



# CITY OF HOUSTON, TEXAS

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**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**CHRIS HOLLINS**  
**CITY CONTROLLER**





**Prepared by:**

Chris Hollins, City Controller

William Jones, Deputy City Controller



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CITY OF HOUSTON, TEXAS







*Discovery Green*

**Part I**

# **Introductory Section**

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**Introductory Section:**

Established in 2008, Discovery Green is an urban park in Downtown Houston, that offers Houstonians of all ages a wide range of programs and events. By organizing diverse recreational activities, installations, and food options, Discovery Green aims to improve the well-being of participants and supports the conservation of Houston's green spaces for future generations to enjoy.

Photo Credits: Lawrence Elizabeth Knox

## OFFICE OF THE CITY CONTROLLER

Houston City Controller Chris Hollins 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 Hollins thus serves as an independently elected “financial watchdog” over the City’s fiscal affairs.

The Treasury Division is responsible for managing the City’s approximately \$6 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 billion and the City’s depository banking service. The City has multiple general obligation, combined utility system, and airport system commercial paper programs with total authorization of \$2.83 billion (GO program of \$1.03 billion; CUS program of \$1 billion; Airport of \$800 million). The City’s general obligation debt is rated Aa3 by Moody’s; AA by Standard and Poor’s; and AA by Fitch Ratings. All other credit ratings associated with the City’s different organizations are listed here <https://www.houstontx.gov/controller/treasury/credit-ratings.html>

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 2024, the Audit Division engaged in 22 audits and special projects that produced seven audit reports and a risk assessment report, 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 tasked with preparing the Monthly Financial and Operations Report, the Annual Comprehensive Financial Report (ACFR), and the annual Trends Report. Additionally, the division handles financial modeling and forecasting. The ACFR and Trends Report can be accessed on the City Controller’s website at [www.houstontx.gov/controller](http://www.houstontx.gov/controller).

**CITY CONTROLLER  
CHRISTOPHER G. HOLLINS**



Chris Hollins is a native Houstonian who has served as Houston City Controller since January 2024.

As the independently elected Chief Financial Officer of the nation's fourth-largest city, Controller Hollins provides oversight of a budget exceeding \$6 billion and manages the City's \$6 billion investment and \$14 billion debt portfolios. Hollins is deeply committed to transparency, fiscal responsibility, and results-driven operations, using his office's auditing authority to bring new ideas and best practices to City departments that result in cost savings and a higher standard of service to Houston residents.

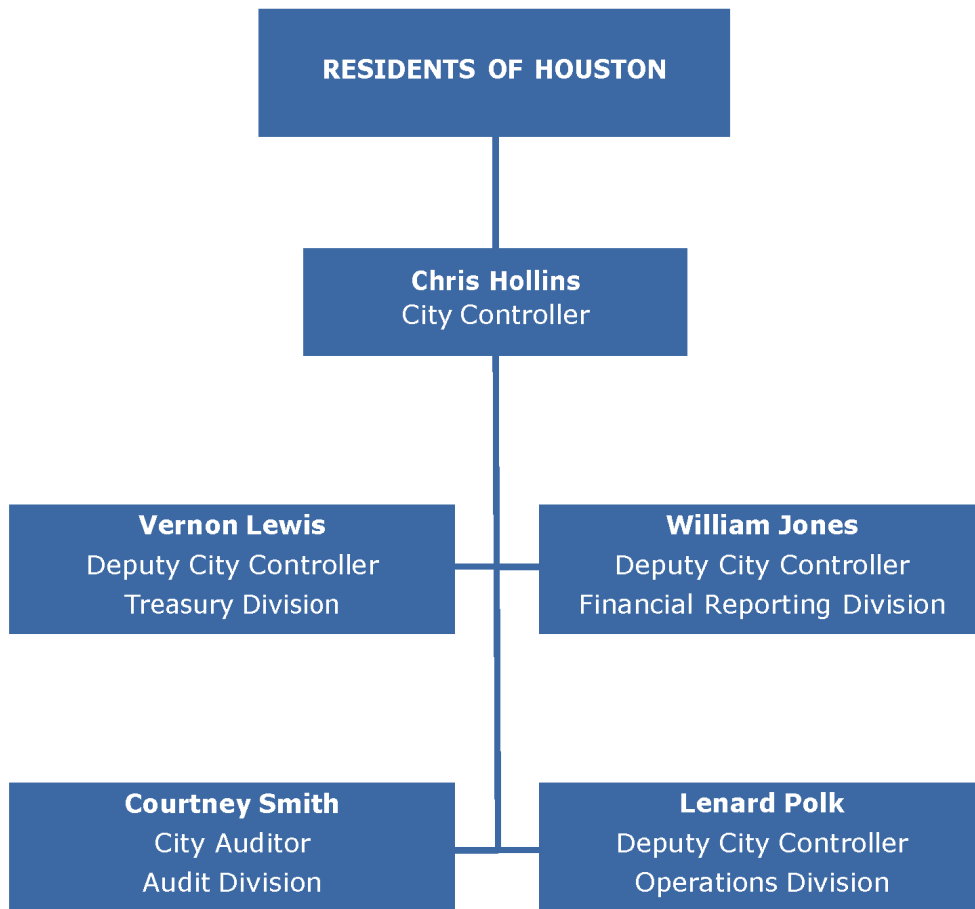
Prior to his service as City Controller, Hollins led the 2020 elections effort in Harris County as County Clerk, gaining national acclaim for protecting and expanding voting rights for 2.5 million Houston-area voters during the most important election of our lifetime. Hollins's innovations – which included drive-thru voting, 24-hour voting, online mail ballot tracking, and tripling the number of early voting centers – led to eye-popping record voter turnout despite the ongoing global pandemic.

Hollins holds a Bachelor of Arts with Phi Beta Kappa honors from Morehouse College and completed a joint program with Yale Law School and Harvard Business School, earning both his Juris Doctor and Master of Business Administration degrees.

Hollins previously was the Principal Attorney at Hollins Law Group PLLC. Hollins spent the bulk of his career as a management consultant with McKinsey & Company, where he was dedicated to helping large government agencies transform their operations to better achieve their missions and meet the needs of those they were entrusted to serve.

Hollins and his wife, Morgan, live in Houston's Third Ward with their daughter, Vivian, and their son, George.

**ORGANIZATION CHART  
OFFICE OF THE CITY CONTROLLER  
AS OF JUNE 30, 2024**



**ELECTED OFFICIALS  
AS OF JUNE 30, 2024**



**JOHN WHITMIRE**  
MAYOR



**CHRIS HOLLINS**  
CONTROLLER



**AMY PECK**  
DISTRICT A



**TARSHA JACKSON**  
DISTRICT B



**ABBIE KAMIN**  
DISTRICT C



**CAROLYN EVANS-SHABAZZ**  
DISTRICT D



**FRED FLICKINGER**  
DISTRICT E



**TIFFANY D. THOMAS**  
DISTRICT F



**MARY NAN HUFFMAN**  
DISTRICT G



**MARIO CASTILLO**  
DISTRICT H



**JOAQUIN MARTINEZ**  
DISTRICT I



**EDWARD POLLARD**  
DISTRICT J



**MARTHA CASTEX-TATUM**  
DISTRICT K



**JULIAN RAMIREZ**  
AT-LARGE  
POSITION 1



**WILLIE DAVIS**  
AT-LARGE  
POSITION 2



**TWILA CARTER**  
AT-LARGE  
POSITION 3

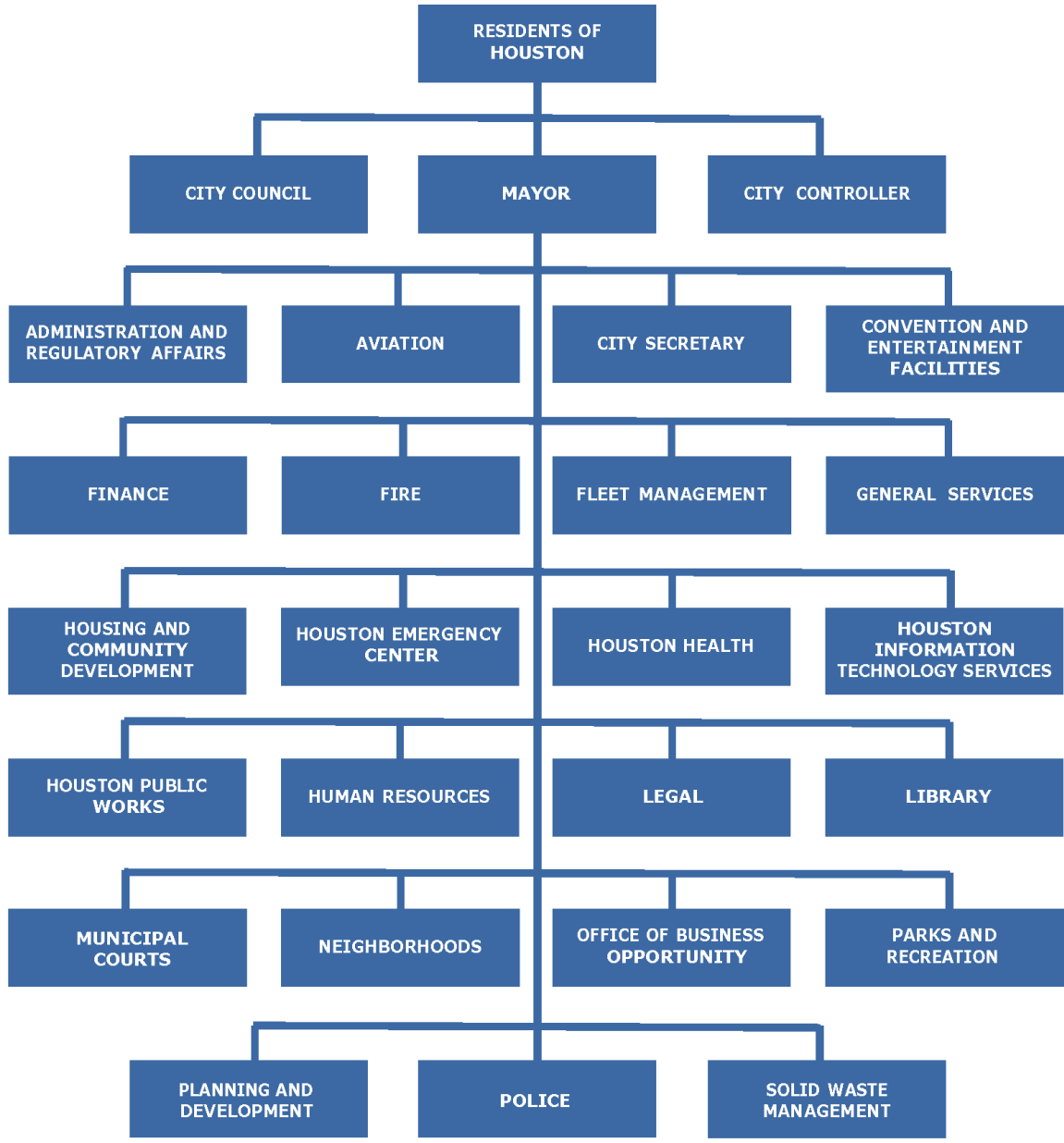


**LETITIA PLUMMER**  
AT-LARGE  
POSITION 4



**SALLIE ALCORN**  
AT-LARGE  
POSITION 5

# ORGANIZATION CHART CITY GOVERNMENT





CHRIS HOLLINS

**OFFICE OF THE CITY CONTROLLER**  
**CITY OF HOUSTON**  
**TEXAS**

**TRANSMITTAL LETTER**

November 18, 2024

**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, 2024, including the independent auditor’s report, on pages 1 through 3, prepared by McConnell & Jones/Banks, Finley, White & Co. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions on the City’s basic financial statements as of and for the year ended June 30, 2024.

