depreciation for:					
Buildings	(1,661,770)	(95,919)	922	-	(1,756,767)
Improvements and Equipment	(1,430,598)	(60,316)	5,128	-	(1,485,786)
Infrastructure	(365,265)	(10,429)	-	-	(375,694)
Rights & Intangibles	(4,697)	-	4,675	-	(22)
Total accumulated depreciation	<u>(3,462,330)</u>	<u>(166,664)</u>	<u>10,725</u>	<u>-</u>	<u>(3,618,269)</u>
Depreciable capital assets, net	<u>2,101,103</u>	<u>(162,790)</u>	<u>(3,563)</u>	<u>137,949</u>	<u>2,072,699</u>
Airport System capital assets, net	<u>\$ 2,745,216</u>	<u>\$ 125,048</u>	<u>\$ (3,624)</u>	<u>\$ -</u>	<u>\$ 2,866,640</u>

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	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance June 30, 2022</u>
Convention and Entertainment Facilities					
Capital assets not being depreciated:					
Land	\$ 93,860	\$ -	\$ -	\$ -	\$ 93,860
Construction Work in Progress	-	-	-	-	-
Total capital assets not being depreciated	<u>93,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,860</u>
Depreciable capital assets:					
Buildings	566,148	-	-	-	566,148
Garage Rights	13,144	-	-	-	13,144
Improvements and Equipment	8,409	-	-	-	8,409
Infrastructure	334	-	-	-	334
Total other capital assets	<u>588,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>588,035</u>
Less accumulated depreciation/amortization for:					
Buildings	(317,656)	(12,459)	-	-	(330,115)
Garage Rights	(6,109)	(343)	-	-	(6,452)
Improvements and Equipment	(6,046)	(32)	-	-	(6,078)
Infrastructure	(186)	(15)	-	-	(201)
Total accumulated depreciation/amortization	<u>(329,997)</u>	<u>(12,849)</u>	<u>-</u>	<u>-</u>	<u>(342,846)</u>
Depreciable capital assets, net	<u>258,038</u>	<u>(12,849)</u>	<u>-</u>	<u>-</u>	<u>245,189</u>
Convention and Entertainment Facilities capital assets, net	<u>\$ 351,898</u>	<u>\$ (12,849)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,049</u>

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance June 30, 2022</u>
Combined Utility System					
Capital assets not being depreciated:					
Land	\$ 189,205	\$ 944	\$ (9,302)	\$ 1,155	\$ 182,002
Right of way	1,056	-	-	136	1,192
Rights and Intangibles - Non-depreciable	845,785	-	(1,000)	-	844,785
Construction Work in Progress	1,826,333	730,941	-	(332,652)	2,224,622
Total capital assets not being depreciated	<u>2,862,379</u>	<u>731,885</u>	<u>(10,302)</u>	<u>(331,361)</u>	<u>3,252,601</u>
Depreciable capital assets:					
Buildings	175,238	-	(3,264)	18,223	\$ 190,197
Improvements and Equipment	193,838	7,522	(7,435)	3,155	197,080
Infrastructure	11,669,779	17,676	(30,449)	309,983	11,966,989
Rights & Intangibles - depreciable	1,710	15	-	-	1,725
Total depreciable capital assets	<u>12,040,565</u>	<u>25,213</u>	<u>(41,148)</u>	<u>331,361</u>	<u>12,355,991</u>
Less accumulated depreciation/amortization for:					
Buildings	(90,451)	(4,102)	2,352	-	\$ (92,201)
Improvements and Equipment	(150,081)	(11,714)	7,235	-	(154,560)
Infrastructure	(6,132,783)	(266,636)	28,285	-	(6,371,134)
Rights & Intangibles	(658)	(372)	-	-	(1,030)
Total accumulated depreciation/amortization	<u>(6,373,973)</u>	<u>(282,824)</u>	<u>37,872</u>	<u>-</u>	<u>(6,618,925)</u>
Depreciable capital assets, net	<u>5,666,592</u>	<u>(257,611)</u>	<u>(3,276)</u>	<u>331,361</u>	<u>5,737,066</u>
Combined Utility System capital assets, net	<u>8,528,971</u>	<u>474,274</u>	<u>(13,578)</u>	<u>-</u>	<u>8,989,667</u>
Business-type activities capital assets, net	<u>\$ 11,626,085</u>	<u>\$ 586,473</u>	<u>\$ (17,202)</u>	<u>\$ -</u>	<u>\$ 12,195,356</u>

CITY OF HOUSTON, TEXAS
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C. Depreciation and Amortization Expense

Depreciation expense was charged to functions programs of the primary government as follows (in thousands):

Governmental activities	
General government	\$ 28,396
Public safety	39,776
Public works	16,103
Health	5,089
Housing	1,521
Parks and recreation	21,356
Library	6,618
Infrastructure	<u>180,676</u>
Total depreciation expense - governmental activities	<u>\$ 299,535</u>
Business-type activities	
Airport System	\$ 166,664
Convention & Entertainment Facilities	12,849
Combined Utility System	<u>282,824</u>
Total depreciation expense - business-type activities	<u>\$ 462,337</u>

Amortization expense for leases (Note 9) was charged to functions programs of the primary government as follows (in thousands):

Governmental activities	
General government	\$ 3,027
Public safety	980
Public works	1,726
Health	859
Housing	<u>1,607</u>
Total amortization expense - governmental activities	<u>\$ 8,199</u>
Business-type activities	
Airport System	\$ 128
Combined Utility System	<u>15</u>
Total amortization expense - business-type activities	<u>\$ 143</u>

D. Pension Trust Funds

In February 1998, HFRRF purchased land in the amount of \$483,325 for use in the construction of a new office building for its operations and its members. In April of 2001, the construction of the new building was completed. The building's capitalized cost of \$9,940,771 is being depreciated over 30 years. The accumulated depreciation for the building as of June 30, 2022, amounted to \$6,919,394.

NOTE 7: SHORT-TERM DEBT – TAX AND REVENUE ANTICIPATION NOTES

Short-term debt activity for the year ended June 30, 2022, was as follows (in thousands):

	<u>Balance</u> <u>July 1, 2021</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u> <u>June 30, 2022</u>
Tax and Revenue				
Anticipation Notes	\$ -	\$ 75,000	\$ 75,000	\$ -

On September 15, 2021, the City closed on the sale of \$75,000,000 Tax and Revenue Anticipation Notes ("TRANS"), Series 2021. The proceeds of the TRANS were used to pay working capital expenditures until tax revenues were received. The true interest cost average yielded 0.07565%. The notes matured on June 30, 2022.

CITY OF HOUSTON, TEXAS
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NOTE 8: LONG-TERM LIABILITIES

A. General Long-Term Liabilities

Changes in General Long-Term Liabilities for the year ended June 30, 2022, are summarized as follows (in thousands):

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
Governmental Activities					
Bonds and notes payable:					
General tax obligation debt	\$ 3,356,123	\$ 475,348	\$ (593,613)	\$ 3,237,858	\$ 229,445
HUD Section 108 Loans	28,889	-	(253)	28,636	261
Plus premium (discount) on bonds	259,807	35,170	(36,102)	258,875	-
Total bonds and notes payable	<u>3,644,819</u>	<u>510,518</u>	<u>(629,968)</u>	<u>3,525,369</u>	<u>229,706</u>
Other liabilities:					
Claims and judgments	197,099	382,860	(373,598)	206,361	72,925
Compensated absences	508,496	95,796	(69,891)	534,401	132,825
Arbitrage rebate	-	-	-	-	-
Total OPEB liability	2,323,042	219,939	(455,843)	2,087,138	50,326
Net pension liability	1,332,207	826,874	(291,750)	1,867,331	-
Total other liabilities	<u>4,360,844</u>	<u>1,525,469</u>	<u>(1,191,082)</u>	<u>4,695,231</u>	<u>256,076</u>
Governmental Activities Long-Term Liabilities	<u>\$ 8,005,663</u>	<u>\$ 2,035,987</u>	<u>\$ (1,821,050)</u>	<u>\$ 8,220,600</u>	<u>\$ 485,782</u>
Discretely Presented Component Units:					
Notes payable	\$ 633,789	\$ 111,940	\$ 43,398	\$ 702,331	\$ 52,009
Bonds payable	836,434	47,589	60,655	823,368	40,575
Discretely Presented Component Units Long-Term Liabilities	<u>\$ 1,470,223</u>	<u>\$ 159,529</u>	<u>\$ 104,053</u>	<u>\$ 1,525,699</u>	<u>\$ 92,584</u>

Within governmental funds, contributions toward the other post-employment benefit obligations and liquidation of the net pension liability are made from the general fund.

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
Business-type activities					
Bonds and notes payable:					
Airport System debt	\$ 2,313,857	\$ 166,572	\$ (83,085)	\$ 2,397,344	\$ 87,058
Convention and Entertainment debt	434,814	32,384	(53,892)	413,306	26,671
Combined Utility System debt	7,035,080	130,000	(268,035)	6,897,045	287,549
Long-term contracts - Combined Utility	444,604	-	(22,578)	422,026	8,866
Premiums, discounts amount	1,071,757	35,550	(84,753)	1,022,554	-
Total bonds and notes payable	<u>11,300,112</u>	<u>364,506</u>	<u>(512,343)</u>	<u>11,152,275</u>	<u>410,144</u>
Other liabilities:					
Claims and judgments	7,271	3,526	(1,739)	9,058	2,999
Compensated absences	34,801	18,991	(17,952)	35,840	18,965
Arbitrage rebate liability	5,701	-	(4,775)	926	378
Total OPEB liability	306,602	27,589	(70,734)	263,457	6,185
Net pension liability	447,355	62,437	(54,651)	455,141	-
Total other liabilities	<u>801,730</u>	<u>112,543</u>	<u>(149,851)</u>	<u>764,422</u>	<u>28,527</u>
Business-type activities Long-Term Liabilities	<u>\$ 12,101,842</u>	<u>\$ 477,049</u>	<u>\$ (662,194)</u>	<u>\$ 11,916,697</u>	<u>\$ 438,671</u>
Total Reporting Entity Long-Term Liabilities	<u>\$ 21,577,728</u>	<u>\$ 2,672,565</u>	<u>\$ (2,379,191)</u>	<u>\$ 21,662,996</u>	<u>\$ 1,017,037</u>

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B. Schedule of Changes in Bonds and Long-Term contracts (amounts expressed in thousands):

	Stated Interest Rate Range, %	Face Value Outstanding 6/30/2021	FY22 Issued/ Increased
General Tax Obligation Debt			
Public improvement bonds	0.25 to 6.32	\$ 1,700,310	\$ 324,753
Pension obligations bonds	5.31 to 6.29	1,400,128	-
Commercial paper	0.12 to 10.00	244,600	148,000
Tax and revenue certificates of obligation	4.00 to 5.00	11,085	2,595
Total General Tax Obligation Debt		\$ 3,356,123	\$ 475,348
HUD Section 108 Loans		\$ 28,889	\$ -
Revenue Bonded Debt			
Airport System			
Subordinate lien revenue and refunding bonds	0.883 to 5.70	\$ 2,209,245	\$ -
Special facility bonds	0.40 to 6.88	68,185	-
Pension obligations bonds	5.31	2,006	-
State Energy Conservation (SECO) Loans	2.00	14,421	1,572
Commercial paper	0.11 to 1.4	20,000	165,000
		2,313,857	166,572
Convention and Entertainment Facilities			
Senior lien hotel occupancy tax/parking facilities	1.12 to 5.75	431,620	32,384
Pension obligations bonds	5.31 to 6.29	3,194	-
		434,814	32,384
Combined Utility System			
Combined Utility System first lien bonds	0.02 to 6.00	6,441,895	130,000
Water and Sewer System junior lien revenue bonds	1.25 to 6.90	43,293	-
Combined Utility System commercial paper	0.12 to 10.00	-	-
Combined Utility System subordinate lien bonds	0.22 to 3.42	457,590	-
Pension obligations bonds	5.31 to 6.29	92,302	-
		7,035,080	130,000
Long-Term Contracts-Water and Sewer System			
Coastal Water Authority	2.00 to 7.50	52,995	-
Other long-term contracts	3.22 to 5.85	391,609	-
		444,604	-
Total Revenue Bonded Debt and Long-Term Contracts, Primary Government		\$ 10,228,355	\$ 328,956
Total Bonds and Long-Term Contracts Payable, Primary Government		\$ 13,613,367	\$ 804,304

(Continued)

- (1) Adjustments consist of unamortized bond premiums, discounts, and capital appreciation bond accretions.
(2) Amount of refunding general tax obligation debt paid to escrow agent included payment of premiums and accrued interest on refunded bonds. Loss on refunding is reported as deferred outflow of resources.

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FY22 Redeemed/ Refunded (2)	Face Value Outstanding 6/30/2022	Adjustments (1)	Net Outstanding 6/30/2022
\$ 343,043	\$ 1,682,020	\$ 258,394	\$ 1,940,414
24,655	1,375,473	-	1,375,473
224,600	168,000	-	168,000
1,315	12,365	481	12,846
<u>\$ 593,613</u>	<u>\$ 3,237,858</u>	<u>\$ 258,875</u>	<u>\$ 3,496,733</u>
<u>\$ 253</u>	<u>\$ 28,636</u>	<u>\$ -</u>	<u>\$ 28,636</u>
\$ 75,580	\$ 2,133,665	\$ 197,747	\$ 2,331,412
7,505	60,680	-	60,680
-	2,006	-	2,006
-	15,993	-	15,993
-	185,000	-	185,000
<u>83,085</u>	<u>2,397,344</u>	<u>197,747</u>	<u>2,595,091</u>
53,697	410,307	197,078	607,385
195	2,999	-	2,999
<u>53,892</u>	<u>413,306</u>	<u>197,078</u>	<u>610,384</u>
247,845	6,324,050	511,016	6,835,066
4,347	38,946	104,740	143,686
-	-	-	-
12,474	445,116	-	445,116
3,369	88,933	-	88,933
<u>268,035</u>	<u>6,897,045</u>	<u>615,756</u>	<u>7,512,801</u>
4,125	48,870	3,369	52,239
18,453	373,156	-	373,156
<u>22,578</u>	<u>422,026</u>	<u>3,369</u>	<u>425,395</u>
<u>\$ 427,590</u>	<u>\$ 10,129,721</u>	<u>\$ 1,013,950</u>	<u>\$ 11,143,671</u>
<u>\$ 1,021,456</u>	<u>\$ 13,396,215</u>	<u>\$ 1,272,825</u>	<u>\$ 14,669,040</u>

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C. Terms of Long-Term Debt

1. Public Improvement Bonds

The City has issued Public Improvement Bonds on numerous occasions. The bonds are payable from ad valorem tax revenues. The proceeds are used for street and bridge improvements, traffic signals, municipal buildings, parks, and other capital improvements. Interest is payable semi-annually; principal is payable in various amounts annually through March 1, 2043. At June 30, 2022, the public improvement bonds have an outstanding balance totaling \$1,682,020,000.

2. Pension Obligation Bonds

The City has issued several series of General Obligation Taxable Pension Bonds. The proceeds were used to reduce the unfunded actuarial accrued liability of the Houston Municipal Employees Pension System and the Houston Police Officers Pension System. Interest is payable semi-annually, and principal is payable in varying amounts through 2047. Although these obligations have an ad valorem tax pledge, a portion of the liabilities is recorded in the enterprise funds because the liabilities are directly related and expected to be paid from those funds based on percentages of payroll. At June 30, 2022, the pension obligation bonds have an outstanding balance totaling \$1,469,410,000.

3. General Obligation Commercial Paper

The City currently multiple General Obligation Commercial Paper Programs with total authorization of \$975 million. The programs' current issuance capacity is \$925 million, of which \$625 million is supported by credit facilities. General Obligation Commercial Paper, \$200 million Series E Program, \$200 million Series G Program, \$100 million Series H-2 Program, \$125 million Series J. The Notes may be issued for a period not to exceed 270 days and will bear interest based upon the specified term of the Notes, but not to exceed 10%. Principal on the Notes is payable from ad valorem tax revenue, the issuance of new commercial paper, bond proceeds and other funds provided under credit lines. Interest is payable from ad valorem tax revenue collected by the City. Proceeds from the Notes are used to finance various capital projects and public improvements for authorized City purposes. Upon maturity, the Notes will be remarketed by the commercial paper dealers or extinguished with long-term debt. At June 30, 2022, \$168 million (par amt) of GO commercial paper was outstanding. The City's outstanding notes from credit agreements contain a two – three-year repayment provision in the event of default or material adverse change.

The City has two unused programs, \$200 million Series K-1 and \$100 million Series K-2 that are Forward Bond Purchase Agreements.

During fiscal year 2022, the average interest rate for the outstanding General Obligation Notes was 1.166. This does not include Series K-1, K-2 and G-1 which was established mainly for appropriation purposes; therefore, there were no draws during fiscal year 2022. The average fees related to Series K-1 was 0.13%, K-2 is 0.13% and G-1 is 0.22% without any notes outstanding during fiscal year 2022. The Credit Agreements expire on the following dates: Series E-1 on July 10, 2026, Series E-2 on April 22, 2025, Series G-1 on April 11, 2024, Series G-2 on November 19, 2025, Series H-2 on November 8, 2023, Series J on May 20, 2023, Series K-1 on February 2, 2026, and Series K-2 on February 2, 2026.

4. Certificates of Obligation

Since 1988, the City has issued Certificates of Obligation each year to provide for the purchase of equipment utilized in general City operations including, without limitation, police vehicles, maintenance vehicles and equipment, computer equipment, and costs associated with demolishing dangerous structures. Each year the City is obligated to levy, assess, and collect ad valorem taxes sufficient to pay principal and interest on the certificates payable semi-annually until maturity. At June 30, 2022, the certificates of obligations bonds have an outstanding balance totaling \$12,365,000.

5. HUD Section 108 Loan

The City has borrowed money from the United States Department of Housing and Urban Development (“HUD”) and loaned it to the Houston Business Development Initiative (“HBDI”) and three hotels in the downtown business district. HBDI in turn makes small business loans to under-served areas of the community. The City has pledged only certain grant revenues and its receipts from the loans to repay HUD.

6. Airport System Revenue Bonds

At June 30, 2022, the Airport System has no senior lien revenue bonds outstanding. Any bonds issued on the senior lien would require net revenues, as defined by the Master Bond Ordinance, totaling 125% of the debt service requirements for such fiscal year. The Airport System has issued subordinate lien revenue bonds which are paid solely from a lien on the Airport System's net revenues, which must total 110% of the debt service requirements for subordinate lien revenue bonds for such fiscal year. At June 30, 2022, the subordinate lien revenue bonds have an outstanding balance totaling \$2,133,665,000 with a final maturity in 2048.

7. Airport System Inferior Lien Contract

On October 21, 2015, the City authorized up to \$450 million in Airport System Inferior Lien Revenue Bonds, in one or more series. On November 5, 2015 the City authorized execution of a forward delivery purchase agreement with the Royal Bank of Canada (“RBC”), to

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expire November 5, 2022, for the issuance of \$450 million in Inferior Lien Revenue Bonds. City Council must reauthorize this liquidity arrangement annually. For the year ended June 30, 2022, no Inferior Lien Revenue Bonds have been issued and outstanding.

8. Airport System Special Facility Bonds

The Airport System Special Facilities Taxable Revenue Bonds, (CRCF Project), Series 2001, original par value \$130,250,000, financed the design and construction of a common car customer service building, a parking structure, maintenance, storage and administrative facilities for each car rental company lessee, a common bus fleet and maintenance facility, and related infrastructure at Intercontinental. The City holds legal title to the completed CRCF, as it was constructed on airport property, but the facility is operated and maintained by IAH RACS, LLC, a limited liability company formed by various car rental companies. The bonds are payable from Customer Facility Charges (“CFC”) collected by the car rental companies from their customers and remitted to a trustee for payment of debt service and other uses allowable by a trust indenture. As of June 30, 2022, the daily usage charge per customer is set at \$4.00. The trust indenture determines when and how the City is responsible for changing the rate, which under the Bond covenants must be set to provide a debt service coverage ratio of at least 125%. The bonds are limited special obligations of the City, payable solely from and secured by pledged CFC. There is no pledge of car rental company revenues, or of any general revenue of the City.

At June 30, 2022, special facilities revenue and refunding bonds (CRCF) outstanding totaled \$60.7 million.

9. Airport System Commercial Paper Notes

During the year ended June 30, 2013, the City authorized up to \$150 million in Airport System Commercial Paper Notes (“Commercial Paper”). On November 20, 2013, the City re-authorized and amended the Series A and B Commercial Paper. A new direct pay letter of credit was issued on December 18, 2013, covering \$150 million in face value of Series A and B Commercial Paper, plus \$11.1 million in respect of 270 days accrued interest computed at 10%. This letter of credit expired on December 16, 2016 and was replaced by a letter of credit for the same amount issued by Sumitomo Mitsui Banking Corporation (“SMBC”), which expires on December 15, 2025. Any advances made under the letter of credit and not repaid within 90 days will be converted to term loans payable in twenty quarterly installments, subject to the greater of several options for interest rates. The maximum interest rate permitted under the ordinance is 15%.

On April 1, 2020, the agreement with SMBC was expanded to \$350 million, plus interest. At June 30, 2022, the outstanding balance of Commercial Paper was \$185.0 million, with interest rate of 1.2405%, and the available limit for additional borrowings was approximately \$165.0 million.

10. Airport System Direct Borrowing Loans

During the year ended June 30, 2020, the Airport System began to borrow and incur interest on two loans obtained from the State Energy Conservation Office (“SECO”), a segment within the State of Texas Comptroller. The SECO program affords low-rate 2% loans for borrowers approved to build or acquire energy efficient equipment or other assets.

The Airport System entered into two reimbursement loan agreements with SECO, each with a SECO-approved list of projects to be completed within approximately eighteen months, and with the initial repayment to commence shortly thereafter. After the Airport System has incurred the construction or acquisition costs, it submits the charges to SECO for reimbursement. Upon reimbursement by SECO, interest expense accrues at two percent.

Loan No. 1 has a maximum amount of \$8.0 million to be repaid over approximately ten years, with repayment to commence once all projects are completed. Loan #2 has a maximum amount of \$7.5 million, and similar terms to Loan No. 1. At June 30, 2022, the Airport System has a total of \$16.0 million loan balance outstanding. The replacement projects continued throughout the year ended June 30, 2021 and have been completed as of June 30, 2022.

There are no unique default provisions, payment provisions, or collateral pledged to either of these loans. In the event of default, such as failing to make timely payments in accordance with the agreements, the outstanding balances, including accrued interest, may become due immediately. As of June 30, 2022, the Airport System is in compliance with terms and conditions of these loan agreements.

11. Convention and Entertainment Facilities Bonds

These bonds are special limited obligations of the City that are paid from a lien on the pledged receipts of the Hotel Occupancy Tax (HOT), and revenues collected from certain City-owned parking facilities. The pledged HOT receipts are equal to 5.65% of the cost of substantially all hotel room rentals in the City, plus related penalties and interest for delinquent payments. As long as any of the Senior Lien Bonds remain outstanding, the City is required to levy a Hotel Occupancy Tax at a rate not less than 7%. The City currently levies a Hotel Occupancy Tax at the rate of 7%. Final maturity of the bonds is September 1, 2044.

Flexible Rate Notes from direct borrowings are paid from a lien on the pledged receipts of the Hotel Occupancy Tax (HOT), as of June 30, 2022, Flexible Rate Notes totaled \$27.2 million and contain a provision that in an event of default, outstanding amounts are due immediately.

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The City has obtained a debt service reserve insurance policy for the Senior Lien Hotel Occupancy Tax Revenue Bonds. The surety policy expires upon final maturity of the outstanding Bonds that are due through September 1, 2033.

12. Water and Sewer System Junior Lien Revenue Bonds

The City’s Water and Sewer System Junior Lien Revenue Bonds are all bonds outstanding under the Previous Ordinance. On June 10, 2004, as part of the restructuring to the new Combined Utility System, the City refunded a substantial portion of its outstanding junior lien bonds and reissued bonds as Combined Utility System bonds. Debt service payments on remaining Water and Sewer Junior Lien Revenue Bonds (“Junior Lien Bonds”) will be made after payment of operating expenses and prior to any debt service payments on the Combined Utility System bonds. The final maturity date for the remaining junior lien bonds is December 1, 2028. No additional Junior Lien Bonds may be issued. As of June 30, 2022, the current principal balance outstanding is \$38.95 million.

13. Combined Utility System First Lien Revenue Bonds

On September 3, 2003, City Council authorized creation of the Combined Utility System (“the Combine Utility”). The Combined Utility System, established under the Master Ordinance, currently consists of the City’s Water and Sewer Facilities, and from time to time, may include such other utility systems, that the City elects to combine with the Combined Utility System, as permitted by the Master Ordinance. The System’s First Lien Revenue Bonds are special obligations of the City, payable from and secured by a pledge on Net Revenues of the System, after payment of all required payments, including and not limited to, those defined as maintenance and operation expenses under Previous Ordinance, and debt service on Water and Sewer Junior Lien bonds. Therefore, the lien on Net Revenues securing these bonds is subordinate to the lien securing Junior Lien Bonds. For any bonds outstanding on First Lien, the Master Ordinance requires the System to generate Net Revenues at least equal to the greater of 120% of the combined debt service on all Previous Ordinance and First Lien Revenue Bonds outstanding, or 110% of the combined debt service on all Previous Ordinance, First Lien and Second Lien Revenue Bonds outstanding, in such fiscal year. At June 30, 2022, the Combined Utility System Revenue Bonds have an outstanding balance totaling \$6,324,050,000.

In May 2004, the System issued First Lien Revenue Refunding Bonds, Series 2004B and 2004C bonds, in the form of auction rate securities. In 2008, Series 2004B auction rate securities were converted to variable rate demand bonds. Also in 2008, Series 2004C auction rate securities were refunded by First Lien Revenue Refunding Bonds, Series 2008A and 2008D, in the par amounts of \$249.08 million and \$205.27 million, respectively. In 2012, Series 2004B-1 bonds were refunded by First Lien Revenue Refunding Bonds, Series 2012A and 2012B, in the par amounts of \$125 million and \$100 million, respectively. Series 2004B-2, 2004B-3, 2004B-4, 2004B-5 and 2004B-6 bonds remain outstanding as variable rate demand bonds. The Series 2012A was most recently remarketed in April 2020, and 2012B was remarketed in May 2021. Both 2012A and 2012B were remarketed as variable rate demand bonds. Series 2008A bonds were refunded by First Lien Revenue Refunding Bonds, Series 2010B, which were subsequently refunded by Series 2012C, Series 2016C, and by Series 2018C. Series 2018C bonds were mostly recently remarketed in July 2021 as variable rate demand bonds.

14. Combined Utility System SWAP Agreements

In accordance with the GASB Statement No. 72 – Fair Value Measurement and Application, the City has determined the swap liability to be a level 2 measurement. The fair value below includes consideration of the City’s credit rating and an adjustment for nonperformance risk. The City has determined that the swaps are effective hedges and the change in the fair values are reported as deferred inflows/outflows on the statement of net position (GASB 53, para.75). A summary of the total fair value is as follows:

Notional Amount	Change in Fair Value	Fair Value at June 30, 2022
\$902,400,000	(\$51,218,154) (Deferred Outflow)	\$124,651,010 (SWAP Liability)

General Terms:

Objective (GASB 53, para. 71): To manage interest rate exposure and to reduce the cost of capital related to the City’s Combined Utility System First Lien Revenue Refunding Bonds, Series 2004B (the “Series 2004B Bonds”), the City entered into several interest rate swap agreements (the “Series 2004B Swaps”). Additionally, to manage interest rate exposure and to reduce the cost of capital related to the City’s Combined Utility System First Lien Revenue Refunding Bonds, Series 2018C (the “Series 2018C Bonds”), the City entered into an interest rate swap agreement (the “Series 2018C Swap”). The Series 2004B Swaps and Series 2018C Swap are collectively referred to herein as the “Swaps”. Moreover, the Series 2004B Bonds and the Series 2018C Bonds are collectively referred to herein as the “Bonds”.

Hedging Relationship (GASB 53): Hedge accounting can be applied for derivative instruments that are found to be effective hedges under GASB 53. The City has determined that the swaps are effective hedges and the changes in fair values are reported as deferred inflows/outflows on the statement of net assets.

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Non-Performance Adjustments (GASB 72, para. 62): GASB 72 requires a government to consider nonperformance risk when measuring the fair value of a liability. The fair values include consideration of the City’s credit rating and an adjustment for nonperformance risk.

Credit risk (GASB 53, para. 73(a)): As of June 30, 2022, the City was not exposed to credit risk because the Swaps had a negative fair value. However, should interest rates change and the fair value of the Swaps become positive, then the City will be exposed to credit risk in the amount of the fair value of the Swaps. In accordance with the City’s swap policy and as established the Swaps, if a counterparty’s credit rating falls below AA, collateral must be posted in varying amounts, depending on the credit rating and the fair value of the Swaps. No collateral has been required to date.

Basis risk (GASB 53, para. 73(c)): Basis risk is measured by the difference between variable receipts on the Swaps and variable payments on the Bonds. In the case of the Series 2004B Bonds, the basis is the difference between the 1-Week Securities Industry and Financial Markets Association (“SIFMA”) and 10-Year Constant Maturity Swap Rate (“10-Year CMS”). In the case of the Series 2018C Bonds, the basis is the difference between 1-Month London Interbank Offered Rate (“LIBOR”) and 10-Year CMS.

Termination risk (GASB 53, para. 73(d)): The City retains the right to terminate the Swaps at any time and for any reason. If the City terminates any of the Swaps, then a termination payment reflecting the “then-current” market value of the Swaps will be payable to or receivable by the City. By comparison, the City’s counterparties may only terminate the Swaps in the event that the City fails to perform under the terms of the swap agreement, e.g., the City defaults on any swap payments.

Hedged Debt (GASB 53, para. 74): As of June 30, 2022, debt service requirements for the swap agreements are reported in Note 8D as if the swap was in effect, assuming current interest rates remain the same. As rates vary, variable rate bond interest payments and net swap payments will vary. Expected debt service payments on the associated bonds are included with other Combined Utility System Bonds on Note 8D.

a. Combined Utility System Synthetic Fixed Rate Swap Agreements

Combined Utility System Synthetic Fixed Rate Swaps. On June 10, 2004, the City entered into three identical pay-fixed, receive variable rate swap agreements. The City pre-qualified six firms to submit competitive bids on the swap. The bidding took place on June 7, 2004. The three firms selected all matched the lowest fixed rate bid of 3.7784%. On November 15, 2018, the City amended the swap by changing the floating rate index from one-month LIBOR to 10-year constant maturity swap rate (CMS).

Terms. The notional amount totals \$653,325,000, the principal amount of the associated 2004B Bonds. The City’s swap agreements contain scheduled reductions to outstanding notional amounts that follow anticipated payments of principal of the 2004B Bonds in varying amounts during the years 2028 to 2034.

Under the terms of the swaps, the City will pay a fixed rate of 3.7784% and receive a floating rate equal to 57.6% of One-Month US Dollar LIBOR plus 37 basis points. All agreements were effective June 10, 2004, the date of issuance of the 2004B Bonds, and will terminate on May 15, 2034.

However, effective November 15, 2018, as per the amended terms, the City will now receive variable payments based on 58.55% of 10-year CMS.

At June 30, 2022, the effective rate on the 2004B Bonds associated with the swap was computed as follows:

	Amended Terms	Rate (%) (Paid)/Received
Variable rate payment from counterparties	10Y CMS x 58.55%	1.1551
Swap Receipt		1.1551
Fixed rate paid to counterparties		(3.7784)
Net rate (paid)/received for swap		(2.6233)
Year-end variable rate on 2004B bonds, year-end		(0.2114)
Plus: dealer and credit fees on 2004B bonds		(0.5356)
Effective rate of the 2004B bonds		(3.3703)

In contrast, the fixed rate the City paid on its Combined Utility System Series 2004A fixed rate bonds, which have a comparable maturity, was 5.08%.

Fair Value. Because long-term interest rates have changed since inception of the swaps, the swaps had a negative fair value of \$90,398,789 on June 30, 2022. This value was calculated using the zero-coupon method. This method calculates the future net settlement payments

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required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. The fair value is recorded on the balance sheet of the Combined Utility System in the SWAP liability. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Counterparty	Notional Amount	GAAP Fair Value	Counterparty Rating (Moody's /S&P/Fitch)
Goldman Sachs	\$353,325,000	\$(48,894,808)	A1/A+/A+
JP Morgan Chase	150,000,000	(20,757,719)	Aa2/A+/AA
Wells Fargo	150,000,000	(20,746,262)	Aa2/A+/AA-
Total	<u>\$653,325,000</u>	<u>\$(90,398,789)</u>	

b. Combined Utility System Forward Interest Rate Swap

Combined Utility System Forward Starting Swap. On September 1, 2015, the swap agreement was novated to Wells Fargo.

On November 15, 2018, the City amended the swap by changing the floating rate index from one-month LIBOR to 10-year constant maturity swap rate (CMS). The transaction was conducted through a competitive bid process.

Terms. Under the terms of the initial contract, the City will pay a fixed rate of 3.761% on a par value of \$249,075,000, and it will receive variable payments based on 70% of One-Month US Dollar LIBOR. The City's scheduled net swap payments are insured by Ambac Assurance Corporation.

However, effective November 15, 2018, as per the amended terms, the City will now receive variable payments based on 58.55% of 10-year CMS.

At June 30, 2022, the effective rate on the 2018C Bonds associated with the swap was computed as follows:

	Initial Terms	Amended Terms	RATE (%) Received (Paid)
Variable rate payment from counterparties		10Y CMS x 58.55%	1.1551
Swap Receipt			
Fixed rate paid to counterparties	Fixed		(3.7610)
Net rate (paid)/received for swap			(2.6059)
Year-end variable rate on 2018C bonds			(0.2701)
Effective rate of 2018C bonds			<u>(2.8760)</u>

Fair value. The swap had a fair value of negative \$34,252,221 on June 30, 2022. The fair value is recorded on the balance sheet of the Combined Utility System in the SWAP liability. This value was calculated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Counterparty	Notional Amount	Fair Value	Counterparty Rating (Moody's/S&P/Fitch)
Wells Fargo	\$ 249,075,000	\$ (34,252,221)	Aa2/A+/AA-

15. Combined Utility System Commercial Paper

Effective December 17, 2009, the City established a \$700 million Series B Commercial Paper Note program that provides for the issuance of Commercial Paper Notes to finance costs of eligible projects, including acquisition, construction, improvements and additions or extension for the City's Combined Utility System, and pay costs of issuance. The program is structured as a revolving Commercial Paper Note program, whereby the Series B Notes may be issued for a period that does not exceed 270 days and the maximum interest rate may not exceed 10%. The Series B Commercial Paper Notes are issued as Third Lien Obligations and are payable from and secured by a lien on Net Revenues of the System which is subordinate to the lien securing payment of First Lien Bonds. The System's outstanding notes from credit agreements contain a two – three-year repayment provision in the event of default or material adverse change.

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A portion of the Series B Notes, in the amount of \$375 million, is secured by credit facilities from Bank of America (Series B-1 and Series B-6) with an expiration date of August 19, 2027, Sumitomo Mitsui Banking Corporation, acting through its New York Branch (Series B-3) with an expiration date of January 10, 2025, and PNC Bank, N.A (Series B-4) with an expiration date of July 12, 2022. As of June 30, 2022, the System has no outstanding in Series B commercial paper notes.

In addition, the City has established an Extendable Commercial Paper (“ECP”) Note program in the amounts of \$75 million and \$250 million, that provide for the issuance of Series B-2 and Series B-5 ECP Notes as Third Lien Obligations, through March 2022 and March 2023. The Series B-2 ECP Notes and Series B-5 ECP Notes may each be issued for a period not to exceed 90 days (which may be extended, but in no event later than 270 days following the date of issuance) and bear interest at an annual rate not to exceed 9%. The Series B-2 and Series B-5 ECP Notes are (1) separately offered and remarketed by Morgan Stanley & Co. LLC, (2) issued as Third Lien Obligations and (3) are separately payable from and secured by a lien on Net Revenues of the System, which is subordinate to the lien securing payment of First Lien Bonds. Proceeds of Series B-2 and B-5 ECP Notes may each be used to finance various capital projects of the System.

16. Combined Utility Subordinate Liens

On December 2015 and December 2016, the City closed on a TWDB subordinate lien State Water Implementation Fund for Texas (SWIFT) Loans of \$25,915,000 and \$63,020,000, respectively. These loans were issued to fund the Northeast Plant Expansion and Northeast Transmission Line. Annual debt service is payable from the Combined Utility System, General Purpose Fund. The annual debt service payments began in May 2016 and May 2017, respectively. As of June 30, 2022, \$3,895,000 and \$8,410,000 of the principal has been paid for the 2015 loan and 2016 loan, respectively. These bonds mature on November 15, 2045 and November 15, 2046, respectively. Two new SWIFT loans were issued in November 2017 (2017C) and June 2018 (2018B) for \$83,170,000 and \$106,910,000, respectively. The annual debt service payments began in May 2018 and November 2018, respectively and the bonds mature in fiscal year 2047. As of June 30, 2022, \$8,585,000 of principal has been paid for 2017C and \$8,060,000 of principal has been made paid for 2018B. A new SWIFT loan was issued in November 2018 (2018F) for \$170,265,000. As of June 30, 2022, \$16,565,000 of principal was paid for this bond. This bond matures in fiscal year 2048. A new SWIFT loan was issued in November 2020 (2020E) for \$38,000,000. As of June 30, 2022, \$1,120,000 of principal was paid for this bond. This bond matures in fiscal year 2049.

17. Coastal Water Authority (“CWA”)

The contract payable relating to CWA represents the outstanding balance of \$48,870,000 at June 30, 2022 for Series 2010 and Series 2014 (both refunding) issued by CWA, a governmental agency of the State of Texas, to finance the construction of a water conveyance system. Pursuant to a series of exchange agreements with CWA, the City issued the Certificate and endorsed the bonds and is unconditionally obligated to pay from the gross revenues of the City's Combined Utility System all debt service payments on these Certificates and Bonds, as well as amounts necessary to restore deficiencies in funds required to be accumulated under the CWA bond resolutions. The outstanding bonds mature on December 15, 2025 and December 15, 2034, respectively.

Luce Bayou

In January 2009, the City entered into a contract with CWA for the project design, property acquisition, construction and financing of the Luce Bayou Interbasin Transfer Project. This would include the construction of infrastructure sized to transfer approximately 450,000 acre feet per year of the City's permitted surface water from Trinity River to Lake Houston. The funding for this project is to be financed and paid through the (“TWDB”) financing program. The WIF Bonds are secured by the City's pledged revenues to pay Debt Service. The current contract payable out of the General Purpose Fund relating to Luce Bayou as of June 30, 2022 represents \$28,754,000 of State Participation Loan (maturing in 2047), \$28,000,000 of Series 2009 WIF Loan (maturing in 2029, outstanding principal balance of \$20,330,000 as of June 30, 2022) and \$5,115,000 of Series 2010 WIF Loan (maturing in 2030, outstanding principal balance of \$3,850,000 as of June 30, 2022). The annual debt service payments for the State Participation Loan started in FY 2015, Series 2009 started in FY2019 and Series 2010 WIF Loan started in FY 2020.

In FY 2017, two new State Water Implementation Revenue Fund for Texas (SWIRFT) bonds were issued in relation to Luce Bayou on November 2015 and December 2016 for \$66,565,000 and \$136,460,000, respectively. The annual debt service payments for these bonds started in FY 2019 and their maturity is in 2050 and 2051, respectively. Additionally in FY 2018, two new State Water Implementation Revenue Fund for Texas (SWIRFT) bonds were issued in relation to Luce Bayou on November 2017 for \$72,795,000 and \$24,180,000, respectively. The annual debt service payments for the \$72.795 million bond started in FY 2019. This bond matures in 2052. The annual debt service payments for the \$24.1million bond started in FY 2018, with a current outstanding principal balance of \$21,080,000 as of June 30, 2022. This bond matures in 2047.

Luce Bayou-Land & Mitigation Costs-ROW

Land and Mitigation Costs associated with the Luce Bayou Project relate to acquisition of land and costs of environmental mitigation. CWA advanced funds to pay for the City's share of Land and Mitigation costs from available CWA revenues in lump sums (\$6.4 million in 2009, \$3.2 million in 2010, \$3.2 million in 2012) for a total of \$12.8 million. Repayment of the loan started in FY 2019 with the accrued

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interests during 2009-2020 rolled into principal to be amortized over the next 20 years. As of June 2022, the current principal balance is \$15.253 million.

18. Other Contracts

Payments on the following contracts will be made only after the Combined Utility System has funded all maintenance and operation costs and debt service payments for the Combined Utility System, including required reserves.

On June 20, 1967, the City, TRA, and Chambers-Liberty Counties Navigation District contracted with the United States of America to have the U.S. Army Corps of Engineers build a salinity control barrier and recreation facilities at Wallisville Lake. Because of legal actions, construction was blocked for a long period, and the project was not completed until April 2003. The City's share of the project cost was \$10,580,707, which will be paid to the U.S. government over 50 years at 3.222% interest with final payment due January 1, 2053. Current principal balance outstanding as of June 30, 2022 is \$8.07 million.

In April 2000, the City, Brazos River Authority ("BRA"), and the ("TWDB") entered into an agreement to develop the Allen's Creek water supply reservoir in Fort Bend County as a regional water supply. TWDB paid \$14,000,000, or 50% of funding, to provide for construction of the project, and the City agreed to purchase TWDB's share. Interest payments on the lease-purchase began in 2005 at an average rate of 5.85%. Interest costs over the first eight years were partially deferred to later years. Principal payments will begin in 2023, and the final principal payment will be made in 2037. H.B. 2846, passed during the 86th Session of the Texas Legislature and signed into law on June 2, 2019, mandated that the City sell its ownership interest in Allen's Creek reservoir to the Brazos River Authority at or below a capped price of \$23 million. The City filed a suit in state district court in Travis County seeking a declaratory judgment that H.B. 2846 was invalid and unenforceable because it violated the Texas Constitution. In particular, H.B. 2846 required an unconstitutional forced sell of property and was an unconstitutional local law. In addition, it was a retroactive law and, in violation of the Texas Constitution, imposed debt on the Brazos River Authority. Finally, the City sought a declaratory judgment that H.B. 2846 was void because the state lacks legal authority to force the City to enter into a specific contract to sell vested water rights. The trial court granted the City's Motion for Summary Judgment and ruled that H.B. 2846 was unconstitutional and void. Brazos River Authority filed a Notice of Appeal however, both parties, the City and BRA, settled the case as of May 2, 2022. As of June 30, 2022, \$14,000,000 TWDB loan was defeased.

In response to repeated extreme rainfall and flooding events impacting the Brays Bayou watershed, the Harris County Flood Control District (HCFCD) and the United States Army Corp of Engineers (USACE) have partnered to implement the Brays Bayou Federal Flood Damage Reduction Project ("Project Brays"), with HCFCD assuming responsibility for planning and implementation in 1998. While the primary stormwater channel and detention basin improvements have been completed work remains to reconstruct bridges carrying thoroughfares across the bayous.

To accelerate the completion of the remaining bridge construction modifications and replacements approved by USACE as part of Project Brays the City has entered into an interlocal agreement with the HCFCD to advance up to \$43 million. The interlocal agreement provides that HCFCD will pass certain reimbursements received from USACE to pay back all or part of the City's advanced funding.

To provide the upfront funding, on October 17, 2017 the TWDB approved a loan to the City at zero percent interest for \$43 million dollars. On June 27, 2018, City Council approved an ordinance approving and authorizing the Interlocal Agreement between the City and HCFCD. On August 7, 2018 City Council authorized Texas Public Improvement Bonds, Series 2018A for \$43 million dollars plus cost of issuance fees. The City will be responsible for repayment of the TWDB loan, regardless of the timing or amounts received by the City under the interlocal agreement with HCFCD. The debt service obligation will be shared 50/50 by the General Fund and the Combined Utility System. The General Fund and the Combined Utility System will be reimbursed by HCFCD upon their receipt of reimbursement from USACE. Debt service payments will begin March 2020 and end March 2041.

In Fiscal 2021, the City received \$4.5 million dollars in reimbursements for construction invoices for the Project Brays. HCFCD informed the City the USACE now has the resources to fund the full project therefore the interlocal agreement was terminated. All Other Interfund receivables and Other Interfund payables were removed from the Combined Utility System Statement of Net Position. The balance of the loan proceeds (\$40 million dollars) was repaid to TWDB in February 2022.

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D. Schedule for Debt Service Requirements to Maturity:

Aggregate future debt service payments to maturity as of June 30, 2022 are as follows (in thousands):

1. General Long-Term Tax Obligation Debt:

Year Ending June 30	Public Improvement Bonds		Pension Obligation Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 200,910	\$ 70,465	\$ 27,154	\$ 62,800
2024	192,390	62,318	29,829	61,352
2025	160,385	54,650	32,670	59,764
2026	146,040	47,865	35,697	58,034
2027	157,790	41,022	38,903	56,151
2028-2032	485,760	114,402	306,242	243,225
2033-2037	221,365	43,102	286,204	165,994
2038-2042	80,025	12,947	265,999	104,076
2043-2047	25,845	4,321	352,775	43,840
2048-2051	11,510	545	-	-
Total	<u>\$ 1,682,020</u>	<u>\$ 451,637</u>	<u>\$ 1,375,473</u>	<u>\$ 855,236</u>

Year Ending June 30	General Obligation Commercial Paper		Tax and Revenue Certificates of Obligation	
	Principal	Interest	Principal	Interest
2023	\$ -	\$ 2,596	\$ 1,380	\$ 560
2024	54,000	2,215	8,390	311
2025	35,000	1,931	2,595	130
2026	54,000	992	-	-
2027	25,000	16	-	-
2028-2032	-	-	-	-
2033-2037	-	-	-	-
2038-2042	-	-	-	-
2043-2047	-	-	-	-
2048-2051	-	-	-	-
Total	<u>\$ 168,000</u>	<u>\$ 7,750</u>	<u>\$ 12,365</u>	<u>\$ 1,001</u>

CITY OF HOUSTON, TEXAS
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Year Ending June 30	Total Future Requirements		Total Future Requirements
	Principal	Interest	
2023	\$ 229,444	136,421	\$ 365,865
2024	284,609	126,196	410,805
2025	230,650	116,475	347,125
2026	235,737	106,891	342,628
2027	221,693	97,189	318,882
2028-2032	792,002	357,627	1,149,629
2033-2037	507,569	209,096	716,665
2038-2042	346,024	117,023	463,047
2043-2047	378,620	48,161	426,781
2048-2051	11,510	545	12,055
Total	\$ 3,237,858	\$ 1,315,624	\$ 4,553,482

2. HUD Section 108 Loans (in thousands):

Year Ending June 30	HUD Section 108 Loans (in thousands)		Total Future Requirements
	Principal	Interest	
2023	\$ 261	\$ 235	\$ 496
2024	271	230	501
2025	280	224	504
2026	290	218	508
2027	300	214	514
2028-2032	24,367	578	24,945
2033-2037	2,644	110	2,754
2038-2042	223	1	224
Total	\$ 28,636	\$ 1,810	\$ 30,446

3. Enterprise Funds:

Year Ending June 30	Convention and Entertainment Facilities Revenue Bonds		Convention and Entertainment Pension Obligations		Convention and Entertainment Total Future Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 26,461	\$ 30,917	\$ 210	\$ 187	\$ 26,671	\$ 31,104
2024	53,532	31,057	220	174	53,752	31,231
2025	26,323	30,426	235	160	26,558	30,586
2026	26,177	30,572	250	145	26,427	30,717
2027	26,166	30,596	270	119	26,436	30,715
2028-2032	129,914	153,684	1,744	360	131,658	154,044
2033-2037	84,860	66,684	70	5	84,930	66,689
2038-2042	24,390	5,124	-	-	24,390	5,124
2043-2047	12,484	763	-	-	12,484	763
Total	\$ 410,307	\$ 379,823	\$ 2,999	\$ 1,150	\$ 413,306	\$ 380,973

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Year Ending June 30	Airport System Senior Lien Commercial Paper		Year Ending June 30	Airport System Subordinate Lien Revenue Bonds	
	Principal	Interest		Principal	Interest
2023	\$ -	\$ 4,674	2023	\$ 77,700	\$ 81,237
2024	-	4,681	2024	119,710	78,193
2025	185,000	3,509	2025	122,925	74,809
2026	-	-	2026	126,350	71,218
2027	-	-	2027	131,635	67,096
2028-2032	-	-	2028-2032	756,110	252,088
2033-2037	-	-	2033-2037	364,960	125,996
2038-2042	-	-	2038-2042	236,995	64,344
2043-2047	-	-	2043-2047	141,865	26,472
2048-2051	-	-	2048-2051	55,415	2,119
Total	\$ 185,000	\$ 12,864	Total	\$ 2,133,665	\$ 843,572

Year Ending June 30	Airport System Pension Obligations		Year Ending June 30	Airport System Special Facility Bonds- Rental Car Facility	
	Principal	Interest		Principal	Interest
2023	\$ -	\$ 107	2023	\$ 8,165	\$ 4,175
2024	-	107	2024	8,870	3,613
2025	-	107	2025	9,630	3,003
2026	-	107	2026	10,445	2,340
2027	-	107	2027	11,315	1,622
2028-2032	1,267	436	2028-2032	12,255	843
2033-2037	739	79	2033-2037	-	-
2038-2042	-	-	2038-2042	-	-
2043-2047	-	-	2043-2047	-	-
2048-2049	-	-	2048-2049	-	-
Total	\$ 2,006	\$ 1,050	Total	\$ 60,680	\$ 15,596

Year Ending June 30	SECO Direct Borrowing		Year Ending June 30	Airport System Total Future Requirements		
	Principal	Interest		Principal	Interest	Total
2023	\$ 1,193	\$ 312	2023	\$ 87,058	\$ 90,505	\$ 177,563
2024	1,217	287	2024	129,797	86,881	216,678
2025	1,241	263	2025	318,796	81,691	400,487
2026	1,266	238	2026	138,061	73,903	211,964
2027	1,292	212	2027	144,242	69,037	213,279
2028-2032	6,861	660	2028-2032	776,493	254,027	1,030,520
2033-2037	2,923	149	2033-2037	368,622	126,224	494,846
2038-2042	-	-	2038-2042	236,995	64,344	301,339
2043-2047	-	-	2043-2047	141,865	26,472	168,337
2048-2049	-	-	2048-2049	55,415	2,119	57,534
Total	\$ 15,993	\$ 2,121	Total	\$ 2,397,344	\$ 875,203	\$ 3,272,547

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Year Ending June 30	Water and Sewer Jr. Lien Revenue Bonds		Combined Utility System Revenue Bonds		Combined Utility System Swap Agreement Net Swap Payment	
	Principal	Interest	Principal	Interest		
2023	\$ 4,604	\$ 12,741	\$ 266,695	\$ 211,957	\$	29,292
2024	4,766	14,239	274,820	201,739		29,309
2025	4,274	13,716	285,975	190,961		29,275
2026	4,085	14,070	292,200	179,364		29,292
2027	6,567	24,248	296,460	167,146		29,292
2028-2032	14,650	60,255	1,755,530	669,068		119,911
2033-2037	-	-	1,617,110	418,529		16,007
2038-2042	-	-	813,640	198,852		-
2043-2047	-	-	505,430	83,682		-
2048-2052	-	-	216,190	13,345		-
Total	<u>\$ 38,946</u>	<u>\$ 139,269</u>	<u>\$ 6,324,050</u>	<u>\$ 2,334,643</u>	<u>\$</u>	<u>282,378</u>

Year Ending June 30	Combined Utility System Subordinate Lien		Combined Utility System Pension Obligations	
	Principal	Interest	Principal	Interest
2023	\$ 12,625	\$ 11,584	\$ 3,625	\$ 4,569
2024	12,795	11,405	3,901	4,353
2025	12,975	11,211	4,195	4,121
2026	13,180	11,001	4,503	3,872
2027	13,395	10,775	4,837	3,605
2028-2032	70,995	49,761	32,046	13,144
2033-2037	80,140	40,514	8,652	6,456
2038-2042	92,270	28,367	11,157	4,565
2043-2047	105,815	13,266	16,017	1,990
2048-2052	30,926	903	-	-
Total	<u>\$ 445,116</u>	<u>\$ 188,787</u>	<u>\$ 88,933</u>	<u>\$ 46,675</u>

Year Ending June 30	Combined Utility System Total Future Requirements			
	Principal	Interest	Net Swap Payment	Total Future Requirements
2023	\$ 287,549	\$ 240,851	\$ 29,292	\$ 557,692
2024	296,282	231,736	29,309	557,327
2025	307,419	220,009	29,275	556,703
2026	313,968	208,307	29,292	551,567
2027	321,259	205,774	29,292	556,325
2028-2032	1,873,221	792,228	119,911	2,785,360
2033-2037	1,705,902	465,499	16,007	2,187,408
2038-2042	917,067	231,784	-	1,148,851
2043-2047	627,262	98,938	-	726,200
2048-2052	247,116	14,248	-	261,364
Total	<u>\$ 6,897,045</u>	<u>\$ 2,709,374</u>	<u>\$ 282,378</u>	<u>\$ 9,888,797</u>

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4. Long-Term Contracts-Water and Sewer System:

Year Ending June 30	Coastal Water Authority Maintenance and Operation Lien		US Army Corps of Engineers		CWA Luce Bayou	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 4,300	\$ 2,056	\$ 155	\$ 260	\$ 3,121	\$ 1,959
2024	4,515	1,835	161	255	3,200	1,878
2025	4,735	1,604	166	250	3,280	2,325
2026	9,535	1,247	171	244	3,375	2,768
2027	2,430	948	176	239	3,460	2,675
2028-2032	13,800	3,165	971	1,105	7,745	11,735
2033-2037	9,555	583	1,138	939	7,520	5,853
2038-2042	-	-	1,333	742	9,405	3,913
2043-2047	-	-	1,563	514	11,829	1,438
2048-2052	-	-	1,831	246	-	-
2053-2057	-	-	402	13	-	-
Total	\$ 48,870	\$ 11,438	\$ 8,067	\$ 4,807	\$ 52,935	\$ 34,544

Year Ending June 30	CWA Luce Bayou ROW		CWA Luce Bayou SWIRFT		Other Contracts Total Future Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 645	\$ 596	\$ 645	\$ 5,331	\$ 8,866	\$ 10,202
2024	670	570	655	6,815	9,201	11,353
2025	697	542	660	8,367	9,538	13,088
2026	724	514	670	9,918	14,475	14,691
2027	753	484	680	10,694	7,499	15,040
2028-2032	4,242	1,937	3,615	81,161	30,373	99,103
2033-2037	5,159	1,002	17,725	89,269	41,097	97,646
2038-2042	2,364	95	82,755	45,232	95,857	49,982
2043-2047	-	-	99,760	28,370	113,152	30,322
2048-2052	-	-	89,735	8,726	91,566	8,972
2053-2057	-	-	-	-	402	13
Total	\$ 15,254	\$ 5,740	\$ 296,900	\$ 293,883	\$ 422,026	\$ 350,412

E. Debt Issuances and Refundings

Public Improvement and Refunding Bonds

On August 31, 2021, the City issued \$188,360,000 of Public Improvement Refunding Bonds Series 2021A, \$117,710,000 2021B (Taxable); and \$2,595,000 of Certificates of Obligation (Demolition Program) Series 2021C with coupons from 0.166% to 5%. The proceeds were used to refund \$222,000,000 of General Obligation Commercial Paper Notes Series G-2, H-2, E-1 and E-2; placed in Escrow for the purpose of generating resources for debt service payments of the refunded portion of PIB Series 2012A and 2014A; demolish dangerous structures within the City; and pay costs of issuance related to the Bonds. The true interest cost of the 2021A Bonds is 1.66%, 2021B Bonds is 1.90% and CO 2021C Bonds is 0.352%. The Bonds mature in varying amounts from year 2022 to 2042. Net present value savings related to the bonds refunded totaled \$12,316,695.29 and reduced debt service by \$12,313,212.17.