The ACFR, prepared by the City Controller’s Office, complies with city charter and state law. We are responsible for the accuracy, completeness, and fairness of financial information and disclosures. The data presented accurately reflects the city’s financial position and results of operations.

The City’s management is responsible for establishing and maintaining a system of internal controls designed to provide reasonable 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 the resulting benefits.

The ACFR is presented in three sections:

- **Introductory Section:** Includes a transmittal letter, elected officials list, and organizational charts.
- **Financial Section:** Includes Management’s Discussion and Analysis (“MD&A”), basic financial statements, combined and individual fund statements and schedules, and the independent auditor’s report on the basic financial statements. MD&A immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.
- **Statistical Section:** Presents multi-year financial, demographic, and other data.

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.

**Government Profile:** Founded in 1836, Houston has grown from a small settlement on the Buffalo Bayou to become the fourth-largest city in the United States. The city’s economy has been fueled by various industries, including energy, healthcare, aerospace, and technology. Houston’s rich history is intertwined with the discovery of oil in Beaumont in 1901, which sparked significant economic growth. Today, while energy remains a major contributor, the city’s economy is increasingly diversified, thanks to Port Houston, the Texas Medical Center, NASA’s Johnson Space Center, and a thriving tech scene.



Houston's vibrant cultural scene is a testament to its status as a melting pot. People from all walks of life have flocked to Houston, drawn by its diverse population and endless opportunities. With over 2.3 million residents spread across 665 square miles, the city continues to expand and evolve at a rapid pace. The Houston metropolitan area, encompassing 10 counties, boasts a total population of over 7.5 million, further highlighting its regional significance and global appeal.

### City Leadership and Governance Structure

City of Houston officials are limited to two four-year terms.

- **Mayor:** The Mayor functions as the City's Chief Executive Officer, responsible for overall city management and policy implementation.
- **City Controller:** The second-highest elected official, the City Controller acts as the Chief Financial Officer, overseeing the City's financial operations.
- **City Council:** The legislative body is made up of the Mayor, eleven district members, and five at-large members.

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 and 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.

### Budgetary Process and Controls

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 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.

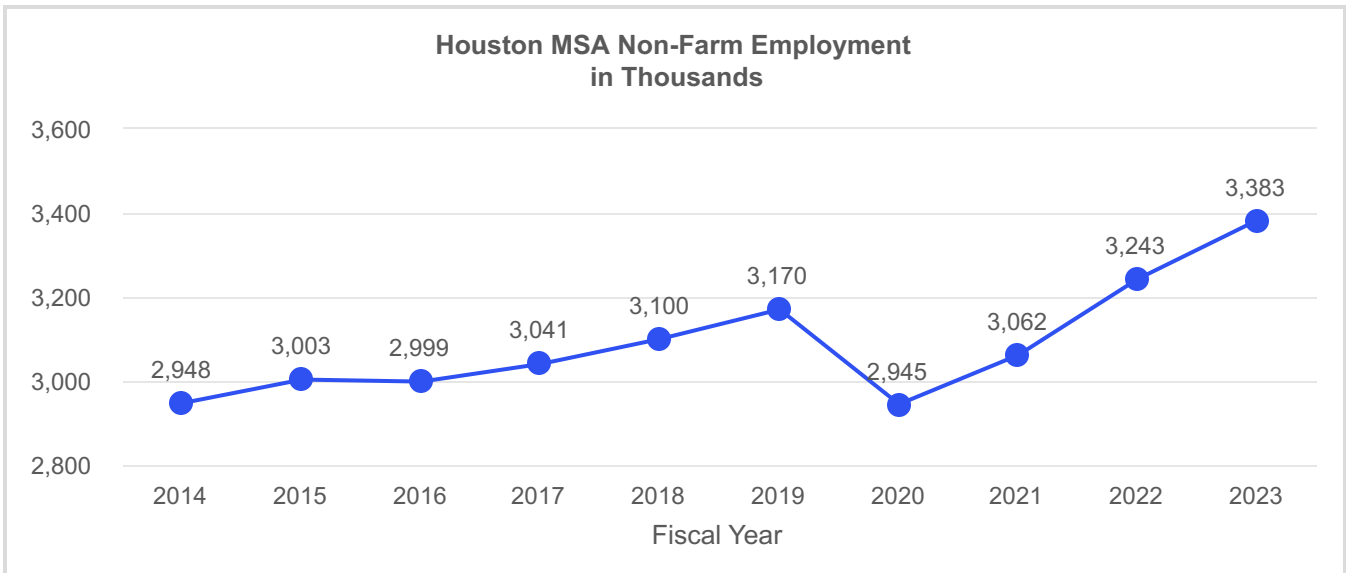
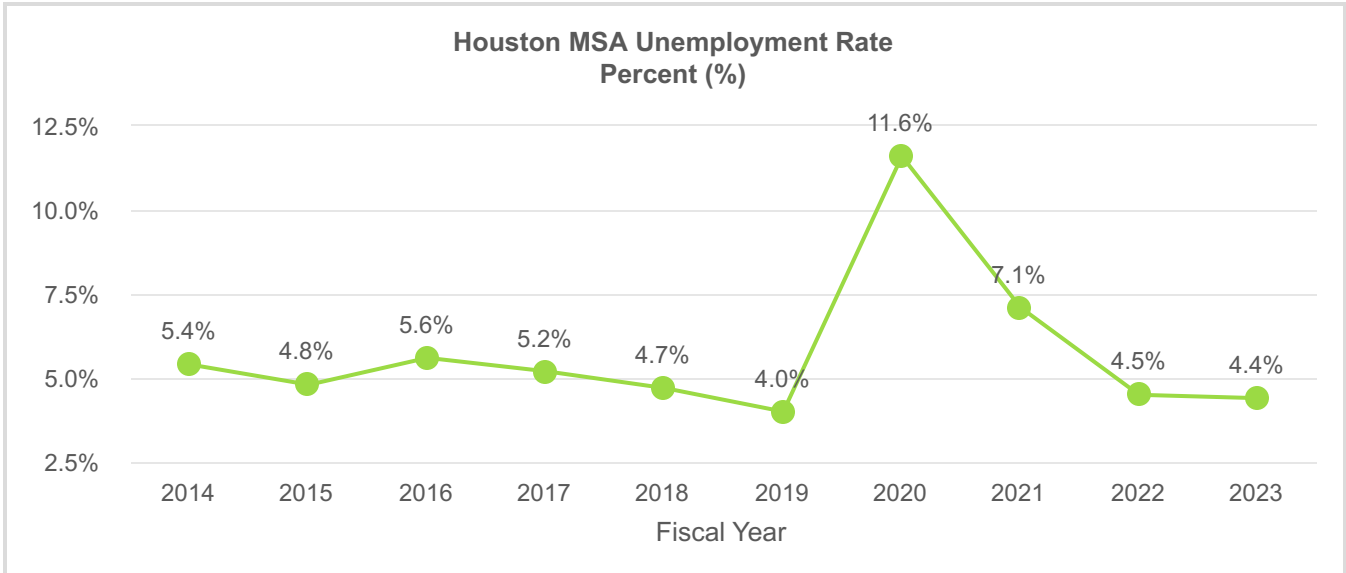
No City expenditures may be made without an appropriation. City Council can legally appropriate only those amounts of money that the City Controller has previously certified are, or will be, in the City treasury. Although the legal level of budgetary control is at the departmental level within a fund, the City maintains internal budgetary control at the expenditure category (e.g., 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

The Houston Metropolitan Statistical Area (MSA) economy is diverse and robust, driven by key sectors such as energy, healthcare, aerospace, and international trade. Known as the Energy Capital of the World, Houston is home to many leading oil and gas companies, as well as a growing renewable energy industry. The Texas Medical Center, the world’s largest, makes healthcare a significant economic contributor. Houston’s port, one of the busiest in the U.S., supports international trade and logistics. With its strategic location, diverse industries, and growing population, Houston remains a vital economic hub in the Gulf Coast region.

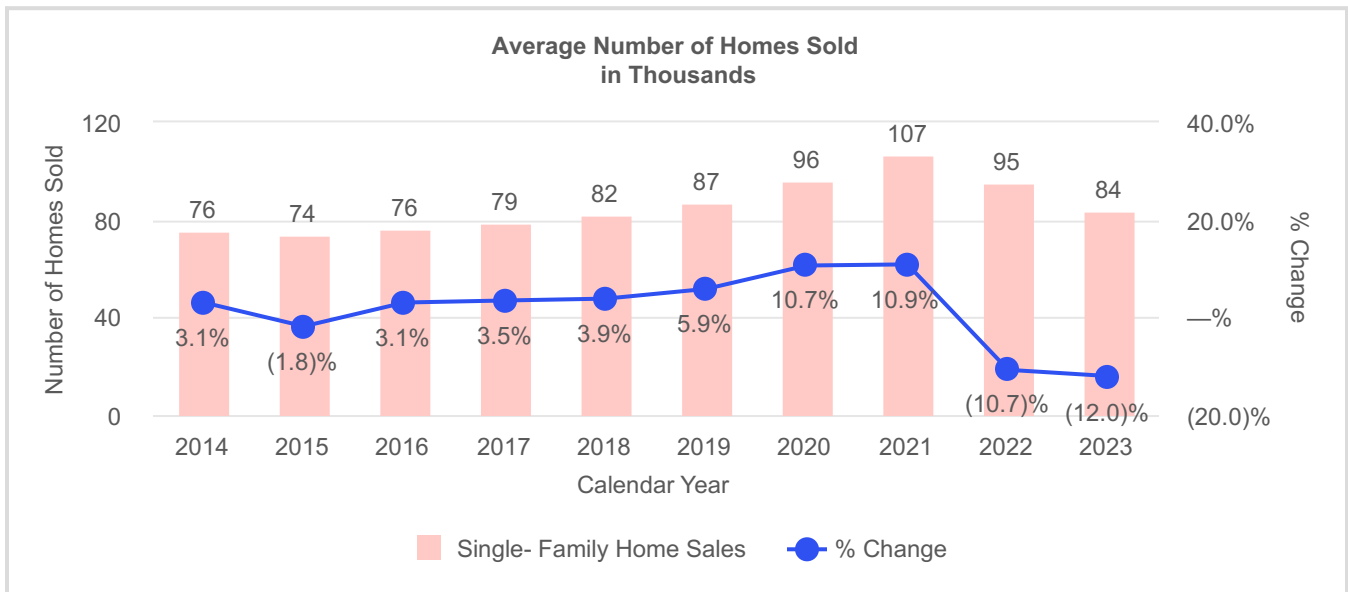
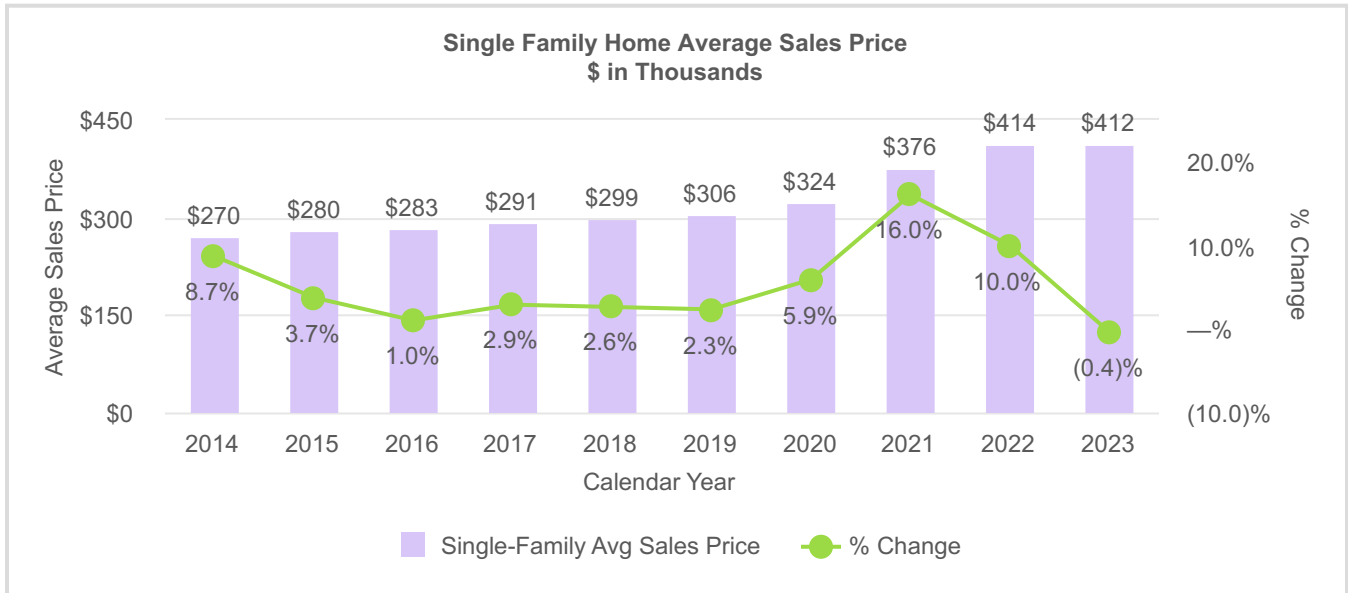
### Key Economic Indicators



Source: Bureau of Labor Statistics

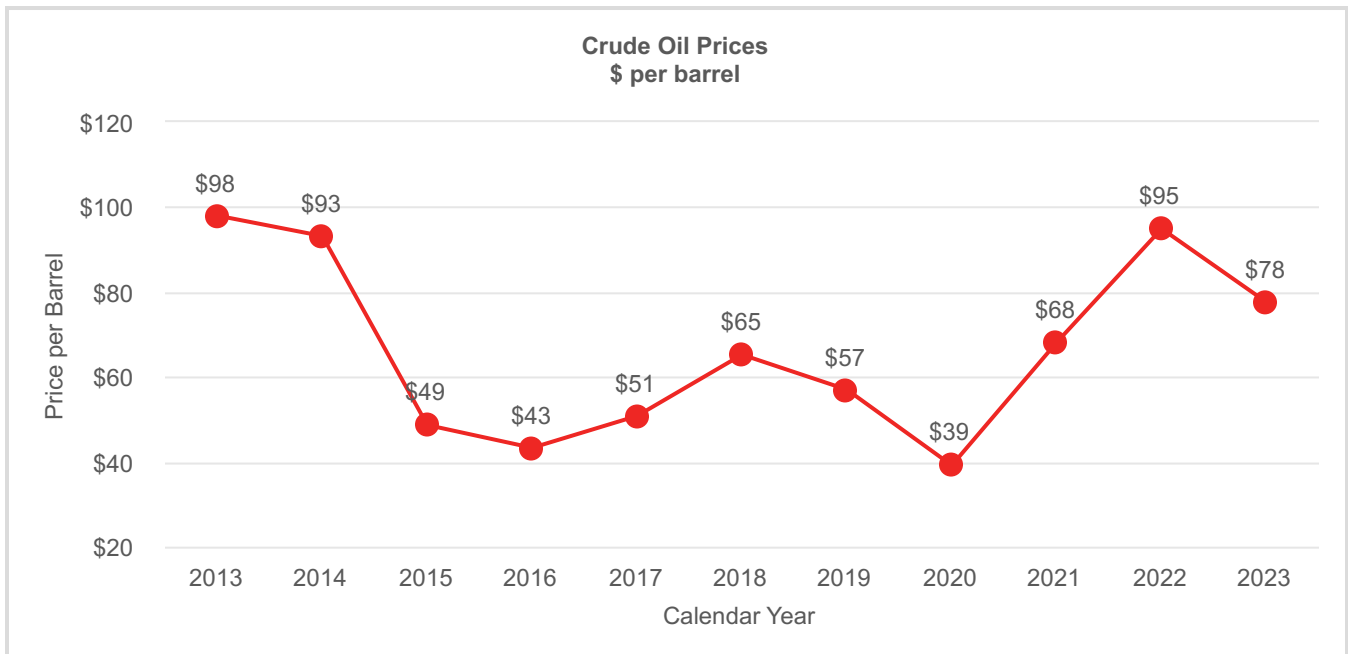
The unemployment rate initially declined from 8.3% in 2009 during The Great Recession to a low of 4.0% in 2019, indicating a robust labor market. However, the onset of the COVID-19 pandemic in 2020 caused a sharp spike in unemployment, reaching a peak of 11.6% in 2020. Following this peak, the unemployment rate gradually recovered, returning to pre-pandemic levels by 2022 and settling at 4.4% in 2023.

Following the downturn during COVID-19, the Houston MSA witnessed a robust recovery in non-farm employment, with a significant rebound by 2021 and continued growth in subsequent years. By 2022, non-farm employment had surpassed pre-pandemic levels, reaching over 3.2 million thousand jobs, indicating a resilient and dynamic labor market in the region.



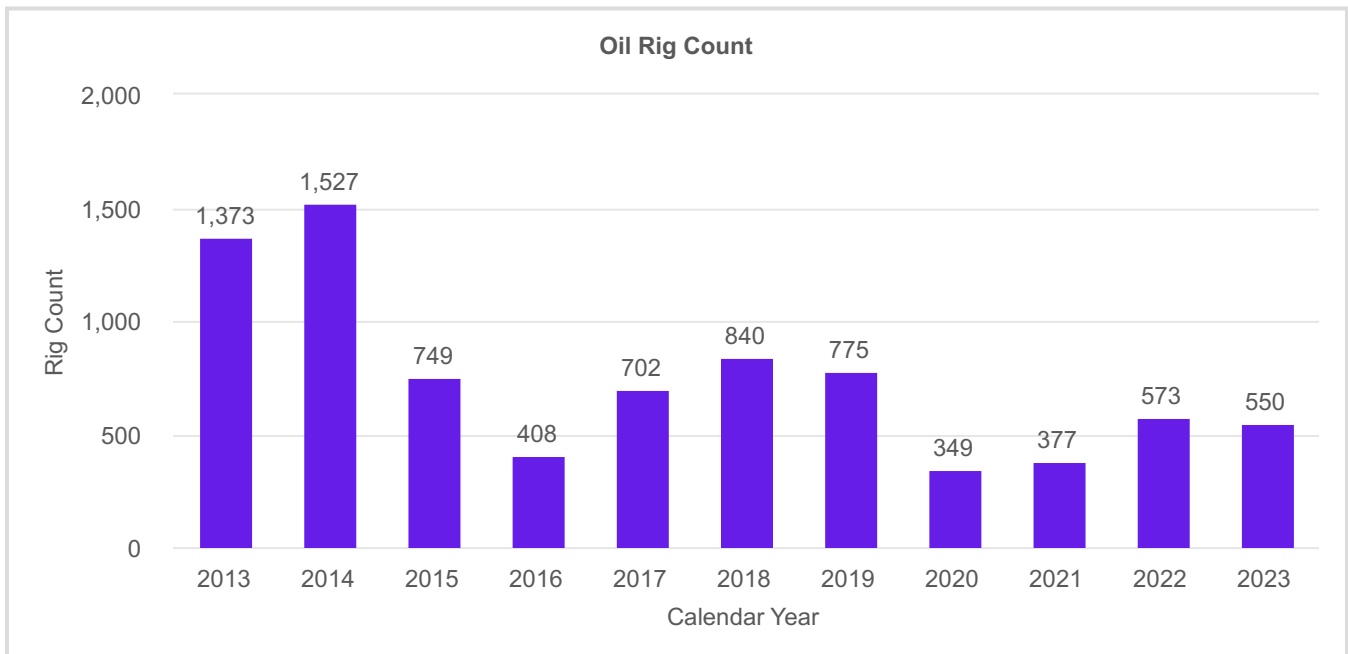
Source: Houston Association of Realtors

The escalating mortgage rates throughout 2023 significantly dampened homebuyer enthusiasm, leading many to reconsider or abandon their purchase plans. Houston's real estate market mirrored this national trend, commencing the year with a substantial decline in sales volume. However, as the year progressed, a gradual improvement in market activity became evident, with sales figures gradually rebounding from their initial slump. Despite the fluctuations in sales volume, the average price of single-family homes in Houston exhibited remarkable resilience, maintaining a relatively stable level of \$412,161 throughout the year.



Source: U.S. Energy Information Administration

After reaching a historic low in 2020 due to the COVID-19 pandemic, crude oil prices experienced a significant recovery. Prices climbed steadily to \$95 per barrel in 2022 but then retreated to \$78 per barrel in 2023. The overall trend highlights the volatile nature of the oil market, which is influenced by a range of economic and geopolitical factors.



Source: Baker Hughes

Rig count is a measure of the number of active drilling rigs being used to explore for or develop oil and natural gas in a specific region. Similar to the price of oil, rig counts are relatively volatile in nature. While 2022 and 2023 saw a period of relative stability, the rig count remained significantly below its peak levels in 2014.

### Population growth

Houston, a thriving metropolis with a population exceeding 2.31 million as of July 1, 2023, holds the title of Texas's largest city and ranks fourth in size among all cities in the United States. Houston, while ranking fourth in overall population, stands out with an increase of 11,669 residents, representing a growth rate of 0.5%. This positive demographic trend positions Houston ahead of cities like Chicago and New York, which experienced population declines during the same period.