On September 23, 2021, the City issued \$10,100,000 of Public Improvement Bonds, Series 2021D and \$8,583,000 of Public Improvement Bonds, Series 2021E as a Private Placement with the Texas Water Development Board with 0.0% coupons. The proceeds were placed in a project fund for Project Taylor Gully and Wynnewood Acres respectively, and to pay for a debt service reserve fund and cost of issuance related to the issuance of the Bonds. The Bonds mature in varying amounts from 2022 to 2051.

Combined Utility System Revenue and Refunding Bonds

On July 29, 2021, the City remarketed \$249,075,000 of Combined Utility System First Lien Revenue Refunding Bonds Series 2018C to variable rate demand bonds.

On December 21, 2021, the City issued \$130,000,000 of Combined Utility System, First Lien Revenue Bonds, Series 2020E, as a private placement with Texas Water Development Board, with coupons ranging from 0.600% – 1.610%. Proceeds will be used to pay

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for projects, a debt service reserve fund and to pay costs of issuance of the Bonds. The Bonds mature in varying amounts from 2022 to 2041.

Convention and Entertainment

On August 5, 2021, the City issued \$31,165,000 of Convention & Entertainment Facilities Department Hotel Occupancy Tax and Special Revenue Refunding Bonds, Series 2021 with coupons from 3% to 5%. The proceeds were placed in Escrow for the purpose of generating resources for debt service payments of the refunded portions of C&E 2011A and 2015 and to pay costs of issuance of the Bonds. The true interest cost of the 2021 Bonds is 1.356%. The Bonds mature in varying amounts from 2022 to 2033. Net Present Value Savings related to the Bonds totaled \$6,495,645 and reduced debt service by \$6,619,619.

Prior Year Defeased Debt

In fiscal year 2020, the City issued Combined Utility System First Lien Revenue Refunding Bonds Series 2019B and 2019C to defease \$690,845,000 of Combined Utility System Bonds by placing new bond proceeds in an escrow to provide for the future debt payments on the defeased bonds. Accordingly, the escrowed assets and the liability for the defeased bonds are not included in the government section of the financial statements. As of June 30, 2022, \$44,720,000 of defeased bonds are still outstanding.

In fiscal year 2020, the City issued Public Improvement Bonds Series 2019 A,B & C to defease \$380,505,000 of Bonds by placing new bond proceeds in an escrow to provide for the future debt payments on the defeased bonds. Accordingly, the escrowed assets and the liability for the defeased bonds are not included in the government section of the financial statements. As of June 30, 2022, \$94,745,000 of defeased bonds are still outstanding.

In fiscal year 2021, the City issued Combined Utility System First Lien Revenue and Refunding Bonds Series 2020C and Combined Utility System First Lien Revenue Refunding Bonds Series 2020D to defease \$208,880,000 of Bonds by placing new bond proceeds in an escrow to provide for the future debt payments on the defeased bonds. Accordingly, the escrowed assets and the liability for the defeased bonds are not included in the government section of the financial statements. As of June 30, 2022, \$114,680,000 of defeased bonds are still outstanding.

In fiscal year 2021, the City issued Combined Utility System First Lien Revenue Refunding Bonds Series 2021B to defease \$92,070,000 of the CUS Series 2012D and 2013B Bonds, by placing new bond proceeds in an escrow to provide for the future debt payments on the defeased bonds. Accordingly, the escrowed assets and the liability for the defeased bonds are not included in the government section of the financial statements. As of June 30, 2022, \$92,070,000 of defeased bonds are still outstanding.

In fiscal year 2021, the City issued Houston Airport System Subordinate Lien Revenue Refunding Bonds Series 2020 A,B&C to defease \$706,690,000 of Bonds by placing a portion of new bond proceeds in an escrow to provide for the future debt payments on the defeased bonds. Accordingly, the escrowed assets and the liability for the defeased bonds are not included in the enterprise section of the financial statements. As of June 30, 2022, \$452,540,000 of defeased bonds are still outstanding.

In fiscal year 2022, the City issued Public Improvement Refunding Bonds, Series 2021A&B to defease \$106,670,000 of Bonds by placing a portion of new bond proceeds in an escrow to provide for the future debt payments on the defeased bonds. Accordingly, the escrowed asses and the liability for the defeased bonds are not included in the government section of the financial statements. As of June 30, 2022, \$95,720,000 of defeased bonds are still outstanding.

F. Bond Compliance Requirements

The revenue bond ordinances require that during the period in which the bonds are outstanding the City must create and maintain certain accounts or funds to receive the proceeds from the sale of the revenue bonds and to account for the revenues (as defined), which are pledged for payment of the bonds. The assets can be used only in accordance with the terms of the bond ordinance and for the specific purpose(s) designated therein.

The City is generally required to make a monthly transfer to debt service funds equal to one-sixth of the next interest payment and one-twelfth of the next principal payment. Certain bond ordinances have additional requirements for the establishment of rates and the accumulation of principal and interest repayment amounts from surplus operating funds. Generally, the bonds may be redeemed prior to their maturities in accordance with the bond ordinances and at various premiums equal to or less than 2%. During fiscal year 2022 the City has complied with the requirements of all revenue bond ordinances and related bond restrictions.

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G. Voter Authorized Obligations

On November 4, 2001, voters of the City authorized the issuance of \$776,000,000 of Public Improvement Bonds. Since June 2002 City Council has authorized issuance of the entire amount as General Obligation Commercial Paper Series G, H-1 and H-2.

On November 7, 2006, voters of the City authorized the issuance of \$625,000,000 of Public Improvement Bonds. City Council has authorized issuance of \$524,950,000 as General Obligation Commercial Paper Series G, H-1, H-2 and J.

On November 2012, voters authorized an additional \$410,000,000 of Public Improvement Bonds. City Council has authorized issuance of \$400,308,000 as General Obligation Commercial Paper Series G1, G2, H-2 and J.

On November 2017, voters authorized an additional \$495,000,000 of Public Improvement Bonds. City Council has authorized issuance of \$97,966,000 as General Obligation Commercial Paper Series G, H-2 and J.

In addition, the City is authorized by the City Charter to issue \$100,000,000 annually in general improvement bonds without voter approval.

H. Legal Debt Margin

At June 30, 2022, the City's legal debt limit was 10% of assessed property valuation totaling \$345,466,657. The City's legal debt margin less applicable outstanding debt was \$31,214,841.

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June 30, 2022

NOTE 9: LEASES

Operating Leases

A. City as Lessee

The City has obtained office space, data processing, machinery, and other equipment through long-term operating leases. The terms and conditions for these leases varies. Some leases are fixed, periodic payments over the lease term, which ranges between 1-50 years.

At June 30, 2022, operating leases consisted of the following (in thousands):

<u>Governmental Activities</u>	Beg. Balance July 1, 2021	Additions	Retirements	Transfers	Ending Balance June 30, 2022
Leases					
Right of Use - Land	\$ 168	\$ -	\$ -	\$ -	\$ 168
Right of Use - Buildings	70,158	6,407	(1,262)	-	75,303
Right of Use - Equipment	11,384	3,000	(1,568)	-	12,816
Total leases	<u>81,710</u>	<u>9,407</u>	<u>(2,830)</u>	<u>-</u>	<u>88,287</u>
Less accumulated amortization for:					
Right of Use - Land	(17)	(17)	-	-	(34)
Right of Use - Buildings	(5,173)	(6,043)	1,262	-	(9,954)
Right of Use - Equipment	(2,774)	(2,139)	1,568	-	(3,345)
Total accumulated amortization	<u>(7,964)</u>	<u>(8,199)</u>	<u>2,830</u>	<u>-</u>	<u>(13,333)</u>
Governmental leases, net	<u>\$ 73,746</u>	<u>\$ 1,208</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,954</u>
<u>Business-type Activities</u>	Beg. Balance July 1, 2021	Additions	Retirements	Transfers	Ending Balance June 30, 2022
Airport System					
Leases					
Right of Use - Buildings	\$ 192	\$ -	\$ -	\$ -	\$ 192
Right of Use - Equipment	239	-	(168)	-	71
Total leases	<u>431</u>	<u>-</u>	<u>(168)</u>	<u>-</u>	<u>263</u>
Less accumulated amortization for:					
Right of Use - Buildings	(55)	(55)	-	-	(110)
Right of Use - Equipment	(141)	(73)	168	-	(46)
Total accumulated amortization	<u>(196)</u>	<u>(128)</u>	<u>168</u>	<u>-</u>	<u>(156)</u>
Airport System leases, net	<u>\$ 235</u>	<u>\$ (128)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107</u>
Combined Utility System					
Leases					
Right of Use - Equipment	\$ 42	\$ -	\$ -	\$ -	\$ 42
Total leases	<u>42</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42</u>
Less accumulated amortization for:					
Right of Use - Equipment	(15)	(15)	-	-	(30)
Total accumulated amortization	<u>(15)</u>	<u>(15)</u>	<u>-</u>	<u>-</u>	<u>(30)</u>
Combined Utility System leases, net	<u>27</u>	<u>(15)</u>	<u>-</u>	<u>-</u>	<u>12</u>
Business-type leases, net	<u>\$ 262</u>	<u>\$ (143)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119</u>

CITY OF HOUSTON, TEXAS
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Principal and interest requirements to maturity for the lease liability at June 30, 2022 are as follows (in thousands):

General Government				Airport System			
Year ended June 30	Principal	Interest	Total	Year ended June 30	Principal	Interest	Total
2023	\$ 7,014	\$ 1,307	\$ 8,321	2023	\$ 77	\$ 3	\$ 80
2024	6,623	1,213	7,836	2024	34	1	35
2025	6,836	1,120	7,956	2025	-	-	-
2026	7,024	1,025	8,049	2026	-	-	-
2027	6,820	928	7,748	2027	-	-	-
2028-2032	21,148	3,425	24,573	2028-2032	-	-	-
2033-2037	6,186	2,522	8,708	2033-2037	-	-	-
2038-2042	8,419	1,818	10,237	2038-2042	-	-	-
2043-2047	10,135	866	11,001	2043-2047	-	-	-
2048-2049	3,610	57	3,667	2048-2049	-	-	-
Total	<u>\$ 83,815</u>	<u>\$ 14,281</u>	<u>\$ 98,096</u>	Total	<u>\$ 111</u>	<u>\$ 4</u>	<u>\$ 115</u>

Combined Utility System				Total Reporting Entity			
Year ended June 30	Principal	Interest	Total	Year ended June 30	Principal	Interest	Total
2023	\$ 12	\$ 1	\$ 13	2023	7,103	1,311	8,414
2024	-	-	-	2024	6,657	1,214	7,871
2025	-	-	-	2025	6,836	1,120	7,956
2026	-	-	-	2026	7,024	1,025	8,049
2027	-	-	-	2027	6,820	928	7,748
2028-2032	-	-	-	2028-2032	21,148	3,425	24,573
2033-2037	-	-	-	2033-2037	6,186	2,522	8,708
2038-2042	-	-	-	2038-2042	8,419	1,818	10,237
2043-2047	-	-	-	2043-2047	10,135	866	11,001
2048-2049	-	-	-	2048-2049	3,610	57	3,667
Total	<u>\$ 12</u>	<u>\$ 1</u>	<u>\$ 13</u>	Total	<u>\$ 83,938</u>	<u>\$ 14,286</u>	<u>\$ 98,224</u>

B. City as Lessor

The Convention and Entertainment leases all of its capital assets to Houston First Corporation, a discretely presented component unit. The agreement is a cancellable operating lease that is subject to termination in 2026. The capital assets include the George R Brown Convention Center and the Convention Center Parking Garage, Wortham Theater Center, Jones Hall for the Performing Arts, Theater District Parking Garages, Miller Outdoor Theater, and Talento Bilingue De Houston, among others.

The Airport System leases terminal space (except for regulated leases), aircraft maintenance and overhaul facilities, cargo facilities, hangars, and other structures to air carriers and other tenants under various operating leases, a majority of which is non-cancellable and terminate no later than July 2058. Certain provisions of the leases provide for fixed and variable rental payments, and all are generally designed to allow the Airport System to meet its debt service requirements and recover certain operating and maintenance costs. In addition, certain of the agreements under which the Airport System receives revenue from the operation of concessions at Intercontinental and Hobby airports provide for the payment of a fee based on the greater of an aggregated percentage of gross receipts or a guaranteed minimum.

CITY OF HOUSTON, TEXAS
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For the year ended June 30, 2022, payments are as follows (in thousands):

Governmental

	<u>Fixed Payments</u>
Rentals, bldgs	\$ 1,422
	<u>\$ 1,422</u>

Enterprise

	<u>Airport System</u>		<u>Convention & Entertainment</u>		
	<u>Fixed Payments</u>	<u>Variable Payments</u>	<u>Fixed Payments</u>		<u>Total</u>
Rentals, bldgs	\$ 20,767	\$ -	\$ 1,521		\$ 22,288
Concessions	1,608	28,617	-		30,225
Interest revenue	9,776	-	-		9,776
	<u>\$ 32,151</u>	<u>\$ 28,617</u>	<u>\$ 1,521</u>		<u>\$ 62,289</u>

Principal and interest to maturity for the lease receivable at June 30, 2022 are as follows: (in thousands):

<u>General Government</u>				<u>Airport System</u>			
<u>Year ending</u>				<u>Year ending</u>			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 784	\$ 736	\$ 1,520	2023	\$ 13,859	\$ 9,237	\$ 23,096
2024	801	721	1,522	2024	11,495	8,775	20,270
2025	819	705	1,524	2025	11,025	8,365	19,390
2026	754	690	1,444	2026	11,062	7,968	19,030
2027	764	675	1,439	2027	11,447	7,557	19,004
2028 - 2032	5,101	3,102	8,203	2028 - 2032	37,923	33,166	71,089
2033 - 2037	6,186	2,521	8,707	2033 - 2037	33,339	26,855	60,194
2038 - 2042	8,419	1,818	10,237	2038 - 2042	40,856	20,125	60,981
2043 - 2047	10,135	866	11,001	2043 - 2047	35,744	13,048	48,792
2048 - 2052	3,610	57	3,667	2048 - 2052	38,975	6,013	44,988
2053 - 2057	-	-	-	2053 - 2057	14,195	887	15,082
2058 - 2059	-	-	-	2058 - 2059	655	12	667
Total	<u>\$ 37,373</u>	<u>\$ 11,891</u>	<u>\$ 49,264</u>	Total	<u>\$ 260,575</u>	<u>\$ 142,008</u>	<u>\$ 402,583</u>

<u>Convention & Entertainment</u>				<u>Total Reporting Entity</u>			
<u>Year ending</u>				<u>Year ending</u>			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,431	\$ 90	\$ 1,521	2023	\$ 16,074	\$ 10,063	\$ 26,137
2024	1,456	65	1,521	2024	13,752	9,561	23,313
2025	1,482	40	1,522	2025	13,326	9,110	22,436
2026	1,508	14	1,522	2026	13,324	8,672	21,996
2027	799	-	799	2027	13,010	8,232	21,242
2028 - 2032	-	-	-	2028 - 2032	43,024	36,268	79,292
2033 - 2037	-	-	-	2033 - 2037	39,525	29,376	68,901
2038 - 2042	-	-	-	2038 - 2042	49,275	21,943	71,218
2043 - 2047	-	-	-	2043 - 2047	45,879	13,914	59,793
2048 - 2052	-	-	-	2048 - 2052	42,585	6,070	48,655
2053 - 2057	-	-	-	2053 - 2057	14,195	887	15,082
2058 - 2059	-	-	-	2058 - 2059	655	12	667
Total	<u>\$ 6,676</u>	<u>\$ 209</u>	<u>\$ 6,885</u>	Total	<u>\$ 304,624</u>	<u>\$ 154,108</u>	<u>\$ 458,732</u>

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C. Regulated Leases

The City and United Airlines (“United”), Southwest Airlines (“Southwest”), Delta Air Lines, American Airlines, Spirit Airlines, and Air Canada (collectively, the “Signatory Airlines”) entered into Airport Use and Lease agreements (“Regulated Leases”), for usage of Intercontinental and Hobby Airport facilities for the purpose of conducting business as air transportation businesses. These agreements are non-cancellable and terminate no later than 2042, with options to extend, or month-to-month and cancellable with 30 days’ notice. Under the terms of these agreements, Signatory Airlines pay the Airport System monthly based on the annual rental rate/fee schedule. Rate calculations are based on total estimates of costs and expenses, estimates of passengers and total landed weight, and other factors. Final settlements are made each year after the audit of Airport System Fund’s ACFR. Other airlines operating at Intercontinental and Hobby airports are billed at rates established by the City ordinances.

Under the agreements with United, United has exclusive and preferential use of certain space and facilities of terminals A, B, C, and E at Intercontinental Airport and preferential use of certain apron areas. And under these agreements, all or part of the concession revenues and related costs generated from terminals B, C, and E of Intercontinental Airport are excluded from the Airport System Fund’s concession revenues and operating expenses on the statements of revenues, expenses, and changes in net position, as United operates, retains revenues, and pay related costs of operations for those concessions in accordance with the agreements. In addition, one of the agreements with Southwest grants Southwest preferential use of West Terminal/West Concourse, boarding gates, and other areas at Hobby Airport. Another agreement grants Southwest exclusive and preferential use of certain terminal areas of terminal A at Intercontinental Airport. No other airlines have exclusive or preferential use of more than ten (10) percent of terminal space or other areas of the Airport System as of June 30, 2022. Exclusive and preferential use of space are summarized as follows:

George Bush Intercontinental Airport (IAH)			
	United	Southwest	Total IAH
Terminal areas - leasable airline space (in thousands)	2,380 sq. ft.	10 sq. ft.	3,824 sq. ft.
Apron - leasable airline space (in thousands)	2,728 sq. ft.	94 sq. ft.	3,871 sq. ft.
Number of gates and remote stands	96	3	135

William P. Hobby Airport (HOU)		
	Southwest	Total HOU
Terminal areas - leasable airline space (in thousands)	381 sq. ft.	467 sq. ft.
Apron - leasable airline space (in thousands)	516 sq. ft.	815 sq. ft.
Number of gates and remote stands	24	30

	Fixed Payments	Variable Payments
United	\$ 106,618	\$ 37,161
Southwest	\$ 35,542	\$ 18,750
Other Signatory Airlines	\$ 20,100	\$ 8,556

CITY OF HOUSTON, TEXAS
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Expected future minimum lease payments from Regulated Leases at June 30, 2022 are as follows (in thousands), projected by management of the Airport System using the following assumptions: 1) revenues earned from the Signatory Airlines during the year ended June 30, 2022, 2) through the expiration of the agreements with the Signatory Airlines or the next five (5) years, whichever is longer, 3) compounded at three (3) percent per annum without considering possible effect of the ongoing COVID-19 pandemic, and 4) without considering future expansion and changes in operations by the Airport System or the Signatory Airlines:

<u>Year ending June 30</u>	<u>Total</u>
2023	\$ 229,865
2024	236,761
2025	243,864
2026	251,180
2027	222,661
2028 - 2032	1,217,603
2033 - 2037	1,411,536
2038 - 2042	1,464,461
Total	<u>\$ 5,277,931</u>

The Airport System' senior lien and subordinate lien revenue refunding bonds are secured by net revenues earned from the airlines.

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CITY OF HOUSTON, TEXAS
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June 30, 2022

NOTE 10: PENSION PLANS

A. General Information

Plan Descriptions

The City has three single employer defined benefit pension plans, which provides pension benefits for substantially all of its full-time employees. These pension plans were established under the authority of Texas statutes (Vernon's Texas Civil Statutes, Articles 6243.e2 (1), 6243h, and 6243g-4), which establish the various benefit provisions. Independent Boards of Trustees administer each plan. The fiscal year of each pension fund ends June 30. The most recent available stand-alone financial statements of the pension funds are for the year ended June 30, 2022. The specific summary plan description for each plan and the financial statements are available at the plan offices (see Note 1(B) (1)).

Benefits Provided

Houston Municipal Employees' Pension System ("HMEPS"). The plan includes three contributory groups and provides for service-connected disability and death benefits to eligible members and surviving spouse and/or dependents, with no age or service eligibility requirements. Pension benefits are based on a participant's average monthly salary and years of debited service, as defined in the Pension Statute. Pension benefits are adjusted annually for a cost-of-living adjustment of between 0% and 2%, depending on investment returns. The maximum pension benefit is 90% of the participant's average monthly salary. A Deferred Retirement Option Plan ("DROP") is available to eligible members.

In March 2022, employees of Houston First Corporation ("HFC"), a component unit of the City, were determined to be eligible to participate in HMEPS based on a settlement agreement between the City and HMEPS. Per the settlement agreement, HFC made a lump-sum contribution of \$16.0 million to HMEPS and started making employer contributions in accordance with the plan provisions effective January 1, 2022.

Houston Firefighters' Relief and Retirement Fund ("HFRRF"). Prior to July 1, 2017, retirement benefits for firefighters with 20 or more years of service are entitled to 50% of average salary (defined as the monthly average of their highest individual 78 pay periods) for a total monthly pension not to exceed 80% of the average monthly salary for the highest 78 pay periods. After July 1, 2017, benefits accrue at 2.75% per year prior to 20 years of service and 2% thereafter for those hired prior to July 1, 2017. For those hired after that date, 2.25% is accrued per year, up to 20 years of service and 2% thereafter, subject to a maximum of 80%. Benefits are adjusted annually for a cost-of-living adjustment between 0% and 4% for eligible members. A DROP is available to eligible members with 20 or more years of service that were hired prior to July 1, 2017.

Houston Police Officers' Pension System ("HPOPS"). Retirement benefits for police officers are equal to 2.75% of the member's pensionable pay for each of the member's first 20 years of service plus 2% of pensionable pay for each year more than 20 years with no maximum percentage. Members hired or rehired after October 9, 2004 accrue benefits equal to 2.25% of the member's pensionable pay for the first 20 years plus 2% of the member's pensionable pay for each year in excess of 20 years, subject to a maximum of 80%. Pension benefits are adjusted annually for a cost-of-living adjustment between 0% and 4%. A DROP is available, generally, to members hired before October 9, 2004, for eligible members with at least 20 years of service.

Contributions

Employer and employee obligations to contribute, as well as employee contribution rates, are included in the enabling pension statutes. Additionally, these laws provide that employer funding be based on annual actuarial valuations. There are three contributory pension plans. All pension plans provide service, disability, death, and survivor benefits. In addition, each pension plan recognizes participant and employer contributions as revenues in the period in which they are due pursuant to formal commitments and recognizes benefits and refunds when they are due and payable in accordance with the terms of the pension statutes.

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As of the most recent measurement date of the net pension liability, membership data for the pension plans are as follows:

	<u>HFRRF</u>	<u>HMEPS</u>	<u>HPOPS</u>
Inactive members or beneficiaries currently receiving benefits	3,441	11,481	4,996
Inactive members entitled to but not yet receiving benefits	156	7,626	71
Active members	3,048	11,579	5,156
DROP members	623	-	-
Total plan members	<u>7,268</u>	<u>30,686</u>	<u>10,223</u>

B. Net Pension Liability (Asset)

The Net Pension Liability (“NPL”) or Net Pension Asset (“NPA”) is the difference between the Total Pension Liability (“TPL”) and the plan’s Fiduciary Net Position (“FNP”). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service, and automatic cost of living adjustments (“COLA’s”). In addition, ad hoc COLA’s are also included in the TPL to the extent they are substantively automatic. The FNP is determined on the same basis used by the pension plans. The City’s TPL, NPL, and certain sensitivity information are based on an actuarial valuation performed as of July 1, 2021. The total pension liability was rolled forward from the valuation date to the measurement date of June 30, 2022 using generally accepted actuarial principles.

<u>Net pension liability (asset) (in thousands)</u>	<u>HFRRF</u>	<u>HMEPS</u>	<u>HPOPS</u>
Measurement date	June 30, 2022	June 30, 2022	June 30, 2022
Total pension liability	\$ 4,963,438	\$ 5,562,146	\$ 7,585,734
Less: Fiduciary net position	(5,093,736)	(3,952,351)	(6,861,988)
Net pension liability (asset)	<u>\$ (130,298)</u>	<u>\$ 1,609,795</u>	<u>\$ 723,746</u>

A schedule of Net Pension Liability (Asset), in addition to the information above and multi-year trend information, is presented in the Required Supplementary Information section on pages 146 through 149.

C. Schedule of Changes in Net Pension Liability (Asset)

Changes in the City’s NPL/NPA presented below are calculated on the same basis as each of the plans. The Changes in NPL/NPA for HFRRF, HMEPS, and HPOPS for the ended June 30, 2022 are as follows:

HFRRF

<u>Changes in Net Pension Liability (Asset) (in thousands)</u>	<u>Total</u>	<u>Plan Fiduciary</u>	<u>Net</u>
	<u>Pension Liability</u>	<u>Net Position</u>	<u>Pension Asset</u>
Service Cost	\$ 54,129	\$ -	\$ 54,129
Interest on the Total Pension Liability	354,304	-	354,304
Difference between Expected and Actual Experience	(140,156)	-	(140,156)
Employer Contributions	-	81,351	(81,351)
Employee Contributions	-	30,942	(30,942)
Net Investment Income	-	523	(523)
Benefit Payments	(270,599)	(270,599)	-
Administrative Expense	-	(4,161)	4,161
Other	-	(1,083)	1,083
Net Change	<u>(2,322)</u>	<u>(163,027)</u>	<u>160,705</u>
Net Pension Liability (Asset) Beginning	4,965,760	5,256,763	(291,003)
Net Pension Liability (Asset) Ending	<u>\$ 4,963,438</u>	<u>\$ 5,093,736</u>	<u>\$ (130,298)</u>

CITY OF HOUSTON, TEXAS
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HMEPS

Change in Net Pension Liability (in thousands)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	\$ 82,080	\$ -	\$ 82,080
Interest on the Total Pension Liability	371,952	-	371,952
Difference between Expected and Actual Experience	26,473	-	26,473
Employer Contributions	-	197,341	(197,341)
Employee Contributions	-	32,655	(32,655)
Net Investment Income	-	189,390	(189,390)
Assumptions Changes	(29,515)	-	(29,515)
Benefit Payments	(327,772)	(327,772)	-
Refunds	(1,133)	(1,133)	-
Administrative Expense	-	(5,681)	5,681
Other	-	466	(466)
Net Change	122,085	85,266	36,819
Net Pension Liability Beginning	5,440,061	3,867,085	1,572,976
Net Pension Liability Ending	<u>\$ 5,562,146</u>	<u>\$ 3,952,351</u>	<u>\$ 1,609,795</u>

HPOPS

Change in Net Pension Liability (in thousands)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	\$ 74,350	\$ -	\$ 74,350
Interest on the Total Pension Liability	503,548	-	503,548
Difference between Expected and Actual Experience	46,309	-	46,309
Employer Contributions	-	152,375	(152,375)
Employee Contributions	-	50,028	(50,028)
Net Investment Income	-	(98,537)	98,537
Assumptions Changes	(7,383)	-	(7,383)
Benefit Payments	(372,282)	(372,282)	-
Refunds	(2,645)	(2,645)	-
Administrative Expense	-	(4,202)	4,202
Net Change	241,897	(275,263)	517,160
Net Pension Liability Beginning	7,343,837	7,137,251	206,586
Net Pension Liability Ending	<u>\$ 7,585,734</u>	<u>\$ 6,861,988</u>	<u>\$ 723,746</u>

D. Pension Expense (Benefit)

For the year ended June 30, 2022, the City recognized pension expense (benefit) totaling \$52,770,000. Pension expense (benefit) recognized by each plan is as follows (in thousands):

Amounts Recognized in Pension Expense (Benefit)	HFRRF	HMEPS	HPOPS
Service Cost	\$ 54,129	\$ 82,080	\$ 74,350
Interest	354,304	371,952	503,548
Difference between Expected and Actual Experience	(29,813)	(9,242)	39,903
Changes of Assumptions	33,615	(7,828)	118,360
Differences between Projected and Actual Earnings	(83,726)	(103,681)	(110,453)
Member Contributions	(30,942)	(32,655)	(50,028)
Projected Earnings on Plan Investments	(375,290)	(267,052)	(493,422)
Administrative Expense	4,161	5,681	4,202
Other	1,083	(466)	-
Total Pension Expense (Benefit)	<u>\$ (72,479)</u>	<u>\$ 38,789</u>	<u>\$ 86,460</u>

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E. Schedule of Deferred Outflows and Inflows of Resources

Deferred outflows of resources and deferred inflows of resources by source reported by the City on June 30, 2022 for each plan are as follows (in thousands):

	HFRRF		HMEPS		HPOPS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 85,183	\$ (213,484)	\$ 19,452	\$ (13,900)	\$ 118,216	\$ (17,911)	\$ 222,851	\$ (245,295)
Changes in Assumptions	152,658	(139,150)	-	(21,688)	3,166	(6,243)	155,824	(167,081)
Net Difference between Projected and Actual Earnings	-	(227,399)	-	(336,974)	-	(215,708)	-	(780,081)
Change in Proportion	-	-	10,803	(10,803)	-	-	10,803	(10,803)
Total	<u>\$ 237,841</u>	<u>\$ (580,033)</u>	<u>\$ 30,255</u>	<u>\$ (383,365)</u>	<u>\$ 121,382</u>	<u>\$ (239,862)</u>	<u>\$ 389,478</u>	<u>\$ (1,203,260)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2022 will be recognized in pension expense as follows (in thousands):

Year Ending June 30:	HFRRF	HMEPS	HPOPS	Total
2023	\$ (69,459)	\$ (106,372)	\$ (55,739)	\$ (231,570)
2024	(77,201)	(99,955)	(76,909)	(254,065)
2025	(155,149)	(162,316)	(140,533)	(457,998)
2026	28,296	15,533	138,790	182,619
2027	(52,016)	-	13,053	(38,963)
Thereafter	(16,663)	-	2,858	(13,805)
Total	<u>\$ (342,192)</u>	<u>\$ (353,110)</u>	<u>\$ (118,480)</u>	<u>\$ (813,782)</u>

A single discount rate of 7.00% was used to measure the TPL for the HMEPS and the HPOPS. This single discount rate was based on the expected rate of return on the respective pension plan's investments of 7.00% and the current municipal bond rate was not applicable. The projection of cash flows used to determine this single discount rate assumed that respective plan member contributions will be made at the current contribution rate and that City contributions will be made at the rate determined actuarially in the annual Risk Sharing Valuation Study which would become effective in the fiscal year beginning one year after the study date. Based on these assumptions, the respective pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, a single discount rate of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability. For the June 30, 2022 measurement date, the single discount rate used was 7.00% for each of the plans.

The discount rate used to measure HFRRF's TPL was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will continue to follow the current funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all future years. Therefore, a single discount rate of 7.25% was applied to all periods of projected benefit payments to determine the total pension liability. For the June 30, 2022 measurement date, the single discount rate of 7.25% was used.

CITY OF HOUSTON, TEXAS
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F. Sensitivity of the net pension liability to changes in the discount rate

The following presents the NPL/NPA for each of the City's plans as of June 30, 2022, calculated using the discount rate, as well as what the City's NPL would have been if it were calculated using a discount rate that is 1-percent-point lower and 1-percent-point higher than the current rate (in thousands):

	Net Pension Liability (Asset)		
	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
HFRRF - Net Pension Liability (Asset)	\$ 378,336	\$ (130,298)	\$ (550,549)
HMEPS - Net Pension Liability	6.00% \$ 2,180,572	7.00% \$ 1,609,795	8.00% \$ 1,129,984
HPOPS - Net Pension Liability	6.00% \$ 1,512,300	7.00% \$ 723,746	8.00% \$ 76,295

G. Actuarial Assumptions

Schedule of Assumptions	HFRRF	HMEPS	HPOPS
Inflation	3.0%	2.25%	2.30%
Salary Changes	3.0%	3.00% to 5.25%	0% to 20%, plus a 2.75% inflation and productivity component
Investment Rate of Return	7.25%	7.00%	7.00%
Valuation Date	7/1/2021	7/1/2021	7/1/2022
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost	Ultimate Entry Age Normal Cost
Amortization Method	Level Percent of Payroll	Level Percent of Payroll, Open	Level Percent of Payroll, 30 year closed laddered bases
Amortization Period	30 Years	26 Years	25 Years
Asset Valuation Method	Market value	5 Year smoothed market, direct offset of deferred gains and losses	Market value of assets less a five-year phase in of the excess(shortfall) between expected investment return and actual income.
Cost-of-Living Adjustments	2.50%	3% - 6%	-
Mortality Assumption	Mortality Improvement Scale MP-2019	RP-2000 Table scaled by 125% for males and 112% for females. Projected on a fully generational basis by scale BB.	RP-2014 Table combined healthy mortality tables with blue collar adjustment for males and no collar adjustment for females
Experience Study	6/30/2019	6/30/2014	6/30/2017

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The long-term expected rate of return on the investments was supported 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. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	HFRRF		HMEPS		HPOPS	
	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return	Target Allocation	Long-term Expected Rate of Return
Cash & Short-term	2.00%	2.38%	0.00%	3.65%	-9.75%	0.80%
Domestic Equity	19.00%	9.39%	32.50%	7.30%	33.65%	7.00%
International Equity	19.00%	8.47%	0.00%	-	18.10%	8.20%
Fixed Income	-	-	10.00%	5.88%	11.70%	2.60%
Aggregate Bonds	5.00%	3.19%	-	-	-	-
Absolute Return	-	-	8.00%	7.00%	-	-
Inflation Linked	-	-	15.00%	7.70%	-	-
Intermediate Credit	3.00%	3.19%	-	-	9.80%	7.20%
Intermediate High Yield	5.00%	6.57%	-	-	-	-
Hedge funds	2.00%	7.16%	-	-	6.50%	6.50%
Private Equity	25.00%	12.49%	17.00%	10.25%	20.00%	10.40%
Private Debt	10.00%	6.57%	5.00%	7.80%	-	-
Real Estate	10.00%	6.64%	12.50%	6.35%	10.00%	8.10%
	<u>100.00%</u>		<u>100.00%</u>		<u>100.00%</u>	

H. HMEPS - Allocation between the Primary Government and Component Unit

Effective January 1, 2022, employees of HFC became members of HMEPS. At June 30, 2022, net pension liability and related amounts of deferred outflows and inflows of resources for the primary government and its component unit are as follows (in thousands):

	Primary Government		Component Unit (1)	Total
	Governmental Activities	Business-Type Activities	Business-Type Activities	
Net pension liability	\$ 1,143,585	\$ 455,141	\$ 11,069	\$ 1,609,795
Deferred outflows of resources	13,819	5,584	10,852	30,255
Deferred inflows of resources	272,784	108,019	2,562	383,365

(1) Amounts for HFC, which has a calendar year-end, will be reported in the separately issued financial statements of HFC as of and for the year ended December 31, 2022.

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11: OTHER EMPLOYEE BENEFITS

The City's Other Post-Employment Benefit ("OPEB") plans consist of a health benefit plan and a long-term disability plan. As of and for the year June 30, 2022, and for the year ended total balances of OPEB related assets, deferred outflows of resources, liabilities, deferred inflows of resources, and expense/expenditures are as follows (in thousands):

<u>Plan</u>	<u>Total OPEB Liabilities</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Expenses</u>
Health Benefit	\$ 2,336,426	\$ 330,450	\$ 384,396	\$ 335,820
Long-term Disability	14,170	3,461	3,871	2,105
Total	<u>\$ 2,350,596</u>	<u>\$ 333,911</u>	<u>\$ 388,267</u>	<u>\$ 337,925</u>

A. Post-Employment Health Insurance Benefits Plan

The City's OPEB Health Benefit plan is a single-employer plan, and calculations are based on the OPEB benefits provided under the terms of the plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

The City provides certain health care benefits for retired employees as approved during the annual budget process. Substantially all the City's employees become eligible for these benefits if they reach normal retirement age while working for the City. The City is not required by law or contractual agreement to provide funding for OPEB other than pay-as-you-go amounts necessary to provide current benefits to retirees, eligible dependent, and beneficiaries. The plan is not accounted for as a trust, and an irrevocable trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits has not been established for this OPEB plan. The cost of retiree health care premiums incurred by the City (employer and subscriber) amounted to approximately \$61.5 million for the year ended June 30, 2022.

1. Membership

Membership data is updated every two years by the Actuary. As of the most recent actuarial valuation of the total OPEB liability, membership data is as follows:

Retirees and beneficiaries currently receiving	10,726
Active members	<u>21,057</u>
Total participants	<u><u>31,783</u></u>

2. Total and Net OPEB Liability

The total OPEB liability was measured as of June 30, 2021. The total OPEB liability was determined from an actuarial valuation as of June 30, 2020. The net OPEB liability is the total OPEB liability less the plan fiduciary net position. The total OPEB liability is the present value of all future benefit payments for current retirees and active employees, considering assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.

Measurement Date:	June 30, 2021
Reporting Date:	June 30, 2022
Total OPEB Liability	\$ 2,336,426
Less: Fiduciary Net Position	-
Net OPEB Liability	<u><u>\$ 2,336,426</u></u>

A schedule of Total OPEB Liability, in addition to the information above, includes multi-year trend information, is presented in the Required Supplementary Information section on page 150-152.

3. Schedule of Changes in Total OPEB Liability

Changes of assumption reflects a change in discount rate from 2.21% in 2020 to 2.16% in 2021. In addition, the demographic assumptions for the Fire department were updated to be consistent with HFRRF actuarial certification as of July 1, 2020. Change of benefit terms reflects termination of Texas Plus, Cigna Health Spring, and UHC Plan F plans as of December 31, 2020. A new plan, Aetna PO1 PPO Basic, was added as of January 1, 2021.

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<u>Change in Total OPEB Liability (in thousands)</u>	
Service cost	\$ 140,185
Interest	60,194
Change of benefit terms	(461,192)
Difference between expected and actual experience	(2,523)
Changes of assumptions	47,150
Benefit payments	(61,487)
Net change in total OPEB liability	<u>(277,673)</u>
Beginning total OPEB liability	2,614,099
Ending total OPEB liability	<u><u>\$ 2,336,426</u></u>

4. OPEB Expense (Benefit)

For the year ended June 30, 2022, the City recognized OPEB benefit of \$335,820 thousands. OPEB expense (benefit) recognized is as follows (in thousands):

<u>Components of OPEB Expense (Benefit)</u>	
Service cost	\$ 140,185
Interest	60,194
Current-period benefit changes	(461,192)
Difference between expected and actual experience	(360)
Changes of assumptions	6,736
Amortization of beginning of year deferred amounts	(81,383)
OPEB expense (benefit)	<u><u>\$ (335,820)</u></u>

5. Schedule of Deferred Outflows and Inflows of Resources

Deferred inflows and outflows of resources related to OPEB reported by the City at June 30, 2022 is as follows (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 273,939	\$ (278,908)
Difference between expected and actual experience in the total OPEB liability	-	(105,488)
Contributions subsequent to the measurement date	56,511	-
Total	<u><u>\$ 330,450</u></u>	<u><u>\$ (384,396)</u></u>

\$56,511 thousands reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to total OPEB liability at June 30, 2022 will be recognized in OPEB expense (benefit) as follows (in thousands):

Year Ending June 30:	
2023	\$ (75,008)
2024	(75,008)
2025	(28,414)
2026	17,774
2027	43,824
Thereafter	6,375
Total	<u><u>\$ (110,457)</u></u>

CITY OF HOUSTON, TEXAS
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6. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rate

The following presents the total OPEB liability, calculated using the discount rate and the healthcare cost trend rate, as well as what the City's total OPEB liability would have been if it were calculated using a discount rate or healthcare cost trend rate that is 1-percent-point lower and 1-percent-point higher than the current rate (in thousands):

1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
\$ 2,765,530	\$ 2,336,426	\$ 2,003,281
1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Decrease in Health Care Cost Trend Rates
\$ 1,933,455	\$ 2,336,426	\$ 2,875,373

7. Schedule of Assumptions

The total OPEB liability is based on an actuarial valuation as of June 30, 2021 using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Experience study	July 1, 2018
Inflation	2.25%
Salary increases	2.75% to 22.75%, varies by job classification, service and age
Discount rate	2.16% and 2.21% for June 30, 2022 and 2021 reporting, respectively
Measurement date	June 30, 2021
Healthcare costs trends rates	
Medical	6.75% grading down to 4.5% by 0.25% per annum
Prescription drug	7.75% grading down to 4.5% by 0.25% per annum
Medicare Advantage	5.75% grading down to 4.5% by 0.25% per annum
Administrative costs	2.00%
Healthy mortality rates	Rates that vary by job classification and employee status. The rates are consistent with the pension plans valuation assumptions for the same employees.

B. Health Benefits Internal Service Fund

On May 1, 2019, the City awarded CIGNA a five-year contract with two (2) one-year renewal options for 3 new health plans. All have a heavy emphasis on a wellness component and includes: 1) a limited network HMO-type plan, 2) an open access PPO-type plan with out-of-network coverage, 3) a consumer driven high deductible health plan, partnered with a health reimbursement account.

Premiums paid (employer and subscriber) for current employees to third party administrators including claim liability totaled \$300,345,451 for the year ended June 30, 2022.

	CIGNA	
	Schedule of Changes in Liability	
	(in thousands)	
	June 30, 2022	June 30, 2021
Beginning actuarial estimate of claims liability reserve, July 1	\$ 27,483	\$ 22,100
Catastrophic claims reserve, July 1	15,000	15,000
Incurring claims for fiscal year	336,357	336,567
Payments on claims - net of RX rebates and refunds	(335,524)	(331,184)
Ending actuarial estimate of claims liability including catastrophic claims liability, June 30	\$ 43,316	\$ 42,483

CITY OF HOUSTON, TEXAS
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C. Long-Term Disability Plan

The long-term disability (“LTD”) plan, with related contributions and benefit payments accounted for as an internal service fund, is a part of the City’s Compensable Sick Leave Plan (“CSL”) and is provided at no cost to City employees who are members of CSL. Coverage is effective the later of September 1, 1985 or upon completion of one year of continuous service. When an employee cannot work because of injury or illness, the plan provides income equal to 50% of base pay plus longevity or 70% of base plus longevity when combined with income benefits available from other sources. Plan benefits may be payable after all CSL scheduled sick leave benefits, including frozen sick leave days, have been used, however, not before six months absence from work. The plan is administered by Reed Group, which is reimbursed from the internal service fund for claims as they are paid along with a fee for administrative services. For the year ended June 30, 2022, claims paid totaled approximately \$0.9 million. Effective September 1, 2001, the Meet and Confer Agreement establishes Paid Time Off for classified police officers. This replaces those police officers’ participation in the LTD plan. No assets are accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for this OPEB plan.

1. Changes in Total OPEB Liability (in thousands)

	Total OPEB Liability
Balance at 06/30/2021	\$ 15,546
Changes for the year	
Service cost	1,705
Interest	363
Experience	(1,800)
Assumption changes	(743)
Benefit payments	(901)
Net change	(1,376)
Balance at 06/30/2022	\$ 14,170

Total OPEB liability at June 30, 2022 was measured as of June 30, 2022. And total OPEB liability of \$14,169,758 includes \$8,326,897 for active employees and \$5,842,861 for disabled employees. Changes of assumption reflects a change in discount rate from 2.16% in 2021 to 3.54% in 2022.

2. OPEB Expense for the year ended June 30, 2022 is \$2,104,847. Components of OPEB Expense (in thousands) for the year ended June 30, 2022 are as follows:

Service cost	\$ 1,705
Interest	363
Differences between expected and actual experience	(243)
Changes in assumptions	280
Total OPEB expense	\$ 2,105

3. Deferred Outflows of Resources and Deferred Inflows of Resources (in thousands)

At June 30, 2022, the City reports deferred outflows of resources and deferred inflows of resources related to the LTD plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 827	\$ (3,120)
Changes in assumptions	2,634	(751)
	\$ 3,461	\$ (3,871)

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (in thousands) as follows:

Year ending June 30:	
2023	37
2024	37
2025	37
2026	37
2027	37
Thereafter	(595)
	<u>\$ (410)</u>

4. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate (in thousands)

The following presents the total OPEB liability, calculated using the discount rate of 3.54%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage-point higher than the current rate:

	1% Decrease 2.54%	Current Discount Rate of 3.54%	1% Increase 4.54%
Total OPEB Liability	<u>\$ 14,714</u>	<u>\$ 14,170</u>	<u>\$ 13,614</u>

The last experience study for the LTD plan was performed as of July 1, 2018.

D. Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the “DCP”), created in accordance with Internal Revenue Code Section 457 as a separately administered trust. The DCP, available to all City employees, permits employees to defer a portion of their salary until future years. The City does not make any matching or discretionary contributions to the DCP. The DCP is considered as an other employee benefit plan in accordance with paragraph 6 of GASBS No. 97. And the DCP is not considered as a fiduciary activity of the City under the provisions of GASBS No. 84. The deferred compensation funds are not available until termination, retirement, death, or unforeseeable emergency. However, the Plan now offers loans to participant employees. The maximum loan amount is the lesser of \$50,000 or 50% of the total account balance, less any outstanding loans. The minimum loan amount is \$1,000. The DCP’s assets are not subject to the City’s general creditors and are not included in the accompanying financial statements.

F. Workers' Compensation Self-Insurance Plan

The City has established a Workers' Compensation Self-Insurance Plan, accounted for within the various operating funds. This plan is administered by TriStar Insurance Group, Inc. Funds are wire transferred to TriStar as needed to pay claims.

As of June 30, 2022, the City has an accumulated liability in the amount of approximately \$148.7 million, covering estimates for approved but unpaid claims and incurred but not reported claims (calculated on an actuarial basis), recorded in the accompanying Statement of Net Position.

	Schedule of Changes in Liability (in thousands)	
	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Beginning actuarial estimate of claims liability, July 1	\$ 135,520	\$ 114,216
Incurred claims for fiscal year	45,743	34,284
Payments on claims	(32,400)	(27,318)
Actuarial adjustment	(165)	14,338
Ending actuarial estimate of claims liability, June 30	<u>\$ 148,698</u>	<u>\$ 135,520</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12: INTERFUND TRANSACTIONS

A. Transfers

Transfers during the year ended June 30, 2022 were as follows (in thousands):

<u>Transferred from:</u>	<u>Transferred to:</u>					<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Grant</u>	
General Fund	\$ -	\$ 90,863	\$ 360,915	\$ 25,604	\$ 586	\$ 477,968
Grants Fund	131	159	-	123	-	413
Nonmajor Funds	15,762	1,142	4,576	134,717	-	156,197
Capital Projects	-	14,698	43,742	-	-	58,440
Convention and Entertainment	1,521	-	-	-	-	1,521
Combined Utility System	52,623	350	4,898	-	4	57,875
Total transfers in	<u>\$ 70,037</u>	<u>\$ 107,212</u>	<u>\$ 414,131</u>	<u>\$ 160,444</u>	<u>\$ 590</u>	<u>\$ 752,414</u>

Transfers are used to (1) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (3) use unrestricted revenues in the Combined Utility and non-major revenue fund to finance general fund programs.

B. Interfund Charges

The General Fund charges the Airport System, Combined Utility, Capital Project, Auto Dealer's, and Cable Television Funds for services provided by the General Fund on behalf of these funds. Such charges totaled \$263,840,000 for the year ended June 30, 2022 and are recorded as revenue in the General Fund and as expense, expenditure or capital assets in the funds assessed.

For the year ended June 30, 2022, charges to and from the funds for direct and indirect expenses as shown below (in thousands):

	<u>Airport System</u>	<u>Combined Utility System</u>	<u>Other Funds</u>	<u>Total</u>
General Services	\$ 2,712	\$ 8,824	\$ 18,973	\$ 30,509
Fire Services	20,937	-	-	20,937
Police Services	33,156	-	-	33,156
Legal	365	233	305	903
Other	30,657	127,027	20,651	178,335
Total	<u>\$ 87,827</u>	<u>\$ 136,084</u>	<u>\$ 39,929</u>	<u>\$ 263,840</u>

CITY OF HOUSTON, TEXAS
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C. Schedule of Amounts Due To and Due From Other Funds

The interfund balances are primarily due to charges for services between funds during the fiscal year and settled shortly after year-end. The composition of interfund balances as of June 30, 2022 is as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grants Revenue	\$ 5,610
	ARPA - Fiscal Recovery Fund	2
	Combined Utility System	30,937
	Nonmajor Governmental Funds	23,069
	Capital Projects Fund	24,238
	Airport System	1,466
	Internal Service Fund	75
		<u>\$ 85,397</u>
Grants Revenue	General Fund	\$ 521
	Capital Projects Fund	6
	Nonmajor Governmental Funds	16
	Internal Service Fund	49
		<u>\$ 592</u>
Capital Projects Fund	Nonmajor Governmental Funds	\$ 9,180
		<u>\$ 9,180</u>
Airport System	General Fund	\$ 561
	Nonmajor Governmental Funds	134
		<u>\$ 695</u>
Combined Utility System	General Fund	\$ 137
	Nonmajor Governmental Funds	1,731
	Grants Revenue	797
		<u>\$ 2,665</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 46
	General Fund	25,083
	Grants Revenue	112
	Combined Utility System	266
		<u>\$ 25,507</u>
Internal Service Fund	General Fund	\$ 34
	Nonmajor Governmental Funds	6
		<u>\$ 40</u>

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NOTE 13: COMMITMENTS AND CONTINGENCIES

A. Litigation and Claims

Claims and judgments at June 30, 2022 consist of the following:

	Governmental Activities	Business-Type Activities	Total
Health benefits (Note 11.B)	\$ 43,316	\$ -	\$ 43,316
Workers' compensation (Note 11.F)	139,640	9,058	148,698
Other workers' compensation	2,162	-	2,162
Litigation and claims	7,462	-	7,462
Environmental liabilities	13,781	-	13,781
Total claims and judgments	<u>\$ 206,361</u>	<u>\$ 9,058</u>	<u>\$ 215,419</u>

The City is a defendant in various lawsuits and is aware of pending claims arising in the ordinary course of its governmental and enterprise activities, certain of which seek substantial damages. That litigation includes lawsuits and claims alleging that the City caused personal injuries and wrongful deaths; class actions and other lawsuits and claims alleging discriminatory hiring and promotional practices and certain civil rights violations arising under the Federal Voting Rights Act; various claims from contractors for additional amounts under construction contracts; and claims involving property tax assessments and various other liability claims. The status of such litigation ranges from an early discovery stage to various levels of appeal of judgments both for and against the City. The amount of damages is limited in certain cases under the Texas Tort Claims Act and is subject to appeal. The City intends to defend itself vigorously against the suits. There is other threatened litigation for which an amount cannot be determined. The City typically utilizes the General Fund to liquidate claims and judgments.

Propositions

In 2004, Houston voters approved two ballot propositions limiting City revenue growth. Proposition 1 generally limits annual growth in property tax revenues to the lesser of the actual revenues in the preceding fiscal year, plus 4.5 percent, or the revenues received in the previous fiscal year, plus the cumulative combined rates of inflation and the City's population growth. With the exception of grant monies, revenue received from other governmental entities and interfund transfers, Proposition 2 caps growth in all City revenues, including the General Fund, Special Revenue Funds and Enterprise Funds (combined revenues). Proposition 2 would require a 60 percent vote at a regular election before the City could increase combined revenues over the combined revenues for the preceding fiscal year as adjusted for rates of change in the consumer price index and population growth. Any combined revenues collected by the City in excess of the Proposition 2 restriction would be placed in a taxpayer relief fund. Although both propositions received a majority of votes in the 2004 election, the City declared that Proposition 2 was not effective because Proposition 1 received the higher number of favorable votes.

Supporters of Proposition 2 filed a lawsuit to declare Proposition 2 effective. After protracted litigation, on August 26, 2011, the Texas Supreme Court vacated the judgment of the trial court (for lack of ripeness) without reference to the merits and dismissed the case for want of jurisdiction. In April 2014, the suit was refiled. The court granted the City Defendant's Motion for Summary Judgment on September 16, 2019 and denied plaintiffs' Motion for Summary Judgment. On October 4, 2019, the trial court held a bench trial on the remaining issues. On October 29, 2019, the trial court held for the City Defendants, ordering that the plaintiffs take nothing. The parties cross appealed and the case has been fully briefed. Oral arguments were held on June 2, 2021. On October 12, 2021, the court of appeals issued a 2-1 decision affirming the trial court's ruling. The remaining plaintiff filed a petition for review. The Supreme Court asked for briefing, which has been filed by all parties. The parties await a final decision from the Supreme Court granting or denying review.

In 2007, Houston voters approved several ballot propositions including Proposition G, which eliminated some of the most serious concerns created by the potential application of Proposition 2 by revising how the City's revenues limited by the Charter would be calculated (including the removal of the revenues of the City's Enterprise Funds from the revenues limited by the City Charter), and Proposition H, which allowed the City to raise revenues for police, fire, and emergency services in excess of the revenues allowed under any revenue limitations contained in the City Charter.

Wastewater Treatment and Collection System

In 2013, the City commenced formal negotiations with the Environmental Protection Agency ("EPA") and the Department of Justice ("DOJ") (collectively, the "United States") on a draft Clean Water Act consent decree relating to the City's Wastewater Treatment and Collection System (the "Collection System") that would contain specific remedial measures to address sanitary sewer overflows ("SSOs") and wastewater treatment plant permit exceedances and mitigate against future occurrences. The State of Texas (the "State") later joined in the negotiations and resolution of this matter. Before the EPA, DOJ, State and the City could complete the consent decree negotiations, a citizen group called Bayou City Waterkeeper ("BCW") notified the City in July 2018 of BCW's Notice of Intent to Sue ("NOI") the

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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City on the same matters being addressed in the consent decree negotiations with the United States and State. In response to the threatened citizen suit, the United States and the State filed a suit against the City first in the United States District Court for the Southern District of Texas (Civil Action No. 4:18-cv-03368) – on September 20, 2018 – which the City believed precluded BCW under federal law from filing a separate suit on the same matters. The United States also requested that the Court stay the United States’ and State’s proceeding to allow the parties to complete the settlement negotiations, and the Court granted the motion to stay. BCW also ultimately intervened in the United States’ September 20, 2018 lawsuit as allowed by the Clean Water Act. In addition, and notwithstanding the United States’ suit, BCW filed a separate action (also in the United States District Court for the Southern District of Texas; Civil Action No. 4:18-cv-03369) on the next day – September 21, 2018 – which was ultimately dismissed with prejudice.