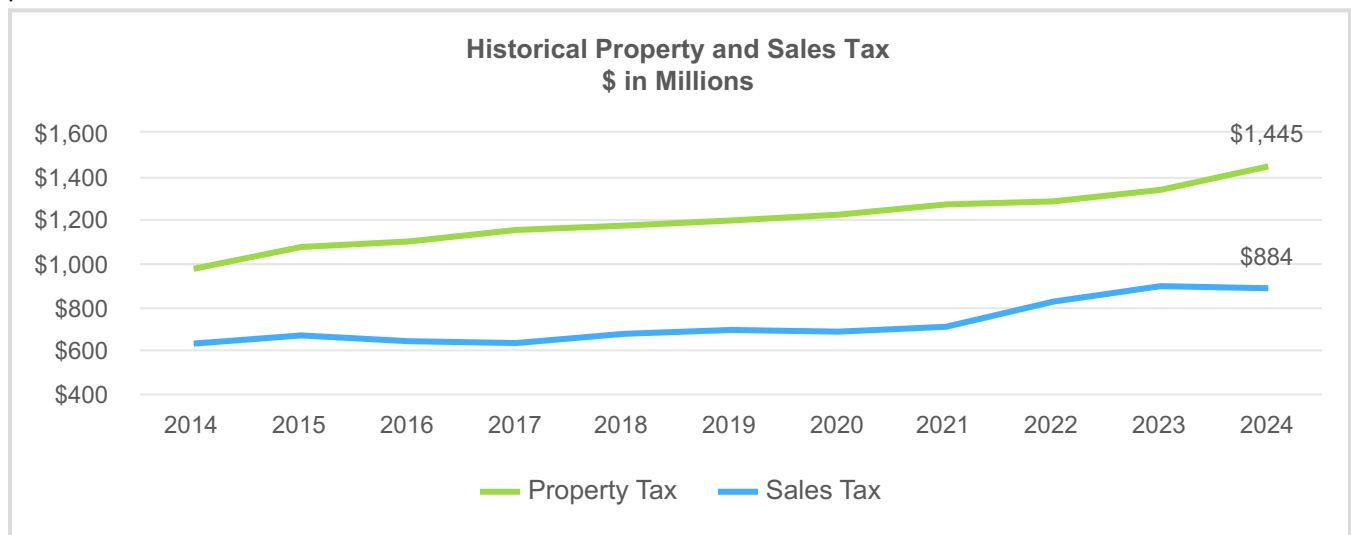
The Houston MSA population surged by nearly 140,000 residents in 2023, ranking second among all U.S. metropolitan areas in terms of population growth. According to the Greater Houston Partnership, this rapid expansion is equivalent to welcoming a new resident every 3.8 minutes. Since the COVID-19 pandemic temporarily slowed population growth in 2020, the Houston region has added over 340,000 residents.

Rank	City	Population as of 07/01/22	Population as of 07/01/23	# Change	% Change
1	New York, New York	8,335,798	8,258,035	(77,763)	(0.9)%
2	Los Angeles, California	3,822,782	3,820,914	(1,868)	—%
3	Chicago, Illinois	2,672,660	2,664,452	(8,208)	(0.3)%
<b>4</b>	<b>Houston, Texas</b>	<b>2,302,488</b>	<b>2,314,157</b>	<b>11,669</b>	<b>0.5%</b>
5	Phoenix, Arizona	1,643,899	1,650,070	6,171	0.4%
6	Philadelphia, Pennsylvania	1,566,836	1,550,542	(16,294)	(1.0)%
7	San Antonio, Texas	1,473,325	1,495,295	21,970	1.5%
8	San Diego, California	1,387,378	1,388,320	942	0.1%
9	Dallas, Texas	1,297,358	1,302,868	5,510	0.4%
10	Jacksonville, Florida	971,777	985,843	14,066	1.4%

Source: Bureau of Labor Statistics

### Property and Sales Tax

Property tax, the City's primary revenue source, is subject to strict local and state regulations. Due to the property tax revenue cap, the tax rate has decreased in nine of the past ten years since FY2015. Unlike property tax, sales tax revenue is more responsive to economic changes. While sales tax revenue experienced substantial growth following the pandemic, it is now beginning to stabilize, returning to growth more consistent with the pre-pandemic period.



**Property Tax Abatement:** 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, 2024, totaled approximately \$1.2 million to seven 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 of Houston first formalized its fundamental financial and budgetary policies on November 10, 1987. These policies have been expanded and refined over the years through the adoption of various ordinances, including the Integrated Budgeting and Planning Resolution (88-87), Ordinance No. 2003-474, Ordinance No. 2014-1078, Ordinance No. 2018-390, and most recently, Ordinance No. 2023-726.

The primary objective of these policies is to safeguard public assets and ensure that decision-making at all levels, both internally and externally, is based on reliable public information. The policies establish a framework for the Mayor, City Controller, City Council, Finance Director, and all department directors to uphold principles of integrity, ethics, competence, and a positive control environment. Managers and supervisory personnel are accountable for implementing and maintaining these financial policies and procedures within their specific business units.

The City's financial policies provide guidelines for a variety of activities, including budgeting, reserves, long-term planning, debt management, accounting, auditing, financial reporting, internal controls, and economic development. Annually, the Administration reviews the City's adherence to these policies. As required by ordinance, the policies are updated every two years to ensure they remain relevant and effective.

The City has investments totaling approximately \$5.8 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.

### **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 GASB Statement No. 75 to recognize the full 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, 2024, the City's total OPEB liability is approximately \$1.97 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 current expenditures 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.

For the fiscal year ended June 30, 2024, total OPEB liability increased from approximately \$1.76 billion as of June 30, 2023, to approximately \$1.97 billion as of June 30, 2024. The City is currently finalizing the plan to set up a qualifying OPEB trust, with contributions from all City departments, during fiscal year 2025. By establishing a trust, total OPEB liability is expected to decrease. Without a solution to meaningfully address this growing unfunded liability, the City can expect to face serious constraints in the future.

### **Long-term Financial Forecast and Major Initiatives**

The City's Finance Department's latest five-year planning scenario forecasts a continued strain on the City's fiscal health due to anticipated cost increases. While rising employee and retiree healthcare costs contribute to this, recent expenditures that require ongoing investment pose an additional burden. Without implementing efficiency measures or generating new revenue, drastic cost cuts may become the only viable long-term solution to address rising costs and a growing deficit. Currently, the City's General Fund benefits from a historically high fund balance, providing a temporary buffer. However, this situation is expected to change significantly within a year, necessitating genuine structural reforms. My office is dedicated to collaborating with the Mayor and City Council to facilitate these essential changes.

## Structural Budget Deficit

The City of Houston's structurally imbalanced budget poses one of its most significant financial challenges. While a balanced budget requires revenues to match expenditures, a structurally balanced budget avoids the use of one-time, non-recurring funding sources to address budget deficits. The City's reliance on non-recurring sources, such as the sale of assets and federal disaster relief funding, is unsustainable in the long term. This practice creates a precarious financial situation and hinders the City's ability to plan for and address future needs effectively. Immediate action is crucial, as the General Fund operating budget faces a projected budget deficit of over \$200 million for FY2026.

## 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, 2023. This was the 27th 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.

## Acknowledgments

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 significant 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 Technology Services Department 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 who are interested. 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, 6th Floor, Houston, Texas 77002. The Annual Comprehensive Financial Report is accessible on the City's web site and is also available in USB drive format.

Respectfully submitted,



Chris Hollins  
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, 2023

*Christopher P. Morill*

Executive Director/CEO





*Hermann Park*

## Part II

# Financial Section

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**Financial Section:**

Hermann Park, a 445-acre conservancy, is a magnificent urban expanse. The park offers an array of attractions, such as the Houston Zoo, the Miller Outdoor Theatre, and the Japanese Garden. It is a preferred location for Houstonians and tourists alike, showcasing a tranquil escape from the city's vibrant energy.



## 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 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 the City of Houston, Texas (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Houston Firefighters' Relief and Retirement Fund, Houston Municipal Employees' Pension Trust Fund and Houston Police Officers' Pension Trust Fund, fiduciary component units of the City, which represent 100% of the assets, net position, and additions/deductions of the pension trust funds, within the fiduciary funds as of and for the year ended June 30, 2024. We did not audit the financial statements of governmental and business-type discretely presented component units which represent 100% of the assets, net position (deficit)/fund balance, and revenues of the aggregate discretely presented component units. Those statements, except for the Houston Area Library Automated Network and Lamar Terrace Public Improvement District which were unaudited and represent less than 0.1% of the assets, net position and revenues of the governmental and business-type discretely presented component units, 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 governmental and business-type discretely presented component units, are based solely on the reports of the other auditors. Except for the Houston Forensic Science Center, Houston Recovery Center LGC, and Memorial-Heights Redevelopment Authority, the governmental and business-type discretely presented component units were not audited in accordance with *Government Auditing Standards*.

#### Basis for Opinions

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

#### Emphasis of Matter

As described in Note 15 to the financial statements, the City discovered that a note payable was not reported and consequently, liabilities were understated for the year ended June 30, 2023. Additionally, the City discovered that certain purchased communication equipment and the related installment payment agreement were not reported, resulting in the understatement of capital assets and long-term liabilities for the year ended June 30, 2023. Our opinion is not modified with respect to these matters.



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

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### **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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 5 through 15), Schedule of Budgeted and Actual Revenues and Expenditures of the General Operating Fund (pages 150 through 153), Reconciliation for General Fund Budget vs. GAAP Presentation (page 154), the Notes to the Required Supplementary Information (page 155), Pension System Supplementary Information (pages 156 through 165), and Other Post-Employment Benefits Supplementary Information (pages 166 through 168) 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



To the Honorable Mayor, Members of the City Council  
and City Controller of the City of Houston, Texas  
Page 3

in an appropriate operational, economic, or historical context. We and other auditors 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 GAAS. In our opinion, the combining and individual nonmajor fund financial 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 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

McConnell Jones LLP Banks, Finley, White & Co.

November 18, 2024





## MANAGEMENT'S DISCUSSION AND ANALYSIS

### June 30, 2024

### (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, 2024 ("FY2024"). 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 fiscal year ended June 30, 2023 ("FY2023").

#### Financial Highlights

Some of the City's financial highlights for the fiscal year ended June 30, 2024 include:

- Total assets and deferred outflows of resources of the City exceeded its total liabilities and deferred inflows of resources by \$8.9 billion. This is a net increase from the prior year of \$1.3 billion and is mainly attributable to an increase of approximately \$923.2 million in total assets and a decrease in total liabilities of \$437.7 million. Of the \$923.2 million increase in total assets, approximately \$697.0 million is due to increases in capital assets in both governmental and business-type activities, and \$226.2 million in current and other assets. Total liabilities decreased by \$437.7 million in FY2024 mainly due to a decrease in pension liability of \$547.1 million, a decrease in debt of \$306.3 million, a decrease in unearned revenue of \$298.2 million, a decrease in accounts payable of \$136.5 million, and a decrease in subscription liability of \$19.1 million. This is offset by an increase of \$669.4 million due to a firefighter settlement agreement (see Note 13.A to the financial statements) and in total other post-employment benefit ("OPEB") liability of \$191.8 million.
- The City's unrestricted net position is a deficit of \$4.1 billion. This is an improvement of approximately \$0.9 billion compared to FY2023. The deficit is mainly attributable to the outstanding net pension liabilities for the pension plans, pension obligation bonds, and total OPEB liabilities.
- The City's total expenses totaled \$6.0 billion compared to \$5.1 billion in FY2023. The increase was primarily due to an increase of \$617.8 million in public safety expenses and an increase of \$132.9 million in business-type activities.

#### **Impact of COVID-19 Pandemic (the "Pandemic")**

The COVID-19 pandemic, declared by the World Health Organization in March 2020, has impacted economies globally, including in the U.S. and Texas. Federal and state policies significantly affected business operations.