Following filing of the lawsuit on September 20, 2018, the United States, State and City continued settlement negotiations, which resulted in an agreement between those parties on a proposed consent decree (the “Consent Decree”). On July 24, 2019, City Council, by ordinance, approved the Consent Decree and payment of \$4.4 million in penalties to the State and United States, and \$200,000 in attorney fees to the State to resolve all civil claims of the federal government and the State against the City for alleged wastewater violations since 2005. The City signed the Consent Decree on July 26, 2019, and after execution by federal and state officials, the Consent Decree was lodged with the federal District Court on August 27, 2019. Notice of the lodging of the Consent Decree was published in the Federal Register on September 3, 2019 which opened a 30-day period (until October 14, 2019) for the submission of public comments to the United States on the Consent Decree; on October 9, 2019, however, the United States extended the public comment period on the Consent Decree until November 8, 2019. Notice of the Consent Decree was published in the Texas Register on September 13, 2019, which opened a 30-day period (until October 14, 2019) for the submission of public comments to the State of Texas on the Consent Decree. The public comment periods for the State and United States closed on October 14, 2019 and November 8, 2019, respectively. On August 7, 2020, the United States and the State filed a motion to enter the Consent Decree with the Court, including the response to comments that were submitted concerning the Consent Decree. After reviewing the motion, comments, and any other pleadings in support of or opposing entry of the Consent Decree, the Court signed an Order on March 31, 2021 approving the Consent Decree as lodged on August 27, 2019 and entered the Consent Decree as a final judgment on April 1, 2021. The City has posted a copy of the Consent Decree and related documents on its website at <https://www.publicworks.houstontx.gov/>.

While the total amount of the investment to be made in the wastewater system will not be known until the System completes the assessment work to identify the condition and remedial measures needed, it is estimated that the City may be required to invest an additional \$2 billion over 15 years to upgrade the wastewater system pursuant to the Consent Decree. In fiscal year 2019, the Collection System engaged a utility rate consultant to review the water and wastewater cost of service and rate design, and water and wastewater impact fee update, which among other things, took into account the additional investment requirements in the then-proposed Consent Decree. The City sought court validation of the water and wastewater rates excluding contract rates and on October 4, 2021, a final judgment was entered by a Travis County District Court validating the water and wastewater rates for which the City sought validation. Other than the costs identified above that have been paid for resolution of all civil claims of the federal government and the State against the City for alleged wastewater violations since 2005, the City cannot predict the total financial impact on current and future long-term operations, annual maintenance and/or capital improvements costs that may be required, which could be substantial. The Consent Decree terms cause stipulated penalties to accrue in certain situations; EPA and TCEQ have invoiced Houston for \$1.01 million in stipulated penalties for SSOs and wastewater treatment plant permit exceedances that occurred during the first year of operation under the Consent Decree, which was expected as it takes time to correct the defects in the City’s wastewater collection and treatment system. It is unclear at this time the total amount of stipulated penalty monies that may be demanded from the City over the life of the Consent Decree. The City continues to manage the Collection System, including Consent Decree commitments, through capital investments, maintenance and assessment activities. These activities include enhanced sewer cleaning, restaurant inspections, system inspections and investigations, SSO response, and public outreach and education.

Drainage Utility Fee

In 2011, City Council passed an ordinance that imposed an assessment upon benefitted properties that receive drainage services (the “Drainage Utility Fee”) to assist with the provision, maintenance and improvement of the City’s drainage and street drainage systems. Certain properties are exempt from the Drainage Utility Fee, including State government agency facilities, public and private institutions of higher education, and churches existing at the time of passage. Exempted properties comprise approximately 2.55% of the drainage service area.

The Drainage Utility Fee is deposited into a segregated drainage account in the “Dedicated Pay-As-You-Go Fund for Drainage and Streets” (the “Pay-As-You-Go Fund”), which also includes ad valorem tax revenue, certain grants, and a developer impact fee. All funding in the Pay-As-You-Go Fund that is not derived from ad valorem taxes is excluded from the revenue limitations in the City Charter.

Jones v. Turner. On October 21, 2019, taxpayers filed suit in state district court alleging miscalculation by the City of required ad valorem tax contributions to Pay-As-You-Go-Fund resulting in alleged underpayments into the fund. The plaintiffs seek declaratory relief, an injunction, mandamus relief, attorneys’ fees, and any other relief to which they may be entitled. The trial court denied the City’s plea to the jurisdiction in December 2019, and the Fourteenth Texas Court of Appeals reversed in the City’s favor and rendered a decision dismissing Jones’ claim. The Texas Supreme Court reversed the Court of Appeals decision and remanded the case to the trial court for further proceedings.

CITY OF HOUSTON, TEXAS
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June 30, 2022

Drainage Utility Fee Litigation. In 2012, the owners of three apartment complexes filed a lawsuit against the City and the Director of Houston Public Works in their official capacity, challenging the validity of the Drainage Utility Fee and alleging ultra vires actions by the Director. The City filed a plea to the jurisdiction seeking dismissal of the suit. The City's plea was granted in part and denied in part. The apartment complexes' remaining ultra vires claims, declaratory judgment claims, and constitutional challenges to the ordinance remain pending in the district court. The apartment complexes appealed, the court of appeals affirmed the trial court's decision and the Supreme Court denied review. The case was abated pending the resolution of another case challenging the drainage fee ordinance.

A small business filed a lawsuit contending that the City and Mayor Sylvester Turner and the Director of Houston Public Works in their official capacities have illegally assessed, collected and spent hundreds of millions of dollars for drainage and street repairs from Houston taxpayers and landowners for the past seven years, pursuant to a void Charter Amendment and/or a void City Ordinance. The case was abated pending the resolution of a similar case challenging the drainage fee ordinance.

An additional lawsuit has been filed against the City seeking a declaratory judgment that the Drainage Utility Fee is illegal and asking that the City reimburse residents who have paid the fee in prior years. The lawsuit seeks to certify such residents as a class. The trial court dismissed the case; the plaintiff has appealed and the dismissal of the case was affirmed on appeal. The Texas Supreme Court granted review, received briefing and heard oral argument. On June 10, 2022, the Texas Supreme Court confirmed the City's ability to charge a drainage fee and remanded the case to the trial court to allow repleading on any remaining claims. The plaintiff has moved for rehearing before the Texas Supreme Court.

B. Environmental Liabilities

The City is aware of various sites contaminated by asbestos or other hazardous materials. As of June 30, 2022, the City has recorded accrued liabilities of \$13.8 million, to be used for: assessment and remediation of asbestos, lead and mold; Phase I and II environmental site assessments and remediation; and remediation of radioactive material.

C. Commitments for Capital Facilities

At June 30, 2022, the City had appropriated but not yet spent from the Capital Projects and Enterprise Funds approximately \$2.9 billion for capital projects.

D. Risk Management

The City purchases fidelity coverage to comply with City ordinance, boiler and machinery insurance with a per occurrence loss limit of \$125 million and commercial property insurance with a per occurrence loss limit of \$200 million. The commercial property insurance sublimit for flood is \$200 million. The commercial property insurance provides deductibles as follows: \$2 million per occurrence for all perils except; 3% of the damaged insured value for windstorm or hail from a named storm, subject to a \$2.5 million minimum and a \$15 million maximum deductible; and 3% of the damaged insured value for flood, subject to a \$2.5 million minimum and a \$15 million maximum deductible. Should a named storm event occur that involves both perils of windstorm and flood, the maximum deductible is \$15 million.

Self-insured claims are reported as liabilities in the accompanying financial statements when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. This determination is based on reported pending claims, estimates of claims incurred but not yet reported, actuarial reports and historical analysis. All claims are accounted for in the accompanying Government-wide Statement of Net Position.

Claims that are expected to be paid with expendable, available financial resources are accounted for in the General Fund and the appropriate Enterprise Funds.

E. Purchase Commitments for Electricity

On July 1, 2020, the City entered into an electricity supply agreement with Reliant Energy Retail Services, Inc. for a 5-year term with two 1-year options, with locked rates for the duration of the contract terms. The total committed price is approximately \$634 million for expected usage of the potentially 7-year contract.

On November 13, 2015, the City entered into a solar energy supply agreement with ENGIE to supply solar power to the City from a facility located in Alpine, Texas, for a 20-year term starting in April 2017. The contract value is approximately \$124.7 million.

F. Federal and State

Amount received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, could be a liability of the City. The amount of liability, if any, cannot be determined at this time. City management believes any such claims would be immaterial to the City's financial position at June 30, 2022.

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

G. Risk and Uncertainties Related to COVID-19 Pandemic

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) in March 2020 by the World Health Organization and continues to affect many parts of the world, including the United States and Texas. Many of the federal and State actions and policies had significant effect to the operation of businesses and directly impacts the national, State, and local economies.

In April 2020 the City received \$404.9 million from the U.S. Department of Treasury pursuant to the Coronavirus Aid Relief & Economic Security Act (the “CARES Act”). As of June 30, 2022, the City has fully expended the allocation of CARES Act funding totaling \$404.8 million.

In addition, the American Rescue Plan Act (“ARPA”) was signed in to law on March 11, 2021. Under ARPA, the State and Local Fiscal Recovery Fund (“SLFRF”) provides additional funding to state and local governments for response and recovery from the Pandemic. The City’s allocation of SLFRF funds totals \$607.7 million, which was received in two separate payments of \$303.8 million each. The first was in May 2021 and the second in June 2022. The city has begun to allocate and use these funds towards eligible costs such as COVID-19 public health related expenditures and for revenue replacement for the provision of government services. SLFRF allows localities to spend the funds for revenue replacement to the extent of the reduction of revenue due to the Pandemic. Further information on the City’s ARPA program can be found at the City’s official ARPA SLFRF website (<https://www.houstontx.gov/arpa/>).

H. Chapter 380 Program and Commitment

Chapter 380 of the Local Government Code authorizes municipalities to offer incentives designed to promote economic development such as commercial and retail projects. In 1999, the City created the Chapter 380 Program (the “380 Program”) by City Ordinance 1999-74, to incentivize job creation and stimulate business and commercial activity in Houston. Under the 380 Program, private businesses and developers fund public improvements in advance and assume the risks related to those public improvements during the construction period. If the improvements are completed as planned, these businesses or developers are reimbursed over time by the City from incremental property tax, sales tax, or beverage tax. At June 30, 2022, the City has a number of 380 Program agreements as follows:

<u>Type of Agreement</u>	<u>Number of Active Agreements</u>	<u>Gross Commitment</u>	<u>Reimbursed to-Date</u>	<u>Remaining Commitment</u>
Agreed-upon maximum commitment	10	\$ 63,818,737	\$ 28,199,744	\$ 35,618,993
Actual cost reimbursement	8	N/A	\$ 128,563,250	Costs subject to the City's review and approval

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CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 14: RELATED ORGANIZATION TRANSACTIONS

A. Metropolitan Transit Authority (“METRO”)

The City and METRO have an inter-local agreement governing the distribution and usage of a portion of incremental sales tax collected within the METRO service area for Eligible Transportation Projects (“General Mobility Program”, “Program”). The City uses funds allocated through the Program to perform street maintenance/construction, traffic control, and other eligible transportation projects. During the fiscal year ended June 30, 2022, the City received \$133.905 million from METRO under this contract. The breakout was \$60.846 million to Capital Projects and \$73.059 million to Special Revenues. \$0 of payments were for the prior contract year. In addition, the City did not make any payments to METRO for services performed through the Program.

Consistent with provisions under Chapter 451 of the Texas Transportation Code, the City currently appoints five (5) of the nine (9) members of the METRO Board of Directors; however, the City has no financial accountability for the Authority and the entity is separate from the operating activities of the City.

B. Trinity River Authority (“TRA”)

As described in Note 8C, the City and TRA have a long-term contract under which the City is obligated to pay debt service for certain bonds as well as certain maintenance and operating expenses for a TRA dam and reservoir. During the year ended June 30, 2008, all outstanding long-term debt had been paid off. During the year ended June 30, 2022, the City paid \$3.98 million for maintenance and operating expenses under the terms of the contract.

In December 2016, the City and the TRA entered into a Raw Water Supply Contract. This contract referred to prior agreements with TRA regarding the construction of Lake Livingston and the Wallisville salinity control barrier of which the City paid for all the construction costs. The 2016 agreement established a receivable due from TRA for their 30% share of the project costs. The receivable will be offset by the charges due from the City to TRA as established by the Raw Water Supply contract. It is estimated the receivable will be dismissed by 2040. The balance as of June 30, 2022, is \$63.5 million. The current portion of this receivable is \$3.5 million with the remaining \$60.0 million reflected as non-current.

C. Coastal Water Authority (“CWA”)

The City has a long-term contract with CWA for water conveyance. During the year ended June 30, 2022, the City paid CWA \$6.4 million for debt services and \$26.9 million for maintenance and operating expenses.

D. Jointly Governed Organizations

The City is a participant in jointly governed organizations. Six of thirteen board members of the Harris County Houston Sports Authority with the chairman appointed jointly by the City and Harris County. Two of fourteen board members of the Gulf Coast Rail District with the chairman appointed jointly by the City and Harris County.

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 15: CONDUIT DEBT OBLIGATIONS

The City has authorized various issues of Special Facilities Bonds to enable United Airlines, Inc. (“United”) (formerly known as Continental Airlines, Inc.), a publicly traded company, to construct facilities at the George Bush Intercontinental Airport (“Special Facilities”) that were deemed to be in the public interest. These bonds are limited special obligations of the City, payable solely from and secured by a pledge of revenues generated from lease agreements with United. Collected pledged revenues are remitted directly to a trustee by United. Under the terms of the related lease agreements, United operates, maintains, and insures the terminals, and manages and retains revenues from all concessions operated in the Terminal B and E Special Facilities. The City operates, maintains, insures, and manages and retains revenues from all concessions operated in all other terminal facilities.

The City holds legal title to the completed facilities, as they are constructed on airport property, but the constructed facilities are operated and controlled by United through long-term leases, and the City and the Airport System will enjoy no direct financial benefit from these facilities for the term of the lease agreements. Accordingly, the City accounts for the Special Facilities Bonds shown in the following table as conduit debt, and neither the debt nor the related assets have been recorded in the accompanying financial statements.

	(in thousands) June 30, 2022
Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 2011 (AMT), \$113,305,000 original principal, matures in 2038	\$ 113,305
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal E Project), Series 2014 (AMT), \$308,660,000 original principal, matures in 2029	238,890
Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-1 (AMT), \$176,650,000 original principal, matures in 2035	176,650
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Technical Operations Center), Series 2018 (AMT), \$90,650,000 original principal, matures in 2028	90,650
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2018C (AMT), \$46,425,000 original principal, matures in 2028	46,425
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2020A (AMT), \$34,165,000 original principal, matures in 2027	34,165
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2020B-2 (AMT), \$47,470,000 original principal, matures in 2027	47,470
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2020C (AMT), \$66,890,000 original principal, matures in 2027	66,890
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2021A (AMT), \$70,175,000 original principal, matures in 2041	70,175
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2021B-1 (AMT), \$219,320,000 original principal, matures in 2041	219,320
Total conduit debt outstanding	\$ 1,103,940

On August 25, 2021, the City issued \$70,175,000 and \$219,320,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Terminal E Project and Terminal Improvement Projects), Series 2021A and 2021B-1, respectively, on behalf of United, for the purpose of 1) financing the costs of development, construction, and acquisition of a new multi-terminal baggage handling system and other infrastructure improvements at George Bush Intercontinental Airport and 2) paying related costs of issuance. Interest rate for both series is 4% per annum. Maturity dates are July 1, 2041, and July 15, 2041, for Series 2021A and 2021B-1, respectively.

On June 29, 2020, the City issued \$34,165,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2020A (AMT) on behalf of United, to refund certain outstanding Special Facilities Revenue Bonds, and to pay the Series 2020A costs of issuance. The bonds were issued as a 5% Term Bond due July 1, 2027, with a yield of 4.375%.

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

On June 29, 2020, the City issued \$47,470,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2020B-2 (AMT) on behalf of United, to refund certain outstanding Special Facilities Revenue Bonds, and to pay the Series 2020B-2 costs of issuance. The bonds were issued as a 5% Term Bond due July 15, 2027, with a yield of 4.375%.

On June 29, 2020, the City issued \$66,890,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2020C (AMT) on behalf of United, to refund certain outstanding Special Facilities Revenue Bonds, and to pay the Series 2020C costs of issuance. The bonds were issued as a 5% Term Bond due July 15, 2027, with a yield of 4.625%.

On February 20, 2018, the City issued \$90,650,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Technical Operations Center Project), Series 2018 (AMT) on behalf of United, to finance the construction of a technical operations center and related facilities at IAH. The bonds were issued as a 5% Term Bond due July 15, 2028, with a yield of 3.60%.

On February 20, 2018, the City issued \$46,425,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2018C (AMT) on behalf of United, to finance the improvement, renovation, expansion and repair of certain special facilities at IAH, including improvements to an existing aircraft maintenance hangar facility, construction of an aircraft shops facility, and renovation of a maintenance and parts storage facility. The bonds were issued as a 5% Term Bond due July 15, 2028, with a yield of 3.60%.

On March 16, 2015, the City issued \$176,650,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-1 (AMT) on behalf of United, to finance the construction of a new North Concourse building at Terminal B with jet bridge loading, and to make improvements to related facilities. The bonds were issued with a coupon rate of 5.00%, and a yield of 4.75%, to mature in varying amounts from 2026 to 2035.

On May 8, 2014, the City issued \$308,660,000 in Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal E Project) Series 2014 on behalf of United, at coupon rates ranging from 4.50% to 5.00%. The bonds mature in varying amounts from 2020 to 2029. Proceeds of the bonds were used to refund a portion of the City's outstanding Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal E project) Series 2001 and to pay costs of issuance.

On November 17, 2011, the City issued \$113,305,000 in Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 2011 (AMT), at coupon rates ranging from 6.50% to 6.625%, to finance the replacement of two flight stations at Terminal B, with a new South Concourse building to serve United Airlines' regional jet operations.

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CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 16: PRIOR PERIOD ADJUSTMENTS

Subsequent to the issuance of the June 30, 2021, financial statements, the City identified an error related to the misapplication of the implementation of GASB Statement No. 84, *Fiduciary Activities*. The City determined that those funds previously reported as Custodial Funds did not meet all the criteria described in GASB Statement No. 84 to be reported as Custodial Funds. Amounts previously reported in the Custodial Funds are now reported with the General Fund and other Governmental Funds. There are no longer any Custodial Funds to be reported because of this adjustment.

The City identified overstatements/understatements of certain balances in the Capital Projects Fund, Grants Fund, and the Public Works Special Revenue Fund related to an inter-local agreement with METRO, loan programs administered by the City's Housing and Community Development Department, and deferred inflows and expenses related to the drainage charges, respectively.

To correct the errors, the City restated the July 1, 2021, net position, beginning of year balance reflected in the June 30, 2022, Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds summarized as follows (in thousands):

	(Previously Reported)	(Restatements)			(Restated)	
	Total Governmental Funds	General Fund	Capital Projects Funds	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
Total assets	\$ 2,421,843	\$ 235,646	\$ -	\$ 4,829	\$ 41,920	\$ 2,704,238
Total liabilities	936,763	235,646	11,152	(56,211)	833	1,128,183
Deferred inflow of resources	238,491	-	-	63,486	(50,045)	251,932
Total fund balance	1,246,589	-	(11,152)	(2,446)	91,132	1,324,123
Total revenues	3,971,714	-	(1,077)	-	87,277	4,057,914
Total expenditures	3,967,595	-	-	-	32,872	4,000,467
Changes in fund balance	206,672	-	(1,077)	-	54,405	260,000

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CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2022

NOTE 17: SUBSEQUENT EVENTS

Management has evaluated subsequent event through the date that the financial statements were available to be issued, December 19, 2022, and determined that the following items require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

Houston Airport System

On September 29, 2022, Fitch Ratings upgraded its long-term unenhanced rating to 'A+' from 'A' on the Airport System's outstanding subordinate lien revenue bonds.

On November 18, 2022, S&P Global Ratings upgraded its long-term rating and underlying rating (SPUR) to 'A+' from 'A' on the Airport System's outstanding subordinate lien revenue bonds. In addition, S&P Global Ratings upgraded its underlying rating (SPUR) to 'A' from "BBB+" on the Airport system's outstanding special facilities taxable revenue bonds (George Bush Intercontinental Airport consolidated rental car facility).

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Required Supplementary Information - (unaudited)

**CITY OF HOUSTON, TEXAS
GENERAL OPERATING FUND
Schedule of Budgeted and Actual Revenues and Expenditures
For the Year Ended June 30, 2022
(amounts expressed in thousands)
(unaudited)**

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget
	Original	Final		
Revenues				
Taxes and assessments				
Property Taxes	\$ 1,230,985	\$ 1,230,985	\$ 1,244,722	\$ 13,737
Industrial Assessments	21,813	21,813	24,086	2,273
Sales Tax	703,000	703,000	820,622	117,622
Franchise Tax	149,319	149,319	149,519	200
Mixed Beverage Tax	15,983	15,983	21,585	5,602
Total taxes and assessments	2,121,100	2,121,100	2,260,534	139,434
Licenses and permits				
General	24,107	24,107	25,323	1,216
Health Permits	6,959	6,959	7,665	706
Total licenses and permits	31,066	31,066	32,988	1,922
Charges for services				
Ambulance service	49,000	49,000	53,614	4,614
Library fees	4	4	-	(4)
Parking	120	120	187	67
Services performed for other funds				
Direct	61,766	61,766	60,475	(1,291)
Indirect	23,118	23,118	25,235	2,117
Rents and royalties	1,448	1,448	1,417	(31)
Others	18,443	18,443	20,073	1,630
Total charges for services	153,899	153,899	161,001	7,102
Intergovernmental - grants	250,394	250,394	200,714	(49,680)
Fines and forfeits				
Municipal Courts	15,090	15,090	16,752	1,662
Others	3,349	3,349	3,434	85
Total fines and forfeits	18,439	18,439	20,186	1,747
Interest	5,511	5,511	(5,969)	(11,480)
Other				
Sale of Property	225	225	336	111
Other	11,044	11,044	15,375	4,331
Total Other	11,269	11,269	15,711	4,442
Total revenues	2,591,678	2,591,678	2,685,165	93,487
Other financing sources (uses)				
Transfers in	6,771	6,771	8,562	1,791
Sale of capital assets	3,305	3,305	3,747	442
Lease financing principal	-	-	-	-
Total other financing sources (uses)	10,076	10,076	12,309	2,233
Total revenues and other financing sources	\$ 2,601,754	\$ 2,601,754	\$ 2,697,474	\$ 95,720

* See Note to Required Supplementary Information *

CITY OF HOUSTON, TEXAS
GENERAL OPERATING FUND
Schedule of Budgeted and Actual Revenues and Expenditures
For the Year Ended June 30, 2022
(amounts expressed in thousands)
(unaudited)

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget
	Original	Final		
Expenditures				
General government				
Legislative and executive				
Legislative - Council				
Personnel services	\$ 7,511	\$ 7,889	\$ 7,724	\$ 165
Other current expenditures	6,081	5,961	2,441	3,520
Equipment acquisition	12	178	101	77
Total legislative - council	<u>13,604</u>	<u>14,028</u>	<u>10,266</u>	<u>3,762</u>
Legislative - Mayor's Office				
Personnel services	4,911	5,073	4,981	92
Other current expenditures	851	943	978	(35)
Total executive - mayor's office	<u>5,762</u>	<u>6,016</u>	<u>5,959</u>	<u>57</u>
Total legislative and executive	<u>19,366</u>	<u>20,044</u>	<u>16,225</u>	<u>3,819</u>
Office of Business Opportunity				
Personnel services	3,488	3,638	3,137	501
Other current expenditures	458	484	379	105
Equipment acquisition	-	13	-	13
Total office of business opportunity	<u>3,946</u>	<u>4,135</u>	<u>3,516</u>	<u>619</u>
Municipal Courts Administration				
Municipal Courts				
Personnel services	22,872	22,918	22,009	909
Other current expenditures	6,191	6,264	5,587	677
Equipment acquisition	14	7	8	(1)
Total municipal courts	<u>29,077</u>	<u>29,189</u>	<u>27,604</u>	<u>1,585</u>
Elections	-	315	313	2
Finance administration				
Controller				
Personnel services	7,285	7,415	7,258	157
Other current expenditures	1,263	1,315	1,062	253
Total controller	<u>8,548</u>	<u>8,730</u>	<u>8,320</u>	<u>410</u>
Finance				
Personnel services	13,862	14,107	12,746	1,361
Other current expenditures	5,152	5,037	4,001	1,036
Equipment acquisition	-	35	34	1
Total finance	<u>19,014</u>	<u>19,179</u>	<u>16,781</u>	<u>2,398</u>
Administrative and Regulatory Affairs				
Personnel services	16,038	16,180	15,135	1,045
Other current expenditures	3,764	3,692	3,454	238
Equipment acquisition	8	12	10	2
Total administrative and regulatory affairs	<u>19,810</u>	<u>19,884</u>	<u>18,599</u>	<u>1,285</u>
Bond and Legal	1,085	1,085	881	204
Total finance administration	<u>48,457</u>	<u>48,878</u>	<u>44,581</u>	<u>4,297</u>

(continued)

* See Note to Required Supplementary Information *

CITY OF HOUSTON, TEXAS
GENERAL OPERATING FUND
Schedule of Budgeted and Actual Revenues and Expenditures
For the Year Ended June 30, 2022
(amounts expressed in thousands)
(unaudited)

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget
	Original	Final		
Legal				
Personnel services	\$ 15,130	\$ 15,273	\$ 13,911	\$ 1,362
Other current expenditures	1,565	1,752	1,429	323
Equipment acquisition	-	4	6	(2)
Total legal	16,695	17,029	15,346	1,683
City Secretary				
Personnel services	831 #	818	701	117
Other current expenditures	110	131	133	(2)
Total city secretary	941	949	834	115
Planning and Development				
Personnel services	3,058	3,065	2,743	322
Other current expenditures	810	846	810	36
Total planning and development	3,868	3,911	3,553	358
Human Resources				
Personnel services	3,551	3,551	2,461	1,090
Other current expenditures	427	405	254	151
Equipment acquisition	-	2	2	-
Total human resources	3,978	3,958	2,717	1,241
Total general government	126,328	128,408	114,689	13,719
Public safety				
Police				
Personnel services	877,089	867,557	865,757	1,800
Other current expenditures	78,424	83,718	84,925	(1,207)
Equipment acquisition	300	4,101	3,505	596
Total police	955,813	955,376	954,187	1,189
Fire				
Personnel services	476,064	474,724	476,753	(2,029)
Other current expenditures	59,395	63,907	60,545	3,362
Equipment acquisition	-	-	2	(2)
Total fire	535,459	538,631	537,300	1,331
Total public safety	1,491,272	1,494,007	1,491,487	2,520
Public Works				
Administration				
Personnel services	910	912	817	95
Other current expenditures	21,090	21,271	21,619	(348)
Total administration	22,000	22,183	22,436	(253)
General Services				
Personnel services	13,321	11,982	11,730	252
Other current expenditures	25,442	26,464	26,461	3
Equipment acquisition	-	1	164	(163)
Total general services	38,763	38,447	38,355	92

(continued)

* See Note to Required Supplementary Information *

CITY OF HOUSTON, TEXAS
GENERAL OPERATING FUND
Schedule of Budgeted and Actual Revenues and Expenditures
For the Year Ended June 30, 2022
(amounts expressed in thousands)
(unaudited)

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget
	Original	Final		
Solid Waste				
Personnel services	\$ 37,485	\$ 41,531	\$ 40,030	\$ 1,501
Other current expenditures	45,396	47,587	49,826	(2,239)
Equipment acquisition	2,500	942	1,000	(58)
Total solid waste	85,381	90,060	90,856	(796)
Total public works	146,144	150,690	151,647	(957)
Department of Neighborhoods				
Personnel services	8,351	8,439	7,508	931
Other current expenditures	3,979	3,931	3,676	255
Total department of neighborhoods	12,330	12,370	11,184	1,186
Health				
Personnel services	37,311	37,533	36,898	635
Other current expenditures	22,427	23,447	22,657	790
Equipment acquisition	131	140	20	120
Total health	59,869	61,120	59,575	1,545
Housing				
Personnel services	95	95	111	(16)
Other current expenditures	323	323	325	(2)
Total housing	418	418	436	(18)
Parks and Recreation				
Personnel services	44,153	44,777	39,023	5,754
Other current expenditures	22,036	32,699	31,989	710
Equipment acquisition	5	12	12	-
Total parks and recreation	66,194	77,488	71,024	6,464
Library				
Personnel services	33,361	33,837	30,857	2,980
Other current expenditures	6,400	6,083	6,155	(72)
Equipment acquisition	3,602	3,599	3,597	2
Total library	43,363	43,519	40,609	2,910
Retiree Benefits				
Hospital and life insurance	14,056	11,846	11,837	9
Total retiree benefits	14,056	11,846	11,837	9
Other current expenditures				
Tax appraisal fees	10,742	10,742	10,632	110
Limited-purpose Annexation Districts	62,448	75,014	76,120	(1,106)
Claims and judgments	17,609	-	-	-
Membership dues	453	453	364	89
Advertising and promotion	528	245	155	90
Consultants	1,660	1,210	1,079	131
Miscellaneous support services	74,470	91,774	88,185	3,589
Total other current expenditures	167,910	179,438	176,535	2,903
Debt service				
Debt service interest	1,478	1,060	394	666
Total debt service	1,478	1,060	394	666
Total expenditures	2,129,362	2,160,364	2,129,417	30,947
Other financing sources (uses)				
Transfers out	480,597	482,861	503,121	(20,260)
Total other financing sources (uses)	480,597	482,861	503,121	(20,260)
Total expenditures and other financing uses	\$ 2,609,959	\$ 2,643,225	\$ 2,632,538	\$ 10,687

(concluded)

* See Note to Required Supplementary Information *

**CITY OF HOUSTON, TEXAS
REQUIRED RECONCILIATION FOR GENERAL FUND
BUDGET vs. GAAP PRESENTATION**

For the Year Ended June 30, 2022
amounts expressed in thousands
(unaudited)

Revenues

Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 2,685,165
Revenues of non-budgeted funds	
Equipment Acquisition	3,429
Revolving Funds	972
Building Security	581
Grant Matching Fund	63
Storm Water	395
Bureau of Animal Regulation and Care	1,450
Forensic Transition	516
Civic Events	15,622
Renewal and Replacement	15
Health and Environmental	105
Total revenues of non-budgeted funds	<u>23,148</u>
Interest on pooled investments from non-budgeted revenues	<u>(1,117)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances	<u><u>\$ 2,707,196</u></u>

Expenditures

Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules	\$ 2,129,417
Expenditures of non-budgeted funds	
Equipment Acquisition	37,044
Revolving Funds	972
Building Security	504
Grant Matching Fund	242
Storm Water	43,294
Bureau of Animal Regulation and Care	12,586
Fleet maintenance	274
Forensic Transition	519
Civic Events	17,666
Renewal and Replacement	30,400
Health and Environmental	45
Total expenditures of non-budgeted funds	<u>143,546</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances	<u><u>\$ 2,272,963</u></u>

Other financing sources (uses)

Actual amounts (budgetary basis) "other financing sources and uses" from the budgetary comparison schedules	\$ (490,812)
Proceeds from Issuance of Debt	31,000
Lease financing principal	6,833
Sale of Assets	3,251
Transfers of Non Budgeted Funds	86,628
Total other financing sources and uses as reported on the statement of revenues, expenditures, and changes in fund balances-government funds	<u><u>\$ (363,100)</u></u>

CITY OF HOUSTON, TEXAS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022
(Unaudited)

1. General Budget Policies

During January of each year, the Mayor, with City Council input, establishes budget guidelines. All departments of the City submit requests for appropriations to the Mayor and the City's Department of Finance so that a budget may be prepared. Typically during June, the City Controller certifies that funds are available for a continuing appropriation and the budget is proposed to City Council. City Council holds public hearings and a final budget is normally adopted by June 30th. A final appropriation ordinance is adopted later in the fiscal year and may include budget revisions or amendments.

The legal level of budgetary control is the departmental level within each fund, even though the budget is prepared by fund, department, and expenditure category. The Mayor is authorized to transfer unlimited budgeted amounts within departments and amounts between departments, provided such transfers do not exceed 5% of an expenditure category. Expenditure categories are personnel services, other current expenditures and capital outlay. Appropriations related to funds with annual budgets lapse at year-end except for Capital Outlay appropriations, which cover multiple years.

On April 27, 2022, City Council approved the fiscal year 2022 general appropriation ordinance in the amount of \$2.643 billion for the General Fund.

Annual operating budgets are adopted for the General Operating Fund, the Debt Service Fund, the Special Revenue Funds (except for the Grants Revenue Fund, Disaster Recovery, Health Special Fund and the Housing Special Fund) and the Proprietary Funds. The budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Budgets for proprietary funds are prepared on the accrual basis, but focus on expenses relating to maintenance and operations, and equipment purchases and, accordingly, exclude depreciation and other allocations related to income determination.

The following provides actual fiscal year 2022 results for both budgeted and non-budgeted Special Revenue Funds (in thousands):

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Sources (Uses)</u>
Budgeted Special Revenue Funds	\$ 395,377	\$ 285,605	\$ (49,701)
Non-budgeted Grants Revenue Fund	455,857	643,280	6,251
Non-budgeted Health and Housing	1,661	1,436	500
Non-budgeted Other Funds	<u>56,722</u>	<u>60,157</u>	<u>(253)</u>
Total Special Revenue Funds - Actual	<u>\$ 909,617</u>	<u>\$ 990,478</u>	<u>\$ (43,203)</u>

2. General Fund Budgetary Highlights

Revenues were \$95.7 million above budget. This increase was mainly evident in taxes and assessments of \$139.4 million. Additionally, increases in licenses and permits of \$2 million, charges for services of \$7 million, fines and forfeits of \$1.7 million, other income of \$4.4 million, and other financing sources of \$2.2 million were offset by decreases in intergovernmental grant of \$49.6 million, interest of \$11.4 million.

Significant differences between budgeted and actual taxes and assessments include:

- \$13.7 million increase in property taxes
- \$2.3 million increase in industrial assessments
- \$117.6 million increase in sales tax
- \$5.6 million increase in mixed beverage tax

CITY OF HOUSTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022
(unaudited)

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last 8 Fiscal Years
(in thousands)

	Houston Firefighters' Relief and Retirement Fund							
	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service Cost	\$ 54,129	\$ 55,596	\$ 57,743	\$ 55,532	\$ 52,579	\$ 80,002	\$ 76,407	\$ 68,145
Interest	354,304	362,472	349,760	343,416	332,357	389,938	369,708	353,405
Changes of benefit terms	-	-	-	-	-	(645,971)	-	-
Differences between expected and actual experience	(140,156)	(94,948)	78,724	34,668	62,117	(65,194)	(63,047)	(28,536)
Changes of assumptions	-	(155,659)	-	(47,463)	(16,572)	534,646	2,918	2,801
Benefit payments including refunds of employee contributions	(270,599)	(286,414)	(330,323)	(272,398)	(289,108)	(249,394)	(211,673)	(196,362)
Refunds	-	-	-	-	-	-	-	-
Net change in total pension liability	(2,322)	(118,953)	155,904	113,755	141,373	44,027	174,313	199,453
Total pension liability - beginning	4,965,760	5,084,713	4,928,809	4,815,054	4,673,681	4,629,654	4,455,341	4,255,888
Total pension liability - ending (a)	4,963,438	4,965,760	5,084,713	4,928,809	4,815,054	4,673,681	4,629,654	4,455,341
Plan fiduciary net position								
Contributions-employer	81,351	77,495	83,837	89,897	83,010	93,658	94,279	92,610
Contributions-employee	30,942	29,873	33,441	34,281	35,622	25,404	25,511	25,092
Net investment income	523	1,338,230	84,115	221,775	322,306	432,948	(47,437)	51,801
Benefit payments	(270,599)	(286,414)	(330,323)	(272,398)	(289,108)	(249,394)	(211,673)	(196,362)
Administrative expense	(4,161)	(4,213)	(4,516)	(4,952)	(4,890)	(4,898)	(6,771)	(6,640)
Refunds	-	-	-	-	-	-	-	-
Other	(1,083)	(1,140)	(1,314)	(1,265)	(1,676)	(2,298)	(1,890)	(1,676)
Net change in plan fiduciary net position	(163,027)	1,153,831	(134,760)	67,338	145,264	295,420	(147,981)	(35,175)
Plan fiduciary net position-beginning	5,256,763	4,102,932	4,237,692	4,170,354	4,025,090	3,729,670	3,877,651	3,912,826
Plan fiduciary net position-ending (b)	5,093,736	5,256,763	4,102,932	4,237,692	4,170,354	4,025,090	3,729,670	3,877,651
Net pension liability (asset) - ending (a)-(b)	\$ (130,298)	\$ (291,003)	\$ 981,781	\$ 691,117	\$ 644,700	\$ 648,591	\$ 899,984	\$ 577,690
Plan fiduciary net position as percentage of total pension liability	102.63%	105.86%	80.69%	85.98%	86.61%	86.12%	80.56%	87.03%
Covered payroll	\$ 255,100	\$ 243,045	\$ 259,235	\$ 272,498	\$ 260,345	\$ 289,947	\$ 280,436	\$ 277,745
Net pension liability as a percentage of covered payroll	-51.08%	-119.73%	378.72%	253.62%	247.63%	223.69%	320.92%	207.99%

Notes to Schedule:

- The schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.
- Benefit changes in fiscal year ended June 30, 2017:
 - Standard service pension benefit changed for retirements on or after November 1, 1997 to the following: for retirement on or after November 1, 1997, and applicable for service accrued prior to July 1, 2017, 50% of monthly salary; plus 3% of average monthly salary per year of service in excess of 20 years. For service accrued after July 1, 2017, 2.75% of average monthly salary per year of service for the member's first 20 years of service; plus 2% of average monthly salary per year of service in excess of 20 years.
- Changes of assumptions:
 - Discount rate was changed from 8.50% to 7.25% for the year ended June 30, 2017.
 - For the year ended June 30, 2018, mortality rates for active participants and non-disabled pensioners were based on the RP-2014 Mortality Tables with Blue Collar Adjustment and generational improvement using Scale MP-2017. Projected longevity improvements were applied by adjusting the RP-2014 tables back to 2006 using Scale MP-2014, and then applying generational projection from 2006 forward using Scale MP-2017.
 - For the year ended June 30, 2021, the assumptions used in the actuary report are based on recommendations made and approved by the HFRRF Board as part of an experience study covering fiscal year ended June 30, 2015 through fiscal year ended June 30, 2019.

CITY OF HOUSTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022
(unaudited)

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last 8 Fiscal Years
(in thousands)

	Houston Municipal Employees Pension System							
	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service Cost	\$ 82,080	\$ 78,564	\$ 77,819	\$ 77,175	\$ 78,149	\$ 75,961	\$ 68,968	\$ 65,810
Interest	371,952	363,611	356,430	349,592	341,276	331,166	379,781	361,007
Changes of benefit terms	-	-	-	-	-	(724,683)	-	-
Differences between expected and actual experience	26,473	(20,427)	(28,865)	(11,538)	19,158	(38,387)	(16,194)	(23,380)
Changes of assumptions	(29,515)	-	-	-	-	562,237	91,248	-
Benefit payments including refunds of employee contributions	(327,772)	(314,150)	(308,002)	(291,060)	(283,928)	(280,456)	(253,178)	(234,955)
Refunds	(1,133)	(402)	(650)	(1,394)	(807)	(718)	(1,105)	(1,549)
Net change in total pension liability	122,085	107,196	96,732	122,775	153,848	(74,880)	269,520	166,933
Total pension liability - beginning	5,440,061	5,332,865	5,236,133	5,113,358	4,959,510	5,034,390	4,764,870	4,597,937
Total pension liability - ending (a)	5,562,146	5,440,061	5,332,865	5,236,133	5,113,358	4,959,510	5,034,390	4,764,870
Plan fiduciary net position								
Contributions-employer	197,341	184,762	176,430	176,261	421,562	182,558	159,958	145,007
Contributions-employee	32,655	33,325	32,582	32,536	27,905	15,902	15,874	16,198
Net investment income	189,390	1,084,388	(115,165)	200,445	231,815	290,911	27,639	73,370
Benefit payments	(327,772)	(314,150)	(308,002)	(291,060)	(283,928)	(280,456)	(253,178)	(234,955)
Administrative expense	(5,681)	(3,111)	(4,891)	(5,363)	(6,442)	(6,827)	(7,360)	(7,007)
Refunds	(1,133)	(402)	(650)	(1,394)	(807)	(718)	(1,105)	(1,549)
Other	466	485	484	710	(3,905)	1,272	1,651	1,041
Net change in plan fiduciary net position	85,266	985,297	(219,212)	112,135	386,200	202,642	(56,521)	(7,895)
Plan fiduciary net position-beginning	3,867,085	2,881,788	3,101,000	2,988,865	2,602,665	2,400,023	2,456,544	2,464,439
Plan fiduciary net position-ending (b)	3,952,351	3,867,085	2,881,788	3,101,000	2,988,865	2,602,665	2,400,023	2,456,544
Net pension liability - ending (a)-(b)	\$ 1,609,795	\$ 1,572,976	\$ 2,451,077	\$ 2,135,133	\$ 2,124,493	\$ 2,356,845	\$ 2,634,367	\$ 2,308,326
Plan fiduciary net position as percentage of total pension liability	71.06%	71.09%	54.04%	59.22%	58.45%	52.48%	47.67%	51.56%
Covered payroll	\$ 678,350	\$ 642,917	\$ 625,056	\$ 614,451	\$ 611,493	\$ 604,895	\$ 640,529	\$ 624,205
Net pension liability as a percentage of covered payroll	237.31%	244.66%	392.14%	347.49%	347.43%	389.63%	411.28%	369.80%

Notes to Schedule:

- The schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.
- Changes of assumptions:
 - Discount rate was changed from 8.50% to 8.00% as of July 1, 2015 and subsequently lowered to 7.00% as of July 1, 2017.
 - The actuarially determined contribution includes the Legacy Liability payment as specified by the January 1, 2017 Risk Sharing Valuation and a calculated employer rate equal to the normal cost and the amortization of any new unfunded liabilities over a closed 30-year period from the valuation date the liability base was created.
 - Salary increases were changed as of July 1, 2016 from 3.25%-6.00%, including inflation, to 3.25%-5.50%, including inflation.
- Covered payroll for 2022 is reported fiscal year pay, except for Houston First Corporation ("HFC") employees. For HFC, annualized pay was used.

CITY OF HOUSTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022
(unaudited)

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last 8 Fiscal Years
(in thousands)

	Houston Police Officers' Pension System							
	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service Cost	\$ 74,350	\$ 73,040	\$ 70,081	\$ 66,750	\$ 63,633	\$ 60,930	\$ 66,098	\$ 56,062
Interest	503,548	484,527	474,376	462,691	445,113	433,598	488,223	473,065
Changes of benefit terms	-	-	-	-	-	(1,006,000)	-	-
Differences between expected and actual experience	46,309	99,635	(23,461)	(16,454)	69,534	80,023	10,390	26,705
Changes of assumptions	(7,383)	-	-	-	21,399	778,710	(676,151)	664,974
Benefit payments including refunds of employee contributions	(372,282)	(394,893)	(355,373)	(335,600)	(361,033)	(458,733)	(259,076)	(225,656)
Refunds	(2,645)	(2,433)	(2,209)	(2,278)	(1,329)	(1,696)	(978)	(945)
Net change in total pension liability	241,897	259,876	163,414	175,109	237,317	(113,168)	(371,494)	994,205
Total pension liability - beginning	7,343,837	7,083,961	6,920,547	6,745,438	6,508,121	6,621,289	6,992,783	5,998,578
Total pension liability - ending (a)	<u>7,585,734</u>	<u>7,343,837</u>	<u>7,083,961</u>	<u>6,920,547</u>	<u>6,745,438</u>	<u>6,508,121</u>	<u>6,621,289</u>	<u>6,992,783</u>
Plan fiduciary net position								
Contributions-employer	152,375	151,094	149,078	142,429	887,143	133,805	137,392	113,665
Contributions-employee	50,028	49,749	49,062	46,896	45,254	40,104	39,017	37,719
Net investment income	(98,537)	1,764,927	61,193	340,167	463,079	667,476	(135,833)	35,341
Benefit payments	(372,282)	(394,893)	(355,373)	(335,600)	(361,033)	(458,733)	(259,076)	(225,656)
Administrative expense	(4,202)	(3,669)	(3,922)	(3,580)	(3,679)	(4,238)	(4,585)	(3,478)
Refunds	(2,645)	(2,433)	(2,209)	(2,278)	(1,329)	(1,696)	(978)	(945)
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(275,263)	1,564,775	(102,171)	188,034	1,029,435	376,718	(224,063)	(43,354)
Plan fiduciary net position-beginning	7,137,251	5,572,476	5,674,647	5,486,613	4,457,178	4,080,460	4,304,523	4,347,877
Plan fiduciary net position-ending (b)	<u>6,861,988</u>	<u>7,137,251</u>	<u>5,572,476</u>	<u>5,674,647</u>	<u>5,486,613</u>	<u>4,457,178</u>	<u>4,080,460</u>	<u>4,304,523</u>
Net pension liability-ending (a)-(b)	<u>\$ 723,746</u>	<u>\$ 206,586</u>	<u>\$ 1,511,485</u>	<u>\$ 1,245,900</u>	<u>\$ 1,258,825</u>	<u>\$ 2,050,943</u>	<u>\$ 2,540,829</u>	<u>\$ 2,688,260</u>
Plan fiduciary net position as percentage of total pension liability	90.46%	97.19%	78.66%	82.00%	81.34%	68.49%	61.63%	61.56%
Covered payroll	\$ 476,453	\$ 473,801	\$ 464,301	\$ 444,871	\$ 412,786	\$ 424,300	\$ 407,058	\$ 395,360
Net pension liability as a percentage of covered payroll	151.90%	43.60%	325.54%	280.06%	304.96%	483.37%	624.19%	679.95%

Notes to Schedule:

- The schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.
- The benefit changes in fiscal year 2017 are detailed in the "Final Risk Sharing Valuation Study as of June 30, 2016" dated September 25, 2017, as a result of the amendment of the Governing Statute on July 1, 2017, which included changes to normal retirement eligibility, normal retirement benefit, and post-retirement Cost of Living Adjustments (COLA).
- Changes of assumptions:
 - Discount rate was changed from 8.00% to 7.00% for the year ended June 30, 2017.
 - A new set of assumptions were adopted in the July 1, 2018 actuarial valuation and are first reflected in the contribution rate determined for the fiscal year ending 2020.

CITY OF HOUSTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2022

(unaudited)

SCHEDULE OF CITY CONTRIBUTIONS FOR PENSION PLANS
for the Fiscal Years Ended June 30, 2022
(in thousands)

	Houston Firefighters' Relief and Retirement Fund							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 78,571	\$ 88,104	\$ 96,332	\$ 99,676	\$ 96,530	\$ 88,745	\$ 87,464	N/A
Contributions in relation to the actuarially determined contribution	81,351	77,495	83,837	89,897	83,010	93,658	94,279	92,610
Contribution deficiency (excess)	<u>\$ (2,780)</u>	<u>\$ 10,609</u>	<u>\$ 12,495</u>	<u>\$ 9,779</u>	<u>\$ 13,520</u>	<u>\$ (4,913)</u>	<u>\$ (6,815)</u>	<u>\$ 92,610</u>
Covered payroll	\$ 255,100	\$ 243,045	\$ 259,235	\$ 272,498	\$ 260,345	\$ 289,947	\$ 280,436	\$ 277,745
Contributions as a percentage of covered payroll	31.9%	31.9%	32.3%	33.0%	31.88%	32.3%	33.6%	33.3%
	Houston Municipal Employees Pension System							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 195,296	\$ 188,294	\$ 182,950	\$ 178,256	\$ 423,989	\$ 184,733	\$ 162,230	\$ 155,299
Contributions in relation to the actuarially determined contribution	197,341	184,762	176,430	176,261	421,562	182,558	159,959	145,007
Contribution deficiency (excess)	<u>\$ (2,045)</u>	<u>\$ 3,532</u>	<u>\$ 6,520</u>	<u>\$ 1,995</u>	<u>\$ 2,427</u>	<u>\$ 2,175</u>	<u>\$ 2,271</u>	<u>\$ 10,292</u>
Covered payroll	\$ 678,350	\$ 642,917	\$ 625,056	\$ 614,451	\$ 611,493	\$ 604,895	\$ 640,529	\$ 624,205
Contributions as a percentage of covered payroll	29.09%	28.74%	28.23%	28.69%	68.94%	30.18%	24.97%	23.23%
	Houston Police Officers' Pension System							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 139,220	\$ 140,292	\$ 146,626	\$ 141,202	\$ 131,142	\$ 167,980	\$ 161,154	\$ 150,949
Contributions in relation to the actuarially determined contribution	152,375	151,094	149,078	142,429	887,143	133,805	137,392	113,665
Contribution deficiency (excess)	<u>\$ (13,155)</u>	<u>\$ (10,802)</u>	<u>\$ (2,452)</u>	<u>\$ (1,227)</u>	<u>\$ (756,001)</u>	<u>\$ 34,175</u>	<u>\$ 23,762</u>	<u>\$ 37,284</u>
Covered payroll	\$ 476,453	\$ 473,801	\$ 464,301	\$ 444,871	\$ 412,786	\$ 424,300	\$ 407,058	\$ 395,360
Contributions as a percentage of covered payroll	32.0%	31.9%	32.1%	32.0%	214.9%	31.5%	33.8%	28.7%

Notes to Schedule:

1. The schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

CITY OF HOUSTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022
(unaudited)

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
(in thousands)

	Health Benefits					
	Report Date: June 30, Measurement Date: June 30,	2022	2021	2020	2019	2018
		2021	2020	2019	2018	2017
Total OPEB Liability						
Service Cost	\$	140,185	\$ 115,672	\$ 118,901	\$ 110,793	\$ 139,332
Interest		60,194	80,598	90,952	90,245	73,306
Changes of benefit terms		(461,192)	-	(17,819)	(5,007)	-
Differences between expected and actual experience		(2,523)	(64,790)	(17,603)	(99,153)	(15,727)
Changes of assumptions		47,150	326,935	(164,752)	(224,161)	(310,431)
Benefit payments including refunds of employee contributions		(61,487)	(62,373)	(45,811)	(57,100)	(39,820)
Net change in total OPEB liability		(277,673)	396,042	(36,132)	(184,383)	(153,340)
Total OPEB liability - beginning		2,614,099	2,218,057	2,254,189	2,438,572	2,591,912
Total OPEB liability - ending	\$	<u>2,336,426</u>	<u>\$ 2,614,099</u>	<u>\$ 2,218,057</u>	<u>\$ 2,254,189</u>	<u>\$ 2,438,572</u>
Plan fiduciary net position as percentage of the total OPEB liability		0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$	1,344,442	\$ 1,308,459	\$ 1,332,000	\$ 1,285,000	\$ 1,235,000
Total OPEB liability as a percentage of covered-employee payroll		173.78%	199.78%	166.52%	175.42%	197.46%

Notes to Schedule:

1. The schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.
2. There are no assets in a trust compliant with GASB codification P22.101 or P52.101 to pay related benefits.
3. Benefit changes: Reflected for the June 30, 2021 measurement date - Texas Plus, Cigna Health Spring, and UHC Plan F plans have all been terminated as of December 31, 2020, and a new plan, Aetna PO1 PPO Basic, was added as of January 1, 2021.
4. Changes of assumptions:
 - a. Discount rate reflected for the June 30 measurement date: 2021 - 2.16%; 2020 - 2.21%; 2019 - 3.50%; 2018 - 3.87%; 2017 - 3.58%.
 - b. Reflected for the June 30, 2021 measurement date, the demographic assumptions (mortality, turnover, disability and retirement) for the Fire department were updated to be consistent with the Houston Firefighter's Relief and Retirement Fund actuarial certification as of July 1, 2020, dated September 16, 2021, completed by Buck Consulting.
 - c. Reflected for the June 30, 2020 measurement date, life insurance to be fully retiree paid and is no longer being valued.

CITY OF HOUSTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022
(unaudited)

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
(in thousands)

	Long-Term Disability					
	Report Date: June 30,	2022	2021	2020	2019	2018
	Measurement Date: June 30,	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$	1,705	\$ 1,436	\$ 719	\$ 776	\$ 730
Interest		363	365	461	409	379
Changes of benefit terms		-	-	(1,079)	1,379	(14)
Differences between expected and actual experience		(1,800)	(914)	3,476	255	(158)
Changes of assumptions		(743)	33			
Benefit payments including refunds of employee contributions		(901)	(942)	(901)	(957)	(975)
Net change in total OPEB liability		(1,376)	(22)	2,676	1,862	(38)
Total OPEB liability - beginning		15,546	15,568	12,892	11,030	11,068
Total OPEB liability - ending	\$	14,170	\$ 15,546	\$ 15,568	\$ 12,892	\$ 11,030
Plan fiduciary net position as percentage of the total OPEB liability		0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$	895,800	\$ 794,600	\$ 777,400	\$ 833,500	\$ 788,500
Total OPEB liability as a percentage of covered-employee payroll		1.58%	1.96%	2.00%	2.10%	1.80%

Notes to Schedule:

1. The schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.
2. There are no assets in a trust compliant with GASB codification P22.101 or P52.101 to pay related benefits.
3. Changes of assumptions:
 - a. Discount rate reflected for the June 30 measurement date: 2022 - 3.54%; 2021 - 2.16%; 2020 - 2.21%; 2019 - 3.50%; 2018 - 3.87%; 2017 - 3.58%.
4. Employees covered: Houston Fire Department is covered by this long-term disability plan in addition to all municipal employees. Houston Police Department is not covered by this plan.

CITY OF HOUSTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2022
(unaudited)

Schedule of OPEB Contributions
(in thousands)

	Health Benefits				
	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 312,311	\$ 204,586	\$ 133,961	\$ 194,236	\$ 188,579
Contributions in relation to the actuarially determined contribution	<u>(61,487)</u>	<u>(62,373)</u>	<u>(45,811)</u>	<u>(57,100)</u>	<u>(39,820)</u>
Contribution deficiency (excess)	<u>\$ 250,824</u>	<u>\$ 142,213</u>	<u>\$ 88,150</u>	<u>\$ 137,136</u>	<u>\$ 148,759</u>
Covered-employee payroll	\$ 1,344,442	\$ 1,308,459	\$ 1,332,000	\$ 1,285,000	\$ 1,235,000
Contribution as a percentage of covered-employee payroll	4.57%	4.77%	3.44%	4.44%	3.22%

Notes to Schedule:

1. The schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.
2. There are no assets in a trust compliant with GASB codification P22.101 or P52.101 to pay related benefits.

Long-Term Disability

	2021	2021	2020	2019	2018
	Actuarially Determined Contribution	\$ 5,843	\$ 7,101	\$ 7,248	\$ 6,720
Contributions in relation to the actuarially determined contribution	<u>(901)</u>	<u>(942)</u>	<u>(901)</u>	<u>(957)</u>	<u>(975)</u>
Contribution deficiency (excess)	<u>\$ 4,942</u>	<u>\$ 6,159</u>	<u>\$ 6,347</u>	<u>\$ 5,763</u>	<u>\$ 5,015</u>
Covered-employee payroll	\$ 895,800	\$ 794,600	\$ 777,400	\$ 833,500	\$ 788,500
Contribution as a percentage of covered-employee payroll	0.10%	0.12%	0.12%	0.11%	0.12%

Notes to Schedule:

1. The schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.
2. There are no assets in a trust compliant with GASB codification P22.101 or P52.101 to pay related benefits.

Courtesy of Houston Ballet Nutcracker Market



Courtesy of Houston Ballet

GOVERNMENTAL FUNDS



Governmental Funds:

With a storied past extending more than 60 years, Houston Ballet's legacy – through its philanthropic, educational and cultural contributions – will undoubtedly benefit countless Houstonians and visitors alike for generations to come.

Shoppers at the Houston Ballet Nutcracker Market.

Photo Courtesy of Houston Ballet Nutcracker Market.

Houston Ballet Principals Yuriko Kajiya and Connor Walsh with Artists of Houston Ballet in Diamonds.

Choreography by George Balanchine, © The George Balanchine Trust.

Photo by Amitava Sarkar (2022). Courtesy of Houston Ballet.

Governmental Funds

General Fund – The General Fund is used to account for sources and uses of financial resources applicable to the general government operation of the City. All general operating revenues and expenditures that are not restricted and, therefore, accounted for in another fund, are recorded in the General Fund.

Debt Service Fund – The Debt Service Fund is used to account for the payment of interest and principal on all general long-term debt other than debt issued for and serviced by Enterprise Funds.

Capital Projects Fund – The Capital Projects Fund accounts for all resources used for the acquisition and/or construction of capital facilities by the City, except those financed by Enterprise Funds.

ARPA Fiscal Recovery Fund – The ARPA Fiscal Recovery Fund is used to receive funds from the U.S. Department of Treasury to be used for the response efforts relating to local fiscal recovery from the COVID-19 pandemic pursuant to the American Rescue Plan Act of 2021.

Grants Fund – The Grants Fund is used to account for grant resources received from various local, state, federal, and national agencies and organizations. The use of these resources is restricted to a particular function of the City by the grantor.

Nonmajor Funds – Nonmajor Funds did not meet the established criteria for major fund status. They are used to account for the proceeds of specific revenue sources (other than capital projects) that are restricted to expenditures for special purposes. All Nonmajor Funds have been presented; however only certain sub-funds have legally adopted budgets. Nonmajor funds are:

- Public Safety Special Fund
 - Budgeted: Asset Forfeiture, Auto Dealers, Child Safety, Houston Emergency Center, Local Truancy Prevention & Diversion, Municipal Courts Technology Fee, and Police Special Services
 - Not budgeted: Helmets for Bicycle Safety, Nuisance Abatement, FTA Special
- Public Works Special Fund
 - Budgeted: Building Inspection, Dedicated Drainage and Street Renewal, Historic Preservation, Planning and Development Special, and Recycling Revenue
 - Not budgeted: Mobility Response Team
- Health and Housing Special Fund
 - Budgeted: Essential Public Health Services, Health Special, Laboratory Services, Special Waste, and Swimming Pool Safety
 - Not budgeted: Housing Special, and HJTPC Self Insurance
- Parks and Recreation Special Fund
 - Budgeted: Bayou Greenway 2020, Parks Golf Special, Parks Special
 - Not budgeted: MacGregor Parks Endowment, Planting Tree
- Other Special Revenue Fund
 - Budgeted: Cable Television, Contractor Responsibility, Houston TranStar, and Park Houston
 - Not budgeted: MNC Memorial City Way, W.A.T.E.R., John Battaglia Trust, Inc. Fund, and Houston Foundation

CITY OF HOUSTON, TEXAS
GENERAL FUND
Balance Sheet
June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	2022	(Restated) 2021
Assets		
Cash and cash equivalents	\$ 23,865	\$ 203,928
Investments	306,458	272,888
Receivables, net of allowances		
Accounts receivable	111,306	115,718
Property taxes receivable, net	42,815	43,674
Sales taxes receivable	145,815	132,924
Mixed beverage taxes receivable	3,819	3,302
Franchise taxes receivable	9,691	10,276
Special assessments receivable	7,811	8,049
Lease asset receivable	37,373	38,141
Due from other funds	85,397	79,759
Due from other governments	26,005	8,185
Inventory	22,965	20,893
Prepaid items	2,712	2,734
Total assets	\$ 826,032	\$ 940,471
Liabilities and fund balance		
Liabilities		
Accounts payable	\$ 96,421	\$ 301,716
Accrued payroll liabilities	92,687	86,629
Due to other funds	26,336	12,624
Due to other governments	24,131	14,140
Advances and deposits	192	10,763
Claims and judgments	2,162	2,472
Compensated absences	5,085	4,837
Total liabilities	247,014	433,181
Deferred inflow of resources		
Deferred inflow of resources	158,359	157,764
Total deferred inflow of resources	158,359	157,764
Fund balance		
Non-Spendable		
Prepays	2,712	2,734
Inventory	22,965	20,893
Restricted	983	1,072
Committed	14,292	12,615
Unassigned	379,707	312,212
Total fund balance	420,659	349,526
Total liabilities and fund balance	\$ 826,032	\$ 940,471

CITY OF HOUSTON, TEXAS
GENERAL FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	<u>2022</u>	<u>2021</u>
Revenues		
Taxes and assessments		
Property Taxes	\$ 1,244,722	\$ 1,254,016
Industrial Assessments	24,086	25,435
Sales Tax	820,622	706,829
Franchise Tax	149,519	153,600
Mixed Beverage Tax	21,585	14,561
Hotel Occupancy Tax	15,588	7,444
Licenses and permits	33,694	32,136
Charges for services	165,372	152,553
Intergovernmental - grants	200,762	67,281
Fines and forfeits	20,186	18,016
Contributions	-	500
Investment income (loss)	(6,991)	1,314
Other	18,051	14,150
Total revenues	<u>2,707,196</u>	<u>2,447,835</u>
Expenditures		
Current		
General government	292,604	251,611
Public safety	1,536,217	1,460,875
Public works	220,501	209,759
Health	59,636	57,208
Housing and community development	276	320
Parks and recreation	73,301	54,465
Library	40,607	38,504
Retiree benefits	11,837	13,290
Capital outlay	36,352	35,653
Debt Service		
Debt service interest	1,632	2,268
Total expenditures	<u>2,272,963</u>	<u>2,123,953</u>
Other financing sources (uses)		
Proceeds from issuance of debt	31,000	23,000
Lease financing principal	6,833	11,610
Sale of capital assets	6,998	3,694
Transfers in	70,037	69,596
Transfers out	(477,968)	(440,986)
Total other financing sources (uses)	<u>(363,100)</u>	<u>(333,086)</u>
Change in fund balance	71,133	(9,204)
Fund balances, July 1	<u>349,526</u>	<u>358,730</u>
Fund balances, June 30	<u>\$ 420,659</u>	<u>\$ 349,526</u>

CITY OF HOUSTON, TEXAS
DEBT SERVICE FUND
Balance Sheet
June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	2022	2021
Assets		
Cash and cash equivalents	\$ 36,721	\$ 102,603
Investments	112,672	46,204
Receivables, net of allowances		
Accounts receivable	246	-
Due from other funds	-	250
Due from other governments	-	300
Total assets	\$ 149,639	\$ 149,357
 Liabilities and fund balance		
Liabilities		
Accounts payable	\$ 144	\$ 72
Total liabilities	144	72
 Fund balance		
Restricted	149,495	149,285
Total fund balance	149,495	149,285
 Total liabilities and fund balance	\$ 149,639	\$ 149,357

CITY OF HOUSTON, TEXAS
DEBT SERVICE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance: Budget vs. Actual
For the Year Ended June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Investment income (loss)	\$ 3,313	\$ 3,313	\$ (4,347)	\$ (7,660)	\$ (560)
Other	12,600	12,600	639	(11,961)	2,068
Total revenues	<u>15,913</u>	<u>15,913</u>	<u>(3,708)</u>	<u>(19,621)</u>	<u>1,508</u>
Expenditures					
Debt service principal	267,848	267,848	264,844	3,004	212,959
Debt service interest	151,366	151,366	142,932	8,434	149,349
Debt service fiscal agent & fees	8,447	8,447	4,528	3,919	3,348
Total expenditures	<u>427,661</u>	<u>427,661</u>	<u>412,304</u>	<u>15,357</u>	<u>365,656</u>
Other financing sources (uses)					
Net proceeds from issuance of refunding debt	-	-	305,861	305,861	-
Premium on refunding debt	-	-	35,170	35,170	-
Transfers in	384,465	384,465	414,131	29,666	355,163
Payment to escrow agent for refunded bonds	(344,308)	(344,008)	(338,940)	5,068	-
Total other financing sources (uses)	<u>40,157</u>	<u>40,457</u>	<u>416,222</u>	<u>375,765</u>	<u>355,163</u>
Change in fund balance	(371,591)	(371,291)	210	371,501	(8,985)
Fund balances, July 1	149,285	149,285	149,285	-	158,270
Fund balances, June 30	<u>\$ (222,306)</u>	<u>\$ (222,006)</u>	<u>\$ 149,495</u>	<u>\$ 371,501</u>	<u>\$ 149,285</u>

CITY OF HOUSTON, TEXAS
CAPITAL PROJECTS FUND
Balance Sheet
June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	2022	(Restated) 2021
Assets		
Cash and cash equivalents	\$ 44,017	\$ 71,841
Investments	241,901	192,715
Receivables, net of allowances		
Accounts receivable	1	1
Due from other funds	9,180	6,757
Due from other governments	26,970	37,745
Prepaid items - Construction materials	2,048	61
Notes receivable	5,000	7,600
Total assets	\$ 329,117	\$ 316,720
Liabilities and fund balance		
Liabilities		
Accounts payable	62,856	43,530
Due to other funds	24,244	20,119
Unearned revenue	98,025	100,048
Due to other governments	11,778	11,152
Total liabilities	196,903	174,849
Fund balance		
Prepays	2,048	61
Restricted	19,725	60,636
Assigned	110,441	81,174
Total fund balance	132,214	141,871
Total liabilities and fund balance	\$ 329,117	\$ 316,720

CITY OF HOUSTON, TEXAS
CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	2022	(Restated) 2021
Revenues		
Intergovernmental - grants	\$ 74,057	\$ 44,925
Investment income (loss)	(8,239)	(1,315)
Other	12,169	14,700
Total revenues	77,987	58,310
 Expenditures		
Current		
Capital outlay	328,135	290,188
Total expenditures	328,135	290,188
 Other financing sources (uses)		
Proceeds from issuance of debt	138,487	91,000
Transfers in	160,444	128,050
Transfers out	(58,440)	(4,308)
Total other financing sources (uses)	240,491	214,742
Change in fund balance	(9,657)	(17,136)
Fund balances, July 1 as previously stated	141,871	169,082
Cumulative effect of prior period adjustment	-	(10,075)
Fund balances, June 1 as restated	141,871	159,007
Fund balances, June 30	\$ 132,214	\$ 141,871

CITY OF HOUSTON, TEXAS
ARPA Fiscal Recovery Fund
Balance Sheet
June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	2022	2021
Assets		
Cash and cash equivalents	\$ 456,434	\$ 303,888
Total assets	\$ 456,434	\$ 303,888
Liabilities and fund balance		
Liabilities		
Accounts payable	\$ 802	\$ -
Accrued payroll liabilities	1,128	-
Due to other funds	2	-
Unearned revenue	454,028	303,884
Total liabilities	455,960	303,884
Fund balance		
Restricted	474	4
Total fund balance	474	4
Total liabilities and fund balance	\$ 456,434	\$ 303,888

CITY OF HOUSTON, TEXAS
ARPA Fiscal Recovery Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	2022	2021
Revenues		
Intergovernmental - grants	\$ 14,305	\$ -
Investment income	471	4
Total revenues	14,776	4
Expenditures		
Current		
General government	\$ 440	\$ -
Public safety	10,776	-
Health	3,090	-
Total expenditures	14,306	-
Change in fund balance	470	4
Fund balances, July 1	4	-
Fund balances, June 30	\$ 474	\$ 4

CITY OF HOUSTON, TEXAS
GRANTS FUND
Balance Sheet
June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	2022	(Restated) 2021
Assets		
Cash and cash equivalents	\$ 26,517	\$ 49,039
Receivables, net of allowances		
Accounts receivable	29,439	37,917
Due from other funds	592	2,431
Due from other governments	224,954	227,147
Inventory	707	82
Prepaid items	-	600
Notes receivable	98,559	85,986
Total assets	\$ 380,768	\$ 403,202
Liabilities and fund balance		
Liabilities		
Accounts payable	\$ 97,395	\$ 78,233
Accrued payroll liabilities	4,918	4,059
Due to other funds	6,519	21,993
Due to other governments	717	487
Advances and deposits	289	262
Unearned revenue	14,290	71,753
Total liabilities	124,128	176,787
Deferred inflows of resources		
Deferred inflow of resources	66,059	63,486
Total deferred inflows of resources	66,059	63,486
Fund balance		
Non-Spendable		
Prepays	-	600
Inventory	707	82
Restricted	189,874	162,247
Total fund balance	190,581	162,929
Total liabilities and fund balance	\$ 380,768	\$ 403,202

CITY OF HOUSTON, TEXAS
GRANTS FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	2022	(Restated) 2021
Revenues		
Intergovernmental - grants	\$ 669,914	\$ 938,256
Investment income	822	431
Other	19	-
Total revenues	670,755	938,687
 Expenditures		
Current		
General government	26,974	133,923
Public safety	28,645	70,751
Public works	30,364	30,146
Health	150,473	209,540
Housing and community development	381,916	368,756
Parks and recreation	848	15,102
Library	68	2,558
Capital outlay	23,531	35,593
Debt service principal	253	189
Debt service interest	208	170
Total expenditures	643,280	866,728
 Other financing sources (uses)		
Net proceeds from issuance of debt	-	9,724
Transfers in	590	-
Transfers out	(413)	(10)
Total other financing sources (uses)	177	9,714
 Change in fund balance	27,652	81,673
Fund balances, July 1 as previously stated	-	83,520
Cumulative effect of prior period adjustment	-	(2,446)
Change in reporting entity	-	182
Fund balances, June 1 as restated	162,929	81,256
 Fund balances, June 30	\$ 190,581	\$ 162,929

CITY OF HOUSTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	<i>Nonmajor Funds</i>		
	Public Safety Special Fund	Public Works Special Fund	Health & Housing Special Fund
Assets			
Cash and cash equivalents	\$ 6,247	\$ 42,487	\$ 25,122
Investments	25,433	233,231	112,503
Receivables, net of allowances			
Accounts receivable	1,064	12,343	76
Due from other funds	428	215	235
Due from other governments	1,705	20,266	-
Inventory	-	3,304	-
Notes receivable	-	-	-
Total assets	<u>\$ 34,877</u>	<u>\$ 311,846</u>	<u>\$ 137,936</u>
Liabilities and fund balance			
Liabilities			
Accounts payable	\$ 2,522	\$ 8,433	\$ 568
Accrued payroll liabilities	1,468	4,361	735
Due to other funds	177	11,315	61
Due to other governments	1	-	-
Advances and deposits	2,070	1,561	18
Compensated absences	1	41	2
Total liabilities	<u>6,239</u>	<u>25,711</u>	<u>1,384</u>
Deferred inflows of resources			
Deferred inflow of resources	329	11,930	42
Total deferred inflows of resources	<u>329</u>	<u>11,930</u>	<u>42</u>
Fund balance			
Non-Spendable			
Inventory	-	3,304	-
Restricted	7,152	236,838	131,074
Committed	21,157	34,063	5,436
Total fund balance	<u>28,309</u>	<u>274,205</u>	<u>136,510</u>
Total liabilities and fund balance	<u>\$ 34,877</u>	<u>\$ 311,846</u>	<u>\$ 137,936</u>

(Continued)

<i>Nonmajor Funds</i>			
Parks & Recreation Special Fund	Other Special Revenue Fund	2022	(Restated) 2021
\$ 1,273	\$ 24,945	\$ 100,074	\$ 139,101
5,400	112,481	489,048	355,837
501	2,920	16,904	59,879
6	24,623	25,507	10,568
-	1,347	23,318	22,536
-	-	3,304	2,679
-	2,150	2,150	-
<u>\$ 7,180</u>	<u>\$ 168,466</u>	<u>\$ 660,305</u>	<u>\$ 590,600</u>
\$ 417	\$ 7,413	\$ 19,353	\$ 13,608
225	347	7,136	6,981
6	22,623	34,182	10,210
17	1,537	1,555	1,637
775	396	4,820	6,946
3	55	102	28
<u>1,443</u>	<u>32,371</u>	<u>67,148</u>	<u>39,410</u>
107	3,132	15,540	30,682
- 107	3,132	15,540	30,682
-	-	3,304	2,679
158	129,067	504,289	449,069
5,472	3,896	70,024	68,760
<u>5,630</u>	<u>132,963</u>	<u>577,617</u>	<u>520,508</u>
<u>\$ 7,180</u>	<u>\$ 168,466</u>	<u>\$ 660,305</u>	<u>\$ 590,600</u>

CITY OF HOUSTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	<i>Nonmajor Funds</i>		
	Public Safety Special Fund	Public Works Special Fund	Health & Housing Special Fund
Revenues			
Franchise Tax	\$ -	\$ 459	\$ -
Mixed Beverage Tax	-	-	-
Property Taxes	-	-	-
Sales Tax	-	-	-
Licenses and permits	2,924	71,157	5,021
Charges for services	5,305	140,750	4,275
Intergovernmental - grants	15,601	73,059	26,904
Fines and forfeits	1,242	11	-
Contributions	-	-	-
Investment (loss) income	(834)	(6,810)	(3,553)
Other	20,094	3,744	437
Total revenues	<u>44,332</u>	<u>282,370</u>	<u>33,084</u>
Expenditures			
Current			
General government	-	-	-
Public safety	50,603	-	-
Public works	-	141,191	-
Health	-	-	26,198
Housing and community development	-	-	5,137
Parks and recreation	-	-	-
Capital outlay	262	40,586	141
Debt service fiscal agent & fees	-	468	-
Total expenditures	<u>50,865</u>	<u>182,245</u>	<u>31,476</u>
Other financing sources (uses)			
Sale of capital assets	-	-	-
Transfers in	11,004	93,714	1,250
Transfers out	(1,750)	(146,865)	-
Total other financing sources (uses)	<u>9,254</u>	<u>(53,151)</u>	<u>1,250</u>
Change in fund balance	2,721	46,974	2,858
Fund balances, July 1 as previously stated	25,588	177,186	33,014
Change in reporting entity	-	-	100,638
Prior period adjustment	-	50,045	-
Fund balance, July 1 as restated	<u>25,588</u>	<u>227,231</u>	<u>133,652</u>
Fund balances, June 30	<u>\$ 28,309</u>	<u>\$ 274,205</u>	<u>\$ 136,510</u>

(Continued)

<i>Nonmajor Funds</i>			
Parks & Recreation Special Fund	Other Special Revenue Fund	2022	(Restated) 2021
\$ -	\$ -	\$ 459	\$ 493
-	305	305	69
-	38,985	38,985	45,396
-	2,034	2,034	2,560
175	373	79,650	80,659
10,257	9,613	170,200	201,117
-	10,868	126,432	137,173
-	9,413	10,666	10,325
-	-	-	100,000
(176)	(3,600)	(14,973)	2,024
899	14,827	40,001	31,754
<u>11,155</u>	<u>82,818</u>	<u>453,759</u>	<u>611,570</u>
-	73,089	73,089	78,027
-	-	50,603	49,296
-	-	141,191	159,724
-	-	26,198	22,976
-	-	5,137	140
9,849	-	9,849	8,007
-	141	41,130	35,382
-	-	468	390
<u>9,849</u>	<u>73,230</u>	<u>347,665</u>	<u>353,942</u>
-	-	-	92
-	1,244	107,212	106,808
(57)	(7,525)	(156,197)	(150,880)
<u>(57)</u>	<u>(6,281)</u>	<u>(48,985)</u>	<u>(43,980)</u>
1,249	3,307	57,109	213,648
4,381	88,569	328,738	270,133
-	-	100,638	21,341
-	41,087	91,132	15,386
<u>4,381</u>	<u>129,656</u>	<u>520,508</u>	<u>306,860</u>
<u>\$ 5,630</u>	<u>\$ 132,963</u>	<u>\$ 577,617</u>	<u>\$ 520,508</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - ASSET FORFEITURE
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Confiscations	\$ 2,027	\$ 2,027	\$ 3,723	\$ 1,696	\$ 3,167
Income (loss)	5	5	(164)	(169)	(59)
Total revenues	<u>2,032</u>	<u>2,032</u>	<u>3,559</u>	<u>1,527</u>	<u>3,108</u>
Expenditures					
Current					
Public safety	4,950	4,792	1,785	3,007	6,260
Capital outlay	-	158	124	34	574
Total expenditures	<u>4,950</u>	<u>4,950</u>	<u>1,909</u>	<u>3,041</u>	<u>6,834</u>
Change in fund balance	(2,918)	(2,918)	1,650	4,568	(3,726)
Fund balances, July 1	<u>3,803</u>	<u>3,803</u>	<u>3,803</u>	<u>-</u>	<u>7,529</u>
Fund balances, June 30	<u>\$ 885</u>	<u>\$ 885</u>	<u>\$ 5,453</u>	<u>\$ 4,568</u>	<u>\$ 3,803</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - AUTO DEALERS
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 2,630	\$ 2,630	\$ 2,702	\$ 72	\$ 2,759
Charges for services	710	710	897	187	856
Investment income	50	50	(231)	(281)	12
Other	4,300	4,300	9,958	5,658	4,544
Total revenues	<u>7,690</u>	<u>7,690</u>	<u>13,326</u>	<u>5,636</u>	<u>8,171</u>
Expenditures					
Current					
Public safety	6,853	6,919	6,512	407	6,535
Capital outlay	120	54	-	54	-
Total expenditures	<u>6,973</u>	<u>6,973</u>	<u>6,512</u>	<u>461</u>	<u>6,535</u>
Other financing sources (uses)					
Transfers out	(1,750)	(1,750)	(1,750)	-	(1,750)
Total other financing sources (uses)	<u>(1,750)</u>	<u>(1,750)</u>	<u>(1,750)</u>	<u>-</u>	<u>(1,750)</u>
Change in fund balance	(1,033)	(1,033)	5,064	6,097	(114)
Fund balances, July 1	<u>1,674</u>	<u>1,674</u>	<u>1,674</u>	<u>-</u>	<u>1,788</u>
Fund balances, June 30	<u>\$ 641</u>	<u>\$ 641</u>	<u>\$ 6,738</u>	<u>\$ 6,097</u>	<u>\$ 1,674</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - CHILD SAFETY
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Fines and forfeits	\$ 800	\$ 800	\$ 694	\$ (106)	\$ 659
Income (loss)	45	45	(35)	(80)	(14)
Other	2,615	2,615	2,566	(49)	2,811
Total revenues	<u>3,460</u>	<u>3,460</u>	<u>3,225</u>	<u>(235)</u>	<u>3,456</u>
Expenditures					
Current					
Public safety	<u>3,460</u>	<u>3,799</u>	<u>3,794</u>	<u>5</u>	<u>2,974</u>
Total expenditures	<u>3,460</u>	<u>3,799</u>	<u>3,794</u>	<u>5</u>	<u>2,974</u>
Change in fund balance	-	(339)	(569)	(230)	482
Fund balances, July 1	<u>529</u>	<u>529</u>	<u>529</u>	<u>-</u>	<u>47</u>
Fund balances, June 30	<u>\$ 529</u>	<u>\$ 190</u>	<u>\$ (40)</u>	<u>\$ (230)</u>	<u>\$ 529</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - HOUSTON EMERGENCY CENTER
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Charges for services	\$ 250	\$ 250	\$ 282	\$ 32	\$ 281
Intergovernmental - grants	17,508	17,508	15,327	(2,181)	16,357
Investment income	-	-	(93)	(93)	12
Total revenues	<u>17,758</u>	<u>17,758</u>	<u>15,516</u>	<u>(2,242)</u>	<u>16,650</u>
Expenditures					
Current					
Public safety	29,901	29,901	26,005	3,896	26,264
Capital outlay	-	-	-	-	24
Total expenditures	<u>29,901</u>	<u>29,901</u>	<u>26,005</u>	<u>3,896</u>	<u>26,288</u>
Other financing sources (uses)					
Transfers in	9,617	9,617	9,794	177	9,617
Total other financing sources (uses)	<u>9,617</u>	<u>9,617</u>	<u>9,794</u>	<u>177</u>	<u>9,617</u>
Change in fund balance	(2,526)	(2,526)	(695)	1,831	(21)
Fund balances, July 1	<u>4,996</u>	<u>4,996</u>	<u>4,996</u>	<u>-</u>	<u>5,017</u>
Fund balances, June 30	<u>\$ 2,470</u>	<u>\$ 2,470</u>	<u>\$ 4,301</u>	<u>\$ 1,831</u>	<u>\$ 4,996</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - LOCAL TRUANCY PREVENTION AND DIVERSION
(formerly JUVENILE CASE MANAGER FEE FUND)
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Charges for services	\$ 108	\$ 108	\$ 96	\$ (12)	\$ 134
Fines and forfeits	478	478	537	59	453
Income (loss)	12	12	(21)	(33)	(2)
Total revenues	<u>598</u>	<u>598</u>	<u>612</u>	<u>14</u>	<u>585</u>
Expenditures					
Current					
Public safety	<u>872</u>	<u>872</u>	<u>608</u>	<u>264</u>	<u>779</u>
Total expenditures	<u>872</u>	<u>872</u>	<u>608</u>	<u>264</u>	<u>779</u>
Change in fund balance	(274)	(274)	4	278	(194)
Fund balances, July 1	<u>780</u>	<u>780</u>	<u>780</u>	<u>-</u>	<u>974</u>
Fund balances, June 30	<u>\$ 506</u>	<u>\$ 506</u>	<u>\$ 784</u>	<u>\$ 278</u>	<u>\$ 780</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - MUNICIPAL COURTS TECHNOLOGY FEE
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Income (loss)	\$ 27	\$ 27	\$ (50)	\$ (77)	\$ (2)
Other	768	768	803	35	764
Total revenues	<u>795</u>	<u>795</u>	<u>753</u>	<u>(42)</u>	<u>762</u>
Expenditures					
Current					
Public safety	1,174	1,175	876	299	1,095
Capital outlay	115	114	-	114	-
Total expenditures	<u>1,289</u>	<u>1,289</u>	<u>876</u>	<u>413</u>	<u>1,095</u>
Change in fund balance	(494)	(494)	(123)	371	(333)
Fund balances, July 1	<u>1,862</u>	<u>1,862</u>	<u>1,862</u>	<u>-</u>	<u>2,195</u>
Fund balances, June 30	<u>\$ 1,368</u>	<u>\$ 1,368</u>	<u>\$ 1,739</u>	<u>\$ 371</u>	<u>\$ 1,862</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - POLICE SPECIAL SERVICES
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022		Actual	Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts				
	Original	Final			
Revenues					
Licenses and permits	\$ 300	\$ 300	\$ 222	\$ (78)	\$ 205
Charges for services	4,176	4,176	3,796	(380)	2,250
Intergovernmental - grants	316	316	275	(41)	316
Income (loss)	100	100	(205)	(305)	(3)
Other	1,773	1,773	3,044	1,271	2,153
Total revenues	<u>6,665</u>	<u>6,665</u>	<u>7,132</u>	<u>467</u>	<u>4,921</u>
Expenditures					
Current					
Public safety	10,653	11,276	11,032	244	5,335
Capital outlay	30	25	25	-	241
Total expenditures	<u>10,683</u>	<u>11,301</u>	<u>11,057</u>	<u>244</u>	<u>5,576</u>
Other financing sources (uses)					
Transfers in	1,210	1,210	1,210	-	5,310
Total other financing sources (uses)	<u>1,210</u>	<u>1,210</u>	<u>1,210</u>	<u>-</u>	<u>5,310</u>
Change in fund balance	(2,808)	(3,426)	(2,715)	711	4,655
Fund balances, July 1	<u>10,673</u>	<u>10,673</u>	<u>10,673</u>	<u>-</u>	<u>6,018</u>
Fund balances, June 30	<u>\$ 7,865</u>	<u>\$ 7,247</u>	<u>\$ 7,958</u>	<u>\$ 711</u>	<u>\$ 10,673</u>

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - BUILDING INSPECTION
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Taxes and assessments					
Franchise Tax	\$ 513	\$ 513	\$ 459	\$ (54)	\$ 493
Licenses and permits	71,814	71,814	69,175	(2,639)	70,765
Charges for services	11,009	11,009	21,889	10,880	9,251
Fines and forfeits	7	7	11	4	7
Income (loss)	560	560	(686)	(1,246)	(90)
Other	400	400	474	74	372
Total revenues	<u>84,303</u>	<u>84,303</u>	<u>91,322</u>	<u>7,019</u>	<u>80,798</u>
Expenditures					
Current					
Public works	86,710	91,123	80,800	10,323	77,832
Capital outlay	14,375	1,109	4,948	(3,839)	3,766
Total expenditures	<u>101,085</u>	<u>92,232</u>	<u>85,748</u>	<u>6,484</u>	<u>81,598</u>
Other financing sources (uses)					
Sale of capital assets	62	62	-	(62)	58
Transfers out	(1,962)	(10,814)	(10,694)	(120)	(12,081)
Total other financing sources (uses)	<u>(1,900)</u>	<u>(10,752)</u>	<u>(10,694)</u>	<u>(182)</u>	<u>(12,023)</u>
Change in fund balance	(18,682)	(18,681)	(5,120)	13,561	(12,823)
Fund balances, July 1	<u>22,918</u>	<u>22,918</u>	<u>22,918</u>	<u>-</u>	<u>35,741</u>
Fund balances, June 30	<u>\$ 4,236</u>	<u>\$ 4,237</u>	<u>\$ 17,798</u>	<u>\$ 13,561</u>	<u>\$ 22,918</u>

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - DDSRF-DRAINAGE CHARGE
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022		Actual	Variance with Final Budget- Pos (Neg)	(Restated) 2021 Actual
	Budget Amounts				
	Original	Final			
Revenues					
Charges for services	\$ 112,495	\$ 112,495	\$ 106,754	\$ (5,741)	\$ 158,394
Miscellaneous/Other	2	2	84	82	-
Income (Loss)	500	500	(3,790)	(4,290)	729
Total revenues	<u>112,997</u>	<u>112,997</u>	<u>103,048</u>	<u>(9,949)</u>	<u>159,123</u>
Expenditures					
Current					
Public works	7,838	7,988	2,407	5,581	23,711
Capital outlay	-	4,798	(248)	5,046	-
Debt service fiscal agent & fees	450	450	468	(18)	390
Total expenditures	<u>8,288</u>	<u>13,236</u>	<u>2,627</u>	<u>10,609</u>	<u>24,101</u>
Other financing sources (uses)					
Transfers in	-	-	14,925	14,925	7
Transfers out	(112,711)	(107,763)	(79,093)	28,670	(136,575)
Total other financing sources (uses)	<u>(112,711)</u>	<u>(107,763)</u>	<u>(64,168)</u>	<u>43,595</u>	<u>(136,568)</u>
Change in fund balance	(8,002)	(8,002)	36,253	44,255	(1,546)
Fund balances, July 1 as previously restated	109,067	109,067	109,067	-	95,227
Prior period adjustment					15,386
Fund balances, June 30 as restated	<u>\$ 101,065</u>	<u>\$ 101,065</u>	<u>\$ 145,320</u>	<u>\$ 44,255</u>	<u>\$ 109,067</u>

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - DDSRF - AD VALOREM
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Income (loss)	\$ 500	\$ 500	\$ (2,484)	\$ (2,984)	\$ 214
Total revenues	500	500	(2,484)	(2,984)	214
Expenditures					
Current					
Public works	4,005	4,095	2,944	1,151	4,328
Capital outlay	13,245	16,455	5,091	11,364	6,590
Total expenditures	17,250	20,550	8,035	12,515	10,918
Other financing sources (uses)					
Transfers in	75,894	75,894	74,995	(899)	135,121
Transfers out	(88,580)	(85,280)	(54,883)	(30,397)	(41,626)
Total other financing sources (uses)	(12,686)	(9,386)	20,112	(31,296)	93,495
Change in fund balance	(29,436)	(29,436)	9,593	39,029	82,791
Fund balances, July 1	82,791	82,791	82,791	-	-
Fund balances, June 30	\$ 53,355	\$ 53,355	\$ 92,384	\$ 39,029	\$ 82,791

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - DDSRF -METRO ET AL
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Charges for services	\$ 110	\$ 110	\$ 379	\$ 269	\$ 225
Licenses & Permits	2,003	2,003	1,417	(586)	1,230
Intergovernmental Revenue	81,524	81,524	73,059	(8,465)	66,014
Miscellaneous/Other	1,313	1,313	577	(736)	1,609
Income (loss)	-	-	590	590	(132)
Total revenues	<u>84,950</u>	<u>84,950</u>	<u>76,022</u>	<u>(8,928)</u>	<u>68,946</u>
Expenditures					
Current					
Public works	81,173	81,666	44,719	36,947	43,518
Capital outlay	<u>610</u>	<u>117</u>	<u>30,796</u>	<u>(30,679)</u>	<u>23,441</u>
Total expenditures	<u>81,783</u>	<u>81,783</u>	<u>75,515</u>	<u>6,268</u>	<u>66,959</u>
Other financing sources (uses)					
Sale of capital assets	-	-	-	-	31
Transfers out	<u>(1,404)</u>	<u>(1,404)</u>	-	<u>(1,404)</u>	<u>(88)</u>
Total other financing sources (uses)	<u>(1,404)</u>	<u>(1,404)</u>	<u>-</u>	<u>(1,404)</u>	<u>(57)</u>
Change in fund balance	1,763	1,763	507	(1,256)	1,930
Fund balances, July 1	<u>1,930</u>	<u>1,930</u>	<u>1,930</u>	<u>-</u>	<u>-</u>
Fund balances, June 30	<u>\$ 3,693</u>	<u>\$ 3,693</u>	<u>\$ 2,437</u>	<u>\$ (1,256)</u>	<u>\$ 1,930</u>

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - HISTORIC PRESERVATION
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Charges for services	\$ 100	\$ 100	\$ 193	\$ 93	\$ 58
Income (loss)	20	20	(47)	(67)	(1)
Total revenues	<u>120</u>	<u>120</u>	<u>146</u>	<u>26</u>	<u>57</u>
Expenditures					
Current					
Public Works	529	529	124	405	158
Total expenditures	<u>529</u>	<u>529</u>	<u>124</u>	<u>405</u>	<u>158</u>
Change in fund balance	(409)	(409)	22	431	(101)
Fund balances, July 1	<u>1,772</u>	<u>1,772</u>	<u>1,772</u>	<u>-</u>	<u>1,873</u>
Fund balances, June 30	<u>\$ 1,363</u>	<u>\$ 1,363</u>	<u>\$ 1,794</u>	<u>\$ 431</u>	<u>\$ 1,772</u>

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - PLANNING & DEVELOPMENT SPECIAL
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 398	\$ 398	\$ 499	\$ 101	\$ 437
Charges for services	7,616	7,616	10,643	3,027	8,278
Income (Loss)	90	90	(225)	(315)	4
Other	45	45	49	4	56
Total revenues	<u>8,149</u>	<u>8,149</u>	<u>10,966</u>	<u>2,817</u>	<u>8,775</u>
Expenditures					
Current					
Public works	13,511	13,511	9,585	3,926	8,441
Capital outlay	-	-	-	-	2
Total expenditures	<u>13,511</u>	<u>13,511</u>	<u>9,585</u>	<u>3,926</u>	<u>8,443</u>
Change in fund balance	(5,362)	(5,362)	1,381	6,743	332
Fund balances, July 1	<u>7,052</u>	<u>7,052</u>	<u>7,052</u>	<u>-</u>	<u>6,720</u>
Fund balances, June 30	<u><u>\$ 1,690</u></u>	<u><u>\$ 1,690</u></u>	<u><u>\$ 8,433</u></u>	<u><u>\$ 6,743</u></u>	<u><u>\$ 7,052</u></u>

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - RECYCLING REVENUE
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 130	\$ 130	\$ 66	\$ (64)	\$ 80
Income (loss)	20	20	(152)	(172)	(14)
Other	263	263	2,560	2,297	327
Total revenues	<u>413</u>	<u>413</u>	<u>2,474</u>	<u>2,061</u>	<u>393</u>
Expenditures					
Current					
Parks and recreation	2,418	2,418	611	1,807	1,629
Total expenditures	<u>2,418</u>	<u>2,418</u>	<u>611</u>	<u>1,807</u>	<u>1,629</u>
Other financing sources (uses)					
Transfers in	3,863	3,863	3,863	-	3,794
Transfers out	(1,568)	(1,568)	(1,568)	-	(2,321)
Total other financing sources (uses)	<u>2,295</u>	<u>2,295</u>	<u>2,295</u>	<u>-</u>	<u>1,473</u>
Change in fund balance	290	290	4,158	3,868	237
Fund balances, July 1	<u>1,271</u>	<u>1,271</u>	<u>1,271</u>	<u>-</u>	<u>1,034</u>
Fund balances, June 30	<u>\$ 1,561</u>	<u>\$ 1,561</u>	<u>\$ 5,429</u>	<u>\$ 3,868</u>	<u>\$ 1,271</u>

CITY OF HOUSTON, TEXAS
HEALTH & HOUSING SPECIAL FUND - ESSENTIAL PUBLIC HEALTH SERVICES
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Charges for services	\$ 18	\$ 18	\$ 27	\$ 9	\$ 23
Intergovernmental - grants	23,442	23,442	23,898	456	25,767
Investment income	271	271	(789)	(1,060)	268
Total revenues	<u>23,731</u>	<u>23,731</u>	<u>23,136</u>	<u>(595)</u>	<u>26,058</u>
Expenditures					
Current					
Health	18,292	18,255	12,121	6,134	11,410
Capital outlay	30	67	40	27	-
Total expenditures	<u>18,322</u>	<u>18,322</u>	<u>12,161</u>	<u>6,161</u>	<u>11,410</u>
Change in fund balance	5,409	5,409	10,975	5,566	14,648
Fund balances, July 1	<u>21,367</u>	<u>21,367</u>	<u>21,367</u>	<u>-</u>	<u>6,719</u>
Fund balances, June 30	<u>\$ 26,776</u>	<u>\$ 26,776</u>	<u>\$ 32,342</u>	<u>\$ 5,566</u>	<u>\$ 21,367</u>

CITY OF HOUSTON, TEXAS
HEALTH & HOUSING SPECIAL FUND - HEALTH SPECIAL
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 459	\$ 459	\$ 500	\$ 41	\$ 448
Charges for services	1,037	1,037	1,198	161	1,184
Intergovernmental - grants	3,361	3,361	3,006	(355)	3,052
Income (Loss)	123	123	(108)	(231)	(2)
Other	60	60	58	(2)	59
Total revenues	<u>5,040</u>	<u>5,040</u>	<u>4,654</u>	<u>(386)</u>	<u>4,741</u>
Expenditures					
Current					
Health	8,181	8,108	5,973	2,135	5,017
Capital outlay	90	163	2	161	388
Total expenditures	<u>8,271</u>	<u>8,271</u>	<u>5,975</u>	<u>2,296</u>	<u>5,405</u>
Other financing sources (uses)					
Transfers in	400	400	400	-	400
Total other financing sources (uses)	<u>400</u>	<u>400</u>	<u>400</u>	<u>-</u>	<u>400</u>
Change in fund balance	(2,831)	(2,831)	(921)	1,910	(264)
Fund balances, July 1	<u>4,795</u>	<u>4,795</u>	<u>4,795</u>	<u>-</u>	<u>5,059</u>
Fund balances, June 30	<u>\$ 1,964</u>	<u>\$ 1,964</u>	<u>\$ 3,874</u>	<u>\$ 1,910</u>	<u>\$ 4,795</u>

CITY OF HOUSTON, TEXAS
HEALTH & HOUSING SPECIAL FUND - LABORATORY SERVICES
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Charges for services	\$ 486	\$ 486	\$ 399	\$ (87)	\$ 401
Income (Loss)	5	5	(8)	(13)	1
Other	-	-	60	60	31
Total revenues	<u>491</u>	<u>491</u>	<u>451</u>	<u>(40)</u>	<u>433</u>
Expenditures					
Current					
Health	<u>567</u>	<u>567</u>	<u>455</u>	<u>112</u>	<u>378</u>
Total expenditures	<u>567</u>	<u>567</u>	<u>455</u>	<u>112</u>	<u>378</u>
Change in fund balance	(76)	(76)	(4)	72	55
Fund balances, July 1	<u>280</u>	<u>280</u>	<u>280</u>	<u>-</u>	<u>225</u>
Fund balances, June 30	<u>\$ 204</u>	<u>\$ 204</u>	<u>\$ 276</u>	<u>\$ 72</u>	<u>\$ 280</u>

CITY OF HOUSTON, TEXAS
HEALTH & HOUSING SPECIAL FUND - SPECIAL WASTE TRANSPORTATION & INSPECTION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 2,962	\$ 2,962	\$ 3,042	\$ 80	\$ 2,972
Charges for services	1,200	1,200	1,200	-	1,550
Income (Loss)	40	40	(42)	(82)	3
Total revenues	<u>4,202</u>	<u>4,202</u>	<u>4,200</u>	<u>(2)</u>	<u>4,525</u>
Expenditures					
Current					
Health	5,878	5,878	5,151	727	4,598
Capital outlay	108	108	-	108	-
Total expenditures	<u>5,986</u>	<u>5,986</u>	<u>5,151</u>	<u>835</u>	<u>4,598</u>
Other financing sources (uses)					
Transfers in	350	350	350	-	-
Total other financing sources (uses)	<u>350</u>	<u>350</u>	<u>350</u>	<u>-</u>	<u>-</u>
Change in fund balance	(1,434)	(1,434)	(601)	833	(73)
Fund balances, July 1	<u>1,844</u>	<u>1,844</u>	<u>1,844</u>	<u>-</u>	<u>1,917</u>
Fund balances, June 30	<u>\$ 410</u>	<u>\$ 410</u>	<u>\$ 1,243</u>	<u>\$ 833</u>	<u>\$ 1,844</u>

CITY OF HOUSTON, TEXAS
HEALTH & HOUSING SPECIAL FUND - SWIMMING POOL SAFETY
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 1,360	\$ 1,360	\$ 1,479	\$ 119	\$ 1,448
Income (Loss)	16	16	(35)	(51)	4
Total revenues	<u>1,376</u>	<u>1,376</u>	<u>1,444</u>	<u>68</u>	<u>1,452</u>
Expenditures					
Current					
Health	1,828	1,763	1,231	532	1,249
Capital outlay	108	173	65	108	-
Total expenditures	<u>1,936</u>	<u>1,936</u>	<u>1,296</u>	<u>640</u>	<u>1,249</u>
Change in fund balance	(560)	(560)	148	708	203
Fund balances, July 1	<u>1,161</u>	<u>1,161</u>	<u>1,161</u>	<u>-</u>	<u>958</u>
Fund balances, June 30	<u>\$ 601</u>	<u>\$ 601</u>	<u>\$ 1,309</u>	<u>\$ 708</u>	<u>\$ 1,161</u>

CITY OF HOUSTON, TEXAS
PARKS & RECREATION SPECIAL FUND - BAYOU GREENWAY 2020
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Charges for services	\$ 1,000	\$ 1,000	\$ 1,022	\$ 22	\$ 1,228
Income (Loss)	19	19	(38)	(57)	2
Total revenues	<u>1,019</u>	<u>1,019</u>	<u>984</u>	<u>(35)</u>	<u>1,230</u>
Expenditures					
Current					
Parks and recreation	1,219	1,219	879	340	909
Total expenditures	<u>1,219</u>	<u>1,219</u>	<u>879</u>	<u>340</u>	<u>909</u>
Other financing sources (uses)					
Transfers out	-	-	-	-	(165)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(165)</u>
Change in fund balance	(200)	(200)	105	305	156
Fund balances, July 1	<u>1,341</u>	<u>1,341</u>	<u>1,341</u>	<u>-</u>	<u>1,185</u>
Fund balances, June 30	<u>\$ 1,141</u>	<u>\$ 1,141</u>	<u>\$ 1,446</u>	<u>\$ 305</u>	<u>\$ 1,341</u>

CITY OF HOUSTON, TEXAS
PARKS & RECREATION SPECIAL FUND - PARKS GOLF
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Charges for services	\$ 7,027	\$ 7,027	\$ 7,441	\$ 414	\$ 6,848
Income (Loss)	17	17	(45)	(62)	31
Other	3	3	-	(3)	-
Total revenues	<u>7,047</u>	<u>7,047</u>	<u>7,396</u>	<u>349</u>	<u>6,879</u>
Expenditures					
Current					
Parks and recreation	6,939	6,939	6,887	52	5,664
Total expenditures	<u>6,939</u>	<u>6,939</u>	<u>6,887</u>	<u>52</u>	<u>5,664</u>
Other financing sources (uses)					
Transfers out	(200)	(200)	(200)	-	-
Total other financing sources (uses)	<u>(200)</u>	<u>(200)</u>	<u>(200)</u>	<u>-</u>	<u>-</u>
Change in fund balance	(92)	(92)	309	401	1,215
Fund balances, July 1	<u>1,417</u>	<u>1,417</u>	<u>1,417</u>	<u>-</u>	<u>202</u>
Fund balances, June 30	<u>\$ 1,325</u>	<u>\$ 1,325</u>	<u>\$ 1,726</u>	<u>\$ 401</u>	<u>\$ 1,417</u>

CITY OF HOUSTON, TEXAS
PARKS & RECREATION SPECIAL FUND - PARKS SPECIAL
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 182	\$ 182	\$ 176	\$ (6)	\$ 85
Charges for services	1,986	1,986	1,794	(192)	1,010
Income (Loss)	75	75	(88)	(163)	(25)
Other	442	442	898	456	496
Total revenues	<u>2,685</u>	<u>2,685</u>	<u>2,780</u>	<u>95</u>	<u>1,566</u>
Expenditures					
Current					
Parks and recreation	2,969	2,969	2,083	886	1,434
Capital outlay	<u>57</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>
Total expenditures	<u>3,026</u>	<u>2,969</u>	<u>2,083</u>	<u>886</u>	<u>1,450</u>
Other financing sources (uses)					
Transfers in	200	200	200	-	-
Transfers out	<u>-</u>	<u>(57)</u>	<u>(57)</u>	<u>-</u>	<u>(51)</u>
Total other financing sources (uses)	<u>200</u>	<u>143</u>	<u>143</u>	<u>-</u>	<u>(51)</u>
Change in fund balance	(141)	(141)	840	981	65
Fund balances, July 1	<u>1,457</u>	<u>1,457</u>	<u>1,457</u>	<u>-</u>	<u>1,392</u>
Fund balances, June 30	<u>\$ 1,316</u>	<u>\$ 1,316</u>	<u>\$ 2,297</u>	<u>\$ 981</u>	<u>\$ 1,457</u>

CITY OF HOUSTON, TEXAS
OTHER SPECIAL REVENUE FUND - CABLE TELEVISION
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022		Actual	Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts				
	Original	Final			
Revenues					
Charges for services	\$ -	\$ -	\$ 213	\$ 213	\$ -
Income (Loss)	\$ 65	\$ 65	\$ (147)	\$ (212)	\$ 12
Other	3,439	3,439	3,358	(81)	3,531
Total revenues	<u>3,504</u>	<u>3,504</u>	<u>3,424</u>	<u>(80)</u>	<u>3,543</u>
Expenditures					
Current					
General government	4,455	3,905	3,638	267	3,749
Capital outlay	-	550	44	506	78
Total expenditures	<u>4,455</u>	<u>4,455</u>	<u>3,682</u>	<u>773</u>	<u>3,827</u>
Other financing sources (uses)					
Transfers in	1,039	1,039	800	(239)	800
Total other financing sources (uses)	<u>1,039</u>	<u>1,039</u>	<u>800</u>	<u>(239)</u>	<u>800</u>
Change in fund balance	88	88	542	454	516
Fund balances, July 1	<u>5,216</u>	<u>5,216</u>	<u>5,216</u>	<u>-</u>	<u>4,700</u>
Fund balances, June 30	<u>\$ 5,304</u>	<u>\$ 5,304</u>	<u>\$ 5,758</u>	<u>\$ 454</u>	<u>\$ 5,216</u>

CITY OF HOUSTON, TEXAS
OTHER SPECIAL REVENUE FUND - CONTRACTORS RESPONSIBILITY
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	<u>2022</u>		<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>	<u>2021 Actual</u>
	<u>Budget Amounts</u>				
	<u>Original</u>	<u>Final</u>			
Revenues					
Income (Loss)	\$ 52	\$ 52	\$ (38)	\$ (90)	\$ (1)
Other	601	601	962	361	677
Total revenues	<u>653</u>	<u>653</u>	<u>924</u>	<u>271</u>	<u>676</u>
Expenditures					
Current					
General government	624	624	364	260	438
Total expenditures	<u>624</u>	<u>624</u>	<u>364</u>	<u>260</u>	<u>438</u>
Other financing sources (uses)					
Transfers out	(630)	(1,130)	(1,130)	-	(630)
Total other financing sources (uses)	<u>(630)</u>	<u>(1,130)</u>	<u>(1,130)</u>	<u>-</u>	<u>(630)</u>
Change in fund balance	(601)	(1,101)	(570)	531	(392)
Fund balances, July 1	<u>1,946</u>	<u>1,946</u>	<u>1,946</u>	<u>-</u>	<u>2,338</u>
Fund balances, June 30	<u>\$ 1,345</u>	<u>\$ 845</u>	<u>\$ 1,376</u>	<u>\$ 531</u>	<u>\$ 1,946</u>

CITY OF HOUSTON, TEXAS
OTHER SPECIAL REVENUE FUND - HOUSTON TRANSTAR
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

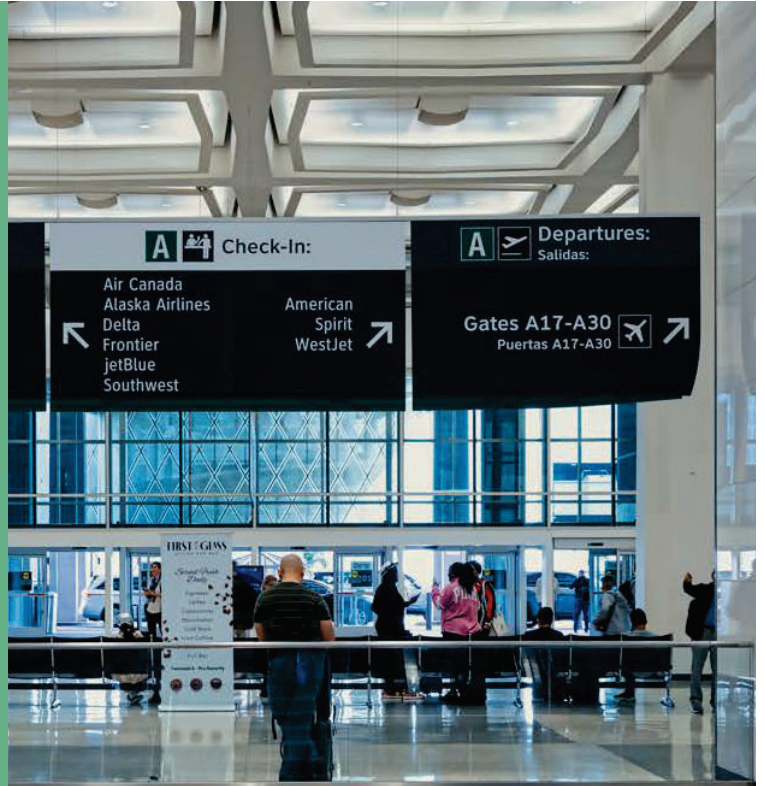
	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Charges for services	\$ 899	\$ 899	\$ 899	\$ -	\$ 934
Intergovernmental - grants	2,087	2,087	1,584	(503)	2,158
Income (Loss)	25	25	(103)	(128)	13
Other	-	-	2	2	-
Total revenues	<u>3,011</u>	<u>3,011</u>	<u>2,382</u>	<u>(629)</u>	<u>3,105</u>
Expenditures					
Current					
General government	3,246	3,246	2,299	947	2,431
Capital outlay	-	-	91	(91)	52
Total expenditures	<u>3,246</u>	<u>3,246</u>	<u>2,390</u>	<u>856</u>	<u>2,483</u>
Other financing sources (uses)					
Sale of capital assets	-	-	-	-	3
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
Change in fund balance	(235)	(235)	(8)	227	625
Fund balances, July 1	<u>3,852</u>	<u>3,852</u>	<u>3,852</u>	<u>-</u>	<u>3,227</u>
Fund balances, June 30	<u>\$ 3,617</u>	<u>\$ 3,617</u>	<u>\$ 3,844</u>	<u>\$ 227</u>	<u>\$ 3,852</u>

CITY OF HOUSTON, TEXAS
OTHER SPECIAL REVENUE FUND - PARK HOUSTON
(formerly PARKING MANAGEMENT SPECIAL REVENUE FUND)
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	2022			Variance with Final Budget- Pos (Neg)	2021 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Taxes and assessments					
Parking Violations	\$ 8,180	\$ 8,180	\$ 9,413	\$ 1,233	\$ 9,195
Parking Fees	8,839	8,839	8,491	(348)	5,807
Permit Fees	268	268	244	(24)	229
Income (Loss)	68	68	(205)	(273)	(1)
Other	2	2	34	32	381
Total revenues	<u>17,357</u>	<u>17,357</u>	<u>17,977</u>	<u>620</u>	<u>15,611</u>
Expenditures					
Current					
General government	12,905	12,905	11,744	1,161	10,215
Capital outlay	240	240	-	240	-
Total expenditures	<u>13,145</u>	<u>13,145</u>	<u>11,744</u>	<u>1,401</u>	<u>10,215</u>
Other financing sources (uses)					
Transfers out	(4,736)	(4,736)	(6,395)	1,659	(3,798)
Total other financing sources (uses)	<u>(4,736)</u>	<u>(4,736)</u>	<u>(6,395)</u>	<u>1,659</u>	<u>(3,798)</u>
Change in fund balance	(524)	(524)	(162)	362	1,598
Fund balances, July 1	<u>2,146</u>	<u>2,146</u>	<u>2,146</u>	<u>-</u>	<u>548</u>
Fund balances, June 30	<u>\$ 1,622</u>	<u>\$ 1,622</u>	<u>\$ 1,984</u>	<u>\$ 362</u>	<u>\$ 2,146</u>

CITY OF HOUSTON, TEXAS

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Houston Airport System

ENTERPRISE FUNDS



Enterprise Funds:

Prior to the COVID-19 pandemic, the Houston Airport System (HAS) serviced more than 60 million travelers per year. While HAS has yet to fully recover from traveler losses seen at the height of COVID, Houston remains a gateway to the world because of HAS' accessibility. Collectively, HAS forms one of North America's largest public airport systems and position Houston as the international passenger and cargo gateway to the south-central United States and a primary gateway to Latin America.