The American Rescue Plan Act ("ARPA"), signed into law on March 11, 2021, provided the City with \$607.7 million through the State and Local Fiscal Recovery Fund ("SLFRF") to aid in pandemic response. This funding, received in two installments in May 2021 and June 2022, was used for eligible public health expenses and revenue replacement to support government services. For further details about Houston's ARPA program, please visit the City's official ARPA SLFRF website: <https://www.houstontx.gov/arpa/>.

#### 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's 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).

The 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, or 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, the ARPA fiscal recovery 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).

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.

**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 \$8.9 billion at June 30, 2024.

The largest portion of the City's net position is net investment in capital assets of approximately \$10.8 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 \$2.2 billion of the City's net position.

**Net Position**  
**June 30, 2024 and 2023**  
 (in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	(Restated) 2023	2024	2023	2024	(Restated) 2023
Current and other assets	\$ 3,029,987	\$ 3,057,388	\$ 5,437,447	\$ 5,183,868	\$ 8,467,434	\$ 8,241,256
Capital assets	9,179,307	8,993,056	13,432,222	12,921,489	22,611,529	21,914,545
Total assets	12,209,294	12,050,444	18,869,669	18,105,357	31,078,963	30,155,801
Deferred outflows of resources	692,370	695,712	182,522	308,631	874,892	1,004,343
Long-term liabilities	6,846,154	7,234,898	11,298,472	11,621,135	18,144,626	18,856,033
Other liabilities	1,887,501	1,569,263	1,153,680	1,198,240	3,041,181	2,767,503
Total liabilities	8,733,655	8,804,161	12,452,152	12,819,375	21,185,807	21,623,536
Deferred inflows of resources	1,407,395	1,538,715	479,916	405,288	1,887,311	1,944,003
Net position						
Net investment in capital assets	7,181,929	6,889,237	3,634,135	3,063,468	10,816,064	9,952,705
Restricted	516,294	934,428	1,669,875	1,696,746	2,186,169	2,631,174
Unrestricted (deficit)	(4,937,609)	(5,420,385)	816,113	429,112	(4,121,496)	(4,991,273)
Total net position	\$ 2,760,614	\$ 2,403,280	\$ 6,120,123	\$ 5,189,326	\$ 8,880,737	\$ 7,592,606

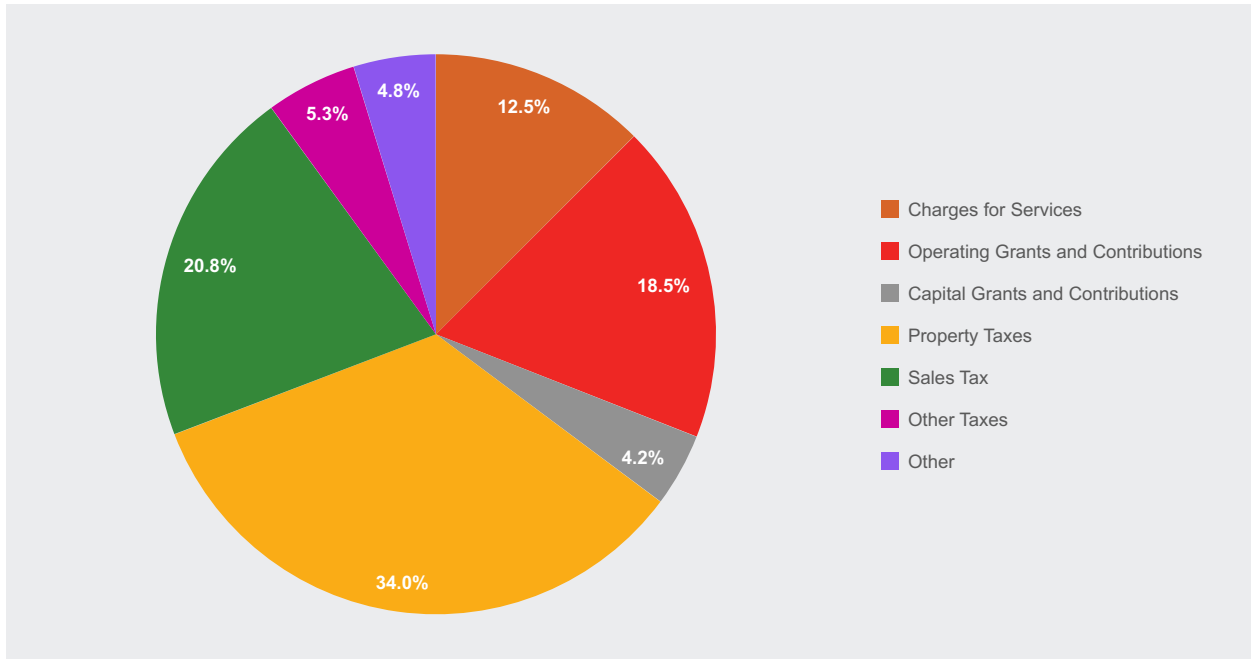
**Change in Net Position**  
**For the Fiscal Years Ended June 30, 2024 and 2023**  
(in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	(Restated)				(Restated)	
	2024	2023	2024	2023	2024	2023
Program Revenues:						
Charges for services	\$ 531,275	\$ 536,334	\$ 2,371,827	\$ 2,199,456	\$ 2,903,102	\$ 2,735,790
Operating grants and contributions	784,657	814,747	60,890	59,665	845,547	874,412
Capital grants and contributions	180,043	172,908	202,425	238,251	382,468	411,159
General revenues:						
Property taxes	1,444,942	1,337,128	—	—	1,444,942	1,337,128
Sales taxes	884,144	893,905	—	—	884,144	893,905
Other taxes	223,179	218,757	106,344	104,853	329,523	323,610
Other	202,023	105,785	274,706	173,873	476,729	279,658
Total revenues	<u>4,250,263</u>	<u>4,079,564</u>	<u>3,016,192</u>	<u>2,776,098</u>	<u>7,266,455</u>	<u>6,855,662</u>
Expenses:						
General government	413,225	431,174	—	—	413,225	431,174
Public safety	2,095,652	1,459,905	—	—	2,095,652	1,459,905
Public works	475,511	413,454	—	—	475,511	413,454
Health	238,491	246,163	—	—	238,491	246,163
Housing and community development	187,931	208,397	—	—	187,931	208,397
Parks and recreation	103,538	122,018	—	—	103,538	122,018
Library	100,014	54,954	—	—	100,014	54,954
Interest on Long-term Debt	139,920	118,251	—	—	139,920	118,251
Depreciation and amortization	181,190	179,465	—	—	181,190	179,465
Airport System	—	—	708,221	649,504	708,221	649,504
Convention & Entertainment Facilities	—	—	116,276	120,981	116,276	120,981
Combined Utility System	—	—	1,218,355	1,139,425	1,218,355	1,139,425
Total expenses	<u>3,935,472</u>	<u>3,233,781</u>	<u>2,042,852</u>	<u>1,909,910</u>	<u>5,978,324</u>	<u>5,143,691</u>
Change in net position before contributions, special items and transfers	314,791	845,783	973,340	866,188	1,288,131	1,711,971
Transfers	42,543	55,918	(42,543)	(55,918)	—	—
Change in net position	<u>357,334</u>	<u>901,701</u>	<u>930,797</u>	<u>810,270</u>	<u>1,288,131</u>	<u>1,711,971</u>
Beginning net position, July 1	2,403,280	1,501,579	5,189,326	4,379,056	7,592,606	5,880,635
Net position, June 30	<u>\$ 2,760,614</u>	<u>\$ 2,403,280</u>	<u>\$ 6,120,123</u>	<u>\$ 5,189,326</u>	<u>\$ 8,880,737</u>	<u>\$ 7,592,606</u>

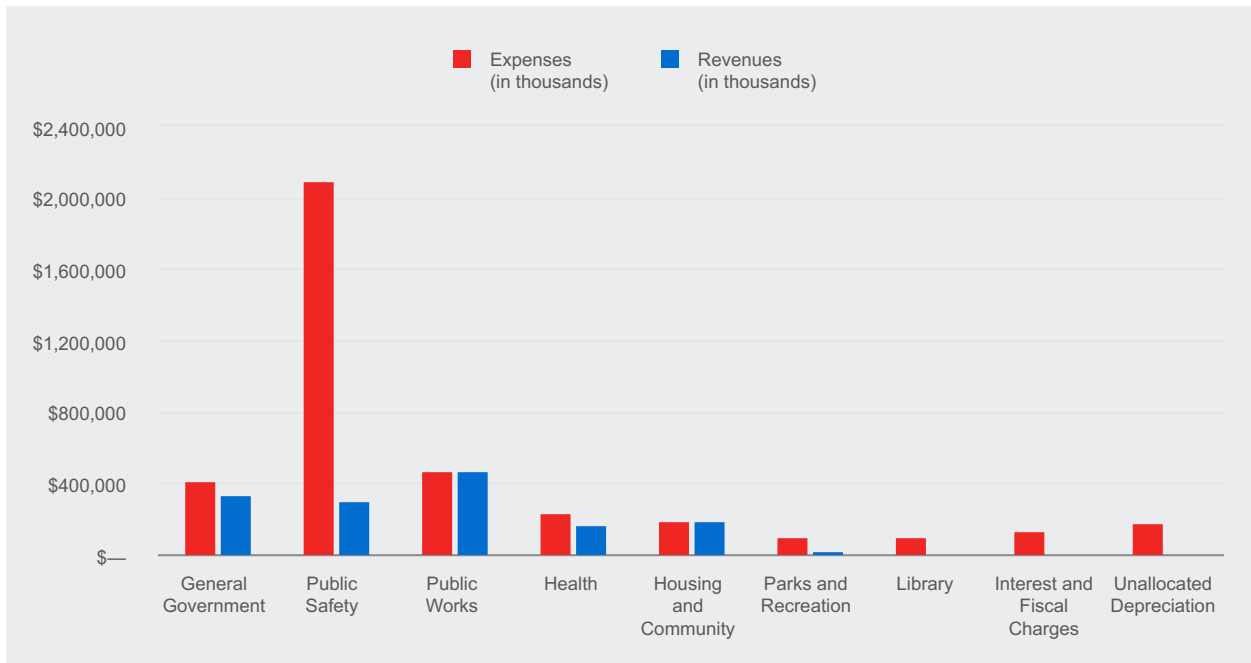
**Governmental activities.** Governmental activities increased the City's net position from FY2023 by approximately \$357.3 million. The key elements of this change are as follows:

- Charges for services decreased by approximately \$5.1 million due to year-end adjustments for revenue earned totaling \$25.7 million, offset by an increase in ambulance fees and other revenues for general services of \$20.3 million.
- Operating grants and contributions decreased by approximately \$30.1 million to \$784.7 million in FY2024. The decrease was due to less federal award expenditures during FY2024 compared to FY2023.
- Sales tax revenue for FY2024 decreased by approximately \$9.8 million as the economy starts to stabilize and return to pre-pandemic levels.
- Total expenses increased by approximately \$701.7 million mainly driven by higher claims and judgments related to a firefighter settlement agreement and salary increases for police and fire personnel. For more details on the settlement agreement see Note 13.A to the financial statements.