The Greater Houston region's three airports - George Bush Intercontinental Airport (IAH), William P. Hobby Airport (HOU), and Ellington Airport (EFD) - service more than 30 passenger airlines and nearly 300 domestic and international destinations. Looking beyond the skies, Ellington Airport is also home to the Houston Spaceport, a focal point for aerospace innovations and the 10th commercially licensed spaceport in the nation.

Enterprise Funds

Enterprise funds are established to account for City operations that are financed and operated in a manner similar to private business enterprises where the cost of providing goods or services to the general public is financed primarily through user charges.

Airport System — This fund is used to account for the operations of the City's Airport System. The system is comprised of George Bush Intercontinental Airport, William P. Hobby Airport and Ellington Airport.

Convention and Entertainment Facilities — This fund is used to account for the managements of the City's major convention and entertainment centers, as well as parking facilities and selected downtown parks. These centers include George R. Brown Convention Center, Jones Hall, Wortham Theater Center, Bayou Places, Hobby Center, Talento Bilingue de Houston, and Miller Outdoor Theater. The parking facilities include the Theater District Parking Garage, the Convention District Garages and various surface lots. Downtown parks include Sesquicentennial Park, Jones Plaza, Root Memorial Square, and Sabine Promenade.

Combined Utility System — This fund is used to account for the production and transmission of water and the treatment of wastewater for City residents and businesses as well as for other governmental entities located in the Houston area.

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statements of Net Position
June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 206,842	\$ 275,677
Investments	142,190	10,260
Receivables, net of allowances		
Accounts receivable	4,841	55,708
Due from other funds	695	1,523
Due from other governments	90,504	31,934
Inventory	2,563	2,079
Prepaid items	6,975	5,705
Lease receivable	13,859	15,687
Restricted assets		
Cash and cash equivalents	175,229	260,168
Investments	86,238	7,783
Restricted accounts receivable	10,089	15,415
Total current assets	<u>740,025</u>	<u>681,939</u>
Noncurrent Assets		
Investments	6,645	6,084
Prepaid items	160	173
Lease receivable	246,716	260,575
Lease right-of-use assets, net of accumulated amortization	107	235
Restricted assets		
Investments	1,238,485	1,175,761
Total noncurrent assets	<u>1,492,113</u>	<u>1,442,828</u>
Capital assets		
Land	216,039	216,100
Buildings	3,109,559	3,036,287
Improvements and equipment	2,023,101	1,968,479
Construction in progress	556,914	409,680
Intangibles	21,010	23,030
Infrastructure	558,286	553,970
Less accumulated depreciation	<u>(3,618,269)</u>	<u>(3,462,330)</u>
Net capital assets	<u>2,866,640</u>	<u>2,745,216</u>
Total noncurrent assets	<u>4,358,753</u>	<u>4,188,044</u>
Total assets	<u>5,098,778</u>	<u>4,869,983</u>
Deferred Outflows of Resources		
Unamortized costs on refunded debt	21,823	22,218
Deferred outflows on pension liability	2,083	2
Deferred outflow on OPEB liability	10,159	9,120
Total Deferred Outflows of Resources	<u>34,065</u>	<u>31,340</u>

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statements of Net Position
June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	<u>2022</u>	<u>2021</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 11,728	\$ 10,383
Accrued payroll liabilities	4,580	4,161
Accrued interest payable	44,118	41,334
Contracts and retainages payable	89,933	67,161
Due to other funds	1,466	99
Due to other governments	1,846	1,846
Notes payable	1,193	1,068
Advances and deposits	2,790	2,320
Lease liabilities	77	128
Claims and judgments	1,181	903
Compensated absences	6,820	5,477
Special facility bonds payable	8,165	7,505
Other liabilities	1,328	1,947
Revenue bonds payable	77,700	75,580
Unearned revenue	32,719	8,278
Total current liabilities	<u>285,644</u>	<u>228,190</u>
Noncurrent liabilities		
Revenue bonds payable, net	2,253,712	2,346,426
Special facility bonds payable	52,515	60,680
Claims and judgments	1,043	2,174
Compensated absences	7,460	8,541
Commercial paper	185,000	20,000
Lease liabilities	34	111
Net pension liability	165,413	161,545
Notes payable	14,800	13,353
Other post employment benefits	70,922	83,494
Pension obligation bonds payable	2,006	2,006
Total noncurrent liabilities	<u>2,752,905</u>	<u>2,698,330</u>
Total liabilities	<u>3,038,549</u>	<u>2,926,520</u>
Deferred Inflows of Resources		
Deferred inflows on pension liability	38,282	56,331
Deferred inflows on OPEB liability	11,782	16,208
Deferred inflows from leases	246,505	268,881
Total Deferred Inflows of Resources	<u>296,569</u>	<u>341,420</u>
Net position		
Net investment in capital assets	507,167	495,497
Restricted net position		
Restricted for debt service	412,293	384,267
Restricted for renewal and replacement	10,000	10,000
Restricted for maintenance and operations	55,332	54,232
Restricted for special facility	50,953	52,362
Restricted for capital improvements	681,093	627,464
Unrestricted (deficit)	80,887	9,561
Total net position	<u>\$ 1,797,725</u>	<u>\$ 1,633,383</u>

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	<u>2022</u>	<u>2021</u>
Operating Revenues		
Landing area fees	\$ 94,253	\$ 70,578
Rentals, building and ground areas	192,029	155,598
Parking	98,418	43,815
Concession	88,817	42,093
Other	7,657	6,471
Total operating revenue	<u>481,174</u>	<u>318,555</u>
Operating Expenses		
Maintenance and operating	316,001	318,568
Depreciation and amortization	166,792	170,820
Total operating expenses	<u>482,793</u>	<u>489,388</u>
Operating income (loss)	<u>(1,619)</u>	<u>(170,833)</u>
Nonoperating revenues (expenses)		
Investment (loss) income	(47,109)	1,523
Customer facility charges	13,723	8,769
Special facility cost	(128)	(75)
Other revenues (expenses)	10,660	11,078
Gain / Loss on disposal of assets	(8,594)	(27,601)
Passenger facility charges	98,446	62,541
Interest expense	(76,705)	(62,107)
CARES Act/CRRSAA/ARPA grants	134,621	187,369
Cost of issuance for debt	-	(6,020)
Total Nonoperating revenues (expenses)	<u>124,914</u>	<u>175,477</u>
Income before contributions and transfers	<u>123,295</u>	<u>4,644</u>
Capital contributions	<u>41,047</u>	<u>24,757</u>
Change in net position	164,342	29,401
Total net position, July 1	<u>1,633,383</u>	<u>1,603,982</u>
Total net position, June 30	<u>\$ 1,797,725</u>	<u>\$ 1,633,383</u>

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statements of Cash Flows
June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Receipts from customers	\$ 552,383	\$ 327,039
Payments to employees	(113,985)	(106,283)
Payments to suppliers	(165,416)	(168,061)
Internal activity-payments to other funds	(69,895)	(69,604)
Other receipts	7,657	6,470
Net cash provided by (used in) operating activities	<u>210,744</u>	<u>(10,439)</u>
Cash flows from investing activities		
Interest income on investments	12,625	15,388
Purchase of investments	(3,029,491)	(2,233,546)
Sales of investments	2,696,088	2,066,830
Net cash used in capital and related financing activities	<u>(320,778)</u>	<u>(151,328)</u>
Cash flows from noncapital financing activities		
CARES Act/CRRSAA/ARPA grants	57,097	180,867
Net cash provided by noncapital financing activities	<u>57,097</u>	<u>180,867</u>
Cash flows from capital and related financing activities		
Retirement of revenue bonds	(75,580)	(795,780)
Lease liabilities	(128)	(192)
Retirement of special facility bonds	(7,505)	(6,240)
Proceeds from SECO Loan	1,572	14,097
Proceeds from issuance of commercial paper	165,000	383,800
Interest expense on debt	(88,539)	(99,233)
Other income items	-	11,078
Passenger facilities charges	103,850	50,319
Customer facilities charges	13,645	8,191
Proceeds from issuance of revenue bonds	-	1,216,043
Grant receipts	60,885	4,197
Special facility cost	(128)	(75)
Acquisition of property, plant and equipment	(273,909)	(174,533)
Retirement of commercial paper	-	(496,773)
Cost of issuance expense for revenue bonds	-	(6,020)
Net cash (used in) provided by capital and related financing activities	<u>(100,837)</u>	<u>108,879</u>
Net (decrease) increase in cash and cash equivalents	(153,774)	127,979
Cash and cash equivalents, July 1	535,845	407,866
Cash and cash equivalents, June 30	<u>\$ 382,071</u>	<u>\$ 535,845</u>
Cash and cash equivalents		
Pooled cash and cash equivalents (Note 3A)	206,842	275,677
Current restricted cash and cash equivalents (Note 3A)	175,229	260,168
Total cash and cash equivalents, June 30	<u>\$ 382,071</u>	<u>\$ 535,845</u>
Reconciliation of operating income (loss) to net cash provided (used in) operating activities		
Operating income (loss)	\$ (1,619)	\$ (170,833)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization	166,792	170,820
Other post employment benefits	(18,037)	(6,623)
Changes in assets and liabilities		
Accounts receivable	50,868	19,794
Due from other funds	828	223
Inventory and prepaid insurance	(1,745)	(600)
Lease receivable	25,463	(11,649)
Accounts payable	1,345	(1,808)
Accrued payroll liabilities	419	610
Due to other funds	1,367	(548)
Advances and deposits	470	685
Claims and judgments - workers' compensation	(852)	1,555
Compensated absences	261	725
Other current liabilities	23,820	841
Pension Obligation payable	(16,261)	(17,899)
Deferred inflow - leases	(22,375)	4,268
Net cash provided by (used in) operating activities	<u>210,744</u>	<u>(10,439)</u>
Non cash transactions		
Bond amortization expense	\$ (15,014)	\$ (15,948)
Capital additions included in liabilities	(51,712)	(67,161)
Capitalized interest expense	-	10,248
Unrealized gain and (loss) on investments	(59,734)	(13,865)
Loss on disposal of assets	(8,594)	(27,601)
Total non cash transactions	<u>\$ (135,054)</u>	<u>\$ (114,327)</u>

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Net Position
June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 15,952	\$ 24,258
Investments	44,031	31,054
Receivables, net of allowances		
Accounts receivable	13	13
Hotel occupancy tax receivable	22,431	17,484
Due from component units	35,326	45,431
Lease asset receivable	1,431	1,407
Total current assets	<u>119,184</u>	<u>119,647</u>
Noncurrent Assets		
Investments	34,988	36,136
Due from component units	285,839	305,957
Lease receivable	5,245	6,675
Total noncurrent restricted assets	<u>326,072</u>	<u>348,768</u>
Capital assets		
Land	93,860	93,860
Buildings	566,149	566,149
Improvements and equipment	8,409	8,409
Infrastructure	334	334
Garage rights	13,144	13,144
Less accumulated depreciation and amortization	(342,846)	(329,998)
Net capital assets	<u>339,050</u>	<u>351,898</u>
Total noncurrent assets	<u>665,122</u>	<u>700,666</u>
Total assets	<u>784,306</u>	<u>820,313</u>
Deferred Outflows of Resources		
Deferred outflow on pension liability	58	-
Deferred outflow on OPEB liability	1,219	981
Deferred outflow for unamortized cost on refunded debt	155	168
Total deferred outflows of resources	<u>\$ 1,432</u>	<u>\$ 1,149</u>

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Net Position
June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	2022	2021
Liabilities		
Current Liabilities		
Accounts payable	\$ 65	\$ 3
Accrued interest payable	5,032	5,270
Due to component units	31,816	30,654
Cost of issuance payable	515	79
Pension obligation bonds payable	210	185
Revenue bonds payable	26,461	22,058
Total current liabilities	64,099	58,249
Noncurrent liabilities		
Revenue bonds payable	580,924	612,390
Compensated absences	-	-
Net pension liability	4,829	4,719
Other post employment benefits	8,368	9,149
Unearned revenue	5,442	5,728
Pension obligation bonds payable	2,789	3,009
Total noncurrent liabilities	602,352	634,995
Total liabilities	666,451	693,244
Deferred Inflows of Resources		
Deferred inflows on pension liability	1,118	1,646
Deferred inflows for unamortized cost on refunded debt	8,604	6,232
Deferred inflows on OPEB liability	1,377	1,786
Deferred inflows for leases	6,503	7,948
Total deferred inflows of resources	17,602	17,612
Net Position		
Net investment in capital assets	26,281	31,208
Restricted net position		
Restricted for debt service	34,988	36,136
Restricted for maintenance and operations	17,333	11,756
Unrestricted	23,083	31,506
Total net position	\$ 101,685	\$ 110,606

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	2022	2021
Operating Revenues		
Parking	\$ 6,836	\$ 4,651
Rental	1,521	1,449
Total operating revenue	8,357	6,100
Operating Expenses		
Maintenance and operating	69,298	30,441
Depreciation and amortization	12,848	13,418
Total operating expenses	82,146	43,859
Operating loss	(73,789)	(37,759)
Nonoperating revenue (expenses)		
Investment income	7,979	9,083
Hotel occupancy tax	82,505	47,449
Other revenue	324	431
Loss on disposal of assets	-	(5,753)
Interest on long-term debt	(24,063)	(25,475)
Cost of issuance for debt	(356)	-
Total nonoperating revenues (expenses)	66,389	25,735
Income before contributions and transfers	(7,400)	(12,024)
Transfers out	(1,521)	(1,449)
Total transfers	(1,521)	(1,449)
Change in net position	(8,921)	(13,473)
Total net position, July 1	110,606	124,079
Total net position, June 30	\$ 101,685	\$ 110,606

**CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Cash Flows
For the Year Ended June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Receipts from customers	\$ 8,357	\$ 6,102
Payments to employees	(1,428)	(767)
Payments to suppliers	(55)	(88)
Payments to Houston First (Component Units)	(69,687)	(20,963)
Other revenues	1,191	-
Receipts from component units	<u>30,223</u>	<u>20,203</u>
Net cash (used in) provided by operating activities	<u>(31,399)</u>	<u>4,487</u>
Cash flows from investing activities		
Interest income on investments	11,102	12,206
Purchase of investments	(125,280)	(119,876)
Proceeds from sale of investments	<u>110,328</u>	<u>117,460</u>
Net cash (used in) provided by investing activities	<u>(3,850)</u>	<u>9,790</u>
Cash flows from capital and related financing activities		
Retirement of revenue bonds	(53,892)	(24,513)
Proceeds from issuance of revenue bonds	37,284	7,001
Cost of issuance on debt	80	1
Interest expense on debt	(32,371)	(27,291)
Proceeds from disposition of assets	-	2
Net cash used in capital and related financing activities	<u>(48,899)</u>	<u>(44,800)</u>
Cash flows from noncapital financing activities		
Retirement of pension bonds	(195)	(185)
Transfers	(1,521)	(1,449)
Hotel occupancy tax revenue	<u>77,558</u>	<u>35,663</u>
Net cash provided by noncapital financing activities	<u>75,842</u>	<u>34,029</u>
Net (decrease) increase in cash and cash equivalents	(8,306)	3,506
Cash and cash equivalents, July 1	<u>24,258</u>	<u>20,752</u>
Cash and cash equivalents, June 30	<u>\$ 15,952</u>	<u>\$ 24,258</u>
Cash and cash equivalents		
Pooled cash and cash equivalents (Note 3A)	\$ 15,592	\$ 24,258
Non-pooled cash and cash equivalents (Note 3A)	-	-
Total cash and cash equivalents, June 30	<u>\$ 15,592</u>	<u>\$ 24,258</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (73,789)	\$ (37,759)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Depreciation and amortization	12,848	13,418
Changes in assets and liabilities		
Accounts receivable and prepaids	-	2
Due from component unit	30,223	20,203
Accounts payable	62	3
Lease receivable	1,735	1,736
Due to component unit	1,162	2,097
Compensated absences	-	(547)
Unearned revenue	(291)	(292)
Pension related payable and deferred amounts	(476)	(673)
Other post employment benefits and deferred amounts	(1,428)	7,743
Deferred inflow - leases	<u>(1,445)</u>	<u>(1,444)</u>
Net cash (used in) provided by operating activities	<u>\$ (31,399)</u>	<u>\$ 4,487</u>
Non cash transactions		
Loss on disposal of assets	\$ -	\$ (5,753)
Unrealized loss on investments	\$ (3,123)	\$ (878)
Amortization of premium and discount	\$ (10,455)	\$ (927)

**CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Net Position
June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)**

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 333,406	\$ 598,469
Investments	1,485,175	1,339,281
Receivables, net of allowances		
Accounts receivable	252,749	170,969
Special assessments receivable	93	93
Due from other funds	2,665	368
Due from other governments	7,242	7,242
Inventory	14,028	12,591
Prepaid items	6,761	6,363
Restricted assets		
Cash and cash equivalents	37	37
Total current assets	2,102,156	2,135,413
Noncurrent Assets		
Investments	63,289	64,959
Prepays	2,557	2,677
Due from other governments	600,972	572,733
Amounts held by other governments	13,064	12,070
Lease right-of-use assets, net of accumulated amortization	12	27
Total noncurrent assets	679,894	652,466
Capital assets		
Land	183,194	190,261
Buildings	190,197	175,238
Improvements and equipment	197,080	193,838
Infrastructure	11,966,989	11,669,779
Construction in progress	2,224,622	1,826,333
Rights and intangibles	846,510	847,495
Less accumulated depreciation and amortization	(6,618,925)	(6,373,973)
Net capital assets	8,989,667	8,528,971
Total noncurrent assets	9,669,561	9,181,437
Total assets	11,771,717	11,316,850
Deferred outflows of resources		
Deferred outflow on pension liability	3,443	3
Deferred outflow on OPEB liability	26,083	23,265
SWAP liability/unamortized cost on refunded debt	257,714	360,959
Total deferred outflows of resources	287,240	384,227

**CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Net Position
June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)**

	2022	2021
Liabilities		
Current Liabilities		
Accounts payable	\$ 233,321	\$ 214,844
Accrued payroll liabilities	8,451	7,518
Accrued interest payable	33,400	34,617
Contracts payable	8,866	8,581
Due to other funds	31,203	36,651
Due to other governments	3,295	1,182
Advances and deposits	59,439	53,650
Pension obligation bonds payable ST	3,625	3,369
Claims and judgments	1,818	2,669
Compensated absences	12,145	10,286
Arbitrage rebate	378	2,818
Bonds payable	283,924	264,667
Lease liability	12	15
Total current liabilities	679,877	640,867
Noncurrent liabilities		
Accrued interest payable	56,402	49,398
Bonds payable	7,139,944	7,329,037
Claims and judgments	5,016	1,525
Compensated absences	9,415	10,497
Contracts payable	416,529	441,265
Due to other governments	9,369	8,228
Arbitrage rebate	548	2,883
Lease liability	-	12
Net pension liability	284,899	281,091
Other post employment benefits	184,167	213,959
SWAP liability	124,651	214,123
Unearned revenue	485,585	695,482
Pension obligation bonds payable	85,308	88,933
Total noncurrent liabilities	8,801,833	9,336,433
Total liabilities	9,481,710	9,977,300
Deferred inflows of resources		
Deferred inflows on pension liability	68,619	98,017
Deferred inflows on OPEB liability	30,517	41,592
Total deferred inflows of resources	99,136	139,609
Net Position		
Net investment in capital assets	1,601,742	978,565
Restricted net position		
Restricted for maintenance and operations	91,281	91,195
Restricted for debt service	71,968	71,968
Restricted for capital improvements	15,658	14,784
Unrestricted	697,462	427,656
Total net position	\$ 2,478,111	\$ 1,584,168

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

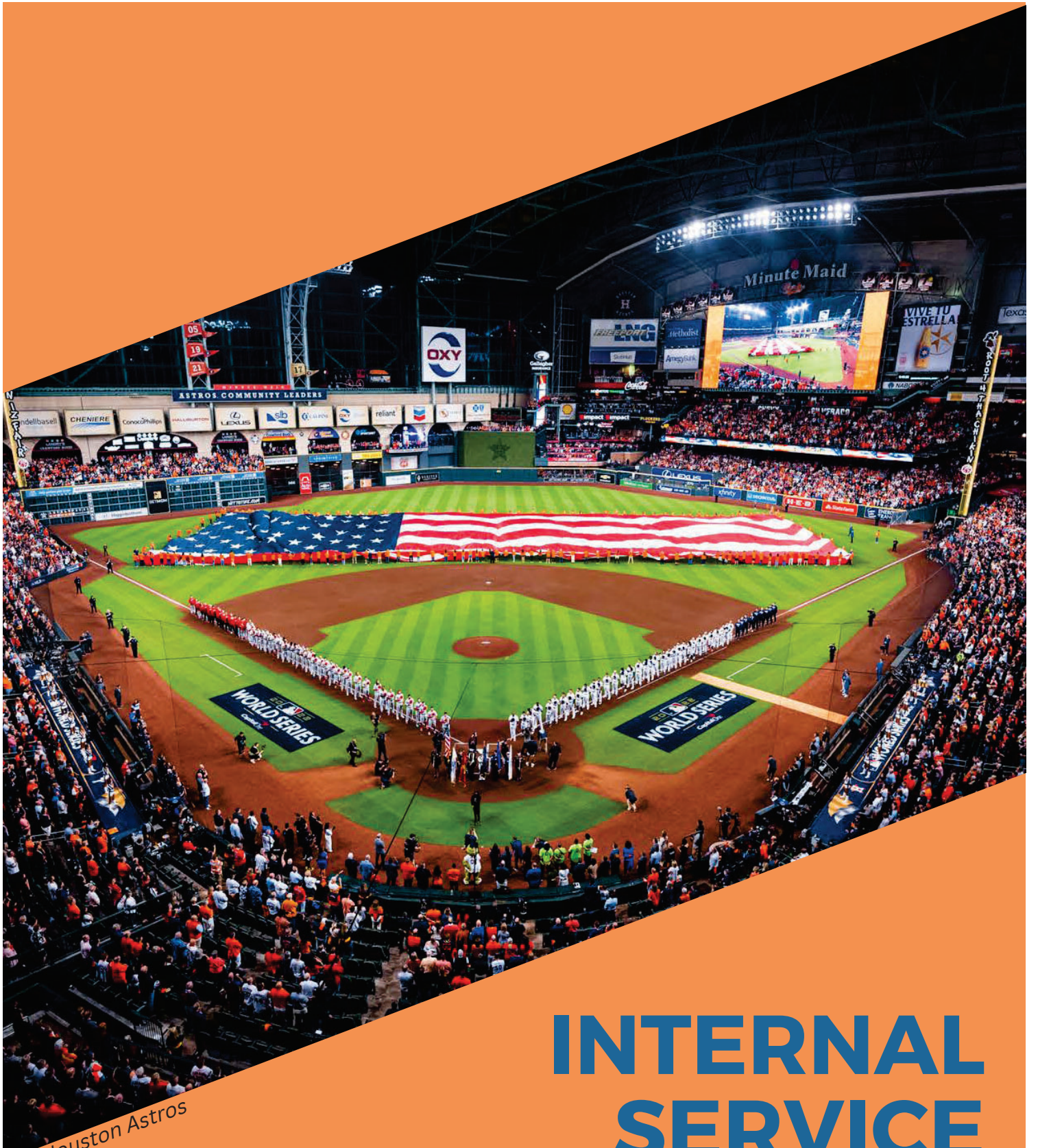
	<u>2022</u>	<u>2021</u>
Operating Revenues		
Water/Sewer billing	\$ 1,307,513	\$ 1,092,740
Total operating revenue	<u>1,307,513</u>	<u>1,092,740</u>
Operating Expenses		
Maintenance and operating	463,364	529,971
Depreciation and amortization	<u>282,839</u>	<u>273,747</u>
Total operating expenses	<u>746,203</u>	<u>803,718</u>
Operating income	<u>561,310</u>	<u>289,022</u>
Nonoperating revenue (expenses)		
Investment (loss) income	(50,712)	3,310
Other revenue	138,428	51,862
Gain (loss) on disposal of assets	3,196	(1,970)
Interest expense	(254,149)	(239,067)
Cost of issuance of debt	(3,758)	(3,502)
Contributions in	11,196	34,559
Total nonoperating revenues (expenses)	<u>(155,799)</u>	<u>(154,808)</u>
Income before contributions and transfers	<u>405,511</u>	<u>134,214</u>
Capital contributions	<u>546,307</u>	<u>408,344</u>
Transfers out	<u>(57,875)</u>	<u>(61,984)</u>
Total transfers	<u>(57,875)</u>	<u>(61,984)</u>
Change in net position	893,943	480,574
Beginning position, July 1	<u>1,584,168</u>	<u>1,103,594</u>
Total net position, June 30	<u>\$ 2,478,111</u>	<u>\$ 1,584,168</u>

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Cash Flows
For the Year Ended June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Receipts from customers	\$ 1,098,425	\$ 1,120,175
Payments to employees	(201,778)	(196,170)
Payments to suppliers	(230,103)	(254,927)
Internal activity-payments to other funds	(89,015)	(21,284)
Claims paid	43,188	(2,190)
Other receipts	86,651	51,845
Receipts from other governments	1,934	58
Net cash provided by operating activities	<u>709,302</u>	<u>697,507</u>
Cash flows from investing activities		
Interest income on investments	13,274	3,310
Purchases of investments	(3,239,326)	(3,397,479)
Sales of investments	3,031,117	3,452,148
Net cash (used in) provided by investing activities	<u>(194,935)</u>	<u>57,979</u>
Cash flows from capital and related financing activities		
Retirement of revenue bonds	(247,845)	(221,985)
Retirement of commercial paper	-	(590,000)
Refunding of revenue bonds	-	(401,935)
Retirement of contracts payable	(8,580)	(8,312)
Proceeds from issuance of revenue bonds	130,000	1,224,579
Proceeds from issuance of commercial paper	-	315,000
Retirement of junior lien bonds	(15,480)	(22,405)
Interest expense on debt	(258,985)	(288,767)
Cost of issuance for debt	(3,758)	(4,811)
Proceeds from disposition of assets	5,824	1,901
Retirement of subordinate lien bonds	(12,475)	(11,215)
Proceeds of subordinate lien bonds	-	38,000
Capital contributions from other local governments	443,449	331,504
Acquisition of property, plant and equipment	(745,564)	(933,040)
Net cash used for capital and related financing activities	<u>(713,414)</u>	<u>(571,486)</u>
Cash flows from noncapital financing activities		
Proceeds from interfund receivable	-	2,005
Interest expense on pension obligation bonds	(4,771)	(4,959)
Retirement of pension bonds	(3,369)	(3,126)
Retirement of interfund payable	-	(1,003)
Transfers to debt service fund	(4,899)	(5,049)
Transfers to other funds	(52,977)	(56,935)
Net cash used in noncapital financing activities	<u>(66,016)</u>	<u>(69,067)</u>
Net (decrease) increase in cash and cash equivalents	(265,063)	114,933
Cash and cash equivalents, July 1	598,506	483,573
Cash and cash equivalents, June 30	<u>\$ 333,443</u>	<u>\$ 598,506</u>
Cash and cash equivalents:		
Pooled cash and cash equivalents (Note 3A)	\$ 333,406	\$ 598,469
Non-pooled cash and cash equivalents (Note 3A)	37	37
Total cash and cash equivalents, June 30	<u>\$ 333,443</u>	<u>\$ 598,506</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 561,310	\$ 289,022
Depreciation and amortization	282,839	273,747
Other post employment benefits	(43,685)	33,143
Other revenues and expense	132,642	51,845
Receipts from other governments	1,934	58
Changes in assets and liabilities		
Accounts receivable	(81,780)	2,411
Due from other funds	(2,297)	9,150
Due from other governments	(1,167)	(832)
Inventory & prepaid insurance	(1,835)	(1,629)
Accounts payable	17,811	(8,624)
Accrued payroll liabilities	933	729
Due to other funds	(5,448)	16,088
Advances and deposits	5,789	7,094
Claims and judgments-workers' compensation	2,640	1,492
Compensated absences	777	496
Pension obligation payable	(29,029)	4,241
Other long-term liabilities	(132,132)	19,076
Net cash provided by operating activities	<u>\$ 709,302</u>	<u>\$ 697,507</u>
Unrealized gain (loss) on investments	\$ (63,985)	\$ (19,475)
Amortization expense	(18,680)	(17,459)
Capital additions included in liabilities	(32,725)	(16,222)
CAB accretion interest	7,940	8,491
Donated capital	(7,431)	(15,817)
Capitalized interest	-	25,832
Gain (loss) on disposal of assets	3,196	(1,970)
Total non cash transactions	<u>\$ (111,685)</u>	<u>\$ (36,620)</u>

CITY OF HOUSTON, TEXAS

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The Houston Astros

INTERNAL SERVICE FUNDS



Internal Service Funds:

What began under as the Colt. 45s, Houston's baseball culture has blossomed under the Astros' progression. From the unofficial eighth wonder of the world, the Astros' move to Minute Maid Park was followed nearly two decades later by two historic championships. With World Series titles from 2017 and 2022, Astros games continue to be a popular destination for residents, visitors and fans alike.

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one city department to other city departments on a cost reimbursement basis.

Health Benefits — This fund is used to account for the costs incurred to provide City employees' health care and life insurance benefits.

Long-Term Disability — This fund is used to account for the costs incurred to provide City employees' long-term disability coverage.

CITY OF HOUSTON, TEXAS
INTERNAL SERVICE FUNDS
Combining Statement of Net Position
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	<u>Health Benefits</u>	<u>Long-term Disability</u>	<u>2022</u>	<u>2021</u>
Assets				
Current assets				
Cash and cash equivalents	\$ 10,866	\$ 1,482	\$ 12,348	\$ 25,380
Investments	58,022	6,874	64,896	52,784
Receivables, net of allowances				
Accounts receivable	1	-	1	3
Due from other funds	40	-	40	79
Due from other governments	11	-	11	30
Prepaid items	2	-	2	-
Total current assets	<u>68,942</u>	<u>8,356</u>	<u>77,298</u>	<u>78,276</u>
Noncurrent Assets				
Lease right-of-use asset	2,574	-	2,574	-
Less accumulated amortization	(386)	-	(386)	-
Lease right-of-use asset, net	<u>2,188</u>	<u>-</u>	<u>2,188</u>	<u>-</u>
Capital assets				
Buildings, improvements and equipment	963	-	963	963
Construction in progress	820	-	820	7
Total capital assets	<u>1,783</u>	<u>-</u>	<u>1,783</u>	<u>970</u>
Less accumulated depreciation	<u>(674)</u>	<u>-</u>	<u>(674)</u>	<u>(638)</u>
Net capital assets	<u>1,109</u>	<u>-</u>	<u>1,109</u>	<u>332</u>
Total noncurrent assets	<u>3,297</u>	<u>-</u>	<u>3,297</u>	<u>332</u>
Total Assets	<u>72,239</u>	<u>8,356</u>	<u>80,595</u>	<u>78,608</u>
Liabilities				
Current Liabilities				
Accounts payable	4,716	44	4,760	1,631
Accrued payroll liabilities	201	-	201	166
Due to other funds	124	-	124	39
Claims and judgments	28,319	-	28,319	34,587
Compensated absences	187	-	187	189
Unearned revenue	1,794	-	1,794	3,049
Total current liabilities	<u>35,341</u>	<u>44</u>	<u>35,385</u>	<u>39,661</u>
Noncurrent liabilities				
Lease liabilities	2,219	-	2,219	-
Claims and judgments	15,000	-	15,000	15,000
Compensated absences	-	-	-	112
Total noncurrent liabilities	<u>17,219</u>	<u>-</u>	<u>17,219</u>	<u>15,112</u>
Total liabilities	<u>52,560</u>	<u>44</u>	<u>52,604</u>	<u>54,773</u>
Net Position				
Net investment in capital assets	3,297	-	3,297	332
Unrestricted	16,382	8,312	24,694	23,503
Total net position	<u>\$ 19,679</u>	<u>\$ 8,312</u>	<u>\$ 27,991</u>	<u>\$ 23,835</u>

CITY OF HOUSTON, TEXAS
INTERNAL SERVICE FUNDS
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	<u>Health Benefits</u>	<u>Long-term Disability</u>	<u>2022</u>	<u>2021</u>
Operating Revenues				
Other	\$ 691	\$ -	\$ 691	\$ 1,357
Health benefit premiums	400,429	735	401,164	385,662
Total operating revenues	<u>401,120</u>	<u>735</u>	<u>401,855</u>	<u>387,019</u>
Operating Expenses				
Administrative costs	6,649	24	6,673	6,356
Claims costs	394,542	(6,086)	388,456	400,109
Depreciation and amortization	422	-	422	37
Total operating expenses	<u>401,613</u>	<u>(6,062)</u>	<u>395,551</u>	<u>406,502</u>
Operating income (loss)	<u>(493)</u>	<u>6,797</u>	<u>6,304</u>	<u>(19,483)</u>
Nonoperating revenues (expenses)				
Investment loss	(1,922)	(226)	(2,148)	(246)
Total nonoperating revenues (expenses)	<u>(1,922)</u>	<u>(226)</u>	<u>(2,148)</u>	<u>(246)</u>
Income (loss) before contributions and transfers	<u>(2,415)</u>	<u>6,571</u>	<u>4,156</u>	<u>(19,729)</u>
Change in net position	(2,415)	6,571	4,156	(19,729)
Total net position, July 1	<u>22,094</u>	<u>1,741</u>	<u>23,835</u>	<u>43,564</u>
Total net position, June 30	<u>\$ 19,679</u>	<u>\$ 8,312</u>	<u>\$ 27,991</u>	<u>\$ 23,835</u>

CITY OF HOUSTON, TEXAS
INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	Health Benefits	Long-term Disability	2022	2021
Cash flows from operating activities				
Receipts from customers	\$ 399,300	\$ 735	\$ 400,035	\$ 385,499
Payments to employees	(4,547)	(24)	(4,571)	(6,280)
Payments to suppliers	(557)	-	(557)	(424)
Internal activity-payments to other funds	(1,624)	-	(1,624)	(95)
Claims paid	(390,586)	(1,009)	(391,595)	(394,974)
Due from (to) other governments	19	-	19	(5)
Other receipts	691	-	691	1,356
Other payments	(2)	-	(2)	-
Net cash provided by (used in) operating activities	<u>2,694</u>	<u>(298)</u>	<u>2,396</u>	<u>(14,923)</u>
Cash flows from investing activities				
Interest income on investments	(1,922)	(226)	(2,148)	(246)
Purchase of investments	(108,267)	(14,290)	(122,557)	(131,272)
Proceeds from sale of investments	97,015	13,430	110,445	144,665
Net cash (used in) provided by investing activities	<u>(13,174)</u>	<u>(1,086)</u>	<u>(14,260)</u>	<u>13,147</u>
Cash flows from capital and related financing activities				
Lease liabilities	2,219	-	2,219	-
Acquisition of property, plant, and equipment	(3,387)	-	(3,387)	(7)
Net cash provided by (used in) capital and related financing activities	<u>(1,168)</u>	<u>-</u>	<u>(1,168)</u>	<u>(7)</u>
Net decrease in cash and cash equivalents	(11,648)	(1,384)	(13,032)	(1,783)
Cash and cash equivalents, July 1	22,514	2,866	25,380	27,163
Cash and cash equivalents, June 30	<u>\$ 10,866</u>	<u>\$ 1,482</u>	<u>\$ 12,348</u>	<u>\$ 25,380</u>
Cash and cash equivalents				
Pooled cash and cash equivalents (Note 3A)	<u>\$ 10,866</u>	<u>\$ 1,482</u>	<u>\$ 12,348</u>	<u>\$ 25,380</u>
Total cash and cash equivalents, June 30	<u>\$ 10,866</u>	<u>\$ 1,482</u>	<u>\$ 12,348</u>	<u>\$ 25,380</u>
Reconciliation of operating income to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (493)	\$ 6,797	\$ 6,304	\$ (19,483)
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	422	-	422	37
Accounts receivable	2	-	2	1
Prepaid Items	(2)	-	(2)	-
Due from other funds	39	-	39	(79)
Accounts payable	3,123	6	3,129	(461)
Accrued payroll liabilities	35	-	35	(3)
Due to other funds	85	-	85	13
Capital contributions from other local governments	-	-	-	(8)
Due from other governments	19	-	19	-
Claims and judgments	833	(7,101)	(6,268)	5,237
Compensated absences	(114)	-	(114)	(12)
Unearned revenue	(1,255)	-	(1,255)	(165)
Net cash provided by (used in) operating activities	<u>\$ 2,694</u>	<u>\$ (298)</u>	<u>\$ 2,396</u>	<u>\$ (14,923)</u>

FIDUCIARY FUNDS



Houston Dynamo



Houston Dash



Fiduciary Funds:

Established in 2005, Houston's soccer team, Houston Dynamo FC, have been Major League Soccer (MLS) Cup champions twice – both in 2006 and in 2007. On average, Houston Dynamo FC attracts nearly 16,000 fans per game, bringing the “world's sport” to the heart of Houston just East of Downtown.

Founded in 2013, Houston's professional women's soccer team, Houston Dash, has received two notable honors since its inception: the National Women's Soccer League (NWSL) Challenge Cup (2020) and Runners-Up for the NWSL Community Shield award (2020).

Fiduciary Funds (Pension Trust Fund)

Funds are used to account for assets held by a government unit as trustee, or agent, for individuals, private organizations, other governmental units, and/or other funds.

Pension trust funds are used to account for the operation of the employee pension retirement programs. The funds include: Houston Firefighters' Relief and Retirement, Houston Municipal Employees', and Police Officers' funds.

CITY OF HOUSTON, TEXAS
PENSION TRUST FUNDS
Combining Statement of Plan Net Position
June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

		Firefighters' Relief and Retirement Pension Trust Fund
Assets		
Cash and cash equivalents	\$	62,187
Investments		
Other fixed income securities		585,131
Commingled equity funds		-
Common and preferred stock		1,649,941
Real estate, partnerships and alternatives		2,548,070
Short-term investment funds		124,442
Invested securities lending collateral		38,946
Receivables, net of allowances		
Due from broker		-
Contributions		8,552
Accrued interest and dividends		3,511
Other receivable		114,997
Other assets		914
Land		483
Building		3,109
Lease right-of-use assets, net of accumulated amortization		-
Total assets	\$	5,140,283
Liabilities and plan net position		
Liabilities		
Accounts payable	\$	7,095
Securities lending collateral		38,946
Foreign funds contracts payable		-
Lease liabilities		-
Other liabilities		506
Total liabilities		46,547
Net position		
Restricted net position for Pension		5,093,736
Total net position	\$	5,093,736

Municipal Employees' Pension Trust Fund		Police Officers' Pension Trust Fund		2022	2021
\$	13,278	\$	441	\$ 75,906	\$ 17,779
	969,018		933,212	2,487,361	2,741,478
	2,263,020		-	2,263,020	2,295,280
	-		2,285,609	3,935,550	4,729,348
	525,532		2,809,366	5,882,968	5,070,099
	177,419		809,816	1,111,677	1,364,572
	35,555		237,338	311,839	226,943
	6,819		906	7,725	7,111
	14,099		2,693	25,344	24,217
	-		9,550	13,061	10,091
	4,912		1,669	121,578	4,347
	7,063		8,208	16,185	15,024
	-		5,322	5,805	5,805
	-		-	3,109	3,442
	-		438	438	-
<u>\$</u>	<u>4,016,715</u>	<u>\$</u>	<u>7,104,568</u>	<u>\$ 16,261,566</u>	<u>\$ 16,515,536</u>
\$	-	\$	4,480	\$ 11,575	\$ 19,803
	35,555		237,338	311,839	226,943
	12,413		-	12,413	311
	-		438	438	-
	7,298		324	8,128	7,379
	55,266		242,580	344,393	254,436
	3,961,449		6,861,988	15,917,173	16,261,100
<u>\$</u>	<u>3,961,449</u>	<u>\$</u>	<u>6,861,988</u>	<u>\$ 15,917,173</u>	<u>\$ 16,261,100</u>

CITY OF HOUSTON, TEXAS
PENSION TRUST FUNDS
Combining Statement of Changes in Plan Net Position
For the Year Ended June 30, 2022
(With comparative totals for 2021)
(amounts expressed in thousands)

	Firefighters' Relief and Retirement Pension Trust Fund
Additions:	
Contributions	
City of Houston	\$ 81,351
Members	30,942
Total Contributions	112,293
Investment income	
Interest	5,585
Net appreciation(depreciation) in fair value of investments	1,146
Dividends	1,214
Income on securities lending	202
Earnings from real estate, limited partnerships real estate investments, and other investments	415
Other income	100
Total investment and other income (loss)	8,662
Less - investment expense	(8,140)
Less - cost of securities lending	-
Total additions (reductions)	112,815
Deductions:	
Benefits paid to members	268,371
Refunds to members	2,228
Other	5,243
Total deductions	275,842
Net increase (decrease)	(163,027)
Net position restricted for pensions, beginning of year	5,256,763
Net position restricted for pensions, end of year	\$ 5,093,736

(Continued)

Municipal Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	2022	2021
\$ 197,340	\$ 152,375	\$ 431,066	\$ 413,351
32,655	50,028	113,625	112,947
<u>229,995</u>	<u>202,403</u>	<u>544,691</u>	<u>526,298</u>
11,170	29,855	46,610	52,304
151,508	(154,960)	(2,306)	4,070,746
29,788	43,663	74,665	59,175
162	-	364	195
4,828	-	5,243	28,548
466	-	566	509
<u>197,922</u>	<u>(81,442)</u>	<u>125,142</u>	<u>4,211,477</u>
(9,169)	(17,446)	(34,755)	(23,606)
(85)	351	266	160
<u>418,663</u>	<u>103,866</u>	<u>635,344</u>	<u>4,714,329</u>
328,007	372,282	968,660	993,032
1,133	2,645	6,006	5,260
5,737	4,202	15,182	12,132
<u>334,877</u>	<u>379,129</u>	<u>989,848</u>	<u>1,010,424</u>
83,786	(275,263)	(354,504)	3,703,905
<u>3,877,663</u>	<u>7,137,251</u>	<u>16,271,677</u>	<u>12,557,195</u>
<u>\$ 3,961,449</u>	<u>\$ 6,861,988</u>	<u>\$ 15,917,173</u>	<u>\$ 16,261,100</u>

CITY OF HOUSTON, TEXAS

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COMPONENT FUNDS

NASA - Johnson Space Center



Component Funds:

The National Aeronautics and Space Administration's (NASA) Johnson Space Center (JSC) has served as a hub of human spaceflight activity for more than half a century. It is home to the nation's astronaut corps, the International Space Station mission operations, the Orion Program, and a host of future space developments. The center plays a pivotal role in enhancing scientific and technological knowledge to benefit all of humankind.

Discretely Presented Component Units (Governmental-type)

Discretely Presented Component Units are legally separate organizations that the City of Houston must include as a part of its financial reporting entity for fair presentation. The City has twenty-eight (28) governmental non major component units which are divided into five (5) major categories.

Redevelopment – Local government corporations created by the City to redevelop blighted neighborhoods adjacent to Downtown Houston and other areas of the City.

Arts & Cultural – Non-profit organizations with a mission to enhance the city’s quality of life through advancing and investing in the arts, diverse cultural programming, library service, tourist and film projects.

Educational & Research – Non-profit organizations with a mission to coordinate and develop public and educational cable access activities within the City of Houston.

Houston BARC Foundation – A 501(c)(3) non-profit corporation with a mission to enhance the city’s quality of life through advancing and investing in the care and humane treatment of animals.

Houston Recovery Center LGC, Inc. – Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to provide management of the Houston Center for Sobriety.

CITY OF HOUSTON, TEXAS

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CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED NON MAJOR COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Net Position
June 30, 2022
(amounts expressed in thousands)

	Redevelopment Authorities	Arts & Cultural Authorities	Educational & Research Authorities	BARC Foundation	Recovery Center, LGC	Nonmajor Component Units
Assets						
Current Assets						
Cash	\$ 33,353	\$ 33,274	\$ 1,714	\$ 373	\$ 503	\$ 69,217
Equity in pooled cash and investments	155,149	3,084	17,429	-	-	175,662
Receivables, net of allowances						
Accounts receivable	473	21,254	-	6	-	21,733
Property taxes receivable, net	11,066	-	-	-	-	11,066
Special assessments receivable	26	-	-	-	-	26
Accrued interest and other	-	-	1,358	-	-	1,358
Due from primary government	-	3,022	-	-	-	3,022
Due from other governments	-	-	-	-	384	384
Prepaid items	1,307	885	-	-	105	2,297
Restricted assets						
Investments	9,712	3,317	-	-	-	13,029
Other receivables	17	155	-	-	10	182
Total current assets	<u>211,103</u>	<u>64,991</u>	<u>20,501</u>	<u>379</u>	<u>1,002</u>	<u>297,976</u>
Noncurrent Assets						
Restricted assets						
Investments	-	105	-	-	-	105
Total noncurrent assets	<u>-</u>	<u>105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105</u>
Other assets, net of depreciation						
Other long-term receivables	-	84	-	-	-	84
Total other assets	<u>-</u>	<u>84</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84</u>
Capital assets						
Land	7,222	73,192	-	-	-	80,414
Buildings, improvements and equipment	1,212	8,159	-	-	747	10,118
Construction in progress	11,928	26,834	-	-	-	38,762
Less accumulated depreciation and amortization	(866)	(4,615)	-	-	(199)	(5,680)
Total capital assets	<u>19,496</u>	<u>103,570</u>	<u>-</u>	<u>-</u>	<u>548</u>	<u>123,614</u>
Total assets	<u>230,599</u>	<u>168,750</u>	<u>20,501</u>	<u>379</u>	<u>1,550</u>	<u>421,779</u>
Liabilities						
Current Liabilities						
Accounts payable	8,277	4,099	62	1	55	12,494
Accrued payroll liabilities	-	-	27	-	173	200
Accrued interest payable	1,053	-	-	-	-	1,053
Contracts and retainages payable	558	252	-	-	-	810
Notes payable	4,760	-	-	-	-	4,760
Lease payable - current	-	192	-	-	89	281
Due to other governments	-	13,565	-	-	-	13,565
Advances and deposits	379	-	525	-	-	904
Deferred Revenue	26	15,903	-	-	-	15,929
Current liabilities payable from restricted assets						
Bonds payable	2,195	-	-	-	-	2,195
Due to component units	-	113	-	-	-	113
Total current liabilities	<u>17,248</u>	<u>34,124</u>	<u>614</u>	<u>1</u>	<u>317</u>	<u>52,304</u>
Noncurrent liabilities						
Notes payable	53,764	-	-	-	-	53,764
Bonds payable	89,892	-	-	-	-	89,892
Other long-term liabilities	-	1,069	-	-	353	1,422
Total Noncurrent liabilities	<u>143,656</u>	<u>1,069</u>	<u>-</u>	<u>-</u>	<u>353</u>	<u>145,078</u>
Total liabilities	<u>160,904</u>	<u>35,193</u>	<u>614</u>	<u>1</u>	<u>670</u>	<u>197,382</u>
Net position						
Net investment in capital assets	13,191	101,270	-	-	106	114,567
Restricted net position						
Restricted for debt service	3,047	-	-	-	-	3,047
Restricted for maintenance and operations	-	4,628	-	-	-	4,628
Restricted for capital improvements	11,605	-	-	-	-	11,605
Other restricted	19,714	14,058	16,575	4	11	50,362
Unrestricted	22,138	13,601	3,312	374	763	40,188
Total net position (deficit)	<u>\$ 69,695</u>	<u>\$ 133,557</u>	<u>\$ 19,887</u>	<u>\$ 378</u>	<u>\$ 880</u>	<u>\$ 224,397</u>

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Activities
For the Year Ended June 30, 2022
(amounts expressed in thousands)

Net (Expense) Revenue and Change in Net Position

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Redevelopment Authorities	\$ 41,867	\$ -	\$ 3,589	\$ -
Arts & Cultural Authorities	55,984	19,806	25,120	7,942
Educational & Research Authorities	3,781	-	2,109	-
Houston BARC Foundation	152	78	144	-
Houston Recovery Center LGC, Inc.	4,575	-	4,444	-
Total nonmajor component units	106,359	19,884	35,406	7,942

General Revenues:

Taxes
Property Taxes - general purposes / tax increments
Hotel occupancy tax
Unrestricted investment earnings (loss)
Other
Total general revenues and transfers
Change in net position
Net Position (deficit) beginning
Prior period adjustment
Net Position (deficit) ending

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Activities
For the Year Ended June 30, 2022
(amounts expressed in thousands)

Net (Expense) Revenue and Change in Net Position

TIRZ Redevelopment Authorities	CUL Arts & Cultural Authorities	Educational & Research Authorities	Houston BARC Foundation	Houston Recovery Center LGC	Total Nonmajor Component Units
\$ (38,279)	\$ -	\$ -	\$ -	\$ -	\$ (38,279)
-	(3,116)	-	-	-	(3,116)
-	-	(1,672)	-	-	(1,672)
-	-	-	70	-	70
-	-	-	-	(131)	(131)
<u>(38,279)</u>	<u>(3,116)</u>	<u>(1,672)</u>	<u>70</u>	<u>(131)</u>	<u>(43,128)</u>
41,521	-	-	-	-	41,521
-	1,682	-	-	-	1,682
213	6	(2,353)	-	-	(2,134)
4,978	2,381	15	-	20	7,394
<u>46,712</u>	<u>4,069</u>	<u>(2,338)</u>	<u>-</u>	<u>20</u>	<u>48,463</u>
8,433	953	(4,010)	70	(111)	5,335
61,261	132,604	23,896	308	991	219,060
1	-	1	-	-	2
<u>\$ 69,695</u>	<u>\$ 133,557</u>	<u>\$ 19,887</u>	<u>\$ 378</u>	<u>\$ 880</u>	<u>\$ 224,397</u>

CITY OF HOUSTON, TEXAS

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Museum of Fine Arts, Houston

PART III

STATISTICAL SECTION

Statistical Section:

Located in the heart of Houston's Museum District, the Museum of Fine Arts, Houston (MFAH) is a dynamic cultural complex comprising three gallery buildings, a sculpture garden, visitors center, gift shop, library, restaurants, two art schools, two movie theaters, and two house museums. Attracting more than 450,000 visitors per year, MFAH is a prominent destination for both visitors and residents.

Statistical Section

(Unaudited)

This part of the City’s Statistical annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

<u>Content</u>	<u>Page</u>
Financial Trends	226
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	237
These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	
Debt Capacity	243
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	253
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	261
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 HOUSTON, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental Activities				
Net investment in capital assets	\$ 3,959,260	\$ 4,102,861	\$ 4,250,590	\$ 4,434,420
Restricted	117,949	174,158	192,129	42,240
Unrestricted (deficit)	(2,469,700)	(2,651,151)	(5,487,349)	(5,910,541)
Total governmental activities net position	<u>\$ 1,607,509</u>	<u>\$ 1,625,868</u>	<u>\$ (1,044,630)</u>	<u>\$ (1,433,881)</u>
Business-type activities				
Net investment in capital assets	\$ 573,460	\$ 240,888	\$ 546,551	\$ 629,382
Restricted	949,449	1,024,548	1,131,835	1,129,659
Unrestricted (deficit)	(6,835)	280,879	(488,671)	(420,196)
Total business-type activities net position	<u>\$ 1,516,074</u>	<u>\$ 1,546,315</u>	<u>\$ 1,189,715</u>	<u>\$ 1,338,845</u>
Primary government				
Net investment in capital assets	\$ 4,532,720	\$ 4,343,749	\$ 4,797,141	\$ 5,063,802
Restricted	1,067,398	1,198,706	1,323,964	1,171,899
Unrestricted (deficit)	(2,476,535)	(2,370,272)	(5,976,020)	(6,330,737)
Total primary government net position	<u>\$ 3,123,583</u>	<u>\$ 3,172,183</u>	<u>\$ 145,085</u>	<u>\$ (95,036)</u>

Source: Annual Comprehensive Financial Report

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 4,593,229	\$ 4,865,143	\$ 5,138,847	\$ 5,992,469	\$ 6,333,063	\$ 6,755,792
43,419	186,774	367,538	412,184	1,712,541	1,863,712
<u>(4,433,681)</u>	<u>(5,966,761)</u>	<u>(6,504,244)</u>	<u>(7,004,794)</u>	<u>(7,769,058)</u>	<u>(7,117,925)</u>
<u>\$ 202,967</u>	<u>\$ (914,844)</u>	<u>\$ (997,859)</u>	<u>\$ (600,141)</u>	<u>\$ 276,546</u>	<u>\$ 1,501,579</u>
\$ 742,298	\$ 823,404	\$ 754,981	\$ 1,111,081	\$ 1,521,493	\$ 2,135,190
1,264,135	1,370,336	1,415,795	1,440,243	1,356,397	1,442,434
<u>(354,001)</u>	<u>(486,875)</u>	<u>(200,570)</u>	<u>(396,468)</u>	<u>452,500</u>	<u>801,432</u>
<u>\$ 1,652,432</u>	<u>\$ 1,706,865</u>	<u>\$ 1,970,206</u>	<u>\$ 2,154,856</u>	<u>\$ 3,330,390</u>	<u>\$ 4,379,056</u>
\$ 5,335,527	\$ 5,688,547	\$ 5,893,828	\$ 7,103,550	\$ 7,854,556	\$ 8,890,982
1,307,554	1,557,110	1,783,333	1,852,427	3,068,938	3,306,146
<u>(4,787,682)</u>	<u>(6,453,636)</u>	<u>(6,704,814)</u>	<u>(7,401,262)</u>	<u>(7,316,558)</u>	<u>(6,316,493)</u>
<u>\$ 1,855,399</u>	<u>\$ 792,021</u>	<u>\$ 972,347</u>	<u>\$ 1,554,715</u>	<u>\$ 3,606,936</u>	<u>\$ 5,880,635</u>

CITY OF HOUSTON, TEXAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Expenses				
Governmental activities:				
General government	\$ 239,586	\$ 247,481	\$ 359,640	\$ 425,707
Public safety	1,514,034	1,598,854	1,858,766	1,993,340
Public works	298,462	318,888	336,311	343,657
Health	121,988	133,159	150,931	158,896
Housing and community development	88,143	51,626	65,275	61,707
Parks and recreation	90,261	93,637	112,844	98,994
Library	44,913	48,724	49,374	48,691
Interest in long-term debt	151,893	143,231	158,212	191,025
Depreciation and amortization	130,620	132,817	138,016	143,028
Total governmental activities expenses	<u>2,679,900</u>	<u>2,768,417</u>	<u>3,229,368</u>	<u>3,465,044</u>
Business-type activities:				
Airport System	530,070	561,443	556,844	581,022
Convention & Entertainment Facilities	42,418	113,316	123,371	117,906
Combined Utility System	898,725	919,547	924,793	942,176
Total business-type activities expenses	<u>1,471,213</u>	<u>1,594,306</u>	<u>1,605,008</u>	<u>1,641,104</u>
Total primary government expenses	<u>\$ 4,151,113</u>	<u>\$ 4,362,723</u>	<u>\$ 4,834,376</u>	<u>\$ 5,106,148</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 34,379	\$ 63,338	\$ 70,322	\$ 68,093
Public safety	139,087	188,521	171,996	181,888
Public works	238,836	266,422	215,038	222,236
Health	18,563	17,710	17,665	18,349
Parks and recreation	8,361	7,475	8,676	8,820
Library	1,356	1,681	1,637	1,966
Operating grants and contributions	312,959	277,700	305,363	323,686
Capital grants and contributions	-	-	67,533	53,860
Total governmental activities program revenues	<u>753,541</u>	<u>822,847</u>	<u>858,230</u>	<u>878,898</u>
Business-type activities:				
Charges for services:				
Airport System	432,994	452,107	476,282	609,544
Convention & Entertainment Facilities	10,372	11,124	12,390	12,431
Combined Utility System	924,690	953,408	927,424	1,002,582
Operating grants and contributions	10,834	10,692	10,768	13,348
Capital grants and contributions	19,800	50,382	46,415	32,906
Total business-type activities program revenues	<u>1,398,690</u>	<u>1,477,713</u>	<u>1,473,279</u>	<u>1,670,811</u>
Total primary government program revenues	<u>\$ 2,152,231</u>	<u>\$ 2,300,560</u>	<u>\$ 2,331,509</u>	<u>\$ 2,549,709</u>
Net (expense)/revenue				
Governmental activities	\$ (1,926,359)	\$ (1,945,570)	\$ (2,371,138)	\$ (2,586,146)
Business-type activities	(72,523)	(116,593)	(131,729)	29,707
Total primary government net expense	<u>\$ (1,998,882)</u>	<u>\$ (2,062,163)</u>	<u>\$ (2,502,867)</u>	<u>\$ (2,556,439)</u>

Source: Annual Comprehensive Financial Report

	2017	2018	2019	2020	2021	2022
\$	297,716	\$ 420,663	\$ 412,427	\$ 519,746	\$ 446,806	\$ 314,357
	229,891	2,137,632	2,034,121	2,057,684	1,298,153	1,205,824
	341,257	423,137	402,857	407,569	396,938	355,357
	148,995	171,802	164,550	171,950	289,922	225,311
	61,608	53,965	91,997	137,035	372,492	390,235
	89,457	126,416	107,788	112,225	96,721	81,696
	34,966	51,312	50,007	54,956	43,135	33,753
	142,469	160,247	165,573	142,711	134,277	108,939
	150,196	153,092	156,412	163,454	179,046	180,676
	<u>1,496,555</u>	<u>3,698,266</u>	<u>3,585,732</u>	<u>3,767,330</u>	<u>3,257,490</u>	<u>2,896,148</u>
	526,662	605,653	596,069	631,435	585,528	559,777
	110,765	115,255	96,486	89,737	75,561	106,599
	850,363	991,167	1,042,141	1,032,629	1,052,061	1,004,623
	<u>1,487,790</u>	<u>1,712,075</u>	<u>1,734,696</u>	<u>1,753,801</u>	<u>1,713,150</u>	<u>1,670,999</u>
	<u>\$ 2,984,345</u>	<u>\$ 5,410,341</u>	<u>\$ 5,320,428</u>	<u>\$ 5,521,131</u>	<u>\$ 4,970,640</u>	<u>\$ 4,567,147</u>
\$	74,887	\$ 63,994	\$ 58,537	\$ 64,160	\$ 57,546	\$ 63,704
	142,052	120,104	152,061	153,159	120,269	154,258
	215,824	212,743	232,423	232,059	231,258	162,141
	17,491	19,037	20,614	21,062	21,463	23,967
	8,902	9,033	7,483	6,210	9,372	10,599
	2,040	1,867	2,035	1,421	295	1,303
	346,243	380,094	488,757	592,484	1,138,524	1,011,670
	99,487	83,727	217,280	208,212	245,921	199,231
	<u>906,926</u>	<u>890,599</u>	<u>1,179,190</u>	<u>1,278,767</u>	<u>1,824,648</u>	<u>1,627,002</u>
	609,780	637,259	627,058	563,650	389,865	593,343
	12,283	7,883	10,655	9,486	6,100	8,357
	1,025,795	1,052,549	1,042,442	1,100,092	1,092,740	1,307,513
	20,187	19,346	26,731	24,810	221,928	145,817
	52,773	23,408	28,929	35,675	433,101	587,354
	<u>1,720,818</u>	<u>1,740,445</u>	<u>1,735,815</u>	<u>1,733,713</u>	<u>2,143,734</u>	<u>2,642,384</u>
	<u>\$ 2,627,744</u>	<u>\$ 2,631,044</u>	<u>\$ 2,915,005</u>	<u>\$ 3,012,480</u>	<u>\$ 3,968,382</u>	<u>\$ 4,269,386</u>
\$	(589,629)	\$ (2,807,667)	\$ (2,406,542)	\$ (2,488,563)	\$ (1,432,842)	\$ (1,269,146)
	233,028	28,370	1,119	(20,088)	430,584	971,385
	<u>(356,601)</u>	<u>(2,779,297)</u>	<u>(2,405,423)</u>	<u>(2,508,651)</u>	<u>(1,002,258)</u>	<u>(297,761)</u>

CITY OF HOUSTON, TEXAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property taxes	\$ 906,761	\$ 973,902	\$ 1,074,070	\$ 1,099,411
Industrial assessments tax	29,845	16,534	16,736	19,238
Sales taxes	600,256	629,441	667,061	640,476
Franchise taxes	195,664	190,368	190,245	191,584
Mixed beverage taxes	9,887	13,869	15,784	16,064
Bingo taxes	196	187	209	207
Hotel occupancy tax	-	-	-	-
Investment earnings	1,086	9,737	7,639	11,925
Insurance proceeds	-	-	-	-
Other	55,737	83,677	74,585	99,567
Contributions	26,767	17,364	30,525	73,412
Gain (loss) on disposal of assets	-	-	32,525	-
Transfers	72,807	41,968	49,105	51,139
Total governmental activities	<u>1,899,006</u>	<u>1,977,047</u>	<u>2,158,484</u>	<u>2,203,023</u>
Business-type activities:				
Hotel occupancy taxes	76,325	90,119	90,711	88,632
Investment earnings	6,638	31,491	20,114	38,620
Other	122,755	158,577	170,555	62,682
Special Items - gain (loss) on sale of	(61,282)	-	-	-
Transfers	(55,891)	(41,968)	(49,105)	(51,139)
Total business-type activities	<u>88,545</u>	<u>238,219</u>	<u>232,275</u>	<u>138,795</u>
Total primary government	<u>\$ 1,987,551</u>	<u>\$ 2,215,266</u>	<u>\$ 2,390,759</u>	<u>\$ 2,341,818</u>
Change in Net Position				
Governmental activities	\$ (14,504)	\$ 46,279	\$ (192,559)	\$ (363,751)
Business-type activities	3,173	106,824	80,431	149,130
Total primary government	<u>\$ (11,331)</u>	<u>\$ 153,103</u>	<u>\$ (112,128)</u>	<u>\$ (214,621)</u>

(1) Beginning in Fiscal Year 2018, the City began reflecting the 19.3% of the hotel occupancy tax that was designated to the General Fund, in the General Fund as opposed to the Convention and Entertainment Fund.

<u>2017</u>	<u>(1) 2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 1,152,420	\$ 1,172,313	\$ 1,195,949	\$ 1,222,846	\$ 1,269,935	\$ 1,283,942
19,291	18,278	19,755	24,797	25,435	24,086
631,993	674,279	692,271	684,425	706,829	822,656
191,025	186,206	182,870	169,725	154,093	149,978
16,662	17,296	18,026	15,379	14,561	21,890
234	73	222	-	-	-
-	17,196	17,180	16,922	7,444	15,588
6,181	12,004	47,825	48,795	2,463	(35,405)
-	93,778	2,061	-	-	-
95,848	116,814	79,349	57,019	64,537	70,884
-	-	(4,165)	-	-	-
1,752	-	12,904	15,753	799	3,630
62,885	64,507	59,280	52,370	63,433	59,396
<u>2,178,291</u>	<u>2,372,744</u>	<u>2,323,527</u>	<u>2,308,031</u>	<u>2,309,529</u>	<u>2,416,645</u>
82,882	72,221	68,898	67,348	47,449	82,505
16,448	26,388	113,797	113,944	13,916	(89,842)
59,183	61,474	65,043	58,128	63,371	149,412
1,614	11,533	(5,664)	-	-	(5,398)
(62,885)	(64,507)	(59,280)	(52,370)	(63,433)	(59,396)
<u>97,242</u>	<u>107,109</u>	<u>182,794</u>	<u>187,050</u>	<u>61,303</u>	<u>77,281</u>
<u>\$ 2,275,533</u>	<u>\$ 2,479,853</u>	<u>\$ 2,506,321</u>	<u>\$ 2,495,081</u>	<u>\$ 2,370,832</u>	<u>\$ 2,493,926</u>
\$ 1,605,345	\$ (434,923)	\$ (83,015)	\$ (180,532)	\$ 876,687	\$ 1,147,499
313,587	135,479	183,912	166,962	491,887	1,048,666
<u>\$ 1,918,932</u>	<u>\$ (299,444)</u>	<u>\$ 100,897</u>	<u>\$ (13,570)</u>	<u>\$ 1,368,574</u>	<u>\$ 2,196,165</u>

CITY OF HOUSTON, TEXAS
FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund				
Non-spendable	\$ 14,792	\$ 14,016	\$ 16,450	\$ 15,493
Restricted	63,696	44,120	27,096	1,232
Committed	6,892	3,407	6,111	10,922
Unassigned	190,950	200,731	301,231	235,405
Total general fund	<u>\$ 276,330</u>	<u>\$ 262,274</u>	<u>\$ 350,888</u>	<u>\$ 263,052</u>
All other governmental funds				
Unreserved , reported in:				
Non-spendable	\$ 1,303	\$ 5,290	\$ 2,436	\$ 2,395
Restricted	350,827	327,576	266,501	339,991
Committed	59,693	71,969	87,040	77,709
Assigned	46,008	106,607	125,061	109,131
Total all other governmental funds	<u>\$ 457,831</u>	<u>\$ 511,442</u>	<u>\$ 481,038</u>	<u>\$ 529,226</u>

Source: Annual Comprehensive Financial Report

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 20,242	\$ 18,881	\$ 20,387	\$ 22,667	\$ 23,627	\$ 25,677
1,188	1,164	1,092	1,044	1,072	14,292
18,701	16,901	17,942	18,792	12,615	983
311,754	375,529	349,176	316,227	312,212	379,707
<u>\$ 351,885</u>	<u>\$ 412,475</u>	<u>\$ 388,597</u>	<u>\$ 358,730</u>	<u>\$ 349,526</u>	<u>\$ 420,659</u>
\$ 2,495	\$ 3,138	\$ 15,784	\$ 3,306	\$ 3,422	\$ 6,059
350,868	362,082	463,700	492,621	732,555	850,548
82,599	78,705	77,580	74,219	68,760	83,333
78,898	80,647	71,822	111,041	92,326	110,441
<u>\$ 514,860</u>	<u>\$ 524,572</u>	<u>\$ 628,886</u>	<u>\$ 681,187</u>	<u>\$ 897,063</u>	<u>\$ 1,050,381</u>

CITY OF HOUSTON
GENERAL FUND BUDGET FOR FISCAL YEAR 2023
(amounts expressed in thousands)
(unaudited)

Budgeted Resources

Revenues:

Ad Valorem Taxes (current and delinquent)	\$ 1,271,768
Sales and Use Tax	806,920
Franchise Fees	147,977
Municipal Courts Fines and Forfeits	15,664
Miscellaneous	480,663
Total Current Revenues	2,722,992
Beginning Fund Balance as of July 1, 2022(a)	311,867
Sale of Capital Assets	3,304
Transfers from Other Funds	10,585
Total Budgeted Resources	\$ 3,048,748

Budgeted Expenditures

Administrative Services and Public Finance	\$ 112,218
Public Safety	1,587,605
Development and Maintenance Services	164,412
Human and Cultural Services	215,620
General Government	228,801
Debt Service and PAYGO Capital Projects	434,890
Total Budgeted Expenditures	2,743,546
Budgeted Ending Fund Balance as of June 30, 2023	305,202
Total Budgeted Expenditures and Reserves	\$ 3,048,748

(a) This amount represents an estimate of the beginning fund balance which was used in preparing the Fiscal Year 2023 Budget.

CITY OF HOUSTON, TEXAS
June 30, 2022
CONTINUING DEBT DISCLOSURE INFORMATION
(amounts expressed in thousands)
(unaudited)

Capital Improvement Plan

The 2022 - 2026 CIP consists of the projects and facilities described in the following chart. (The 2022-2026 CIP also includes proposed improvements for the Combined Utility System, Airport System and Convention and Entertainment Facilities, which are financed primarily with revenues of those enterprise systems and, therefore, are not included in the table below).

	Amount
Streets, Bridges and Traffic Control	\$ 1,038,968
Storm Sewers and Drainage	926,519
Parks and Recreation	99,629
Police Department	63,096
Fire Department	78,345
General Government	161,495
Public Library	50,134
Public Health	32,315
Solid Waste Management	5,639
Homeless and Housing	4,400
Technology	39,460
Fleet	175,040
Total	\$ 2,675,040 (*)

(*) The tax-supported component of the 2022-2026 CIP addresses a full range of capital facility and infrastructure improvements. The voter authorized improvements are expected to be initially financed with Commercial Paper Notes. The remaining amount is expected to be funded by grants, funds from agencies participating in joint capital improvement projects with the City and various other sources.

General Fund Indirect Charges to Other City Funds

A charge is made by the General Fund to the Water and Sewer System, Airport System, and to certain grant and special revenue funds for indirect charges incurred by the General Fund on behalf of such funds.

Fiscal Year	Amount
2022	\$ 25,235
2021	\$ 24,688
2020	\$ 27,789
2019	\$ 26,603
2018	\$ 28,910
2017	\$ 27,399
2016	\$ 26,611
2015	\$ 25,328
2014	\$ 18,558
2013	\$ 16,908

CITY OF HOUSTON
CONTINUING DEBT DISCLOSURE INFORMATION
June 30, 2022
(amounts expressed in thousands)
(unaudited)

Long Term Disability and Compensated Absence Liability

Long-Term Disability Fund	<u>Amount</u>
Assets Available for Future Long-Term Disability Obligations	\$ 8,356
Claims Payable on Long-Term Disability Obligations	(44)
Unrestricted Net Assets	<u><u>\$ 8,312</u></u>

Compensated Absence Liability	<u>Amount</u>
Governmental Short-Term Liability	\$ 132,825
Enterprise Funds Liability	35,840
Internal Service Funds Liability	187
Governmental Funds Long-Term Liability	401,576
Total	<u><u>\$ 570,428</u></u>

General Fund Specific Charges to Other City Funds

An additional charge made by the General Fund to the Combined Utility System, Airport, the Capital Projects Fund and certain other funds of the City for specific services provided to such funds by the General Fund.

<u>Fiscal Year</u>	<u>Total Direct Charges for Specific Services</u>
2022	\$ 60,475
2021	\$ 59,308
2020	\$ 59,174
2019	\$ 62,214
2018	\$ 54,449
2017	\$ 53,523
2016	\$ 53,934
2015	\$ 47,851
2014	\$ 43,257
2013	\$ 43,519

CITY OF HOUSTON, TEXAS
TAX REVENUE BY SOURCE - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Industrial Assessments	Mixed Beverage Tax	(1) Bingo Tax	(2) Hotel Occupancy Tax	Total Tax Collections
2013	\$ 906,761	\$ 600,256	\$ 195,664	\$ 29,845	\$ 9,887	\$ 196	\$ -	\$ 1,742,609
2014	\$ 973,902	\$ 629,441	\$ 190,368	\$ 16,534	\$ 13,869	\$ 187	\$ -	\$ 1,824,301
2015	\$ 1,074,070	\$ 667,061	\$ 190,245	\$ 16,736	\$ 15,784	\$ 209	\$ -	\$ 1,964,105
2016	\$ 1,099,411	\$ 640,476	\$ 191,584	\$ 19,238	\$ 16,064	\$ 207	\$ -	\$ 1,966,980
2017	\$ 1,152,420	\$ 631,993	\$ 191,025	\$ 19,291	\$ 16,662	\$ 234	\$ -	\$ 2,011,625
2018	\$ 1,172,313	\$ 674,279	\$ 186,206	\$ 18,278	\$ 17,296	\$ 73	\$ 17,196	\$ 2,085,641
2019	\$ 1,195,949	\$ 692,271	\$ 182,870	\$ 19,755	\$ 18,026	\$ 222	\$ 17,180	\$ 2,126,273
2020	\$ 1,222,846	\$ 684,425	\$ 168,556	\$ 24,797	\$ 15,379	\$ -	\$ 16,922	\$ 2,132,925
2021	\$ 1,269,935	\$ 706,829	\$ 154,093	\$ 25,435	\$ 14,561	\$ -	\$ 7,444	\$ 2,178,297
2022	\$ 1,283,942	\$ 822,656	\$ 149,978	\$ 24,086	\$ 21,890	\$ -	\$ 15,588	\$ 2,318,140

(1) Beginning in Fiscal Year 2018, the City began reflecting the 19.3% of the hotel occupancy tax that was designated to the General Fund in the General Fund as opposed to the Convention and Entertainment Fund. The amount here represents the 81% available to cover bond covenants.

(2) Beginning in Fiscal Year 2020, Bingo revenue was no longer considered a tax. It is now considered a fee and reported in Other Miscellaneous Revenues.

CITY OF HOUSTON
TAXABLE VALUE OF PROPERTY
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
2013	\$ 72,490,000	\$ 52,418,000	\$ 3,196,000	\$ 23,690,000	\$ 151,794,000	6.3875
2014	\$ 76,750,000	\$ 60,835,000	\$ 4,127,000	\$ 25,749,000	\$ 167,461,000	6.3875
2015	\$ 87,461,000	\$ 68,223,000	\$ 4,509,000	\$ 27,003,000	\$ 187,196,000	6.3108
2016	\$ 97,070,000	\$ 73,598,000	\$ 4,947,000	\$ 28,362,000	\$ 203,977,000	6.0112
2017	\$ 106,995,000	\$ 80,515,000	\$ 5,050,000	\$ 28,133,000	\$ 220,693,000	5.8642
2018	\$ 113,401,000	\$ 81,423,000	\$ 5,457,000	\$ 27,238,000	\$ 227,519,000	5.8421
2019	\$ 116,204,000	\$ 81,425,000	\$ 5,455,000	\$ 26,546,000	\$ 229,630,000	5.8831
2020	\$ 126,456,000	\$ 84,519,000	\$ 5,661,000	\$ 27,655,000	\$ 244,291,000	5.6792
2021	\$ 136,018,000	\$ 88,843,000	\$ 5,881,000	\$ 27,438,000	\$ 258,180,000	5.6184
2022	\$ 142,582,020	\$ 88,769,592	\$ 5,653,203	\$ 25,695,528	\$ 262,700,343	5.5083

The tax rates are based on a 100% assessment ratio. Tax rates are stated per \$1,000 assessed value.

The taxable value of property is the appraised value less exemptions and is received from Harris, Fort Bend, and Montgomery County.

CITY OF HOUSTON, TEXAS
CHANGES IN FUND BALANCES IN GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Revenues				
Taxes	\$ 1,745,882	\$ 1,826,639	\$ 1,964,470	\$ 1,966,483
Licenses and permits	97,100	111,577	121,636	126,020
Intergovernmental	366,973	333,832	373,006	377,546
Charges for services	248,097	267,635	296,694	304,438
Fines	47,955	46,647	41,350	42,472
Investment earnings	1,086	9,737	7,639	11,925
Other	70,001	98,189	95,129	117,442
Total revenues	<u>2,577,094</u>	<u>2,694,256</u>	<u>2,899,924</u>	<u>2,946,326</u>
Expenditures				
General Government	217,376	233,216	295,439	319,160
Public safety	1,267,523	1,355,369	1,374,859	1,418,763
Public Works	284,863	304,346	314,313	329,572
Health	111,986	122,446	139,016	145,976
Housing and Community Development	88,222	51,252	71,167	62,539
Parks and recreation	75,430	77,557	101,718	85,252
Library	35,433	38,421	38,170	39,271
Retiree benefits	11,907	10,920	11,059	11,390
*Capital Outlay	245,410	289,026	358,969	334,555
Debt Service				
Principal	138,875	176,205	191,355	290,805
Interest	158,322	154,327	153,972	151,260
Fiscal agent and fees	6,212	4,528	5,289	6,785
Total expenditures	<u>2,641,559</u>	<u>2,817,613</u>	<u>3,055,326</u>	<u>3,195,328</u>
Excess of revenues over (under) expenditures	(64,465)	(123,357)	(155,402)	(249,002)
Other financing sources (uses)				
Transfers in	505,513	549,184	587,207	622,988
Transfers out	(449,222)	(507,217)	(538,102)	(571,849)
Proceeds from issuance of debt	438,276	119,000	117,740	65,000
Proceeds from refunded debt	-	-	-	557,615
Payment to escrow agent	(395,227)	(519)	(1,404)	(550,600)
Sale of land	5,818	2,464	48,171	8,792
Bond premium (discount)	51,617	-	-	102,908
Transfer to component unit	16,516	-	-	-
Contributions out	-	-	-	-
Insurance proceeds	-	-	-	-
Total other financing sources (uses)	<u>173,291</u>	<u>162,912</u>	<u>213,612</u>	<u>234,854</u>
Net change in fund balances	<u>\$ 108,826</u>	<u>\$ 39,555</u>	<u>\$ 58,210</u>	<u>\$ (14,148)</u>
Debt service as a percentage of noncapital expenditures	12.4%	13.1%	12.8%	15.5%

Source: Annual Comprehensive Financial Report

*Capital outlay does not agree to amount of capital additions per the reconciliation because of items below the capitalization threshold and because capital expenditures were found in other functional expenditures.

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 2,013,196	\$ 2,068,675	\$ 2,120,567	\$ 2,133,402	\$ 2,162,378	\$ 2,317,905
118,899	113,918	123,255	119,354	112,795	113,344
404,276	443,441	537,402	656,699	1,183,307	1,085,470
299,748	304,625	311,587	310,695	319,012	335,572
37,407	34,734	36,407	29,664	28,341	30,852
6,034	11,579	45,008	45,567	2,709	(33,257)
112,245	133,510	79,036	56,394	62,672	70,879
<u>2,991,805</u>	<u>3,110,482</u>	<u>3,253,262</u>	<u>3,351,775</u>	<u>3,871,214</u>	<u>3,920,765</u>
297,501	357,661	353,912	446,217	430,689	393,107
1,446,775	2,248,951	1,502,334	1,546,820	1,580,922	1,626,241
348,229	401,641	383,018	377,394	399,629	392,056
157,968	160,519	154,884	156,884	289,724	239,397
60,656	53,249	90,398	135,419	369,216	387,329
89,654	102,237	84,539	83,058	77,574	83,998
39,932	40,065	39,839	40,435	41,062	40,675
11,521	167,372	11,123	14,196	13,290	11,837
338,946	358,387	358,973	339,363	396,816	429,148
192,656	489,510	219,764	228,668	213,148	265,097
144,068	148,754	177,804	164,793	151,787	144,772
3,343	11,574	4,540	5,760	3,738	4,996
<u>3,131,249</u>	<u>4,539,920</u>	<u>3,381,128</u>	<u>3,539,007</u>	<u>3,967,595</u>	<u>4,018,653</u>
(139,444)	(1,429,438)	(127,866)	(187,232)	(96,381)	(97,888)
553,680	605,254	654,394	660,650	659,617	752,414
(490,795)	(540,747)	(595,114)	(608,280)	(596,184)	(693,018)
140,000	1,577,352	139,065	624,690	123,724	482,181
-	-	-	-	-	-
-	(336,191)	-	(552,367)	-	(338,940)
11,026	5,958	30,061	22,306	3,786	6,998
-	76,336	-	61,685	-	35,170
-	-	-	-	-	-
-	-	(4,165)	-	-	-
-	93,778	2,061	982	-	-
<u>213,911</u>	<u>1,481,740</u>	<u>226,302</u>	<u>209,666</u>	<u>190,943</u>	<u>244,805</u>
<u>\$ 74,467</u>	<u>\$ 52,302</u>	<u>\$ 98,436</u>	<u>\$ 22,434</u>	<u>\$ 94,562</u>	<u>\$ 146,917</u>
12.2%	15.5%	13.3%	12.5%	10.3%	11.6%

CITY OF HOUSTON
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(unaudited)

Purpose	2022	2021	2020	2019	2018	2017	2016
City							
General Purposes	4.02470	4.23094	4.04129	4.19242	4.20227	4.54458	4.42194
Debt Service	1.48360	1.38746	1.63791	1.69068	1.63983	1.31962	1.58926
City of Houston (1)	5.50830	5.61840	5.67920	5.88310	5.84210	5.86420	6.01120
County							
Fort Bend County	4.5280	4.5321	4.6000	4.6400	4.6900	4.7400	4.8600
Harris County (2)	4.1042	4.2258	4.3505	4.4735	4.4485	4.4485	4.4656
Montgomery County	4.0830	4.3120	4.4750	4.6670	4.6670	4.6670	4.7670
School District							
Aldine I.S.D.	12.6690	12.7440	13.4712	13.4712	13.7339	13.2338	12.8590
Alief I.S.D.	12.0480	12.0480	12.4410	13.3000	13.3000	13.0500	12.8000
Clear Creek I.S.D.	11.7970	12.6590	13.1000	13.1000	14.0000	14.0000	14.0000
Conroe I.S.D.	11.7600	12.1250	12.3000	12.8000	12.8000	12.8000	12.8000
Crosby I.S.D.	14.4030	14.4030	15.4835	16.5000	16.7000	16.7000	16.7000
Cypress-Fairbanks I.S.D.	13.3920	13.5550	13.7000	14.4000	14.4000	14.4000	14.4000
Deer Park I.S.D.	13.4960	13.4960	14.1510	15.3870	15.5670	15.5670	15.5670
Fort Bend I. S. D.	12.1010	12.4000	12.7000	13.2000	13.4000	13.4000	13.4000
Galena Park I.S.D.	14.6510	14.5810	14.5810	14.7165	15.6330	15.6330	15.1340
Goose Creek I.S.D.	12.8170	13.6860	13.4110	13.5428	14.3190	14.3190	14.3189
Houston I.S.D.	10.9440	11.3310	11.3700	12.0670	12.0670	12.0670	11.9670
Huffman I.S.D.	11.4930	13.4210	13.4210	14.0000	14.0000	14.0000	14.0000
Humble I.S.D.	10.3405	14.1835	14.1835	15.2000	15.2000	15.2000	15.2000
Katy I.S.D.	13.8880	14.4310	15.1660	15.1660	15.1660	15.1660	15.2660
Klein I.S.D.	13.0000	13.4000	13.6000	14.3000	14.1000	14.3000	13.9000
New Caney I.S.D.	14.6030	14.6030	15.6840	15.6840	16.7000	16.7000	16.7000
Pasadena I.S.D.	13.8120	13.8300	13.7840	14.8000	14.8000	13.5000	13.5000
Sheldon I.S.D.	15.0160	15.0160	15.2840	14.4840	14.7000	14.1000	14.1000
Spring I.S.D.	13.1280	13.8430	14.3000	15.1000	15.1000	14.6996	14.7000
Spring Branch I.S.D.	12.6880	13.0730	13.2100	13.2098	13.9450	13.9450	13.9450
Municipal Utility District							
Harris County MUD # 355	0.0600	0.0600	0.0600	0.0600	0.0900	0.0900	1.2000
Harris County MUD # 359	1.2000	1.4500	1.4500	1.5000	1.6000	1.9000	2.6000
Harris County MUD # 366	1.4000	1.6000	1.6000	1.6000	1.6000	1.8000	2.0000
Harris County MUD # 372	1.6750	1.6750	1.6000	1.6000	1.6000	1.1100	1.6500
Harris County MUD # 381	5.2000	5.6000	6.0000	6.2000	6.3000	6.3000	7.4000
Harris County MUD # 390	7.0000	6.9650	7.0000	7.0000	7.0000	7.0000	7.0000
Harris County MUD # 393	6.0000	6.4000	6.8000	7.0000	7.3000	7.5000	9.1000
Harris County MUD # 404	8.6125	8.6125	8.6125	8.4125	8.6125	8.6125	8.6125
Harris County MUD # 410	5.6000	5.6000	5.6000	5.6000	5.9000	5.9000	6.9000
Harris County MUD # 411	5.7000	5.8000	6.0000	6.6000	7.0000	7.5000	9.0000
Harris County MUD # 415	8.0000	8.0000	8.0000	8.0000	8.0000	8.0000	8.0000
Harris County MUD # 450	5.7000	5.8500	6.3000	6.3000	7.8500	8.1358	7.9888
Harris County MUD # 451	9.0000	9.0000	9.0000	9.1000	9.1579	9.1358	8.8000
Harris County MUD # 460	7.4000	7.4000	7.4000	7.4000	7.4000	7.4000	7.4000
Harris County MUD # 499	8.7000	8.8000	9.1000	9.1000	15.4000	9.1300	
Harris County MUD # 529	6.7000	7.0000	7.5000	7.5000	7.5000	7.5000	
Harris County MUD # 537	5.0000	5.0000	5.0000	5.0000	5.0000	5.0000	
Northwood MUD #1	10.0000	10.0000	12.5000	12.5000	12.5000	12.5000	12.5000
Other Jurisdictions							
Clear Lake City Water Authority	2.6000	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000
Fort Bend Parkway Road (3)							
Harris County Dept. of Education	0.0499	0.0499	0.0519	0.0519	0.0520	0.0520	0.0600
Harris County Hospital District	1.6221	1.6671	1.7904	1.7108	1.7110		
Houston Community College	1.7752	0.2106	1.0026	0.2351	1.0264	0.0250	0.2631
Lee College District	2.3010	2.3010	2.5010	2.5010	2.5040	2.1320	2.1570
Lone Star College System	1.0780	1.0780	1.0780	1.0780	1.0780	1.0780	1.0790
Port of Houston Authority	0.0872	0.0991	0.1074	0.1155	0.1256	0.1334	0.1342
San Jacinto College District	1.6797	1.6936	1.7812	1.6797	1.8333	1.8238	1.7578

(1) The tax rates are based on a 100% assessment ratio. Tax rates are stated per \$1,000 assessed value.

(2) Harris County includes the Harris County Flood Control District and the Harris County Toll Road. The Toll Road rate is zero.

(3) Debt has been paid off.

2015	2014	2013
4.74635	4.77085	4.6221
1.56445	1.61665	1.7654
6.31080	6.38750	6.3875
4.9476	4.9976	4.9976
4.4467	4.4300	4.2830
4.7670	4.8380	4.8380
13.0590	13.0580	13.2839
12.8000	12.9000	13.2000
14.0000	14.0000	13.6000
12.8000	12.9000	12.9500
16.7000	16.7000	14.4000
14.4000	14.5000	14.5000
15.5670	15.5670	15.2670
13.4000	13.4000	13.4000
15.1340	15.1340	15.1340
14.3189	13.3213	13.3213
11.9670	11.5670	11.5670
14.0000	14.2000	14.4500
15.2000	15.2000	15.2000
15.2660	15.2660	15.2660
13.9000	14.3000	14.4000
16.7000	15.4000	15.4000
13.5000	13.5000	13.5000
14.1000	14.3000	14.3000
15.1000	15.7000	15.7000
13.9450	13.9450	13.9450
1.2000	2.0000	2.3500
2.7000	3.0000	3.0500
2.0000	2.5000	2.5000
1.7500	1.9000	1.9000
7.4000		
7.0000	7.0000	7.0000
9.1000		
8.6125		
6.9000		
9.0000		
7.6892	7.6125	7.6125
8.8000		
7.4000		
12.5000	12.5000	12.5000
2.8000	2.8000	2.8000
		0.5443
0.0600	0.0636	0.0658
0.2984	0.2012	0.1750
2.2070	2.6070	2.4100
1.0810	1.1600	1.2100
0.1531	0.1716	0.1952
1.8560	1.8560	1.8560

CITY OF HOUSTON, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
June 30, 2022
Current Year and Nine Years Ago
(amounts expressed in thousands)
(unaudited)

Taxpayer	2022			2013		
	Taxable Assessed		Percentage of Total Taxable Assessed	Taxable Assessed		Percentage of Total Taxable Assessed
	Value	Rank	Value	Value	Rank	Value
Centerpoint Energy, Inc.	\$ 2,691,485	1	1.02%	\$ 1,441,169	1	0.95%
Chevron Chemical Company	914,040	2	0.35%	678,608	2	0.45%
BSREP 1HC-4HC	708,763	3	0.27%			
GWP (Greenway Plaza)	700,477	4	0.27%			
One Two Three Allen Center	698,342	5	0.27%			
PKY Citywest, POC, San Felipe Plaza	692,204	6	0.26%			
Shell Oil Co	634,225	7	0.24%	408,982	7	0.27%
Four Five Oaks Place	621,259	8	0.24%			
Camden	609,473	9	0.23%	363,275	9	0.24%
HG Galleria I II III, LP	587,078	10	0.22%			
Valero Energy Corp				576,170	3	0.38%
Continental Airlines, Inc.				523,433	4	0.35%
ExxonMobil Corp.				503,235	5	0.33%
Crescent HC Investors LP (Crescent Real Estate)				486,999	6	0.32%
Houston Refining				384,922	8	0.26%
Southwestern Bell				354,283	10	0.24%
Total	<u>\$ 8,857,346</u>		<u>3.37%</u>	<u>\$ 5,721,076</u>		<u>3.79%</u>

CITY OF HOUSTON, TEXAS
TAX SUPPORTED DEBT SERVICE FUNDS
(amounts expressed in thousands)
(unaudited)

Tax Bond Debt Service Fund for Fiscal Year 2023

Budgeted Resources	<u>Amount</u>
Beginning Fund Balance Estimate as of July 1, 2022	\$ 162,366
Transfers in from:	
General Fund	358,711
Combined Utility System Operating Fund	19,660
Other sources	21,655
Third Party Reimbursements	4,437
Other	28,850
Total Budgeted Resources	<u>595,679</u>
Budgeted Expenditures	
Debt Service Requirements	
Tax Bonds	415,030
Total Budgeted Expenditures	<u>415,030</u>
Budgeted Ending Fund Balance as of June 30, 2023	180,649
Total Budgeted Expenditures and Reserves	<u>\$ 595,679</u>

(a) This fund includes the debt service for the City's Tax Bonds, Pension Obligations, Commercial Paper Notes and Tax Certificates.

CITY OF HOUSTON, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)
(unaudited)

Governmental Activities						
Fiscal Year	Public	Pension	Commercial	Tax and	Notes	Other
	Improvement Bonds	Obligations	Paper	Revenue Certificates	Payable	Borrowings
2013	\$ 2,561,515	\$ 540,728	\$ 176,900	\$ 11,870	\$ 11,135	\$ 6,458
2014	\$ 2,422,445	\$ 535,353	\$ 257,350	\$ 18,660	\$ 11,629	\$ 5,813
2015	\$ 2,658,664	\$ 529,603	\$ 141,900	\$ 17,671	\$ -	\$ 5,154
2016	\$ 2,603,712	\$ 523,443	\$ 99,900	\$ 17,479	\$ -	\$ 4,495
2017	\$ 2,401,047	\$ 516,858	\$ 239,900	\$ 16,682	\$ -	\$ 3,836
2018	\$ 2,455,354	\$ 1,444,890	\$ 70,000	\$ 15,446	\$ -	\$ 8,226
2019	\$ 2,275,465	\$ 1,434,480	\$ 165,000	\$ 14,156	\$ -	\$ 5,062
2020	\$ 2,165,078	\$ 1,422,407	\$ 131,900	\$ 12,806	\$ -	\$ 19,355
2021	\$ 1,959,806	\$ 1,400,128	\$ 244,600	\$ 11,396	\$ -	\$ 28,889
2022	\$ 1,940,414	\$ 1,375,473	\$ 168,000	\$ 12,846	\$ -	\$ 28,637

Business-type Activities						
Fiscal Year	Combined Utility	Houston	Convention &	Total	Percentage	
	System Revenue Bonds	Airport System Revenue Bonds	Entertainment Revenue Bonds	Long-Term Contracts	Primary Government	Per Capita (a)
					(in dollars)	
2013	\$ 6,023,556	\$ 2,290,936	\$ 509,249	\$ 135,585	\$ 12,267,932	\$ 5,585
2014	\$ 6,041,391	\$ 2,232,051	\$ 482,974	\$ 122,048	\$ 12,129,714	\$ 5,777
2015	\$ 6,545,540	\$ 2,393,951	\$ 681,585	\$ 198,217	\$ 13,172,285	\$ 5,882
2016	\$ 6,703,987	\$ 2,468,672	\$ 666,280	\$ 209,300	\$ 13,297,268	\$ 5,791
2017	\$ 6,782,294	\$ 2,371,252	\$ 649,112	\$ 469,253	\$ 13,450,234	\$ 5,839
2018	\$ 6,865,875	\$ 2,334,124	\$ 703,234	\$ 750,193	\$ 14,647,342	\$ 6,333
2019	\$ 6,891,460	\$ 2,245,566	\$ 725,803	\$ 910,375	\$ 14,667,367	\$ 6,308
2020	\$ 6,975,458	\$ 2,227,419	\$ 656,266	\$ 890,120	\$ 14,500,809	\$ 6,262
2021	\$ 6,984,887	\$ 2,422,006	\$ 634,448	\$ 850,593	\$ 14,536,753	\$ 6,320
2022	\$ 6,835,066	\$ 2,328,356	\$ 611,365	\$ 818,269	\$ 14,118,426	\$ 6,170

Note: Details regarding the City's outstanding debt can be found in Note 8 of the accompanying financial statements.

(a) See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF HOUSTON, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)
(unaudited)

Fiscal Year	General Tax Obligation Debt (1)	Less: Amounts Available in Debt Service	Net General Tax obligation Debt	Net General Tax Obligation Debt as a Percentage of Estimated Taxable Value of Property (2)	Per Capita (3)
2013	\$ 3,308,606	\$ 117,887	\$ 3,190,719	2.22%	\$ 1,522
2014	\$ 3,251,250	\$ 97,655	\$ 3,153,595	2.09%	\$ 1,566
2015	\$ 3,140,357	\$ 82,422	\$ 3,057,935	1.51%	\$ 1,365
2016	\$ 3,244,534	\$ 8,770	\$ 3,235,764	1.48%	\$ 1,409
2017	\$ 3,174,487	\$ 7,933	\$ 3,166,554	1.40%	\$ 1,375
2018	\$ 3,985,690	\$ 82,868	\$ 3,902,822	1.73%	\$ 1,688
2019	\$ 3,889,101	\$ 85,186	\$ 3,803,915	1.67%	\$ 1,636
2020	\$ 3,732,191	\$ 116,395	\$ 3,615,796	1.13%	\$ 1,555
2021	\$ 3,615,930	\$ 107,530	\$ 3,508,400	1.13%	\$ 1,509
2022	\$ 3,496,732	\$ 117,305	\$ 3,379,427	1.29%	\$ 1,481

Note: Details regarding the City's outstanding debt can be found in Note 8 of the accompanying financial statements.

- (1) General tax obligation debt repaid from property taxes.
- (2) See the schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
- (3) Population data can be found in the Schedule of Demographic and Economic Statistics .

CITY OF HOUSTON, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2022
(amounts expressed in thousands)
(unaudited)

City	Net Direct Debt (1)		% of Debt Applicable to Houston (2)	City of Houston Share of Debt
	Amount	As of		
City of Houston - direct	\$ 3,644,819	06/30/22	100.00%	3,644,819
County				
Fort Bend County	759,604	06/30/22	1.82%	13,825
Harris County (including Toll Road Bonds)	1,502,815	06/30/22	52.10%	782,967
Harris County Flood Control	1,004,318	06/30/22	52.10%	523,250
Montgomery County	442,043	06/30/22	1.26%	5,570
School District				
Aldine I.S.D.	1,502,554	06/30/22	40.50%	608,534
Alief I.S.D.	356,133	08/31/21	79.24%	282,200
Clear Creek I.S.D.	932,670	06/30/22	21.76%	202,949
Conroe I.S.D.	1,932	08/31/21	0.00%	-
Crosby I.S.D.	117,085	06/30/22	0.06%	70
Cypress-Fairbanks I.S.D.	3,317,012	06/30/22	10.24%	339,662
Deer Park I.S.D.	256,088	06/30/22	0.81%	2,074
Fort Bend I.S.D.	1,479,417	06/30/22	3.52%	52,075
Galena Park I.S.D.	328,883	08/31/22	8.42%	27,692
Goose Creek I.S.D.	655,891	06/30/22	0.00%	-
Houston I.S.D.	3,212,867	06/30/22	92.14%	2,960,336
Huffman I.S.D.	89,256	06/30/22	27.55%	24,590
Humble I.S.D.	827,164	06/30/21	33.32%	275,611
Katy I.S.D.	1,974,076	08/31/21	12.94%	255,445
Klein I.S.D.	1,023,220	06/30/22	1.09%	11,153
New Caney I.S.D.	922,118	06/30/22	15.12%	139,424
Pasadena I.S.D.	628,759	08/31/21	41.31%	259,740
Sheldon I.S.D.	345,242	06/30/22	0.31%	1,070
Spring I.S.D.	813,699	06/30/22	1.41%	11,473
Spring Branch I.S.D.	759,644	06/30/22	75.75%	575,430
Municipal Utility District				
Harris County MUD 355	3,609	06/30/22	100.00%	3,609
Harris County MUD 359	4,211	06/30/22	100.00%	4,211
Harris County MUD 372	1,856	06/30/22	100.00%	1,856
Harris County MUD 381	11,649	06/30/22	100.00%	11,649
Harris County MUD 390	38,415	06/30/22	100.00%	38,415
Harris County MUD 393	7,905	06/30/22	100.00%	7,905
Harris County MUD 404	7,974	06/30/22	100.00%	7,974
Harris County MUD 410	14,741	06/30/22	100.00%	14,741
Harris County MUD 411	7,887	06/30/22	100.00%	7,887
Harris County MUD 415	3,547	06/30/22	100.00%	3,547
Harris County MUD 450	14,546	06/30/22	100.00%	14,546
Harris County MUD 451	5,102	06/30/22	100.00%	5,102
Harris County MUD 460	43,322	06/30/22	100.00%	43,322
Harris County MUD 499	11,676	06/30/22	100.00%	11,676
Harris County MUD 529	10,217	06/30/22	100.00%	10,217
Harris County MUD 537	18,713	06/30/22	100.00%	18,713
Northwood MUD # 1	2,195	06/30/22	100.00%	2,195
Other Jurisdictions				
Clear Lake City Water Authority	102,736	06/30/22	65.83%	67,631
Harris County Hospital District	76,385	06/30/22	52.10%	39,797
Houston Community College	469,970	06/30/22	90.86%	427,015
Lee College District	54,692	08/31/21	0.00%	-
Lone Star College System	610,000	06/30/22	10.37%	63,257
Port of Houston Authority	435,682	06/30/22	52.10%	226,990
San Jacinto College District	879,002	06/30/22	15.44%	135,718
Total overlapping debt	<u>26,088,522</u>			<u>8,523,113</u>
Total direct and overlapping debt	<u>\$ 29,733,341</u>			<u>\$ 12,167,932</u>

(1) The net direct debt amounts above, except for that which relates to the City of Houston, were provided by the individual government entities or the Municipal Advisory Council of Texas (MACTx). The percentage of debt applicable to the City was provided by MACTx. Net Direct Debt is equal to the outstanding principal amount less sinking fund balances.

(2) The percentage of overlapping debt applicable is estimated using (market or taxable) assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's (market or taxable) assessed value that is within the overlapping jurisdiction's boundaries and dividing it by the overlapping jurisdiction's total (market or taxable) assessed value.

CITY OF HOUSTON, TEXAS
AD VALOREM TAX LEVIES AND COLLECTIONS
June 30, 2022
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Tax Rate ^(a)		Total	Net	Current	Prior Years'	Total Collection ^{(e) (d) (e)} (in thousands)	Total Collections Percentage of Net Levy ^(d)
	General Purposes	Debt Service		Current Year Tax Levy ^{(b) (d)} (in thousands)	Collections Prior to End of Fiscal Year ^{(c) (d) (e)} (in thousands)	Delinquent Collections ^(e) (in thousands)		
2014	0.47709	0.16166	0.63875	\$ 1,071,503	\$ 1,053,287	\$ 25,100	\$ 1,078,387	100.6%
2015	0.47464	0.15644	0.63108	\$ 1,183,204	\$ 1,156,298	\$ 23,578	\$ 1,179,876	99.7%
2016	0.44219	0.15893	0.60112	\$ 1,228,563	\$ 1,206,449	\$ 9,000	\$ 1,215,449	98.9%
2017	0.45446	0.13196	0.58642	\$ 1,299,973	\$ 1,276,573	\$ 16,500	\$ 1,293,073	99.5%
2018	0.42023	0.16398	0.58421	\$ 1,329,129	\$ 1,307,863	\$ 4,941	\$ 1,312,804	98.8%
2019	0.41924	0.16907	0.58831	\$ 1,347,166	\$ 1,326,810	\$ 10,187	\$ 1,336,997	99.2%
2020	0.40413	0.16379	0.56792	\$ 1,367,460	\$ 1,345,580	\$ 16,082	\$ 1,361,662	99.6%
2021	0.42309	0.13875	0.56184	\$ 1,450,559	\$ 1,414,585	\$ 14,399	\$ 1,428,984	98.5%
2022	0.40247	0.14836	0.55083	\$ 1,447,043	\$ 1,409,911	\$ 9,488	\$ 1,419,399	98.1%
2023	0.38513	0.14851	0.53364	\$ 1,527,356	\$ 1,481,535	\$ 6,837	\$ 1,488,372	97.4%

^(a) The Texas Constitution limits the maximum ad valorem tax rate to \$2.50 per \$100 of assessed valuation for home-rule cities such as the City; however, for a discussion of the more restrictive City Charter Limitations, see "PROPERTY TAXES – City Charter Tax and Revenue Limitations."

^(b) The figures represent net adjusted levies, including the late certification and correction rolls from the Appraisal District, through June 30 of each Fiscal Year, except for Fiscal Year 2023, which is as of August 19, 2022.

^(c) These amounts do not include revenues from various types of Industrial District Contracts entered into by the City with industrial property owners outside of the City's corporate limits. Such Industrial District Contracts have a term of fifteen years (currently scheduled to terminate in Tax Year 2027) and allow property owners to make payments to the City in lieu of paying ad valorem taxes.

^(d) Includes all ad valorem tax receipts received by the City, including tax increment revenues that are deposited into special funds designated for various tax increment reinvestment zones. By virtue of contracts among the City, the Zones and the local government corporations that manage the zones, the tax increments are transferred to the respective local government corporation and are available to fund authorized projects in the Zone and to be pledged to obligations issued by the local government corporation on behalf of the Zone. Bonds and other obligations issued by the local government are not debt of the City. In Fiscal Year 2023, the City has budgeted approximately \$296.4 million of tax increments to be transferred to special funds for such zones, as required by State law, of which approximately \$48.3 million will be transferred back to the City for affordable housing projects, an administrative fee and a fee for municipal service costs attributable to development in such Zones. Much of the tax increments transferred to the zones are used to promote economic developments through the acquisition and construction of public improvements to spur development in certain areas of the City. Additionally, the zones provide affordable housing and funds for certain City capital improvement projects.

^(e) The City's Fiscal Year 2023 Budget includes a property tax levy in compliance with Proposition 1. Upon receipt of the Certified Initial Roll a proposed tax rate is calculated to comply with the tax revenue restrictions.

CITY OF HOUSTON, TEXAS
AD VALOREM TAX OBLIGATION PERCENTAGES
June 30, 2022
(amounts expressed in thousands, except per capita amount)
(unaudited)

Tax Year	Fiscal Year	Tax-Supported Debt at December 31 (in thousands)^(f)	Tax Roll^(a) (in thousands)	Tax-Supported Debt as a Percentage of Tax Roll	Tax-Supported Per Capita Debt^(b)	Debt Service Requirement Payable from Taxes^{(c)(d)} (in thousands)	Tax Levy for Debt Service (in thousands)^(e)
2012	2013	\$ 3,469,360	\$ 152,801,703	2.27%	\$ 1,613	\$ 300,124	\$ 241,100
2013	2014	\$ 3,392,510	\$ 167,460,662	2.03%	\$ 1,545	\$ 304,267	\$ 243,813
2014	2015	\$ 3,329,635	\$ 187,196,033	1.78%	\$ 1,487	\$ 337,756	\$ 264,500
2015	2016	\$ 3,225,240	\$ 204,300,968	1.58%	\$ 1,405	\$ 340,345	\$ 295,954
2016	2017	\$ 3,079,240	\$ 220,692,709	1.40%	\$ 1,337	\$ 339,639	\$ 258,415
2017	2018	\$ 3,978,830	\$ 227,519,681	1.75%	\$ 1,720	\$ 384,968	\$ 333,784
2018	2019	\$ 3,887,020	\$ 229,630,283	1.69%	\$ 1,671	\$ 427,761	\$ 342,205
2019	2020	\$ 3,918,035	\$ 244,291,904	1.60%	\$ 1,689	\$ 403,043	\$ 352,100
2020	2021	\$ 3,603,895	\$ 258,180,081	1.40%	\$ 1,553	\$ 382,854	\$ 311,353
2021	2022	\$ 3,510,903	\$ 262,700,434	1.34%	\$ 1,534	\$ 398,565	\$ 339,739

(a) With the exception of Tax Year 2021, the tax roll represents the total appraised value of property, after subtracting all exemptions, and reflects all adjustments made by the Appraisal Districts as of June 30 of each Fiscal Year. The Tax Year 2021 amount represents the Appraisal Districts' estimate of certified taxable

(b) Per capita figures are based on population estimates according to the U.S. Census Bureau.

(c) These amounts have not been reduced by the combined ending fund balances in the General Debt Service Fund.

(d) These amounts include principal and interest payments for Tax Obligations, except it only includes interest for Commercial Paper Notes at an assumed rate appropriate for each Fiscal Year.

(e) Sources of funds for the general obligation debt service requirement include the tax levy and transfers from Enterprise and Special Revenue Funds.

(f) Information as reported in the City's Monthly Operations and Financial Report dated as of December 31 of each Fiscal Year.

CITY OF HOUSTON, TEXAS
PRINCIPAL AND INTEREST PAYABLE FROM AD VALOREM TAXES
(EXCLUDING COMMERCIAL PAPER NOTES)
(unaudited)

The following schedule presents the City's debt service requirements for Fiscal Years 2022 through 2050 for the outstanding Tax Bonds, Pension Obligations, and Tax Certificates. Debt service on commercial paper notes is not reflected in the schedule below.

Fiscal Year Ended June 30	Tax Bonds ^(a)	Pension Obligations ^(b)	Tax Certificates ^(c)	Total Debt Service ^(d)
2022	\$ 270,293,229	\$ 97,419,202	\$ 2,515,587	\$ 370,228,018
2023	256,999,168	98,652,956	2,514,837	358,166,961
2024	235,946,417	99,934,772	885,033	336,766,222
2025	194,062,399	101,250,714	-	295,313,114
2026	172,932,757	102,607,216	-	275,539,974
2027	177,840,422	104,001,132	-	281,841,554
2028	169,395,647	105,426,207	-	274,821,854
2029	137,277,777	115,232,047	-	252,509,825
2030	100,310,777	116,755,090	-	217,065,868
2031	78,682,277	129,726,814	-	208,409,091
2032	64,790,327	131,324,920	-	196,115,248
2033	56,114,781	90,551,979	-	146,666,760
2034	53,391,440	67,991,967	-	121,383,407
2035	41,723,440	114,023,057	-	155,746,497
2036	40,351,242	104,392,373	-	144,743,615
2037	36,951,242	91,243,023	-	128,194,264
2038	17,577,067	69,409,249	-	86,986,316
2039	14,621,542	71,296,510	-	85,918,051
2040	11,300,342	73,230,382	-	84,530,724
2041	11,307,286	95,473,340	-	106,780,626
2042	9,299,436	76,386,596	-	85,686,032
2043	7,936,591	78,487,772	-	86,424,363
2044	4,782,800	80,647,485	-	85,430,285
2045	4,781,600	82,861,427	-	87,643,027
2046	4,784,400	85,140,092	-	89,924,492
2047	4,780,800	87,483,182	-	92,263,982
2048	4,780,800	-	-	4,780,800
2049	4,784,000	-	-	4,784,000
	<u>\$ 2,187,800,006</u>	<u>\$ 2,470,949,504</u>	<u>\$ 5,915,457</u>	<u>\$ 4,664,664,967</u>

Each Fiscal Year the City budgets for Commercial Paper Notes debt service and related reserve funds based on a calculation that assumes a certain amount of Commercial Paper Notes is expected to be issued during that Fiscal Year at an assumed rate of interest.

- (a) Total debt service does not include payments related to various leases for office space and equipment, which are not considered debt under Texas law. The terms and conditions of such leases and agreements vary.
- (b) GO portion only.
- (c) Adjusted to reflect the sinking fund payments for the Tax and Revenue Certificates of Obligation (QECCB - Direct Pay to Issuer), Series 2013Q (the "Series 2013Q Certificates"). Excludes the federal subsidy payment expected to be received by the City in connection with the Series 2013Q Certificates.
- (d) Totals may reflect a variance due to rounding.

CITY OF HOUSTON, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

LEGAL DEBT MARGIN CALCULATION AT JUNE 30, 2022

Assessed Value (1)	<u>\$ 345,466,657</u>
Debt Limit (10% of assessed value)	<u>\$ 34,546,666</u>
Debt applicable to limit:	
Public Improvement Bonds	1,682,020
Pension Obligations	1,469,410
Commercial Paper - General Obligation	168,000
Tax and Revenue Certificates of Obligation	<u>12,365</u>
Total net debt applicable to limit	<u>3,331,795</u>
Legal debt margin	<u>\$ 31,214,871</u>

HISTORICAL LEGAL DEBT LIMITATION

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Legal debt limitation, 10% of assessed value (2)	\$ 20,140,168	\$ 21,962,278	\$ 24,401,203
Total net debt applicable to margin	<u>3,291,013</u>	<u>3,233,808</u>	<u>3,135,203</u>
Legal debt margin	<u>\$ 16,849,155</u>	<u>\$ 18,728,470</u>	<u>\$ 21,266,000</u>
Total net debt applicable to the limit as a percentage of debt limit	16.3%	14.7%	12.8%

(1) Assessed Value for the 2018 tax year (fiscal year 2019) is based on the appraised value of property prior to any deductions for exemptions. The Assessed Value is derived from the certified valuations provided by the Harris County Appraisal District as of July 2019.

(2) See Texas Government Code, Chapter 1331.051 (b).