**FY2024 Governmental Activities – Revenue by Source**

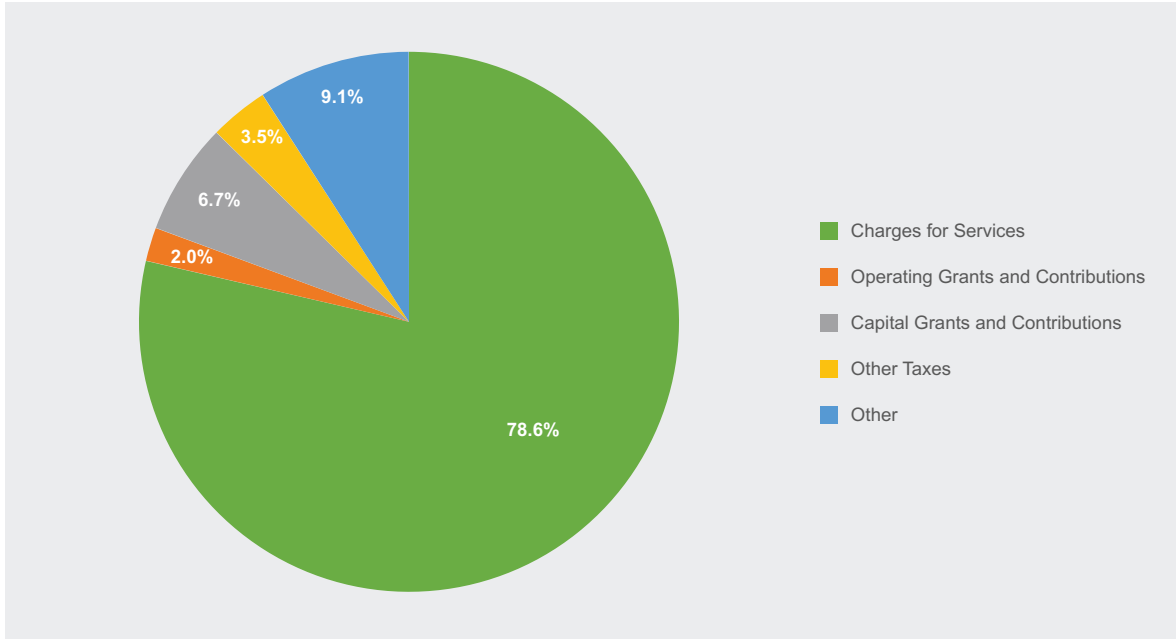


**FY2024 Governmental Activities – Program Revenues and Expenses**

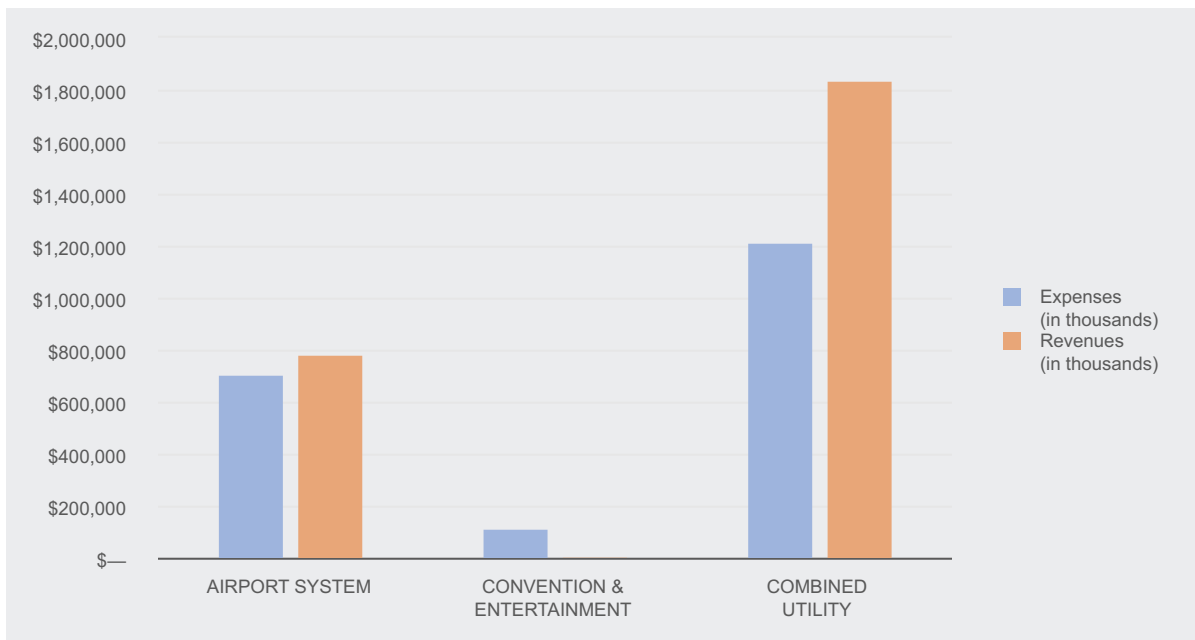


**Business-type activities.** Change in net position totaled \$930.8 million for the City’s business-type activities in FY2024. Total net position increased from \$5.2 billion at the end of FY2023 to \$6.1 billion at the end of FY2024. Of the \$6.1 billion total net position, the Airport System accounted for approximately 35.1% or \$2.1 billion, while the Combined Utility accounted for approximately 63.0% or \$3.9 billion of the total, the remaining 1.9% of total net position is for the Convention & Entertainment.

**FY2024 Business-Type Activities – Revenue by Source**



**FY2024 Business-Type Activities – Program Revenues & Expenses**



Key elements of this change are as follows:

- The Airport System's operating revenues increased by approximately \$35.3 million or 6.3% to \$595.6 million in FY2024 mainly due to total number of passengers increasing from 57.8 million in FY2023 to 62.0 million in FY2024 as both business and leisure travel continue to recover since the Pandemic. Passenger Facility Charges earned also increased by \$8.7 million or 8.0% to \$117.4 million in FY2024. Operating expenses totaled approximately \$607.9 million in FY2024. This is an increase of \$36.0 million from \$571.9 million in FY2023. \$13.9 million of this increase was attributable to increases in personnel expenses due to a contractual salary increase. In addition, services increased by approximately \$21.2 million, primarily due to an increase of \$11.5 million in professional services related to ongoing planning efforts for the Airport System's five-year capital improvement program.
- The Convention & Entertainment's maintenance and operating expenses remained stable compared to FY2023. Hotel occupancy tax revenue for the Convention & Entertainment increased from \$104.9 million in FY2023 to \$106.3 million in FY2024, a \$1.5 million or 1.4% increase, due to a 4.0% increase in average daily rate in FY2024 from \$115.75/night to \$120.39/night and a 8.7% increase in occupancy rate from 62.1% to 70.8%.
- The Combined Utility's operating revenues increased by approximately \$126.6 million or 8.4% in FY2024 compared to FY2023. This increase was mainly due to the rate increases implemented in April 2023 and April 2024 per rate study completed in fiscal year 2021. This was partially offset by the water bill improvement program implemented in the fourth quarter of FY2024. Operating expenses increased by approximately \$67.6 million or 7.8% primarily attributable to an increase in materials and supplies along with ongoing activity to satisfy Consent Decree commitments. In addition, personnel expenses increase by approximately \$5.7 million or 4.66% due to a scheduled salary increase.
- Investment income for business-type activities increased by \$101.2 million from \$87.9 million in FY2023 to \$189.1 million in FY2024. This is mainly due to higher interest income as a result of higher interest rates and higher cash and investment balances. Total cash and investments for business-type activities increased from \$3.8 billion at the end of FY2023 to \$4.1 billion at the end of FY2024.

#### **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 FY2024, the City's governmental funds reported combined ending fund balances of approximately \$1.9 billion. Approximately 31.2% of this total, or \$602.0 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, \$167.7 million; restricted to pay debt service, \$194.5 million; or a variety of other restricted purposes, \$965.1 million.

The general fund is the chief operating fund of the City. At the end of FY2024, unassigned fund balance of the general fund was \$602.0 million, while the total fund balance reached \$630.6 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 24.1% of total general fund expenditures, while total fund balance represents 25.2% of that same amount. Revenues increased by approximately \$127.9 million or 4.5% while expenditures increased by approximately \$102.5 million or 4.3%.

Key differences in the general fund activity between FY2024 and FY2023 are as follows:

- Property tax revenue increased by approximately \$70.1 million or 5.4% to \$1,365.6 million for FY2024 due to increases in total market and appraised values compared to FY2023. In addition, the Proposition 1 cap on property tax, as described in Note 13 to the financial statements, increased primarily due to increases in Consumer Price Index in 2022 and 2023.
- Sales tax revenue decreased by \$5.9 million or 0.7% due to the economy stabilizing and returning to pre-pandemic levels.
- Charges for services increased by \$20.3 million or 11.7% primarily due to an increase of \$11.6 million in ambulance fees collected, \$2.6 million for police and fire services provided to the Airport System during FY2024, and \$2.0 million for an increase in digital network fees collected.

- Intergovernmental grants increased by \$10.4 million or 5.0% mainly due \$25.4 million of reimbursements from the Metropolitan Transit Authority of Harris County ("METRO") for traffic enforcement personnel in the Police Department. This increase is offset by decreases of \$3.3 million in municipal service fee collections, \$2.6 million reduction in ARPA grants expended for various governmental functions, and \$1.2 million in ambulance supplemental reimbursements for the Fire Department.
- Investment income increased by \$24.4 million or 291.8% due to higher interest income earned on deposits and investments as well as lower fair value adjustments/loss on investments.
- Expenditures for Public Safety increased by approximately \$80.6 million or 5.1% primarily due to increases in salaries and employee benefits totaling approximately \$64.9 million. Of the \$64.9 million, approximately \$36.6 million was for the Police Department, while \$27.7 million was for the Fire Department.
- Expenditures for Public Works decreased by approximately \$4.4 million or 1.9% due to METRO reimbursements for cost related to street light cost offset by higher maintenance and repair costs.
- Park and Recreation Department's expenditures increased by approximately \$4.8 million or 5.7% mainly due to building maintenance, facility renovations, and repairs.
- Capital Outlays increased by approximately \$4.2 million or 6.8% mainly due to \$30.6 million in fleet purchases compared to FY2023, offset with a decrease of \$33.1 million related to subscription-based information technology arrangements ("SBITA").
- Debt service principal increased by approximately \$2.6 million or 10.7% mainly due to principal payments related to SBITA.

Debt service expenditures (principal and interest) for the debt service fund decreased by \$42.7 million or 10.4%. In addition proceeds from issuance of debt totaled \$285.2 million in FY2024, all of which were from the general obligation bonds.

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 \$184.1 million as compared to \$165.3 million a year ago. Intergovernmental grants increased by \$4.2 million or 7.2% primarily due to increases in funding from other governments related to construction projects and purchases of land. Investment income increased by \$13.6 million or 450.3% compared to FY2023 due to an increase in cash and investments from \$388.6 million in FY2023 to \$498.5 million in FY2024 in addition to higher interest rates. Capital outlay increased by \$3.6 million or 1.4% primarily driven by a \$36.3 million rise in construction activities within Houston Public Works and General Government. This is offset by \$7.8 million, \$14.0 million, and \$13.6 million decline in spending on equipment and construction activities by the Health Department, Parks & Recreation, and Police Department, respectively.