2016	2017	2018	2019	2020	2021	2022
\$ 26,857,750	\$ 28,781,940	\$ 29,222,567	\$ 30,143,366	\$ 32,030,547	\$ 33,848,534	\$ 34,546,666
3,244,534	3,174,499	3,985,690	3,889,101	3,732,189	3,615,930	3,331,795
<u>\$ 23,613,216</u>	<u>\$ 25,607,441</u>	<u>\$ 25,236,877</u>	<u>\$ 26,254,265</u>	<u>\$ 28,298,358</u>	<u>\$ 30,232.604</u>	<u>\$ 31,214.871</u>
12.1%	11.0%	13.6%	12.9%	11.7%	10.7%	9.6%

CITY OF HOUSTON, TEXAS
PLEGGED - REVENUE COVERAGE
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Airport System Bonds ⁽¹⁾									
Fiscal Year	Operating & Non-Operating Revenues ⁽²⁾	Less: Operating Expenses	Net Pledged Revenue	Debt Service		Less Grants Available for Debt Service	Less PFC revenue Available for Debt Service	Coverage	
				Principal	Interest ⁽³⁾				
				2013	\$ 441,245				
2014	\$ 460,768	\$ 268,745	\$ 192,023	\$ 60,419	\$ 96,005	\$ 22,942	\$ 35,614	1.96	
2015	\$ 489,822	\$ 283,557	\$ 206,265	\$ 71,999	\$ 91,320	\$ 16,399	\$ 38,054	1.89	
2016	\$ 495,831	\$ 314,715	\$ 181,116	\$ 79,093	\$ 84,811	\$ 13,888	\$ 42,320	1.68	
2017	\$ 510,524	\$ 254,506 ⁽⁴⁾	\$ 256,018	\$ 82,707	\$ 92,316	\$ -	\$ 54,673	2.13	
2018	\$ 522,407	\$ 326,889	\$ 195,518	\$ 81,137	\$ 93,319	\$ -	\$ 50,642	1.58	
2019	\$ 518,192	\$ 315,153	\$ 203,039	\$ 80,110	\$ 96,202	\$ -	\$ 60,646	1.76	
2020	\$ 491,537	\$ 314,034	\$ 177,504	\$ 89,090	\$ 91,641	\$ 14,169	\$ 55,040	1.59	
2021	\$ 329,109	\$ 251,830	\$ 77,280	\$ 75,580	\$ 69,769	\$ 88,984	\$ 56,365	(*) not calculated	
2022	\$ 488,807	\$ 255,377	\$ 233,430	\$ 77,700	\$ 85,803	\$ 103,684	\$ 59,819	(*) not calculated	

1. Including Sr. Lien Commercial Paper, Subordinate Lien Bonds, and Inferior Lien Obligations.
 2. Income and revenue derived from the operation of the Airport System with limited exclusions.
 3. Debt service is net of amounts paid by grant fund, capitalized interest and passenger facility charges revenue.
 4. The decrease in net pension liability recorded as negative expense in FY2017 was \$67.4 million.
- (*) Calculations not performed for the year ended 6/30/21 as HAS paid all debt service in fiscal year 2021 from PFC's and CARES Act proceeds.

Combined Utility System Bonds ⁽⁵⁾									
Fiscal Year	Operating & Non-Operating Revenues ⁽⁶⁾	Less: Total Expenses	Net Pledged Revenue	Debt Service		Coverage			
				Principal	Interest				
				2013	\$ 979,550				
2014	\$ 1,029,563	\$ 406,273	\$ 623,290	\$ 134,030	\$ 273,484	1.53			
2015	\$ 973,289	\$ 424,683	\$ 548,606	\$ 140,685	\$ 266,636	1.35			
2016	\$ 1,053,648	\$ 436,845	\$ 616,803	\$ 160,450	\$ 261,489	1.46			
2017	\$ 1,075,788	\$ 438,330	\$ 637,458	\$ 184,570	\$ 259,941	1.43			
2018	\$ 1,126,569	\$ 438,551	\$ 688,018	\$ 200,505	\$ 261,978	1.49			
2019	\$ 1,123,606	\$ 468,244	\$ 655,362	\$ 213,810	\$ 257,760	1.39			
2020	\$ 1,184,353	\$ 465,791	\$ 718,562	\$ 207,110	\$ 268,749	1.51			
2021	\$ 1,154,660	\$ 505,931	\$ 648,729	\$ 228,641	\$ 262,231	1.32			
2022	\$ 1,407,887	\$ 510,072	\$ 897,815	\$ 254,501	\$ 250,694	1.78			

5. Including Water and Sewer System Bonds, Combined Utility System Bonds, and Commercial Paper interest.
6. Income and revenues derived from the operation of the Combined Utility System with limited exclusions.

Convention and Entertainment Center Bonds ⁽⁷⁾									
Fiscal Year	Pledged Hotel Occupancy Tax & Other Revenue ⁽⁸⁾	Debt Service		Coverage					
		Principal	Interest						
		2013	\$ 78,892			\$ 27,530	\$ 14,123	1.89	
2014	\$ 89,145	\$ 26,215	\$ 10,743	2.41					
2015	\$ 83,027	\$ 25,835	\$ 11,377	2.23					
2016	\$ 82,116	\$ 24,524	\$ 18,307	1.92					
2017	\$ 76,491	\$ 19,790	\$ 24,333	1.73					
2018	\$ 77,460	\$ 21,815	\$ 24,797	1.66					
2019	\$ 77,483	\$ 21,779	\$ 26,388	1.61					
2020	\$ 61,196	\$ 56,842	\$ 28,561	0.72					
2021	\$ 41,749	\$ 23,222	\$ 33,154	0.74					
2022	\$ 66,593	\$ 23,892	\$ 31,162	1.21					

7. Including Revenue Bonds and Commercial Paper.
8. Includes the 5.65%/7% of collected hotel occupancy tax, certain parking revenues, and certain tax rebates.

CITY OF HOUSTON, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years
(unaudited)

Fiscal Year	(1) (2) Population	(3) Personal Income (amount in thousands)	(3) Per Capita Income	(4) Median Age	(4) Education Level in Years of Formal Schooling	(4) School Enrollment	(5) Average Unemployment Rate (percentage)
2013	2,158,700	\$ 332,017	\$ 52,471	32.1	13.0	1,794,210	6.6
2014	2,196,367	\$ 360,298	\$ 55,436	32.3	13.0	1,790,150	5.4
2015	2,238,653	\$ 366,978	\$ 55,013	32.4	13.0	1,829,867	4.8
2016	2,283,616	\$ 351,012	\$ 51,572	32.6	13.0	1,849,065	5.6
2017	2,306,360	\$ 377,978	\$ 54,788	32.6	13.1	1,874,344	5.2
2018	2,313,079	\$ 403,674	\$ 57,875	32.7	13.2	1,893,312	4.7
2019	2,314,478	\$ 415,920	\$ 58,884	32.9	13.2	1,932,292	4.0
2020	2,315,720	\$ 428,501	\$ 59,893	32.9	13.44	1,915,864	11.6
2021	2,300,027	Not available	Not available	33.4	13.38	1,920,741	7.4
2022	2,288,250	Not available	Not available	35.3	13.40	1,911,456	4.8

(1) Source: U.S. Census Bureau - City and Town Populations, Subcounty Resident Population Estimates: April 1, 2012 to July 1, 2019.

(2) Source: U.S. Census Bureau - Annual Estimates of the Resident Population for Incorporated Places of 50,000 or More: estimate as of July 1, 2020 and July 1, 2021 for fiscal year 2021 and 2022, respectively.

(3) Source: U.S. Department of Commerce, Bureau of Economic Analysis. Amounts as of year ended December 31 for the nine-county Metropolitan Statistical Area (MSA). Information for the years ended December 31, 2022 and 2021 are not yet available.

(4) Source: U.S. Census Bureau - ACS Demographic and Housing Estimates for or the nine-county Metropolitan Statistical Area.

(5) Source: U.S. Bureau of Labor Statistics. Information as of June each year for the nine-county Metropolitan Statistical Area.

**CITY OF HOUSTON, TEXAS
PRINCIPAL EMPLOYERS (1)
Last Ten Fiscal Years
Employer (Listed Alphabetically)
(unaudited)**

2022	2021	2020
CHI St. Luke's Health	ExxonMobil	ExxonMobil
ExxonMobil	HEB	HEB
HCA Houston Healthcare	HCA Houston Healthcare	HCA Houston Healthcare
HEB	Houston Methodist	Houston Methodist
Houston Methodist	Kroger	Kroger
Kroger	Memorial Hermann Health System	Memorial Hermann Health System
Memorial Hermann Health System	Schlumberger	Shell Oil Company
Schlumberger	UT MD Anderson Cancer Center	UT MD Anderson Cancer Center
UT MD Anderson Cancer Center	United Airlines	United Airlines
Walmart	Walmart	Walmart
2019	2018	2017
HEB	Exxon Mobil	HEB
Houston Methodist	HEB	Houston Methodist
Kroger	Houston Methodist	Kroger Company
McDonald's Corp	Kroger Company	McDonald's Corp
Memorial Hermann Health System	McDonald's Corp	Memorial Hermann Health System
Schlumberger	Memorial Hermann Health System	UT MD Anderson Cancer Center
Shell Oil Company	Texas Children Hospital	United Airlines
UT MD Anderson Cancer Center	UT MD Anderson Cancer Center	Schlumberger Limited
United Airlines	United Airlines	Shell Oil Company
Walmart	Walmart	Walmart
2016	2015	2014
ExxonMobil	Cameron International	B.P. America, Inc.
Houston Methodist Hospital System	ExxonMobil	ExxonMobil
Kroger Company	HEB	Houston Methodist
Memorial Hermann Health System	Houston Methodist	Kroger
National Oilwell Varco	Kroger	Memorial Hermann Health System
Schlumberger Limited	Memorial Hermann Health System	National Oilwell Varco
Shell Oil Company	National Oilwell Varco	Schlumberger Limited
UTMB Health	Shell Oil Company	Shell Oil Company
UT MD Anderson Cancer Center	UT MD Anderson Cancer Center	UT MD Anderson Cancer Center
United Airlines	United Airlines	United Airlines
2013		
Baylor College of Medicine		
B.P. America, Inc.		
ExxonMobil		
Kroger		
Memorial Hermann Health System		
National Oilwell Varco		
Schlumberger Limited		
Shell Oil Company		
The Methodist Hospital System		
United Continental Holdings		

Source: Greater Houston Partnership Research

(1) Starting fiscal year 2022, information such as the number of employees or the employers' percentage of total employment is not available for disclosure. Prior year information has been modified to the format consistent with fiscal year 2022 for presentation purposes.

CITY OF HOUSTON, TEXAS
INCREASES/DECREASES TO NET POSITION OF PENSION PLANS
June 30, 2022
(amounts expressed in thousands)
(unaudited)

	<u>Fire</u>	<u>Municipal</u>	<u>Police</u>	<u>Total</u>
Additions	\$ 112,815	\$ 418,663	\$ 103,866	\$ 635,344
Deductions	275,842	334,877	379,129	989,848
Net Increase (decrease)	<u>\$ (163,027)</u>	<u>\$ 83,786</u>	<u>\$ (275,263)</u>	<u>\$ (354,504)</u>
City's Total Contribution	<u>\$ 81,351</u>	<u>\$ 197,340</u>	<u>\$ 152,375</u>	<u>\$ 431,066</u>

The City's funding policies provide for actuarially determined periodic contributions at rates such that overtime will remain level as a percentage of payroll. The contribution rate for normal cost is determined by using the entry age normal cost method.

CITY OF HOUSTON, TEXAS
SALES AND USE TAX AND FRANCHISE CHARGES AND FEES
June 30, 2022
(amounts expressed in thousands)
(unaudited)

<u>Fiscal Year</u>	<u>Sales and Use Tax</u>	<u>Charges and Fees</u>
2014	\$ 629,441	\$ 189,989
2015	\$ 667,061	\$ 189,836
2016	\$ 640,476	\$ 191,584
2017	\$ 631,993	\$ 190,586
2018	\$ 674,279	\$ 185,774
2019	\$ 692,271	\$ 180,609
2020	\$ 684,425	\$ 169,304
2021	\$ 706,829	\$ 153,600
2022	\$ 820,622	\$ 149,519
2023 (budgeted)	\$ 806,920	\$ 147,978

**CITY OF HOUSTON, TEXAS
EMPLOYMENT STATISTICS
June 30, 2022
(unaudited)**

Employment

The following table indicates the Houston PMSA estimated annual average labor force for the years 2012 through 2021 according to the Texas Employment Commission:

**Houston PMSA Labor Force Estimates
(Employees in thousands)**

	<u>2012</u>	<u>2013</u>
Civilian Labor Force (A)	3,110	3,180
Employed	2,901	3,009
Unemployed	210	171
Percent unemployed	6.70%	5.40%
Nonfarm Payroll Employment (B)	2,793	2,895
Manufacturing	252	261
Mining	106	115
Contract construction	188	197
Transp/Trade/Pub Utils/Communications (C)	602	616
Finance/Insurance/Real Estate	143	146
Services & Miscellaneous	1,135	1,800
Government	367	379

(A) Includes resident wage and salary workers, self-employed, unpaid family workers and domestics in private households, agricultural workers, and workers involved in labor-management disputes.

(B) Includes the non-agricultural wage and salary jobs estimated to exist in Houston PMSA without reference to place of residence of workers.

(C) Trade has been included with Transportation, Public Utilities and Communications.

2014	2015	2016	2017	2018	2019	2020	2021
3,244	3,287	3,323	3,412	3,444	3,381	3,418	3,523
3,098	3,106	3,147	3,255	3,313	3,053	3,165	3,353
146	180	176	157	131	328	253	170
4.50%	5.50%	5.30%	4.60%	3.80%	9.70%	7.40%	4.80%
2,991	3,002	3,061	3,132	3,185	2,980	3,047	3,266
250	232	234	228	241	220	207	226
109	87	86	80	88	62	69	69
205	216	215	237	230	219	204	238
645	647	635	661	661	637	666	701
146	155	156	164	167	165	163	172
1,261	1,282	1,321	1,353	1,382	1,281	1,005	1,428
381	388	414	410	418	399	411	432

CITY OF HOUSTON, TEXAS
CITY OF HOUSTON EMPLOYMENT INFORMATION
Last Ten Years
(unaudited)

Full-time Equivalent Employees as of June 30, 2022

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Fund/Department										
<u>GENERAL FUND</u>										
Public Safety										
Fire/Civilian	117.4	117.1	107.2	111.9	109.6	108.3	105.2	95.3	85.3	97.5
Fire/Classified	4,011.7	3,981.2	4,119.9	4,235.4	4,231.6	4,219.3	4,100.0	4,098.6	4,055.6	4,101.1
Fire/Cadets	26.7	123.0	139.1	107.1	94.6	41.4	80.2	49.7	98.4	123.7
Municipal Courts	268.8	291.6	299.2	290.7	280.0	268.4	257.8	252.4	241.2	236.6
Police/Civilian	1,194.9	1,157.8	1,133.2	1,134.7	1,141.7	1,099.8	986.8	874.9	851.3	853.3
Police/Classified	5,456.9	5,290.4	5,350.7	5,353.4	5,357.3	5,559.8	5,351.0	5,592.7	5,293.0	5,422.0
Police/Cadets	118.1	88.1	91.2	140.5	176.2	134.1	139.5	139.7	140.3	173.9
Total Public Safety	<u>11,194.5</u>	<u>11,049.2</u>	<u>11,240.5</u>	<u>11,373.7</u>	<u>11,391.0</u>	<u>11,431.1</u>	<u>11,020.5</u>	<u>11,103.3</u>	<u>10,765.1</u>	<u>11,008.1</u>
Development & Maintenance Services										
General Services (Formerly Building Services)	193.6	201.1	140.7	137.7	135.1	133.7	144.3	142.6	136.0	139.0
Planning & Development	75.2	76.1	71.9	59.8	32.3	28.0	25.9	21.3	23.8	21.5
Public Works & Engineering (PW&E)	15.0	13.6	14.6	12.5	13.8	13.0	7.3	6.6	8.4	7.7
Solid Waste Management	471.0	458.9	475.9	507.7	526.0	527.7	542.1	530.2	534.3	508.6
Total Development & Maintenance	<u>754.8</u>	<u>749.7</u>	<u>703.1</u>	<u>717.7</u>	<u>707.2</u>	<u>702.4</u>	<u>719.6</u>	<u>700.7</u>	<u>702.5</u>	<u>676.8</u>
Human & Cultural Services										
Health & Human Services	470.7	565.0	563.5	447.7	447.6	431.7	409.4	391.4	374.9	359.4
Housing & Community Development	2.0	2.0	1.3	0.7	0.7	2.5	0.4	0.5	0.3	0.3
Library	405.2	474.1	469.8	466.0	466.1	471.7	455.7	440.0	415.6	407.1
Neighborhoods	104.4	103.5	107.5	107.6	103.9	102.9	95.4	87.8	86.5	78.1
Parks & Recreation	644.4	670.3	663.7	657.9	693.5	689.0	648.0	595.5	523.1	545.6
Total Human & Cultural Services	<u>1,626.7</u>	<u>1,814.9</u>	<u>1,805.8</u>	<u>1,679.9</u>	<u>1,711.8</u>	<u>1,697.8</u>	<u>1,608.9</u>	<u>1,515.2</u>	<u>1,400.4</u>	<u>1,390.5</u>
Administrative Services										
Administration & Regulatory Affairs	240.3	201.5	202.1	205.6	209.1	191.7	184.8	172.2	170.8	167.5
City Secretary	10.7	10.7	10.3	9.2	8.9	9.9	9.8	9.4	7.6	8.2
Controller's Office	64.9	65.3	62.1	60.3	57.8	60.3	51.1	48.3	50.0	49.9
Council Office	77.7	74.6	76.5	77.6	76.2	73.2	71.8	70.2	72.8	71.2
Finance Department	60.4	107.8	111.4	106.8	102.2	103.1	101.1	97.9	99.4	98.4
Human Resources	34.4	31.1	32.0	33.2	29.0	26.7	23.4	19.3	16.5	36.5
Information Technology	144.3	156.3	161.8	156.8	145.3	107.1	93.8	28.8	-	-
Legal	116.4	119.7	121.6	120.0	114.0	107.2	106.6	113.5	97.6	96.5
Mayor's Office	56.3	58.5	48.6	49.5	49.1	45.5	43.4	43.1	39.5	36.3
Office of Business Opportunity (Formerly Affirm. Action)	25.1	26.4	28.1	28.2	27.7	27.7	26.7	30.0	34.0	28.4
Total Administrative Services	<u>830.5</u>	<u>851.9</u>	<u>854.5</u>	<u>847.2</u>	<u>819.3</u>	<u>752.4</u>	<u>712.5</u>	<u>632.7</u>	<u>588.2</u>	<u>592.9</u>
Total General Fund	<u>14,406.5</u>	<u>14,465.7</u>	<u>14,603.9</u>	<u>14,618.5</u>	<u>14,629.3</u>	<u>14,583.7</u>	<u>14,061.5</u>	<u>13,951.9</u>	<u>13,456.2</u>	<u>13,668.3</u>
<u>ENTERPRISE FUNDS</u>										
Aviation	1,339.5	1,368.7	1,292.0	1,245.2	1,211.5	1,190.0	1,156.3	1,145.2	1,163.2	1,172.9
Convention & Entertainment Facilities	23.0	22.7	-	-	-	-	-	-	-	-
Combined Utility System	2,237.5	2,220.8	2,166.2	2,179.6	2,254.8	2,266.6	2,245.0	2,239.5	2,289.0	2,245.2
Total Enterprise Funds	<u>3,600.0</u>	<u>3,612.2</u>	<u>3,458.2</u>	<u>3,424.8</u>	<u>3,466.3</u>	<u>3,456.6</u>	<u>3,401.3</u>	<u>3,384.7</u>	<u>3,452.2</u>	<u>3,418.1</u>

(continued)

(continued)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fund/Department										
<u>SPECIAL REVENUE FUNDS</u>										
Administration & Regulatory Affairs	159.5	159.9	168.8	175.9	179.6	171.6	173.1	181.8	179.8	177.6
Finance	-	15.5	42.8	39.2	41.2	49.2	49.4	50.2	59.3	55.7
Fleet Management (Formerly PW&E - Fleet Management)	267.7	325.9	369.7	371.2	399.7	406.9	400.8	389.3	392.9	373.0
General Services (Formerly Building Services)	-	61.3	137.5	130.1	126.1	134.6	129.6	117.6	113.9	102.9
Health & Human Services	515.5	592.1	661.0	656.3	686.1	782.9	807.5	764.2	966.9	1,007.4
Housing & Community Development	159.0	161.8	163.4	158.3	146.1	142.9	189.1	278.1	307.0	286.1
Houston Emergency Center	242.5	243.8	242.5	247.5	243.2	246.1	248.0	241.9	242.9	227.5
Houston Information Technology	-	-	-	-	-	-	-	-	-	181.5
Houston Public Works	-	-	-	-	-	-	-	-	-	1,779.4
Human Resources	-	-	-	-	-	-	-	-	-	253.1
Legal	7.6	35.2	-	-	53.6	52.7	50.1	52.4	52.5	55.4
Library	26.0	23.4	17.1	13.6	7.9	5.7	6.0	9.8	11.4	8.6
Mayor's Office	28.5	26.9	43.5	50.0	51.0	54.9	56.9	56.1	69.8	70.4
Municipal Courts - (Administration) Department	35.0	18.1	20.0	18.8	21.0	16.0	10.5	10.2	10.5	7.6
Neighborhoods	51.0	48.8	46.7	43.4	40.2	37.5	33.2	29.8	30.4	35.4
Office of Business Opportunity (Formerly Affirm. Action)	2.0	2.0	2.0	2.0	2.0	1.6	1.1	1.9	2.0	1.5
Parks Special Revenue	92.0	93.2	103.4	108.3	116.4	115.5	100.1	93.4	95.8	102.4
Planning & Development	11.9	11.6	8.2	21.9	49.9	51.6	51.1	52.7	61.7	61.7
Police - Auto Dealers/Civilian	8.0	8.0	39.7	7.1	7.7	8.0	8.7	8.2	8.7	-
Police - Auto Dealers/Classified	19.0	32.0	21.9	-	-	-	-	-	-	-
Police - Cadet	-	-	-	16.7	40.9	1.0	23.0	-	-	-
Police - Special Services/Civilian	26.5	35.7	24.0	2.2	2.2	1.7	2.0	1.9	2.0	45.0
Police - Special Services/Classified	49.4	139.3	45.8	-	-	-	-	-	-	44.3
Police - Federal Government/Civilian	-	-	-	27.4	27.1	27.4	29.4	40.7	46.0	-
Police - Federal Government/Classified	-	-	-	16.6	36.4	35.5	33.5	32.4	24.1	-
Police - Forensic Transition Special Service/Civilian	-	-	58.4	38.2	27.7	24.1	8.9	7.0	7.0	-
Police - Forensic Transition Special Service/Classified	-	-	51.1	43.5	31.6	27.4	23.0	23.9	23.7	-
PW&E - Building Inspection	647.6	571.5	560.6	577.1	616.1	604.2	581.4	627.4	638.7	-
PW&E - Project Recovery Fund	-	-	-	329.5	309.0	299.1	286.1	301.0	308.3	-
PW&E - Stormwater Utility	354.7	377.7	337.3	329.9	347.9	373.0	304.7	342.1	322.0	-
PW&E - Houston TransStar	6.6	8.0	7.9	7.8	8.1	7.1	7.3	8.1	8.5	-
PW&E - Drainage and Street Renewal	490.4	505.2	485.0	487.4	464.5	511.6	458.9	492.2	508.9	-
Solid Waste Management	2.9	2.1	2.5	2.4	4.0	3.3	4.4	2.4	2.7	3.7
Total Special Revenue Funds	3,203.3	3,499.0	3,660.8	3,922.3	4,087.2	4,193.1	4,077.8	4,216.7	4,497.4	4,880.2
Total General, Enterprise and Special Funds	21,209.8	21,576.9	21,722.9	21,965.6	22,182.8	22,233.4	21,540.6	21,553.3	21,405.8	21,966.6
<u>INTERNAL SERVICE/REVOLVING FUND</u>										
Human Resources - Health Benefits	45.8	46.7	47.6	57.0	47.7	42.5	42.7	45.1	39.8	-
General Services - Central Svc Revolving	27.9	31.8	-	-	-	-	-	-	-	-
Human Resources - Central Svc Revolving	125.6	138.7	142.6	155.6	150.4	142.6	170.9	167.4	168.8	-
Information Technology - Central Svc Revolving	45.6	53.7	51.8	54.9	50.0	83.5	82.6	95.3	126.8	-
General Services - In House Reconstruction	29.0	28.5	-	-	-	-	-	-	-	-
PW&E - CIP Salary Recovery	302.4	308.9	328.9	-	-	-	-	-	-	-
Admin. and Regulatory Affairs - Property and Casualty	5.0	5.0	-	-	-	-	-	-	-	-
Legal - Property and Casualty	47.9	52.2	52.7	58.5	51.6	49.9	47.5	48.4	45.8	-
Human Resources - Workers Compensation	30.1	29.5	31.5	32.6	30.0	32.1	45.8	51.5	47.0	-
Legal - Workers Compensation	2.7	2.0	2.0	2.0	2.0	2.0	2.0	1.8	1.6	-
Total Internal Service/Revolving Funds	662.0	697.0	657.1	360.6	331.7	352.6	391.5	409.5	429.8	-
Total Full-time Equivalent Employees	21,871.8	22,273.9	22,380.0	22,326.2	22,514.5	22,586.0	21,932.1	21,962.8	21,835.6	21,966.6

(concluded)

CITY OF HOUSTON, TEXAS

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CITY OF HOUSTON, TEXAS
OPERATING INDICATORS BY FUNCTION
June 30, 2022
(unaudited)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function										
Police										
Physical arrests	96,058	138,007	54,490	61,749	51,910	51,288	58,401	51,054	41,351	43,377
Parking violations	197,253	195,822	188,570	203,941	194,595	187,047	201,142	169,439	187,482	197,997
Traffic violations filed	587,835	557,609	472,553	437,138	395,461	379,266	392,454	280,399	235,349	230,403
Fire										
Number of calls dispatched	294,278	308,264	327,417	336,170	335,693	346,023	337,613	347,409	363,767	382,971
Inspections (1)	82,515	85,945	88,367	74,906	11,000	25,742	30,579	34,582	36,160	27,731
Highways and streets										
Streets resurfaced (miles)	129	104	194	152	186	142	153	158	136	143
Tons of asphalt for pothole repair and skin patches	16,279	15,292	15,972	13,130	13,328	13,058	11,507	15,026	11,379	10,573
Parks and recreation										
Athletic field permits issued	2,375	2,344	2,312	2,270	2,423	2,300	2,342	1,715	608	1,890
Community center admissions	5,421,607	5,702,568	5,812,806	5,547,431	5,837,622	5,469,776	5,810,167	4,521,199	1,636,706	2,976,362
Sanitation										
Refuse collected (tons)	712,857	686,334	681,675	695,613	725,819	732,015	718,506	753,879	773,596	716,584
Recyclables collected (tons) (2)	111,602	115,143	116,575	127,421	120,324	76,024	99,697	127,160	124,075	90,714
Water										
New connections (4)	3,864	6,796	6,349	4,559	4,530	4,612	4,524	3,083	3,805	4,009
Water main breaks (3)	11,343	11,935	10,572	11,122	9,638	8,355	11,067	8,178	9,427	8,539
Average daily pumpage (millions of gallons)	446	455	428	445	458	461	454	455	447	458
Wastewater										
Wastewater line repairs	2,660	2,210	2,186	2,252	2,322	2,452	2,222	1,893	2,152	2,067
Average daily sewage treatment (millions of gallons)	209	225	257	256	253	252	270	245	264	251

- (1) The Fire Department now has a better system to record inspections. For example, a ten-building apartment complex is now counted as ten inspections, not one.
- (2) The Solid Waste Department started the tree recycling program in January 2009, which greatly increased the tons of recyclables collected.
- (3) A dry year caused a higher than usual number of breaks.
- (4) New connections represents all water connection types as meters (physical connections) to the water supply, not the regulatory definition of a connection

CITY OF HOUSTON, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
June 30, 2022
(unaudited)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function										
Public safety										
Police										
Stations	17	17	17	16	17	17	17	17	17	17
Patrol units	856	903	1,282	1,338	1,416	1,448	1,470	1,326	1,427	1,616
Fire										
Stations	92	92	93	93	93	93	93	93	93	93
Highways and streets										
Streets (lane miles)	15,397	15,397	15,404	14,656	14,656	14,764	13,852	13,852	15,991	15,991
Streetlights	175,516	174,373	174,075	175,172	176,440	177,056	177,056	177,056	177,056	178,837
Traffic signals	2,449	2,467	2,467	2,491	2,495	2,491	2,491	2,491	2,534	2,520
Parks and recreation				15,972						
Parks acreage	37,851	37,851	37,859	37,856	35,733	37,942	39,501	39,501	39,501	39,501
Parks	527	528	533	537	542	545	546	547	547	548
Swimming pools	57	57	56	56	57	58	59	59	59	59
Tennis Centers	3	3	3	3	3	3	3	3	3	3
Community centers	60	60	61	61	60	60	60	60	60	60
Sanitation										
Collection trucks	323	323	343	351	360	350	371	413	323	327
Water										
Water mains (miles)	7,143	7,198	7,128	7,128	7,128	7,144	7,210	7,174	7,640	7,639
Fire hydrants	58,162	58,984	N/A	N/A	60,420	60,543	61,524	61,876	61,991	62,103
Maximum daily capacity (millions of gallons)	853	885	803	808	799	782	795	790	764	713
Sewer										
Sanitary sewers (miles)	(1) 6,950	6,950	6,950	6,950	6,950	6,192	6,200	6,300	6,396	6,186
Storm sewers (miles)	3,789	3,838	3,838	3,894	3,946	3,987	3,987	3,987	3,987	3,987
Maximum daily treatment permitted (millions of gallons)	563	565	563	563	563	564	564	564	564	564

(1) The sanitary sewers (miles) for the fiscal years ended June 30, 2013 to June 30, 2018 were adjusted to reflect updated information received from Water Operations Branch.

Source: Departments of the City of Houston, Texas.

CITY OF HOUSTON, TEXAS
June 30, 2022
VOTER-AUTHORIZED OBLIGATIONS
(amounts expressed in thousands)
(unaudited)

The following schedule sets forth the categories of bond authorization approved by the voters in elections held in November of 2001 (the "2001 Election"), November of 2006 (the "2006 Election"), November of 2012 (the "2012 Election"), and November of 2017 (the "2017 Election"), the amount of each such authorization approved by City Council for issuance as Commercial Paper Notes, the amount of commercial paper issued as of year-end, and the amount of commercial paper approved but unissued. The City has issued all bonds authorized at the election held in November of 1997.

Purposes	November 2001 Election				
	Voter Authorized	Approved by City Council for Issuance as Commercial Paper Notes	Commercial Paper Issued ^(a)	Commercial Paper Notes Approved by City Council but Unissued	All Voter Authorized but Unissued
Streets, Bridges, Traffic Control	\$ 474,000	\$ 474,000	\$ 471,300	\$ 2,700	\$ 2,700
Parks and Recreation	80,000	80,000	80,000	-	-
Police and Fire Departments	82,000	82,000	82,000	-	-
Permanent and General					
Improvements ^(b)	80,000	80,000	80,000	-	-
Public Libraries	40,000	40,000	40,000	-	-
Low Income Housing	20,000	20,000	20,000	-	-
Total	<u>\$ 776,000</u>	<u>\$ 776,000</u>	<u>\$ 773,300</u>	<u>\$ 2,700</u>	<u>\$ 2,700</u>
	November 2006 Election				
Streets, Bridges, Traffic Control	\$ 320,000	\$ 219,950	\$ 97,248	\$ 122,702	\$ 222,752
Parks and Recreation	55,000	55,000	55,000	-	-
Public Safety	135,000	135,000	135,000	-	-
Permanent and General					
Improvements ^(b)	60,000	60,000	60,000	-	-
Public Libraries	37,000	37,000	37,000	-	-
Low Income Housing	18,000	18,000	10,731	7,269	7,269
Total	<u>\$ 625,000</u>	<u>\$ 524,950</u>	<u>\$ 394,979</u>	<u>\$ 129,971</u>	<u>\$ 230,021</u>
	November 2012 Election				
Streets, Bridges, Traffic Control	\$ -	\$ -	\$ -	\$ -	\$ -
Parks and Recreation	166,000	166,000	118,018	47,982	47,982
Public Safety	144,000	144,000	142,092	1,908	1,908
Permanent and General					
Improvements ^(b)	57,000	57,000	45,616	11,384	11,384
Public Libraries	28,000	28,000	28,000	-	-
Low Income Housing	15,000	10,188	4,808	5,380	10,192
Total	<u>\$ 410,000</u>	<u>\$ 405,188</u>	<u>\$ 338,534</u>	<u>\$ 66,654</u>	<u>\$ 71,466</u>
	November 2017 Election				
Streets, Bridges, Traffic Control	\$ -	\$ -	\$ -	\$ -	\$ -
Parks and Recreation	104,000	53,918	-	53,918	104,000
Public Safety	159,000	159,000	25,266.00	133,734	133,734
Permanent and General					
Improvements ^(b)	109,000	92,634	39,018	53,616	69,982
Public Libraries	123,000	52,799	24,873	27,926	98,127
Low Income Housing	-	-	-	-	-
Total	<u>\$ 495,000</u>	<u>\$ 358,351</u>	<u>\$ 89,157</u>	<u>\$ 269,194</u>	<u>\$ 405,843</u>
Combined Total (2001, 2006, 2012 & 2017 Elections)	<u>\$ 2,306,000</u>	<u>\$ 2,064,489</u>	<u>\$ 1,595,970</u>	<u>\$ 468,519</u>	<u>\$ 710,030</u>

(a) As of June 30, 2022

(b) Includes Public Health and Solid Waste Management

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES FUND REVENUES AND EXPENSES
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Total Annual Revenues Last Ten Fiscal Years	<u>2013</u>	<u>2014</u>	<u>2015</u>
Operating Revenues			
Fees charged to users, net	\$ 10,372	\$ 11,124	\$ 12,390
Total Operating Revenues	<u>10,372</u>	<u>11,124</u>	<u>12,390</u>
Nonoperating Revenues			
Interest	9,080	9,637	4,933
Hotel occupancy tax (includes penalty and interest)	76,325	90,119	90,711
Other income	413	292	818
Total Nonoperating Revenues	<u>85,818</u>	<u>100,048</u>	<u>96,462</u>
Total Revenues	<u>\$ 96,190</u>	<u>\$ 111,172</u>	<u>\$ 108,852</u>

Total Annual Expenses Last Ten Fiscal Years	<u>2013</u>	<u>2014</u>	<u>2015</u>
Operating Expenses			
Maintenance and operating	\$ 1,780	\$ 1,199	\$ 1,380
Depreciation	14,488	14,219	14,375
Total Operating Expenses	<u>16,268</u>	<u>15,418</u>	<u>15,755</u>
Nonoperating Expenses			
Interest on long-term debt	26,150	25,791	29,684
Gain (loss) on disposal of assets			
Promotional contracts & other expenses	62,662	73,371	79,312
Total Nonoperating Expenses	<u>88,812</u>	<u>99,162</u>	<u>108,996</u>
Total Expenses	<u>\$ 105,080</u>	<u>\$ 114,580</u>	<u>\$ 124,751</u>

*Beginning in Fiscal Year 2018, the City began reflecting the 19.3% of the hotel occupancy tax that was designated to the General Fund in the General Fund as opposed to the Convention and Entertainment Fund. The amount here represents the 81% available to cover bond covenants.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 12,431	\$ 12,283	\$ 7,883	\$ 10,655	\$ 9,486	\$ 6,100	\$ 8,357
12,431	12,283	7,883	10,655	9,486	6,100	8,357
12,708	9,091	9,723	13,560	12,000	9,083	7,979
88,632	82,882	89,417	86,078	67,348	47,449	82,505
-	291	989	2,083	292	431	1,850
101,340	92,264	100,129	101,721	79,640	56,963	92,334
<u>\$ 113,771</u>	<u>\$ 104,547</u>	<u>\$ 108,012</u>	<u>\$ 112,376</u>	<u>\$ 89,126</u>	<u>\$ 63,063</u>	<u>\$ 100,691</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 76,466	\$ 69,756	\$ 73,725	\$ 70,470	\$ 48,935	\$ 30,441	\$ 69,774
13,720	13,654	13,599	13,508	13,480	13,418	12,848
90,186	83,410	87,324	83,978	62,415	43,859	82,622
27,299	27,170	27,945	29,747	27,322	25,475	24,419
421	177	251	-	-	5,753	-
					1,449	1,521
					-	-
27,720	27,347	28,196	29,747	27,322	32,677	25,940
<u>\$ 117,906</u>	<u>\$ 110,757</u>	<u>\$ 115,520</u>	<u>\$ 113,725</u>	<u>\$ 89,737</u>	<u>\$ 76,536</u>	<u>\$ 108,562</u>

**CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
Last Ten Fiscal Years
(unaudited)**

**HISTORICAL PLEDGED REVENUES
(amounts expressed in thousands)**

Fiscal Year	Pledged HOT (a)	% Change	Pledged Parking Revenues (b)	% Change	Tax Rebates (c)	% Change	Total (d)
2013	\$ 61,605	11.2%	\$ 7,892	19.0%	\$ 9,395	-5.0%	\$ 78,892
2014	72,739	18.1%	8,644	9.5%	7,762	-17.4%	89,145
2015	73,217	4.0%	9,810	5.0%	-	-100.0%	83,027
2016	72,265	-1.3%	9,851	0.4%	-	-100.0%	82,116
2017	66,898	-7.4%	9,593	-2.6%	-	-100.0%	76,491
2018	72,172	8.0%	5,234	-45.4%	-	-100.0%	77,460
2019	69,477	-3.7%	8,006	53.0%	-	-100.0%	77,483
2020	54,359	-21.8%	6,837	-14.6%	-	-100.0%	61,196
2021	38,298	-29.5%	3,451	-49.5%	-	-100.0%	41,749
2022	66,593	73.9%	5,636	63.3%	-	-100.0%	72,229

- (a) The Pledged Hotel Occupancy Tax (HOT) revenues are revenues (including penalties, interest and delinquencies, if any) collected due to an occupancy tax of 5.65% applied to the cost of substantially all hotel room rentals in the City other than the Hilton Americas Hotel during the first ten years of its operation. The total HOT imposed by the City is 7%.
- (b) The City's pledge of parking revenues for debt service is subordinate to the City's pledge of the first \$1,200,000 of such gross revenues, charges and tolls to the payment of its annual obligation under the Music Hall Lease, unless such obligation is paid, defeased, matures or is otherwise restructured. These annual payments totaled \$1,000,000 for fiscal years 2001-2005, \$1,050,000 for fiscal year 2006, and \$1,100,000 for fiscal years 2007 and beyond.
- (c) The Tax Rebates consist of rebates of hotel occupancy taxes, sales taxes, and mixed beverage taxes derived from the Hilton Americas Hotel and parking garage during the first ten years of operation. They ended 12-31-13, so there are no rebates to report in FY2022.
- (d) Amounts shown do not include investment earnings on pledged revenues, which are also pledged.

CITY OF HOUSTON, TEXAS

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**CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
Last Ten Fiscal Years
(unaudited)**

Schedule of Hotel Occupancy Tax and Occupancy Rates

Fiscal Year	Occupancy % Rate (1)	Average Daily Rate (1)	Tax % Rate	Gross Hotel Occupancy Tax Revenues (in thousands)
2012	65.4%	\$ 95.35	7%	\$ 70,731
2013	68.0%	101.00	7%	79,736
2014	70.5%	108.80	7%	90,345
2015	70.3%	111.17	7%	90,711
2016	64.2%	105.55	7%	88,632
2017	61.5%	105.47	7%	82,961
2018	65.0%	108.18	7%	89,417
2019	64.6%	104.16	7%	86,078
2020	39.8%	86.48	7%	67,348
2021	52.4%	84.93	7%	47,449
2022	56.6%	100.89	7%	82,505

(1) Source: Greater Houston Partnership.

**CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
June 30, 2022
(unaudited)**

Schedule of Hotel Occupancy Tax Collections

The Twelve Largest Taxpayers	Gross Hotel Occupancy Tax Collections
Airbnb, Inc.	\$ 6,933,693
Houston Marriott Marquis	3,809,837
Hilton Americas-Houston	3,149,800
The Post Oak Hotel	2,217,217
Hyatt Regency Hotel	1,527,510
MARRIOTT HOTEL IAH	1,377,578
JW Marriott Houston Downtown #1291	1,318,513
Four Seasons Hotel Houston #0619	1,267,654
Westin Galleria #0533	1,229,136
JW MARRIOTT GALLERIA	1,201,343
Total	<u>\$ 24,032,281</u>

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
June 30, 2022
(unaudited)

Parking Facilities Rates

Facility	City Employee Monthly Contract (1)	Other Monthly Contract (2)	Daily Transient (2)	Event Rate (2)
Theater District Garage	\$103.95	\$195.00 \$195.00 (3) \$144.50 (4)	\$8.00 per hour \$20.00 Maximum	\$15.00
Reserved parking		\$275.00		
City Hall Annex Parking Garage	\$51.76	\$106.00	n/a	\$15.00
Lots C and H	\$65.05	\$60.00	n/a	\$15.00

(1) Does not include sales and use tax of 8.25%.

(2) Includes sales and use tax of 8.25%.

(3) Rates paid by Convention & Entertainment Facilities departmental contractors.

(4) Bulk contract parking agreement.

Source: www.houstonfirsttheaters.com/parking, COH, Convention & Entertainment Facilities Department.

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
Debt Service Schedule
(unaudited)

The following table sets forth the Debt Service Requirements on all Convention & Entertainment Revenue Bonds Outstanding assuming scheduled mandatory redemption of any term bonds.

Fiscal Year Ending June 30	Series 2001 Bonds	Series 2011A Bonds	Series 2014 Bonds	Series 2015 Bonds	Regions Notes (1)	JP Morgan Chase Note	Series 2017 Bonds	Series 2019 Bonds	Series 2021 Bonds	Total Debt Service
2023	\$ 23,320,000	\$ 3,375,625	\$ 4,395,625	\$ 11,616,875	\$ 600,000	\$ 23,000	\$ 1,338,753	\$ 12,801,125	\$ 3,282,050	\$ 60,753,053
2024	24,220,000	3,356,225	4,392,625	11,714,000	26,819,217	1,023,000	1,360,320	11,798,500	3,260,550	87,944,437
2025	24,930,000	3,339,788	4,396,875	11,892,250	-	-	1,395,421	10,888,500	3,246,250	60,089,084
2026	25,850,000	3,334,575	4,393,250	12,014,750	-	-	1,418,993	9,833,875	3,238,750	60,084,193
2027	26,610,000	3,659,550	8,252,750	9,006,875	-	-	853,748	8,472,750	3,565,950	60,421,623
2028	27,355,000	3,624,081	7,991,750	9,336,125	-	-	914,368	7,607,500	3,528,050	60,356,874
2029	28,305,000	3,711,794	8,286,500	8,499,500	-	-	755,752	7,254,375	3,614,550	60,427,471
2030	29,065,000	3,590,738	8,040,875	8,578,375	-	-	773,476	6,769,500	3,496,850	60,314,814
2031	29,950,000	3,071,875	8,183,000	8,376,750	-	-	736,009	6,496,250	2,977,150	59,791,034
2032	30,530,000	2,877,750	8,073,750	8,376,125	-	-	738,541	6,205,000	2,782,350	59,583,516
2033	30,560,000	2,838,000	8,149,000	8,531,875	-	-	765,245	5,945,500	2,741,475	59,531,095
2034	30,550,000	2,706,000	9,529,750	7,806,625	-	-	627,905	5,535,875	2,608,550	59,364,705
2035	-	-	2,480,875	4,416,250	-	-	-	6,266,000	-	13,163,125
2036	-	-	2,479,250	4,416,750	-	-	-	6,259,500	-	13,155,500
2037	-	-	2,482,625	4,415,125	-	-	-	4,976,375	-	11,874,125
2038	-	-	2,480,750	4,416,000	-	-	-	-	-	6,896,750
2039	-	-	2,478,500	4,414,000	-	-	-	-	-	6,892,500
2040	-	-	2,480,500	4,413,750	-	-	-	-	-	6,894,250
2041	-	-	-	4,414,750	-	-	-	-	-	4,414,750
2042	-	-	-	4,416,200	-	-	-	-	-	4,416,200
2043	-	-	-	4,414,500	-	-	-	-	-	4,414,500
2044	-	-	-	4,416,400	-	-	-	-	-	4,416,400
2045	-	-	-	4,416,600	-	-	-	-	-	4,416,600
Total	\$331,245,000	\$ 39,486,001	\$ 98,968,250	\$164,320,450	\$ 27,419,217	\$ 1,046,000	\$ 11,678,531	\$117,110,625	\$ 38,342,525	\$829,616,599

(1) Assumes an interest rate of 2.3% for the Regions Notes.

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
(amounts expressed in thousands)
(unaudited)

Convention & Entertainment Budget for Fiscal Year 2022

Budgeted Resources

Operating Revenues

Facility Rentals	\$ 1,521
Parking	6,836
Total Operating Revenues	<u>8,357</u>

Operating Expenses

Personnel	250
Services	104
Total Operating Expenses	<u>354</u>
Operating Income (Loss)	8,003

Nonoperating Revenues (Expenses)

Hotel Occupancy Tax	
Current	57,500
Delinquent	1,000
Net Hotel Occupancy Tax	<u>58,500</u>
Investment Income (Loss)	125
Other Interest	-
Other	292
Total nonoperating Rev (Exp)	<u>58,917</u>
Income (Loss) Before Operating Transfers	66,920

Transfers

Transfers to Interest	19,272
Transfers to Principal	9,997
Transfer to Debt Service	195
Transfers to Component Unit	54,572
Transfers to General Fund	1,521
Total Transfers	<u>85,557</u>

Net Income (Loss) Operating Fund	\$ <u>(18,637)</u>
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CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM FUND REVENUES AND EXPENSES
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Total Annual Revenues Last Ten

Fiscal Years	2013	2014	2015	2016	2017
Operating Revenues					
Water sales	\$ 485,485	\$ 499,912	\$ 486,517	\$ 529,879	\$ 547,054
Waste water system user charges	426,888	441,300	434,305	462,786	475,392
Penalties and Other services and charges	17,455	12,195	6,602	9,917	3,349
Total Operating Revenues	929,828	953,407	927,424	1,002,582	1,025,795
Nonoperating Revenues					
Investment income (loss)	(507)	10,688	7,685	12,652	3,954
Other income	52,355	80,062	49,632	55,306	58,414
Total Nonoperating Revenues	51,848	90,750	57,317	67,958	62,368
Total Revenues	\$ 981,676	\$ 1,044,157	\$ 984,741	\$ 1,070,540	\$ 1,088,163

Total Annual Expenses Last Ten

Fiscal Years	2013	2014⁽¹⁾	2015⁽²⁾	2016	2017
Operating Expenses					
Maintenance and operating	\$ 395,439	\$ 399,647	\$ 428,732	\$ 451,342	\$ 354,396
Depreciation and Amortization	217,622	223,381	231,048	236,841	246,218
Total Operating Expenses	613,061	623,028	659,780	688,183	600,614
Nonoperating Expenses					
Interest on long-term debt	282,466	291,122	265,013	252,116	248,920
Other expenses	286	5,397	-	1,877	-
Total Nonoperating Expenses	282,752	296,519	265,013	253,993	248,920
Total Expenses	\$ 895,813	\$ 919,547	\$ 924,793	\$ 942,176	\$ 849,534

(1) In 2014, GASB No. 65 "Items Previously Reported as Assets and liabilities" was implemented causing a restatement to beginning net assets of (\$60,080). Certain bond issuance cost were expensed.

(2) In 2015, GASB No. 68 "Accounting and Financial Reporting for Pensions" was implemented causing a restatement to beginning net assets of (\$273,806) from the recognition of additional pension expense.

(3) In 2018, GASB No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)" was implemented causing a restatement to beginning net assets of (\$61,602) .

(4) In 2019, a prior period adjustment was recorded causing a restatement to beginning net assets of \$79,4

(5) In 2020, a prior period adjustment was recorded causing a restatement to beginning net assets of \$383,966.

2018	2019 ⁽⁴⁾	2020 ⁽⁵⁾	2021	2022
\$ 559,010	\$ 554,294	\$ 591,611	\$ 584,594	\$ 698,263
479,978	485,183	509,315	510,832	607,343
13,561	2,965	(834)	(2,686)	1,907
<u>1,052,549</u>	<u>1,042,442</u>	<u>1,100,092</u>	<u>1,092,740</u>	<u>1,307,513</u>
8,074	55,170	54,988	3,310	(50,712)
74,595	83,688	70,546	84,451	152,820
<u>82,669</u>	<u>138,858</u>	<u>125,534</u>	<u>87,761</u>	<u>102,108</u>
<u>\$ 1,135,218</u>	<u>\$ 1,181,300</u>	<u>\$ 1,225,626</u>	<u>\$ 1,180,501</u>	<u>\$ 1,409,621</u>

2018 ⁽³⁾	2019 ⁽⁴⁾	2020 ⁽⁵⁾	2021	2022
\$ 492,391	\$ 516,503	\$ 518,591	\$ 529,971	\$ 463,364
252,093	257,430	265,306	273,747	282,839
<u>744,484</u>	<u>773,933</u>	<u>783,897</u>	<u>803,718</u>	<u>746,203</u>
248,284	268,708	247,440	242,569	257,907
-	-	-	-	-
<u>248,284</u>	<u>268,708</u>	<u>247,440</u>	<u>242,569</u>	<u>257,907</u>
<u>\$ 992,768</u>	<u>\$ 1,042,641</u>	<u>\$ 1,031,337</u>	<u>\$ 1,046,287</u>	<u>\$ 1,004,110</u>

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM REVENUE BOND COVERAGE
(amounts expressed in thousands)
(unaudited)

	Fiscal Year 2022	Fiscal Year 2021
OPERATING REVENUES		
Sales of water	\$ 698,263	\$ 584,594
Sewer system user charges	607,343	510,832
Penalties, other services and charges	1,907	(2,680)
Total Operating Revenues	1,307,513	1,092,746
NON-OPERATING REVENUES		
Investment Earnings under Previous Ordinance	8,943	14,479
Investment Earnings under Master Ordinance	4,921	5,967
Other Non-Operating revenues	37,568	9,070
Total non-operating revenues	51,432	29,516
TOTAL GROSS REVENUES:	1,358,945	1,122,262
EXPENSES		
Contract Revenue Bonds Payments ⁽¹⁾		
Coastal Water Authority Debt Service	6,376	6,398
Total Contract Revenue Bonds Payments	6,376	6,398
Maintenance and Operating Expenses	503,696	499,533
Total Expenses	510,072	505,931
RESTRICTED RECEIPTS UNDER MASTER ORDINANCE	48,942	32,398
NET REVENUES UNDER MASTER ORDINANCE	\$ 897,815	\$ 648,729
BOND DEBT SERVICE:		
Previously Issued Bonds	15,480	22,405
First Lien Bonds	489,715	468,467
Total Debt Service	\$ 505,195	\$ 490,872
BOND DEBT SERVICE COVERAGE:		
Junior Lien Bond Coverage under Previous Ordinance ⁽²⁾	54.52	27.24
First Lien Bond Coverage under Master Ordinance ⁽³⁾	1.80	1.34
TOTAL COVERAGE ⁽⁴⁾	1.78	1.32

(1) These are "Required Payments Under Previous Ordinance."

(2) Coverage of debt service on Previous Ordinance Bonds by Net Revenues as calculated under Previous Ordinance, which does not include as revenues Investment Earnings under Master Ordinance and Restricted Revenues.

(3) Coverage of Debt Service on First Lien Bonds by Net Revenues, less debt service on Junior Lien Bonds under Previous Ordinance.

(4) Coverage of total Debt Service on Junior Lien Bonds under Previous Ordinance and First Lien Bonds under Master Ordinance by Net Revenues.

**CITY OF HOUSTON, TEXAS
 COMBINED UTILITY SYSTEM STATISTICS
 System Budget for Fiscal Year 2023
 (amounts expressed in thousands)
 (unaudited)**

The following is the summary of the Fiscal Year 2023 Budget for the System as adopted by City Council:

Revenues	
Beginning Fund Balance (July 1, 2022)	\$ 1,109,763
Current Revenues	1,502,617
Total Revenues	<u><u>\$ 2,612,380</u></u>
Expenditures	
Maintenance and Operations	\$ 604,679
CWA Debt Service	12,449
Debt Service (including Prior Lien Bonds, Junior Lien Bonds and Commercial Paper)	578,702
Interfund Transfers	350
Total Expenditures	<u><u>1,196,180</u></u>
Other	
General Purpose Fund (including Discretionary Debt Service)	417,296
Planned Fund Balance (June 30, 2022)	998,905
Total Expenditures and Reserves	<u><u>\$ 2,612,381</u></u>

**CITY OF HOUSTON, TEXAS
 COMBINED UTILITY SYSTEM STATISTICS
 June 30, 2022
 (unaudited)**

Water Right Permit

As of the date of this Official Statement, the City has received the following water rights permits:

	<u>Rights in MGD</u>
Surface Water	
Trinity River Basin	914
Water Reuse	259
San Jacinto River Basin	258
Bayous	116
Brazos River Basin	91
Total Surface Water Rights	<u><u>1,638</u></u>
Ground Water Production Capacity (1)	<u><u>146</u></u>
Total Water Available	<u><u>1,784</u></u>

(1) Pursuant to rules of the Harris - Galveston Coastal Subsidence District.

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
(unaudited)

The following calculation shows coverage by Net Revenues of Maximum Annual Debt Service on the Previous Ordinance and First Lien Bonds.

	FY 2022
Maximum Annual Debt Service Requirements on Previous Ordinance Bonds (2029) (1)	\$ 44,095,000
Maximum Annual Debt Service Requirements on First Lien Bonds (2030) (1) (2)	\$ 525,489,512
Combined Maximum Annual Principal and Interest Requirements on Previous Ordinance Bonds and First Lien Bonds (2023)	\$ 525,489,512
Net Revenues under Previous Ordinance for Fiscal Year ended June 30, 2022 (3)	\$ 848,873,333
Net Revenues under Master Ordinance for Fiscal Year ended June 30, 2022 (4)	\$ 897,814,854
Total Funds available for Debt Service Coverage at July 1, 2022 (5)	\$ 1,026,007,834
Coverage of Maximum Annual Debt Service Requirements on Previous Ordinance Bonds	19.25
Coverage of Maximum Annual Debt Service Requirements on First Lien Bonds	3.66
Coverage of Maximum Annual Debt Service Requirements on Previous Ordinance Bonds and First Lien Bonds	3.66

- (1) Does not include debt service on CWA Bonds, which are payable from Gross Revenues as a Maintenance and Operating Expense of the System.
- (2) First Lien Debt Service largest payment requirement
- (3) Excludes Restricted Receipts under Master Ordinance.
- (4) Net Revenues as calculated under the Master Ordinance, which includes as revenues restricted receipts and earnings under the Master Ordinance.
- (5) Available cash from Operating and General Purpose Fund net of encumbrances.

The System - Water & Sewer Facilities General

The City of Houston Drinking Water Operations (DWO) System covers over 666 square miles, providing drinking water to four counties: Harris, Fort Bend, Montgomery, and Galveston. There are 494,865 active water service accounts. 87% of source water is pulled from the San Jacinto and Trinity rivers while the remaining 13% originates from groundwater wells. In total, DWO has 712.9 million gallons per day (MGD) combined production capacity of groundwater and surface water. More specifically, the water production and storage system include 3 surface water plants, 54 groundwater plants, 128 groundwater wells, 7 surface water re-pressurization plants, and 157 water storage tanks and towers. Average water purification and production is 458 MGD, which is enough to fill the Astrodome almost twice per day. The water distribution network consists of 7,640 linear miles of piping, 62,103 fire hydrants, and over 164,661 valves that are managed and maintained to the highest standards.

The City of Houston Wastewater Operations System receives and processes wastewater generated by residential, commercial, and industrial customers throughout the service area. The service area covers approximately 637 square miles within the City of Houston and serves a population of about 2.3 million people. The Wastewater System consists of over 6,200 miles of both gravity and force main lines, 582 miles of service lines within public right of way, 39 wastewater treatment plants, and over 385 lift/pumping stations and a centralized laboratory. The general condition of the collection lines varies depending on age, location and type of construction. The average daily wastewater flow through the Wastewater Treatment Facilities for Fiscal Year 2022 was 251 million gallons per day (mgd). The permitted treatment capacity of the wastewater treatment facilities, as reflected by State permits, is 564 mgd.

The System - Annexation Program - In - City Districts

The City has created reinvestment zones and public improvement districts in which infrastructure improvements, including water and wastewater facilities, will be financed by the respective district or zone through bonds supported by assessments within the districts and by a tax increment fund into which will be deposited the amount of ad valorem taxes collected in the reinvestment zones in excess of the amount calculated on the basis of the property tax appraisals in effect at the time of creation of the particular reinvestment zone. Under State law, the City can create a public improvement district both within the corporate limits of the City and within its extraterritorial jurisdiction.

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
(unaudited)

Funding of Proposed System Improvements

It is anticipated that the system improvements contemplated in the Department's Fiscal Year 2023-2027 CIP will be financed approximately as follows:

Proposed Source of Funding	Amount (in thousands)
System Revenue Bonds (Net Proceeds and Interest Earnings) ⁽¹⁾	\$ 2,624,950
System Revenue	1,500,000
Swift Loan (subordinate Lien)	-
Contributed Capital	97,801
	\$ 4,222,751

- (1) The department's fiscal year 2023-2027 CIP anticipates the periodic issuance of additional First Lien Bonds and Subordinate Lien Commercial Paper. City Council must approve each issuance of bonds, but not each issuance of Commercial Paper Notes.

Obligations Payable from System Revenues

The following sets forth the total outstanding principal amount of the system obligations payable from revenues of the system as of June 30, 2022:

Contract Revenue Bonds Payable from System Gross Revenues	Amount
CWA Bonds ⁽²⁾	\$ 48,870,000
Total - Contract Revenue Bonds	\$ 48,870,000
System Revenue Bonds Payable from System Net Revenues	
Previous Ordinance Bonds	\$ 38,945,763
First Lien Bonds	6,324,050,000
Third Lien Obligations	-
Total - System Revenue Bonds	\$ 6,362,995,763
Total - All Bonds Payable from System Revenues	\$ 6,411,865,763

- (2) Under a 1968 agreement, as amended and superseded in part, and a 1995 agreement, CWA agreed to construct the CWA conveyance system and certain other projects and the City agreed to pay, as a maintenance and operation expense of the System, amounts calculated to be sufficient to cover maintenance and operation expenses of the CWA Conveyance System plus debt service of the CWA Bonds.

**CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
(unaudited)**

Discretionary Debt Service Paid by the System

The total amount of Discretionary Debt Service paid from Net Revenues of the System for the past nine fiscal years and the amount budgeted for fiscal year 2023 is set forth below:

Fiscal Year	Discretionary Debt Service (in millions)
2023 (budgeted)	\$ 4.9
2022	4.9
2021	5.0
2020	5.6
2019	7.8
2018	9.1
2017	9.2
2016	9.9
2015	12.0
2014	13.1

Combined Utility System General Purpose Fund Transfers for Drainage

The Combined Utility System transfers from its General Purpose Fund to the Storm Water Fund for the past nine fiscal years and the amount budgeted for fiscal year 2023 are reflected below:

Fiscal Year	General Purpose Fund Transfers (in millions)
2023 (budgeted)	\$ 51.4
2022	57.1
2021	66.5
2020	58.8
2019	55.4
2018	54.0
2017	52.8
2016	42.2
2015	35.2
2014	45.5

Indirect Charges Paid by the System

Fiscal Year	Indirect Charges (in thousands)
2023 (budgeted)	\$ 7,333
2022	8,824
2021	9,503
2020	11,069
2019	10,404
2018	10,877
2017	9,988
2016	9,810
2015	9,776
2014	6,173

CITY OF HOUSTON, TEXAS

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**CITY OF HOUSTON, TEXAS
 COMBINED UTILITY SYSTEM STATISTICS
 TREATED WATER & WASTE WATER CONSUMPTION
 (NOT INCLUDING WHOLESALE NOR RAW WATER)
 Last Ten Fiscal Years
 (unaudited)**

Fiscal Years	2013	2014	2015	2016
Water Consumption (in Thousand Gallons)				
Residential	26,239,053	25,263,997	23,265,022	24,744,815
Multi-Family	25,173,568	25,131,767	25,370,691	25,676,282
Commercial	21,508,026	21,728,794	21,591,973	21,825,149
Government	4,686,403	4,688,639	3,149,624	3,558,515
Other Accts	6,981,799	6,339,166	5,099,403	5,903,309
Total	84,588,849	83,152,363	78,476,713	81,708,070

Fiscal Years	2013	2014	2015	2016
Waste Water Consumption (in Thousand Gallons)				
Residential	26,147,597	25,171,385	23,176,519	24,545,897
Multi-Family	25,109,884	25,072,775	25,290,180	25,520,422
Commercial	22,090,300	22,234,061	22,165,594	22,375,995
Government	609,651	521,190	428,287	400,109
Total	73,957,432	72,999,411	71,060,580	72,842,423

2017	2018	2019	2020	2021	2022
25,911,974	26,498,295	24,144,424	25,495,741	26,166,947	23,640,857
26,323,185	29,640,195	26,521,613	27,766,727	29,532,580	27,836,619
23,764,306	24,188,333	25,778,408	29,590,893	21,200,453	20,818,858
6,174,766	8,670,358	5,982,549	5,566,938	5,347,518	5,715,351
3,072,484	2,777,547	3,092,248	3,270,522	2,528,725	2,195,120
85,246,715	91,774,728	85,519,242	91,690,821	84,776,223	80,206,805

2017	2018	2019	2020	2021	2022
24,729,939	25,368,705	23,107,362	24,305,681	25,058,608	22,652,739
25,669,642	29,017,348	25,860,847	27,100,348	28,918,302	27,264,817
19,777,267	20,008,565	22,373,928	20,236,691	17,472,601	17,901,146
3,799,206	6,865,830	4,030,345	3,402,662	3,251,174	3,541,662
73,976,054	81,260,448	75,372,482	75,045,382	74,700,685	71,360,364

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2022
(unaudited)

Largest Sewer Customers

The following schedule presents information concerning the ten largest customers of the Sewer Facilities for the twelve month period ended June 30, 2022. The total charges to such customers represent approximately 1.95% of the System Gross Revenue and 4.77% of Sewer Facilities gross charges during such period.

Customer	Gross Charges
1. Anneuser Busch	\$ 6,750,281
2. HISD	5,103,725
3. City of Houston	4,451,514
4. Harris County	3,690,559
5. University of Houston	3,387,392
6. Memorial Hermann	2,330,881
7. Rice University	1,661,835
8. MD Anderson	1,007,145
9. Methodist Hospital	312,694
10. Houston Baptist Church	291,866
	<u>\$ 28,987,892</u>

Water and Sewer Rate Adjustments

In recent years, the water and sewer rates have been adjusted on the average as follows:

Date of Change	Average Percent Rate Increase (Decrease)	
	Water	Sewer
April 2013	3.6%	3.6%
April 2014	1.2%	1.2%
April 2015	4.4%	4.4%
April 2016	1.4%	1.4%
April 2017	3.4%	3.4%
April 2018	2.8%	2.8%
April 2019	2.8%	2.8%
April 2020	3.5%	0.035
April 2021	1.5%	1.5%
September 2021*	9.0%	20.0%
April 2022*	7.5%	11.0%
April 2022	5.6%	5.6%

Current water rates are based on customer class. The amount of the bill is the sum of the minimum charge based on meter size and an additional charge based on the volume of consumption above a minimum volume. The water rates vary from \$8.42 per thousand gallons for single-family customers to \$82.32 per ten thousand gallons.

Usage of the Sewer Facilities is not metered for rate purposes but also includes a fixed charge based on meter size and an additional charge based on the volume of the water usage. Sewer rates vary from \$6.60 per thousand gallons for wholesale customers to \$86.59 for industrial sewer only customers. Additionally, industrial customers may be subject to a sewer surcharge based on the quality of their wastewater discharge.

The bill for a typical single family residential customer using 6,000 gallons per month would be \$107.83 for both water and sewer services. However, total water and sewer charges may range from \$25.31 for 1,000 gallons to \$89.51 for 5,000 gallons per month for single-family residential customers.

*Determined from Water and Wastewater Cost of Service Study Rate formally approved by City Council in 2021. Refer to City of Houston, TX Ordinance No. 2021-15 for further information.

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2022
Water Supply
(unaudited)

Capacity, Production, and Sales

The following schedule sets forth information concerning Water Facilities capacity, production and sales for Fiscal Year 2022 (million gallons per day):

	Available Capacity	Production Planned	Actual Production
Ground	178	82	59
Surface	535	422	399
Total	713	504	458
	Total Sales		
Treated	400		
Untreated	245		
	645		

Sources of System Revenues - General

As of June 30, 2022, the Water Facilities and the Sewer Facilities served approximately 494,856 and 469,008 active service connections, respectively. During Fiscal Year 2022 approximately 47.05% of System Gross Revenues were derived from the sale of water, (88.58% from treated water and 11.42% from untreated water), approximately 40.92% from providing wastewater treatment services 0.52% from interest income and the remaining 11.51% from various other sources. Of the treated water sales, 92.92% of revenues were from retail customers and 7.08% from bulk sales to other governmental entities.

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2022
Water Supply
(unaudited)

Largest Treated Water Customers

The following schedule presents information concerning the ten largest treated water customers of the System for the twelve month period ended June 30, 2022. The total charges to such customers during such period represent approximately 3.87% of the System Gross Revenues and 8.23% of total water sales revenues for such period.

<u>Customers</u>	<u>Charges</u>
1. North Harris Co. Regional Water Aut.	\$ 11,949,934
2. North Channel Water Auth	9,093,853
3. West Harris Co. Regional Water Aut.	8,053,568
4. City of Pasadena	6,190,459
5. North Fort Bend County Water Aut.	5,540,378
6. Gulf Coast Water Authority (Galveston)	5,122,240
7. Anheuser Busch	3,474,033
8. Clear Lake City	3,214,027
9. Memorial Villages Water Authority	2,576,189
10. City of Bellaire	2,283,013
	<u>\$ 57,497,694</u>

Largest Untreated Water Customers

The following schedule presents information concerning the ten largest untreated water customers of the System for a twelve month period ended June 30, 2022. The total of the contract payments by these ten customers during such period represents approximately 3.21% of the System Gross Revenue and 6.81% of total water sales revenues for such period.

<u>Customers</u>	<u>Gross Charges</u>
1. Equistar Chemicals LP CH11	\$ 9,330,234
2. Air Liquide America Corp.	5,699,353
3. Battleground Water Company	5,366,444
4. Enterprise Products	5,500,736
5. Houston Refining, LP (Lyondell -Citgo) CH11	4,259,696
6. Baytown Area	4,237,636
7. Shell Oil	4,119,540
8. Chevron Phillips Chemical Co.	3,417,585
9. Hoescht Celanese	3,230,546
10. Deer Park Refining Partnership LP	2,412,366
	<u>\$ 47,574,136</u>

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
Debt Service Schedule
(unaudited)

The following schedule sets forth the principal and interest requirements on all outstanding bonds payable from revenues of the System for each of the City's fiscal years ending June 30 as shown below, based on footnoted assumptions. The following schedule also does not include Discretionary Debt Service Payments or interest on Commercial Paper notes issued as Third Lien Obligations under the Master Ordinance.

Fiscal Year Ending June 30	Payable From System Net Revenues				Total Debt Service
	Total Payable From System Gross Revenues(1)	Previous Ordinance Bonds	First Lien Bonds (2)	Total Payable From System Net Revenues	
2023	\$ 6,355,581	\$ 17,345,000	\$ 507,943,559	\$ 525,288,559	\$ 531,644,140
2024	6,350,206	19,005,000	505,868,365	524,873,365	531,223,571
2025	6,338,956	17,990,000	506,210,365	524,200,365	530,539,321
2026	10,782,206	18,155,000	500,856,058	519,011,058	529,793,264
2027	3,378,081	30,815,000	492,898,014	523,713,014	527,091,095
2028	3,378,456	30,810,000	492,910,822	523,720,822	527,099,278
2029	3,404,306	44,095,000	479,354,664	523,449,664	526,853,970
2030	3,400,828	-	525,489,512	525,489,512	528,890,340
2031	3,396,313	-	523,855,392	523,855,392	527,251,705
2032	3,386,100	-	522,898,800	522,898,800	526,284,900
2033	3,381,000	-	513,222,256	513,222,256	516,603,256
2034	3,376,200	-	513,438,676	513,438,676	516,814,876
2035	3,381,300	-	350,427,387	350,427,387	353,808,687
2036	-	-	347,810,560	347,810,560	347,810,560
2037	-	-	326,747,030	326,747,030	326,747,030
2038	-	-	249,857,759	249,857,759	249,857,759
2039	-	-	245,105,629	245,105,629	245,105,629
2040	-	-	184,589,098	184,589,098	184,589,098
2041	-	-	184,210,158	184,210,158	184,210,158
2042	-	-	148,729,577	148,729,577	148,729,577
2043	-	-	141,548,971	141,548,971	141,548,971
2044	-	-	133,731,614	133,731,614	133,731,614
2045	-	-	121,795,379	121,795,379	121,795,379
2046	-	-	104,692,783	104,692,783	104,692,783
2047	-	-	87,342,893	87,342,893	87,342,893
2048	-	-	84,573,459	84,573,459	84,573,459
2049	-	-	66,592,080	66,592,080	66,592,080
2050	-	-	48,927,417	48,927,417	48,927,417
2051	-	-	14,722,719	14,722,719	14,722,719
2052	-	-	14,718,700	14,718,700	14,718,700
Total	<u>\$ 60,309,533</u>	<u>\$ 178,215,000</u>	<u>\$ 8,941,069,696</u>	<u>\$ 9,119,284,696</u>	<u>\$ 9,179,594,229</u>

(1) Includes CWA Maintenance and Operating lien.

(2) \$249,075,000 of the Series 2012C variable rate bond debt service is calculated at the rate of 5.061% through March 2013 and thereafter at the fixed rate payor swap rate of 3.761%. This was refunded in 2016 & again in 2018 to Series 2016C and Series 2018C respectively. Series 2004B debt service is adjusted to take into account expected payments under the Series 2004B Qualified Hedge Agreements.

CITY OF HOUSTON
COMBINED UTILITY SYSTEM STATISTICS
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Revenues and Expenses of the Water and Sewer System

The following schedule sets forth the revenues and expenses (exclusive of certain non-cash transactions, primarily depreciation and amortization) of the "Water and Sewer System," as defined in the Coastal Water Authority Official Statements.

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
OPERATING REVENUES					
Sales of Water	\$ 485,485	\$ 499,912	\$ 486,517	\$ 529,879	\$ 547,054
Sewer system user charges	426,888	441,300	434,305	462,786	475,392
Penalties and Other services and charges	17,455	12,195	6,602	9,917	3,349
Total Operating Revenues	<u>929,828</u>	<u>953,407</u>	<u>927,424</u>	<u>1,002,582</u>	<u>1,025,795</u>
NON-OPERATING REVENUES	<u>49,722</u>	<u>76,155</u>	<u>45,865</u>	<u>51,066</u>	<u>49,993</u>
TOTAL GROSS REVENUES (A)	<u>979,550</u>	<u>1,029,562</u>	<u>973,289</u>	<u>1,053,648</u>	<u>1,075,788</u>
OPERATING EXPENSES					
Maintenance and Operating Expenses	380,192	387,398	406,619	419,161	431,126
Contractual Maintenance and Operating Expenses	19,663	18,875	18,064	17,684	7,204
CWA Debt Service	19,663	18,875	18,064	17,684	7,204
Total Contractual	<u>19,663</u>	<u>18,875</u>	<u>18,064</u>	<u>17,684</u>	<u>7,204</u>
TOTAL OPERATING EXPENSES (B)	<u>399,855</u>	<u>406,273</u>	<u>424,683</u>	<u>436,845</u>	<u>438,330</u>
NET REVENUES	<u>\$ 579,695</u>	<u>\$ 623,289</u>	<u>\$ 548,606</u>	<u>\$ 616,803</u>	<u>\$ 637,458</u>
GROSS REVENUES (A) DIVIDED BY TOTAL EXPENSES (B)	2.450	2.534	2.292	2.412	2.454

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$	559,010	\$ 554,294	\$ 591,611	\$ 584,594	\$ 698,263
	479,978	485,183	509,315	510,832	607,343
	13,561	2,965	(834)	(2,680)	1,907
	<u>1,052,549</u>	<u>1,042,442</u>	<u>1,100,092</u>	<u>1,092,746</u>	<u>1,307,513</u>
	74,020	81,164	84,261	61,914	100,374
	<u>1,126,569</u>	<u>1,123,606</u>	<u>1,184,353</u>	<u>1,154,660</u>	<u>1,407,887</u>
	432,152	461,859	459,410	499,533	503,696
	6,399	6,385	6,381	6,398	6,376
	<u>6,399</u>	<u>6,385</u>	<u>6,381</u>	<u>6,398</u>	<u>6,376</u>
	<u>438,551</u>	<u>468,244</u>	<u>465,791</u>	<u>505,931</u>	<u>510,072</u>
\$	<u>688,018</u>	\$ <u>655,362</u>	\$ <u>718,562</u>	\$ <u>648,729</u>	\$ <u>897,815</u>
	2.569	2.400	2.543	2.282	2.760

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM FUND REVENUES AND EXPENSES
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Total Annual Revenues Last Ten Fiscal Years	2013	2014	2015	2016	2017
Operating Revenues					
Landing area fees	\$ 91,059	\$ 88,342	\$ 93,575	\$ 86,870	\$ 88,046
Building and ground area fees	181,701	186,505	197,039	216,018	221,181
Parking, concession and other revenues	160,234	177,260	185,668	186,009	184,814
Total Operating Revenues	432,994	452,107	476,282	488,897	494,041
Nonoperating Revenues					
Interest income (loss)	(1,934)	11,170	7,496	13,260	3,403
Passenger facility charges	61,195	62,602	85,392	104,230	101,539
Customer facility charges	17,104	17,152	17,535	16,417	14,200
Other nonoperating revenues	1,978	3,225	7,969	124	5,596
Total Nonoperating Revenues	78,343	94,149	118,392	134,031	124,738
Total Revenues	\$ 511,337	\$ 546,256	\$ 594,674	\$ 622,928	\$ 618,779
Total Annual Expenses Last Ten Fiscal Years	2013	2014	2015	2016	2017
Operating Expenses					
Maintenance and operating	\$ 272,091	\$ 285,212	\$ 286,529	\$ 315,419	\$ 254,459
Depreciation	173,448	174,825	177,512	179,398	184,203
Total Operating Expenses	445,539	460,037	464,041	494,817	438,662
Nonoperating Expenses					
Interest expense and others	94,812	112,350	92,803	86,259	87,574
Restatement	(1,063)	-	-	-	-
Total Nonoperating Expenses	93,749	112,350	92,803	86,259	87,574
Total Expenses	\$ 539,288	\$ 572,387	\$ 556,844	\$ 581,076	\$ 526,236
Contributions	12,761	44,614	36,432	22,542	35,513
Total Change in Net Position	\$ (15,190)	\$ 18,483	\$ 74,262	\$ 64,394	\$ 128,056
Net Position at Year End	2013	2014	2015	2016	2017
Net investment in capital assets	\$ 532,447	\$ 469,971	\$ 466,196	\$ 537,172	\$ 542,363
Restatement	(13,983)	-	-	-	-
Net investment in capital assets	518,464	469,971	466,196	537,172	542,363
Restricted net assets					
Restricted for debt service	\$ 213,064	\$ 242,558	\$ 303,371	\$ 333,635	\$ 287,858
Restricted for maintenance and operations	46,309	49,736	53,912	54,942	54,805
Restricted for special facility	26,026	30,986	25,732	26,944	29,369
Restricted for renewal and replacement	10,000	10,000	10,000	10,000	10,000
Restricted for capital improvements	552,762	581,857	600,159	561,071	676,360
Unrestricted (deficit)	-	-	(178,003)	(178,003)	(126,938)
Total Net Position	\$ 1,366,625	\$ 1,385,108	\$ 1,281,367	\$ 1,345,761	\$ 1,473,817

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 95,779	\$ 87,767	\$ 95,862	\$ 70,578	\$ 94,253
220,214	211,323	223,301	155,598	192,029
<u>194,871</u>	<u>199,374</u>	<u>152,749</u>	<u>92,379</u>	<u>194,892</u>
<u>510,864</u>	<u>498,464</u>	<u>471,912</u>	<u>318,555</u>	<u>481,174</u>
8,591	45,067	43,701	1,523	(47,109)
109,021	111,155	78,418	62,541	98,446
17,374	17,439	13,320	8,769	13,723
<u>(1,420)</u>	<u>340</u>	<u>18,877</u>	<u>198,447</u>	<u>145,281</u>
<u>133,566</u>	<u>174,001</u>	<u>154,316</u>	<u>271,280</u>	<u>210,341</u>
<u>\$ 644,430</u>	<u>\$ 672,465</u>	<u>\$ 626,228</u>	<u>\$ 589,835</u>	<u>\$ 691,515</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 335,104	\$ 337,477	\$ 370,430	\$ 318,568	\$ 316,001
<u>176,053</u>	<u>174,266</u>	<u>175,573</u>	<u>170,820</u>	<u>166,792</u>
<u>511,157</u>	<u>511,743</u>	<u>546,003</u>	<u>489,388</u>	<u>482,793</u>
94,061	84,578	85,426	95,803	85,427
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>94,061</u>	<u>84,578</u>	<u>85,426</u>	<u>95,803</u>	<u>85,427</u>
<u>\$ 605,218</u>	<u>\$ 596,321</u>	<u>\$ 631,429</u>	<u>\$ 585,191</u>	<u>\$ 568,220</u>
<u>13,784</u>	<u>16,599</u>	<u>10,927</u>	<u>24,757</u>	<u>41,047</u>
<u>\$ 52,996</u>	<u>\$ 92,743</u>	<u>\$ 5,726</u>	<u>\$ 29,401</u>	<u>\$ 164,342</u>

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 531,232	\$ 542,125	\$ 514,164	\$ 495,497	\$ 507,167
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>531,232</u>	<u>542,125</u>	<u>514,164</u>	<u>495,497</u>	<u>507,167</u>
\$ 357,588	\$ 428,856	\$ 464,280	\$ 384,267	\$ 412,293
56,891	60,525	54,807	54,232	55,332
36,049	43,442	55,105	52,362	50,953
10,000	10,000	10,000	10,000	10,000
657,050	651,664	619,884	627,464	681,093
<u>(143,297)</u>	<u>(138,356)</u>	<u>(114,258)</u>	<u>9,561</u>	<u>80,887</u>
<u>\$ 1,505,513</u>	<u>\$ 1,598,256</u>	<u>\$ 1,603,982</u>	<u>\$ 1,633,383</u>	<u>\$ 1,797,725</u>

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Passenger Statistics
(unaudited)

Domestic Passengers

Fiscal Year	Bush Intercontinental		Hobby		Ellington Airport		Total	
	Enplanements	Percentage	Enplanements	Percentage	Enplanements	Percentage	Enplanements	Percentage
	& Deplanements	Change	& Deplanements	Change	& Deplanements	Change	& Deplanements	Change
	(in thousands)		(in thousands)		(in thousands)		(in thousands)	
2013	30,830	-3.0%	10,690	4.9%	-	-	41,520	-1.1%
2014	30,832	0.0%	11,609	8.6%	-	-	42,441	2.2%
2015	31,967	3.7%	11,837	2.0%	-	-	43,804	3.2%
2016	31,959	0.0%	12,209	3.1%	-	-	44,168	0.8%
2017	30,809	-3.6%	12,423	1.8%	-	-	43,232	-2.1%
2018	31,102	1.0%	12,864	3.5%	-	-	43,966	1.7%
2019	33,972	9.2%	13,629	5.9%	-	-	47,601	8.3%
2020	25,068	-26.2%	9,998	-26.6%	-	-	35,066	-26.3%
2021	17,648	-29.6%	7,738	-22.6%	-	-	25,386	-27.6%
2022	31,059	76.0%	11,656	50.6%	-	-	42,715	68.3%

International Passengers							
Bush Intercontinental		Hobby		Total		Total Passengers	
Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change
8,795	1.3%	-	0.0%	8,795	1.3%	50,315	1.7%
9,470	7.7%	-	0.0%	9,470	7.7%	51,911	3.2%
10,018	5.8%	4	0.0%	10,022	5.8%	53,826	3.7%
10,904	8.8%	519	12875.0%	11,423	14.0%	55,591	3.3%
10,662	-2.2%	860	65.7%	11,522	0.9%	54,754	-1.5%
10,404	-2.4%	957	11.3%	11,361	-1.4%	55,327	1.0%
10,939	5.1%	965	0.8%	11,904	4.8%	59,505	7.6%
7,969	-27.2%	591	-38.8%	8,560	-28.1%	43,626	-26.7%
3,885	-51.2%	421	-28.8%	4,306	-49.7%	29,692	-31.9%
8,423	116.8%	843	100.2%	9,266	115.2%	51,981	75.1%

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
AIRLINE MARKET SHARES
(unaudited)

MAJOR AIRLINE MARKET SHARE

CARRIER	FY2022	%	FY2021	%	FY2020	%	FY2019	%	FY2018	%
United Airlines	29,357,278	56.5%	15,894,776	53.5%	25,081,324	57.5%	34,793,301	58.5%	32,094,388	58.0%
Southwest Airlines	12,787,950	24.6%	7,829,259	26.4%	9,994,165	22.9%	13,674,536	23.0%	12,893,987	23.3%
Spirit Airlines	2,477,109	4.8%	1,869,558	6.3%	1,948,341	4.5%	2,426,727	4.1%	2,144,740	3.9%
American Airlines	2,276,838	4.4%	1,383,845	4.7%	1,992,113	4.6%	2,764,225	4.6%	2,592,345	4.7%
Delta Air Lines	1,993,556	3.8%	1,050,260	3.5%	1,567,170	3.6%	2,024,867	3.4%	1,963,878	3.5%
Frontier Airlines	347,902	0.7%	314,269	1.1%	297,303	0.7%	192,057	0.3%	285,337	0.5%
Lufthansa	150,965	0.3%	52,200	0.2%	186,610	0.4%	290,560	0.5%	279,421	0.5%
Air Canada	134,785	0.3%	12,833	0.0%	231,407	0.5%	329,540	0.6%	349,571	0.6%
Emirates	130,832	0.3%	53,558	0.2%	177,930	0.4%	261,321	0.4%	207,496	0.4%
British Airways	84,184	0.2%	12,858	0.0%	160,264	0.4%	239,024	0.4%	226,636	0.4%
Other Airlines *	2,239,414	4.1%	1,222,177	4.1%	1,989,713	4.5%	2,508,936	4.2%	2,289,531	4.2%
	51,980,813	100.0%	29,695,593	100.0%	43,626,340	100.0%	59,505,094	100.0%	55,327,330	100.0%

CARRIER	FY2017	%	FY2016	%	FY2015	%	FY2014	%	FY2013	%
United Airlines	32,130,930	58.7%	33,251,479	59.8%	33,603,263	62.4%	32,963,901	63.5%	33,275,496	66.1%
Southwest Airlines	12,344,834	22.5%	11,791,308	21.2%	10,886,616	20.2%	10,720,872	20.7%	9,910,216	19.7%
Spirit Airlines	1,889,818	3.5%	1,896,577	3.4%	1,192,125	2.2%	675,458	1.3%	292,159	0.6%
American Airlines	2,542,485	4.6%	2,951,244	5.3%	3,057,991	5.7%	2,898,507	5.6%	2,784,328	5.5%
Delta Air Lines	1,922,778	3.5%	1,889,715	3.4%	1,897,776	3.5%	1,772,122	3.4%	1,700,158	3.4%
Frontier Airlines	421,754	0.8%	494,804	0.9%	307,506	0.6%	236,060	0.5%	152,663	0.3%
Lufthansa	291,713	0.5%	278,409	0.5%	281,261	0.5%	300,824	0.6%	305,906	0.6%
Air Canada	353,721	0.6%	293,193	0.5%	278,194	0.5%	251,713	0.5%	238,810	0.5%
Emirates	202,812	0.4%	253,140	0.5%	221,455	0.4%	199,903	0.4%	186,130	0.4%
British Airways	240,874	0.4%	243,464	0.4%	264,830	0.5%	281,057	0.5%	270,814	0.5%
Other Airlines	2,412,279	4.5%	2,247,663	4.1%	1,835,436	3.5%	1,610,928	3.0%	1,198,682	2.4%
	54,753,998	100.0%	55,590,996	100.0%	53,826,453	100.0%	51,911,345	100.0%	50,315,362	100.0%

* FY2021 was adjusted

**CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
AIRLINE MARKET SHARES
(unaudited)**

CARRIERS by AIRPORT

IAH			HOU		
Mainline Carriers	Regional Carriers	Cargo Carriers	Mainline Carriers	Regional Carriers	Cargo Carriers
Aeromexico	Champlain Enterprises	Air France Cargo	Allegiant Air	Envoy Air	
Air Canada	Envoy Air	Atlas Air/ Southern Air	American Airlines	Mesa Airlines	
Air France	Mesa Airlines	C.A.L Cargo	Delta Airlines	Skywest Airlines	
Air New Zealand	PSA Airlines	Cargolux	Frontier		
Alaska Airlines	Republic Airlines	Cathay Pacific Cargo	Southwest Airlines		
All Nippon Airways	Skywest Airlines	DHL			
American Airlines		Emirates Sky Cargo			
AVIANCA S.A.		Federal Express			
British Airways		Lufthansa Cargo			
Caribbean Airlines		Qatar Airways Cargo			
Delta Airlines		Turkish Cargo			
Emirates		UPS			
EVA Air					
Frontier Airlines					
JetBlue Airways					
KLM Royal Dutch Airlines					
Lufthansa					
Qatar Airways					
Singapore Airlines					
Southwest Airlines					
Spirit Airlines					
Sun Country					
Turkish Airlines					
United Airlines					
VivaAerobus					
Volaris					
WestJet					

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Selected Financial Information
Operating Fund Only
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

	2013	2014	2015
Operating Revenues			
Landing Area Fees:			
Landing Fees	\$ 87,660	\$ 88,392	\$ 94,748
Carrier Incentive Program	(749)	(4,294)	(5,322)
Aviation Fuel	1,444	1,529	1,521
Aircraft Parking	2,704	2,715	2,628
Subtotal	91,059	88,342	93,575
Building and Ground Area Revenues:			
Building Space	5,848	6,174	6,252
Terminal Space	158,237	163,297	173,392
Cargo Building	2,397	2,432	2,506
Hangar Rental	6,675	6,605	6,355
Ground Rental	8,544	7,997	8,534
Subtotal	181,701	186,505	197,039
Parking, Concession and other Revenues:			
Terminal Concessions	41,604	41,434	41,830
Auto Parking	77,596	90,173	97,515
Auto Rental	29,522	32,783	31,991
Ground Transportation	6,639	8,301	9,323
Special Events	-	10	25
Vending Machine	-	-	-
Other Operating Income	4,873	4,559	4,984
Subtotal	160,234	177,260	185,668
Total Operating Revenues	\$ 432,994	\$ 452,107	\$ 476,282
Nonoperating Revenues			
Interest on Investments	7,029	5,499	6,014
Other	1,222	3,162	7,526
Subtotal	8,251	8,661	13,540
Total Gross Revenues	\$ 441,245	\$ 460,768	\$ 489,822
Operation and Maintenance Expenses			
Personnel and Other Current Expenses	\$ 252,745	\$ 268,745	\$ 283,557
Total Operating and Maintenance Expenses	\$ 252,745	\$ 268,745	\$ 283,557
Net Revenue	\$ 188,500	\$ 192,023	\$ 206,265
Total Debt Service	\$ 153,938	\$ 156,424	\$ 163,319
Less: PFC available for debt service	(34,390)	(35,614)	(38,054)
Less: grant revenue available for debt service	-	(22,942)	(16,399)
Debt Service Requirement (per Bond Ordinance)	\$ 119,548	\$ 97,868	\$ 108,866
Coverage of debt Service	1.58	1.96	1.89

	2016	2017	2018	2019	2020	2021	2022
\$	89,505	\$ 86,966	\$ 92,586	\$ 84,357	\$ 92,045	\$ 67,169	\$ 91,139
	(6,802)	(2,930)	(1,328)	(1,039)	(774)	(1,619)	(2,381)
	1,527	1,350	1,679	1,554	1,249	1,302	1,706
	2,640	2,660	2,842	2,895	3,343	3,726	3,790
	<u>86,870</u>	<u>88,046</u>	<u>95,779</u>	<u>87,767</u>	<u>95,862</u>	<u>70,578</u>	<u>94,253</u>
	6,808	6,453	6,460	6,454	6,574	6,256	6,332
	191,321	196,162	195,198	185,943	196,844	129,527	166,444
	2,484	2,448	2,390	2,391	2,378	2,164	2,078
	6,577	6,813	6,691	6,530	6,821	6,338	5,921
	8,828	9,305	9,475	10,005	10,684	11,312	11,254
	<u>216,018</u>	<u>221,181</u>	<u>220,214</u>	<u>211,323</u>	<u>223,300</u>	<u>155,597</u>	<u>192,029</u>
	35,189	39,969	41,231	41,491	32,265	14,460	39,433
	101,650	99,752	103,961	110,136	81,172	43,814	98,417
	30,737	28,735	28,767	28,949	23,400	20,596	34,056
	10,083	10,402	11,062	12,645	10,072	6,913	15,192
	26	20	14	15	10	106	109
	-	10	-	15	18	18	28
	8,324	5,926	9,836	6,123	5,811	6,471	7,657
	<u>186,009</u>	<u>184,814</u>	<u>194,871</u>	<u>199,374</u>	<u>152,748</u>	<u>92,380</u>	<u>194,892</u>
\$	<u>488,897</u>	<u>494,041</u>	<u>510,864</u>	<u>498,464</u>	<u>471,911</u>	<u>318,555</u>	<u>481,174</u>
	6,986	9,306	13,348	19,681	19,503	10,403	7,556
	(52)	7,177	(1,805)	47	122	152	77
	<u>6,934</u>	<u>16,483</u>	<u>11,543</u>	<u>19,728</u>	<u>19,626</u>	<u>10,555</u>	<u>7,633</u>
\$	<u>495,831</u>	<u>510,524</u>	<u>522,407</u>	<u>518,192</u>	<u>491,537</u>	<u>329,110</u>	<u>488,807</u>
\$	<u>314,715</u>	<u>254,506</u>	<u>326,889</u>	<u>315,153</u>	<u>314,034</u>	<u>251,830</u>	<u>255,377</u>
\$	<u>314,715</u>	<u>254,506</u>	<u>326,889</u>	<u>315,153</u>	<u>314,034</u>	<u>251,830</u>	<u>255,377</u>
\$	<u>181,116</u>	<u>256,018</u>	<u>195,518</u>	<u>203,039</u>	<u>177,503</u>	<u>77,280</u>	<u>233,430</u>
\$	163,904	\$ 175,023	\$ 174,456	\$ 176,312	\$ 180,731	\$ 145,349	\$ 163,503
	(42,320)	(54,673)	(50,642)	(60,646)	(55,040)	(56,365)	(59,819)
	(13,888)	-	-	-	(14,169)	(88,984)	(103,684)
\$	<u>107,696</u>	<u>120,350</u>	<u>123,814</u>	<u>115,666</u>	<u>111,522</u>	<u>-</u>	<u>-</u>
	<u>1.68</u>	<u>2.13</u>	<u>1.58</u>	<u>1.76</u>	<u>1.59</u>	<u>N/A</u>	<u>N/A</u>

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Total Aircraft Operations, Landing Weight and Cargo Activity
(unaudited)

Fiscal Year	Aircraft Operations (in thousands)			Aircraft Landed Weight (in million pounds)		
	Total	Increase (Decrease)	Percentage Change	Total	Increase (Decrease)	Percentage Change
2013	799	(39)	-4.65%	33,044	203	0.62%
2014	811	12	1.50%	33,881	837	2.53%
2015	816	5	0.62%	34,969	1,088	3.21%
2016	787	(29)	-3.55%	35,519	550	1.57%
2017	760	(27)	-3.43%	34,648	(871)	-2.45%
2018	735	(25)	-3.29%	34,814	166	0.48%
2019	752	17	2.31%	37,210	2,396	6.88%
2020	624	(128)	-17.02%	30,345	(6,865)	-18.45%
2021	512	(112)	-17.95%	23,454	(6,891)	-22.71%
2022	691	179	34.96%	33,836	10,382	44.27%

Cargo Activity
(in metric tons)

Fiscal Year	Domestic Freight	International Freight	Mail	Total Cargo	Year - over Year Change
2013	203,082	216,693	27,142	446,917	-1.4%
2014	193,776	225,400	27,333	446,509	-0.1%
2015	192,331	252,876	30,026	475,233	6.4%
2016	195,644	205,361	25,713	426,718	-10.2%
2017	209,343	224,226	24,983	458,552	7.5%
2018	231,670	234,384	23,790	489,844	6.8%
2019	270,965	240,260	23,413	534,638	9.1%
2020	303,119	181,244	19,857	504,220	-5.7%
2021	333,224	129,598	21,197	484,019	-4.0%
2022	348,799	184,699	26,760	560,258	15.8%

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
System Debt Service Schedule
(unaudited)

The following table sets forth the Debt Service Requirements on all Airport Revenue Bonds Outstanding, assuming scheduled mandatory redemption of any term bonds and using rates in effect at year-end for auction rate securities and variable rate demand obligations. The amounts do not include the Airport System's Senior Lien Commercial Paper Notes.

Fiscal Year (ending June 30)	Subordinate Lien Bonds Debt Service	Total Bonds Debt Service
2023	158,937,119	158,937,119
2024	197,903,471	197,903,471
2025	197,733,979	197,733,979
2026	197,568,457	197,568,457
2027	198,730,631	198,730,631
2028	198,597,232	198,597,232
2029	198,398,918	198,398,918
2030	203,504,371	203,504,371
2031	203,350,489	203,350,489
2032	204,346,880	204,346,880
2033	203,742,634	203,742,634
2034	71,841,075	71,841,075
2035	71,786,825	71,786,825
2036	71,816,825	71,816,825
2037	71,768,250	71,768,250
2038	71,704,800	71,704,800
2039	71,646,400	71,646,400
2040	71,592,225	71,592,225
2041	43,212,575	43,212,575
2042	43,182,925	43,182,925
2043	33,711,125	33,711,125
2044	33,686,500	33,686,500
2045	33,671,550	33,671,550
2046	33,644,425	33,644,425
2047	33,623,275	33,623,275
2048	33,586,225	33,586,225
2049	23,947,400	23,947,400
Total	\$ 2,977,236,582	\$ 2,977,236,582

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Summary of Certain Fees and Charges
(unaudited)

	Bush Intercontinental		Hobby	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2021	2022	2021	2022
Landing Rates (1) (3)	\$2.821	\$2.630	\$2.914	\$2.692
Terminal Space Rentals (2) (3)	\$20.37 - \$41.67	\$19.04 - \$73.85	\$40.94 - \$48.15	\$58.41 - \$73.01
Apron Rentals (2) (3)	\$2.280 - \$2.438	\$2.213 - \$2.423	\$2.067 - \$2.108	\$2.567 - \$2.582
Aircraft Parking (per day)	\$100 - \$400	\$100 - \$400	\$100 - \$400	\$100 - \$400
Cargo (per day)	\$200 - \$600	\$200 - \$600	\$200 - \$600	\$200 - \$600
Parking Rates (4)				
Ecopark Uncovered (5)	\$6.00	\$7.00	n/a	n/a
Ecopark Covered (5)	\$8.00	\$9.00	n/a	n/a
Ecopark2 Covered (5)	\$7.00	\$8.00	n/a	n/a
Ecopark (9)	n/a	n/a	n/a	n/a
Ecopark 2 (10)	n/a	n/a	\$10.00	\$10.00
Structured (6)	\$15.00	\$24.00	\$15.00	\$24.00
Sure Park (7)	\$26.00	n/a	n/a	n/a
Valet (8) (11)	\$28.00	\$28.00 - \$30.00	\$28.00	\$28.00

(1) Per 1,000 pounds of landing weight

(2) Range per square foot

(3) 2013-2021 actual rates provided; 2022 budgeted rates provided

(4) Maximum per day

(5) New rates effective January 15, 2022

(6) New rates of \$20.00/Day and \$24.00/Day effective on July 29, 2021 and October 1, 2021 (respectively)

(7) Sure park ceased as an offered product in March 2021

(8) New rates effective February 4, 2019

(9) Ecopark 1 at Hobby closed March 18, 2014

(10) New rates effective May 5, 2014

(11) New rates for Terminal C effective May 1, 2022

CITY OF HOUSTON, TEXAS

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CITY OF HOUSTON, TEXAS
SURETY BOND AND INSURANCE COVERAGE
June 30, 2022
(amounts expressed in thousands)
(unaudited)

Policy Number	Insurer	Term of Policy
LSM1348999	Western Surety Company	01-02-2022 to 01-02-2023
LSM1348998	Western Surety Company	01-02-2022 to 01-02-2023
61BSBHJ1564	Hartford Casualty Insurance Company	01-02-2022 to 01-02-2023
106360496	Travelers Casualty Insurance Company	08-04-2021 to 08-04-2022
61BSBAR6948	Hartford Casualty Insurance Company	02-27-2022 to 02-27-2023
61BSBID9767	Hartford Casualty Insurance Company	07-01-2021 to 07-01-2022
61BSBHO1810	Hartford Casualty Insurance Company	09-19-2021 to 09-19-2022
D37362797014	Illinois Union Insurance Company	04-01-2022 to 04-01-2023
NOMY48785022	Lloyd's - Various	04-01-2022 to 04-01-2023
ESP30000289305	Endurance American Specialty Insurance Company	04-01-2022 to 04-01-2023
42PRP31447702	National Fire & Marine Insurance Company	04-01-2022 to 04-01-2023
W31DCA220101	Lloyd's Syndicate 2623	04-01-2022 to 04-01-2023
D87944221CSP	Starstone Specialty Insurance Company	04-01-2022 to 04-01-2023
NOMY48786022	Lloyd Syndicate 623	04-01-2022 to 04-01-2023
VRNCN000030506	Lloyd's (Various)	04-01-2022 to 04-01-2023
VRNCN000030506	Lloyd's (Various)	01-01-2022 to 04-01-2023
VNBCN000030506	Lloyd's (Various)	04-01-2022 to 04-01-2023
VUXCN000030506	Independent Speciality	04-01-2022 to 04-01-2023
VRXCN000030506	Interstate Fire & Casualty	04-01-2022 to 04-01-2023
NOMY48787022	Lloyd's (Various)	04-01-2022 to 04-01-2023
NOMY48789022	Lloyd's (Various)	04-01-2022 to 04-01-2023
NOMY48790022	Lloyd's (Various)	04-01-2022 to 04-01-2023
100038902303	Ironshore Specialty Insurance Company	04-01-2022 to 04-01-2023
EAF65228822	AXIS Surplus Ins. Co	04-01-2022 to 04-01-2023
SLSTPTY11592722	Starr Surplus Lines	04-01-2022 to 04-01-2023
ESP730205807	Arch Specialty Ins. CO	04-01-2022 to 04-01-2023
PX00LCM22	Aspen Specialty Ins. Co	04-01-2022 to 04-01-2023
PPP911363	Crum & Foster	04-01-2022 to 04-01-2023
ESP200393203	First Specialty Ins.Co	04-01-2022 to 04-01-2023
SLSTPTY11592722	Starr Surplus Lines Ins. Co.	04-01-2022 to 04-01-2023
DF00001691	National Fire & Marine Ins. Co	04-01-2022 to 04-01-2023
62502968	Lexington Insurance Co	04-01-2022 to 04-01-2023
LSMAPR259576A	Liberty Specialty Markets Bermuda	04-01-2022 to 04-01-2023
NHD923284	RSUI Indemnity Company	04-01-2022 to 04-01-2023
MKLVIKPR000296	Evanston Insurance Company	04-01-2022 to 04-01-2023
SLSTPTY11592722	Starr Surplus lines Insurance Company	04-01-2022 to 04-01-2023
CA3X001313221	Everest Indemnity Insurance Company	04-01-2022 to 04-01-2023
NOMY48788022	Lloyds - Various	04-01-2022 to 04-01-2023
XAR00004V9	Westfield Specialty Insurance Company	04-01-2022 to 04-01-2023
NQU20220014	United Specialty Ins Company	04-01-2022 to 04-01-2023
B73220AAA	Lloyds Syndicate	04-01-2022 to 04-01-2023
Lloyd's - Various	NOMY48791022	04-01-2022 to 04-01-2023
MTP9037475 03	Indian Harbor Insurance Company	09-01-2021 to 09-01-2022
B0180FN2104316	Lloyd's of London	09-01-2021 to 09-01-2022
NOMY48842022	Lloyd's of London	04-01-2022 to 04-01-2023
NOMY48843022	Lloyd's of London	04-01-2022 to 04-01-2023
BM6076028407	National Fire Insurance of Hartford	03-18-2022 to 03-18-2023
6610	Texas Municipal League	07-01-2021 to 07-01-2022
	Philadelphia Indemnity Insurance Company	06-26-2022 to 06-26-2023
CA00001556812	Admiral Insurance Company	02-26-2022 to 02-26-2023
73652M227ALI	Starstone Specialty Insurance Company	02-26-2022 to 02-26-2023
UMA0012093SP21A	XL Specialty Insurance Company	11-03-2021 to 11-03-2022
105324683	Travelers Casualty & Surety	12-30-2021 to 12-30-2022
6610	Texas Municipal League	05-15-2022 to 05-15-2023
6610	Texas Municipal League	05-15-2022 to 05-15-2023
6610	Texas Municipal League	05-15-2022 to 05-15-2023
MKLM11M0000252	Markel American Insurance Company	10-20-2021 to 10-20-2022
Various (approximately 1,500)	Western Surety Company	Four Year Term per Bond
Various (approximately 10)	CNA	Various
SM942160	Evanston Insurance Company	10-03-2021 to 10-03-2022
6610	Texas Municipal League	07-01-2021 to 07-01-2022
KKO0000025611900	Markel Insurance Company	07-01-2021 to 07-01-2022
11227882	National Union Fire Insurance Company of Pittsburgh, PA	05-29-2022 to 05-29-2023
61BDDHT0320	Hartford Casualty Insurance Company	10-29-2021 to 10-29-2022
61BDDHO5613	Hartford Casualty Insurance Company	02-11-2022 to 02-11-2023
PR00275603	Old Republic insurance Company through Old Republic Aerospace	03-15-2022 to 03-15-2023

Property at Risk	Type of Coverage	Coverage (in thousands)
Mayor	Public Official Bond	\$ 50
City Controller	Public Official Bond	\$ 50
Deputy Controller	Public Official Bond	\$ 25
Municipal Courts	Public Official Bond	\$ 25
Tax Collector	Public Official Bond	\$ 25
Treasurer	Public Official Bond	\$ 25
HMEPS Treasurer	Public Official Bond	\$ 250
City of Houston	Property Insurance *	\$ 7,500
City of Houston	Property Insurance *	\$ 1,428
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Property Insurance *	\$ 10,000
City of Houston	Property Insurance *	\$ 1,025
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Property Insurance *	\$ 225
City of Houston	Property Insurance *	\$ 15,000
City of Houston	Property Insurance *	\$ 3,600
City of Houston	Property Insurance *	\$ 5,314
City of Houston	Property Insurance *	\$ 6,000
City of Houston	Property Insurance *	\$ 7,500
City of Houston	Property Insurance *	\$ 6,095
City of Houston	Property Insurance *	\$ 3,750
City of Houston	Property Insurance *	\$ 15,875
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 1,500
City of Houston	Property Insurance *	\$ 1,250
City of Houston	Property Insurance *	\$ 8,780
City of Houston	Property Insurance *	\$ 12,000
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 3,890
City of Houston	Property Insurance *	\$ 15,000
City of Houston	Property Insurance *	\$ 19,833
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 3,750
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Property Insurance *	\$ 4,953
City of Houston	Cyber Liability Insurance Primary Layer	\$ 10,000
City of Houston	Cyber Liability Insurance 1st Excess Layer	\$ 5,000
City of Houston	Terrorism	\$ 100,000
City of Houston	Terrorism	\$ 150,000
City of Houston	Boiler & Machinery	\$ 125,000
City of Houston	HITS Property, Radio Equipment and Towers	\$ 96,180
City of Houston Library	Business Electronic Eq., Valuable Papers, Fine Arts	\$ 13,192
Holcombe Health Lab	Commercial General Liability	\$ 1,000
Holcombe Health Lab	Excess Liability	\$ 5,000
HoustonFirst Corporation	Fine Arts	\$ 31,186
City of Houston	Pole Attachment Bond, Centerpoint	\$ 250
City of Houston	Automobile Liability	\$ 500
City of Houston	Automobile Physical Damage	\$ 450
City of Houston	Automobile Catastrophe	\$ 885
HALAN	Electronic Equipment-Hardware/Software	\$ 721
Various City of Houston Notaries	Notary Public Bonds	\$ 3
Various City of Houston	Dentist Professional Liability	\$ 1,000
City of Houston	Medical Professional Liability	\$ 1,000
City of Houston	Special Event Mobile Equipment	\$ 300
City of Houston	Special Events Liability, Including Terroism	\$ 1,000
City of Houston	Public Employee Dishonesty/Crime Insurance	\$ 2,000
City of Houston	Public Employee Dishonesty, Parks Board	\$ 10,000
City of Houston	Public Employee Dishonesty, Library Board	\$ 10,000
City of Houston HAS Ellington Field Fuel Resale	Airport Liability	\$ 500

* The property insurance is provided by insurance carriers that underwrite varying pro-rata shares of coverage that total to the policy loss limit.

CITY OF HOUSTON, TEXAS
SALARIES OF ELECTED OFFICIALS
June 30, 2022
(unaudited)

<u>Name and Title of Official</u>	<u>Authorized Annual Base Salary</u>
Sylvester Turner, Mayor	\$ 236,189
Chris Brown, City Controller	\$ 157,459
Amy Peck, Council Member - District A	\$ 62,983
Tarsha Jackson, Council Member - District B	\$ 62,983
Abbie Kamin, Council Member - District C	\$ 62,983
Carolyn Evans-Shabazz, Council Member - District D	\$ 62,983
David P. Martin, Council Member - District E	\$ 62,983
Tiffany D Thomas, Council Member - District F	\$ 62,983
Mary Nan Huffman, Council Member - District G	\$ 62,983
Karla G. Cisneros, Council Member - District H	\$ 62,983
Robert Gallegos, Council Member - District I	\$ 62,983
Edward Pollard, Council Member - District J	\$ 62,983
Martha Castex Tatum, Council Member - District K	\$ 62,983
William M. Knox, Council Member - At Large Position 1	\$ 62,983
David W. Robinson, Council Member - At Large Position 2	\$ 62,983
Michael Kubosh, Council Member - At Large Position 3	\$ 62,983
Letitia Plummer, Council Member - At Large Position 4	\$ 62,983
Sallie Alcorn, Council Member - At Large Position 5	\$ 62,983

CITY OF HOUSTON, TEXAS
Schedule of Credits
(unaudited)

Annual Comprehensive Financial Report:

Controller's Office

Executive/Administrative Divisions

Chris B. Brown, City Controller
Shannan Nobles, Chief Deputy City Controller
John Seydler, Director of Communication & Public Affairs

Design Oversight and Writing

Financial Reporting Division

Beverly Riggans, Deputy City Controller
Olatundun Akinsanya, Assistant City Controller
Alicia Cai, Assistant City Controller
I-Li (Conrad) Lin, Deputy Director
Sharon Liu, Assistant City Controller
Sylvia Nguyen, Assistant City Controller
Chris Okeagu, Assistant City Controller
Maria G. Perez, Administrative Specialist
Courtney Satterwhite, Assistant City Controller
Suong "Su" Vu, Assistant City Controller
Bonita Wright, Assistant City Controller

Preparation and Coordination

Operations and Technical Services Division

Lenard Polk, Chief Operating Officer & Deputy City Controller
Monika De Los Santos, Assistant City Controller
Sheldon Holder, Administration Manager
Brenda Jackson, System Support Analyst
Paul Lord, Administrative Assistant
Korey Ray, Accountant
Daniel Schein, System Support Analyst
Lillie Stewart, Administration Manager

Consulting and General Support

Treasury Division

Charisse Page Mosely, Deputy City Controller
Han Au, Deputy Director
Ashlee Brown, Senior Treasury Analyst
Vernon Lewis, Assistant Director
Lillie Nobles, Management Analyst
Linjie Zhu, Senior Treasury Analyst

Debt and Investment Management Disclosures

Finance Department

William Jones, Director
Veda Aaron, Division Manager
Kiran Chandu, Deputy Assistant Director
Clint Joines, Division Manager
Robert Martinez, Deputy Assistant Director
Beverly McFarlin, Division Manager
Sherry Mose, Division Manager
Vivien Nguyen, Staff Analyst
Bobby Qasim, Division Manager
Arif Rasheed, Deputy Director
Mohsin Raza, Division Manager
Adela Rice, Division Manager
Fazal Syed, Division Manager
Alma Tamborello, Division Manager

Preparation, Coordination, Analysis and Documentation

CITY OF HOUSTON, TEXAS
Schedule of Credits - Continued
(unaudited)

Administration & Regulatory Affairs Department

Tina Paez, Director
Valerie Berry, Assistant Director
Chia-Hsuan Chiou, Division Manager
Vijay Govind, Financial Analyst
Hannah Hoang, Senior Accountant
Maria Irshad, Assistant Director
Bethany Li, Division Manager
Chris Lutz Senior Staff Analyst
Carlos Medel, Administrative Supervisor
Tina Paquet, Assistant Director
Rosalinda Salazar, Division Manager
Sreng Ung, Senior Division Manager
Karen Davidson, Assistant Director

Analysis and Supporting Documentation

Houston Information Technology Services Department

Lisa Kent, Director

SAP/ ERP Consulting, Support & Development

Professional Consultants

Bayside Printing
Sherri Tyndall, Lead Customer Service Representative

Project Management and Design

McConnell & Jones LLP/Banks, Finley, White & Co.

Independent Auditors

This schedule by no means gives credit to all of the individuals who have some part in the development and production of this Annual Comprehensive Financial Report. However, we have included the major participants who made the issuance of this document possible.



OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON, TEXAS