The ARPA fiscal recovery fund is used to receive funds from the U.S. Department of the 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 decreased by \$191.4 million or 73.9% and \$197.6 million or 79.9%, respectively, due to additional federal awards expended during FY2024.

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 \$169.6 million at June 30, 2024, a 11.4% decrease from \$191.5 million at the June 30, 2023. In comparison, grant revenues decreased by \$34.6 million or 7.8% to approximately \$407.1 million in FY2024. This decrease was primarily due to many activities related to a decrease in grants for housing. Expenditures totaled approximately \$437.8 million, an increase of \$1.9 million or 0.4% compared to FY2023. Many governmental functions had lower expenditures in FY2024 compared to FY2023, with the most significant decrease, approximately \$20.8 million, in the Housing and Community Development Department and \$11.4 million in the Health Department. On the other hand, Public Works had an increase of \$33.1 million in expenditures

**Tax revenues reported in Nonmajor Governmental Funds.** In FY2024, two sub-funds of the Other Special Revenue Fund, reported collections of incremental property taxes, sales tax, and mixed beverage tax totaling approximately \$54.2 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 similar to 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's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At June 30, 2024, the Airport System, Convention and Entertainment, and Combined Utility had an unrestricted net position of \$27.6 million, \$24.7 million, and \$763.9 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.



**General Fund Budgetary Highlights**

Total revenues were above the final budget by approximately \$72.4 million. This increase was primarily driven by \$20.4 million in additional interest income from deposits and investments, \$19.6 million rise in intergovernmental grants due to METRO reimbursements for Police Department traffic enforcement personnel, and \$17.5 million boost in sales tax, reflecting the post-pandemic economic environment and inflation across Houston and Texas. Additionally, charges for services surpassed the budget by approximately \$15.9 million mainly due to higher ambulance service collections. These gains were partially offset by an \$11.1 million decline in property tax revenue, attributed to slower assessed property value growth in FY2024 or tax year 2023. The details of the more significant variances are summarized below:

- \$11.1 million below budget in property tax
- \$2.6 million above budget in industrial assessments
- \$17.5 million above budget in sales taxes
- \$8.0 million above budget in sale of capital assets
- \$15.4 million above budget in ambulance services
- \$20.4 million above budget in interest income
- \$5.1 million above budget in other income
- \$4.7 million above budget in transfers in

Total expenditures for the general fund were \$76.3 million below the final expenditure budget and was mainly due to savings in personnel, supplies, and services and METRO reimbursements for cost related to street lights. Personnel costs were approximately \$16.5 million under the budgeted amount, and other departmental expenditures were approximately \$37.5 million under the budgeted amount. Lower personnel costs were mainly due to many open positions still to be filled at the end of FY2024. The details of the more significant variances are highlighted below:

- \$14.0 million under budget in general government
- \$10.5 million under budget in public safety
- \$10.2 million under budget in parks and recreation
- \$3.5 million under budget in library
- \$5.6 million under budget in other expenses
- \$24.5 million under budget in public works

**Capital Assets and Debt Administration**

**Capital assets:** The City's investment in capital assets, net of accumulated depreciation and amortization, for its governmental and business-type activities as of June 30, 2024, totaled approximately \$22.6 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 \$697.0 million in FY2024.

**Capital Assets  
June 30, 2024  
(in thousands)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>(Restated)</b>				<b>(Restated)</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Land and right of way	\$ 2,459,900	\$ 2,437,390	\$ 507,008	\$ 504,434	\$ 2,966,908	\$ 2,941,824
Buildings, improvements and equipment	3,255,115	3,085,765	6,396,840	6,251,468	9,651,955	9,337,233
Construction in progress	992,680	941,929	3,715,644	3,319,330	4,708,324	4,261,259
Water rights	—	—	847,142	846,948	847,142	846,948
Garage rights	—	—	13,144	13,144	13,144	13,144
Intangibles	29,959	17,278	21,750	21,692	51,709	38,970
Infrastructure assets	8,696,849	8,495,242	13,295,927	12,909,599	21,992,776	21,404,841
Lease right-of-use assets	69,293	84,845	295	295	69,588	85,140
Subscription right-of-use assets	77,543	75,167	5,362	5,254	82,905	80,421
Less accumulated depreciation and amortization	(6,402,032)	(6,144,560)	(11,370,890)	(10,950,675)	(17,772,922)	(17,095,235)
<b>Total</b>	<b>\$ 9,179,307</b>	<b>\$ 8,993,056</b>	<b>\$ 13,432,222</b>	<b>\$ 12,921,489</b>	<b>\$ 22,611,529</b>	<b>\$ 21,914,545</b>

Major capital asset events during FY2024 included the following:

- Governmental fund activities recorded a total of \$522.7 million additions to capital assets. Of the \$522.7 million, more than \$359.6 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 FY2024. Construction in progress, after placing a total of \$308.8 million of assets in service, totaled approximately \$992.7 million as of June 30, 2024.
- Business-type activities had approximately \$1.0 billion of additions to capital assets during FY2024.
  - The Airport System added approximately \$406.4 million of capital assets during FY2024, with \$391.2 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, 2024, the Airport System had approximately \$1.1 billion in construction in progress.
  - The Combined Utility added approximately \$584.1 million of capital assets during FY2024. Construction in progress increased from \$2.5 billion at the end of FY2023 to more than \$2.6 billion at the end of FY2024. The increase was mainly due to expansion work at the Northeast Water Purification Plant, which accounted for approximately \$166.1 million of the \$544.4 million additions to construction in progress, along with \$67.7 million in additions related to the Lift Station Renewal and Replacement. In addition, various water and sewer projects were placed in service during the year, resulting in transfers totaling \$397.9 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 FY2024. At the end of FY2024, the City had total bonded debt of \$14.1 billion outstanding. The two largest portions of this total consisted of approximately \$1.9 billion debt backed by the full faith and credit of the government and \$10.2 billion of revenue bonds payable from the three enterprise funds’ revenues. The remainder of the City’s debt represents various long-term contracts, leases, SBITA, and \$1.4 billion in pension bonds.

New debt issued during FY2024 included \$372.3 million borrowings from the general obligation bonds and commercial paper, \$756.1 million from Airport System revenue bonds, and \$1.1 billion from the Combined Utility System revenue bonds and commercial paper. The proceeds were used for construction and various capital projects/purchases. Subsequent to June 30, 2024, the City issued General Obligation Refunding Bonds, Series 2024A, and Public Improvement Refunding Bond, Series 2024B. See Note 16 - Subsequent Events - to the financial statements for additional details.

**Outstanding Debt**  
**June 30, 2024**  
(in thousands)

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>(Restated)</b>				<b>(Restated)</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
General obligation bonds and commercial paper	\$ 1,899,368	\$ 2,009,950	\$ —	\$ 350,000	\$ 1,899,368	\$ 2,359,950
Pension bonds	1,318,489	1,348,318	85,982	90,103	1,404,471	1,438,421
Special facility bonds	—	—	43,645	52,515	43,645	52,515
Revenue bonds	—	—	10,150,078	9,904,513	10,150,078	9,904,513
Notes and long-term contracts payable	68,191	69,005	419,956	430,852	488,147	499,857
Lease and subscription liabilities	105,551	126,418	2,482	3,957	108,033	130,375
<b>Total</b>	<b>\$ 3,391,599</b>	<b>\$ 3,553,691</b>	<b>\$ 10,702,143</b>	<b>\$ 10,831,940</b>	<b>\$ 14,093,742</b>	<b>\$ 14,385,631</b>

Standard & Poor's, Moody's, Fitch and Kroll underlying ratings of the City's obligations as of June 30, 2024, are as follows:

	<u>Standard &amp; Poor's</u>	<u>Moody's</u>	<u>Fitch</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	A	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, 2024, total assessed valuation is approximately \$313.5 billion, and therefore, the City's debt limit is \$31.4 billion. The City's outstanding general obligation debt of \$3.1 billion as of June 30, 2024 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 Metropolitan Statistical Area increased to 4.8% as of June 2024 compared to 4.4% as of June 2023 according to the U.S. Bureau of Labor Statistics. As of September 2024, the unemployment rate fell to 4.4% compared to June 2024.

Highlights of the fiscal year 2025 budget are as follows:

- The property tax rate remained flat at 51.9190 cents per \$100 of valuation in fiscal year 2025 ("FY2025"), unchanged from the 51.9190 cents for FY2024. While assessed property values increased for FY2025, due to the Proposition 1 restriction discussed in Note 13.A, property tax revenues cannot exceed the limit of \$1,381,320 thousand.
- Budgeted sales tax revenue increased to \$893.4 million in FY2025. The budgeted amount for FY2025 is mainly based on the actual amount earned in FY2024 and assumes a 1.0% increase from FY2024. With the economy continuing to stabilize, sales tax growth has returned to pre-pandemic levels.
- Total expenditures and other uses increased by approximately \$62.3 million to \$3.0 billion in FY2025, mainly driven by pay increases for all employee groups. This includes a \$116.00 biweekly increase for municipal employees, a 3.5 percent raise for police, and a 10% percent raise for fire.
- Public safety remains a top priority of the City, representing \$1.7 billion or 68.0% of the total general fund expenditures, excluding debt service and other pay-as-you-go expenditures.

**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.

**STATEMENT OF NET POSITION**  
**June 30, 2024**  
*(amounts expressed in thousands)*

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental	Business-type
<b>Assets</b>					
Cash and cash equivalents (Note 3A)	\$ 706,617	\$ 674,799	\$ 1,381,416	\$ 247,934	\$ 49,644
Investments (Note 3A)	1,323,467	1,805,099	3,128,566	449,882	61,064
Receivables, net of allowances					
Accounts receivable	167,828	308,689	476,517	21,178	16,281
Hotel occupancy tax receivable	—	29,544	29,544	719	—
Property taxes receivable	71,107	—	71,107	57,020	—
Sales taxes receivable	146,759	—	146,759	—	—
Mixed beverage taxes receivable	3,981	—	3,981	—	—
Franchise taxes receivable	8,028	—	8,028	—	—
Special assessments receivable	7,915	—	7,915	26	—
Accrued interest and other	—	—	—	1,250	603
Due from component units	—	32,108	32,108	—	—
Internal balances	23,158	(23,158)	—	—	—
Due from other governments	386,967	283,169	670,136	8,210	—
Inventory	23,684	25,253	48,937	—	—
Prepaid items	3,920	19,936	23,856	4,700	7,504
Notes receivable	120,345	—	120,345	—	—
Restricted:					
Cash and cash equivalents (Note 3A)	—	248,480	248,480	—	18,479
Investments (Note 3A)	—	1,418,733	1,418,733	29,561	82,345
Receivables and deposits	—	19,732	19,732	2,266	118,352
Due from component units, noncurrent	—	237,602	237,602	—	—
Property held for sale	—	—	—	28,196	—
Amounts held by other governments	—	15,763	15,763	—	—
Lease receivable	35,788	341,698	377,486	—	54,876
Due from primary government	—	—	—	7,572	—
Firefighter's net pension asset	423	—	423	—	—
Capital assets:					
Land and right-of-way	2,459,900	507,008	2,966,908	162,054	46,677
Buildings	1,528,495	4,031,906	5,560,401	267,573	1,078,083
Improvements and equipment	1,726,620	2,364,934	4,091,554	—	—
Construction in progress	992,680	3,715,644	4,708,324	57,312	50,593
Water rights	—	847,142	847,142	—	—
Garage rights	—	13,144	13,144	—	—
Rights and intangibles	29,959	21,750	51,709	—	—
Infrastructure assets	8,696,849	13,295,927	21,992,776	—	—
Lease right-of-use assets	69,293	295	69,588	5,504	17,561
Subscription right-of-use assets	77,543	5,362	82,905	—	—
Less accumulated depreciation and amortization	(6,402,032)	(11,370,890)	(17,772,922)	(64,360)	(376,877)
<b>Total assets</b>	<b>12,209,294</b>	<b>18,869,669</b>	<b>31,078,963</b>	<b>1,286,597</b>	<b>1,225,185</b>
<b>Deferred outflows of resources</b>					
Deferred outflows of resources	692,370	182,522	874,892	1,439	25,991
<b>Total deferred outflows of resources</b>	<b>\$ 692,370</b>	<b>\$ 182,522</b>	<b>\$ 874,892</b>	<b>\$ 1,439</b>	<b>\$ 25,991</b>

(Continued)

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

## STATEMENT OF NET POSITION

June 30, 2024

(amounts expressed in thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental	Business-type
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 334,735	\$ 263,096	\$ 597,831	\$ 68,723	\$ 38,069
Accrued payroll liabilities	56,871	8,089	64,960	457	2,478
Cost of issuance	—	515	515	—	—
Accrued interest payable	43,097	96,389	139,486	9,402	10,401
Due to other governments	26,146	5,454	31,600	31,776	—
Other liabilities	—	—	—	—	2,338
Advances and deposits	6,142	73,478	79,620	33	—
Unearned revenue	262,064	34,095	296,159	14,411	5,337
Due to component units	—	34,188	34,188	—	—
Due to primary government	—	—	—	—	8,683
Contracts and retainages payable	—	129,237	129,237	1,949	8,003
Contracts payable - debt current maturities	—	9,538	9,538	—	—
<b>Non-current liabilities</b>					
Due within one year					
Notes payable	8,848	1,241	10,089	15,548	52,170
Bonds payable	170,635	452,707	623,342	54,719	—
Commercial paper	—	—	—	—	—
Claims and judgments	738,439	2,475	740,914	—	—
Compensated absences	125,937	19,616	145,553	32	—
Lease liability	6,330	10	6,340	1,740	2,811
Subscription liability	20,280	1,131	21,411	—	—
Special facility bonds payable	—	9,630	9,630	—	—
Arbitrage rebate liability	25	1,550	1,575	—	—
Other post employment benefits liability	55,282	6,811	62,093	—	—
Pension bonds payable	32,670	4,430	37,100	—	—
Due in more than one year					
Notes payable	59,343	12,341	71,684	80,962	441,599
Bonds payable	1,637,733	9,697,371	11,335,104	754,878	—
Claims and judgments	136,180	8,859	145,039	—	—
Compensated absences	481,697	17,295	498,992	1,359	—
Contracts payable	—	396,836	396,836	546	—
Special facility bonds payable	—	34,015	34,015	—	—
Commercial paper	91,000	—	91,000	—	—
Due to other governments	—	16,196	16,196	—	—
Unearned revenue	—	252,970	252,970	—	6,148
Lease liability	60,227	8	60,235	42,033	5,451
Subscription liability	18,714	1,333	20,047	—	—
Arbitrage rebate liability	115	4,149	4,264	—	—
Accrued interest payable	—	65,588	65,588	—	—
Other liabilities	—	—	—	35,632	17,256
SWAP liability	—	85,942	85,942	—	—
Pension obligation bonds payable	1,285,819	81,552	1,367,371	—	—
Other post employment benefits liability	1,693,294	210,373	1,903,667	—	—
Municipal net pension liability	1,007,746	413,644	1,421,390	—	26,255
Police officers' net pension liability	374,286	—	374,286	—	—
<b>Total liabilities</b>	<b>8,733,655</b>	<b>12,452,152</b>	<b>21,185,807</b>	<b>1,114,200</b>	<b>626,999</b>
<b>Deferred inflows of resources</b>					
Deferred inflows of resources	1,407,395	479,916	1,887,311	5,787	72,038
<b>Total deferred inflows of resources</b>	<b>1,407,395</b>	<b>479,916</b>	<b>1,887,311</b>	<b>5,787</b>	<b>72,038</b>
<b>Net position</b>					
Net investment in capital assets	7,181,929	3,634,135	10,816,064	293,740	409,212
Restricted net position					
Restricted for debt service	127,632	607,229	734,861	93,396	6,016
Restricted for renewal and replacement	—	10,000	10,000	—	—
Restricted for maintenance and operations	—	210,887	210,887	1,821	—
Restricted for special facility	—	62,152	62,152	—	—
Restricted for capital improvement	155,433	779,607	935,040	16,183	—
Restricted for federal and state grant and other programs	233,229	—	233,229	93,509	21,640
Unrestricted (deficit)	(4,937,609)	816,113	(4,121,496)	(330,600)	115,271
<b>Total net position (deficit)</b>	<b>\$ 2,760,614</b>	<b>\$ 6,120,123</b>	<b>\$ 8,880,737</b>	<b>\$ 168,049</b>	<b>\$ 552,139</b>

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

**STATEMENT OF ACTIVITIES**  
 For the Fiscal Year Ended June 30, 2024  
 (amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental activities</b>				
General government	\$ 413,225	\$ 62,501	\$ 220,307	\$ 57,763
Public safety	2,095,652	191,434	114,356	622
Public works	475,511	239,780	118,296	111,632
Health	238,491	24,521	138,692	—
Housing and community development	187,931	—	188,977	—
Parks and recreation	103,538	11,653	3,357	10,027
Library	100,014	1,386	672	—
Interest and fiscal charges	139,920	—	—	—
Unallocated depreciation expense	181,190	—	—	—
<b>Total governmental activities</b>	<b>3,935,472</b>	<b>531,275</b>	<b>784,657</b>	<b>180,043</b>
<b>Business-type activities</b>				
Airport System	708,221	730,916	48,005	5,239
Convention & Entertainment Facilities	116,276	10,336	—	—
Combined Utility System	1,218,355	1,630,575	12,885	197,186
<b>Total business-type activities</b>	<b>2,042,852</b>	<b>2,371,827</b>	<b>60,890</b>	<b>202,425</b>
<b>Total primary government</b>	<b>\$ 5,978,324</b>	<b>\$ 2,903,102</b>	<b>\$ 845,547</b>	<b>\$ 382,468</b>
<b>Component Units</b>				
Governmental	\$ 337,979	\$ 23,528	\$ 55,639	\$ 35,392
Business-type	320,863	239,556	113,810	—
<b>Total component units activities</b>	<b>\$ 658,842</b>	<b>\$ 263,084</b>	<b>\$ 169,449</b>	<b>\$ 35,392</b>

**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 income
- Other

Transfers

- Total general revenues and transfers
- Change in net position
- Net position beginning, as previously reported
- Change to or within the financial reporting entity
- Error correction
- Net position, beginning, as 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	
\$ (72,654)	\$ —	\$ (72,654)	\$ —	\$ —	
(1,789,240)	—	(1,789,240)	—	—	
(5,804)	—	(5,804)	—	—	
(75,278)	—	(75,278)	—	—	
1,046	—	1,046	—	—	
(78,501)	—	(78,501)	—	—	
(97,956)	—	(97,956)	—	—	
(139,920)	—	(139,920)	—	—	
(181,190)	—	(181,190)	—	—	
(2,439,497)	—	(2,439,497)	—	—	
—	75,939	75,939	—	—	
—	(105,940)	(105,940)	—	—	
—	622,291	622,291	—	—	
—	592,290	592,290	—	—	
(2,439,497)	592,290	(1,847,207)	—	—	
—	—	—	(223,420)	—	
—	—	—	—	32,503	
—	—	—	(223,420)	32,503	
1,102,187	—	1,102,187	260,085	—	
342,755	—	342,755	—	—	
27,885	—	27,885	—	—	
884,144	—	884,144	—	—	
149,662	—	149,662	—	—	
24,074	—	24,074	—	—	
21,558	106,344	127,902	22,859	—	
104,362	189,129	293,491	30,889	13,746	
97,661	85,577	183,238	6,900	11,807	
42,543	(42,543)	—	—	—	
2,796,831	338,507	3,135,338	320,733	25,553	
357,334	930,797	1,288,131	97,313	58,056	
2,405,644	5,189,326	7,594,970	78,549	494,083	
—	—	—	(7,516)	—	
(2,364)	—	(2,364)	(297)	—	
2,403,280	5,189,326	7,592,606	70,736	494,083	
\$ 2,760,614	\$ 6,120,123	\$ 8,880,737	\$ 168,049	\$ 552,139	

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

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2024**  
*(amounts expressed in thousands)*

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 325,265	\$ 37,240	\$ 95,885
Investments	151,862	157,422	402,571
Receivables, net of allowances			
Accounts receivable	138,260	—	—
Property taxes receivable	71,107	—	—
Sales taxes receivable	146,759	—	—
Mixed beverage taxes receivable	3,981	—	—
Franchise taxes receivable	8,028	—	—
Special assessments receivable	7,915	—	—
Lease receivable	35,788	—	—
Due from other funds	108,966	—	1,992
Due from other governments	58,253	—	10,980
Inventory	19,726	—	—
Prepaid items	3,685	—	235
Notes receivable	—	—	—
Total assets	<u>\$ 1,079,595</u>	<u>\$ 194,662</u>	<u>\$ 511,663</u>
<b>Liabilities and fund balance</b>			
Liabilities			
Accounts payable	\$ 153,949	\$ 127	\$ 91,441
Accrued payroll liabilities	51,215	—	—
Due to other funds	15,213	—	33,175
Due to other governments	7,694	—	8,483
Advances and deposits	1,521	—	—
Claims and judgments	2,179	—	—
Compensated absences	3,478	—	—
Unearned revenue	—	—	194,468
Total liabilities	<u>235,249</u>	<u>127</u>	<u>327,567</u>
<b>Deferred inflows of resources</b>			
Deferred inflows of resources	213,733	—	—
Total deferred inflows of resources	<u>213,733</u>	<u>—</u>	<u>—</u>
<b>Fund balances</b>			
Non-spendable			
Prepays	3,685	—	235
Inventory	19,726	—	—
Restricted	2,733	194,535	16,112
Committed	2,483	—	—
Assigned	—	—	167,749
Unassigned	601,986	—	—
Total fund balances	<u>630,613</u>	<u>194,535</u>	<u>184,096</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 1,079,595</u>	<u>\$ 194,662</u>	<u>\$ 511,663</u>

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



ARPA Fiscal Recovery Fund	Grants	Nonmajor Governmental Funds	Total
\$ 67,763	\$ 4,763	\$ 153,580	\$ 684,496
—	—	531,114	1,242,969
—	2,592	26,974	167,826
—	—	—	71,107
—	—	—	146,759
—	—	—	3,981
—	—	—	8,028
—	—	—	7,915
—	—	—	35,788
144	341	10,912	122,355
—	222,143	95,582	386,958
—	862	3,096	23,684
—	—	—	3,920
—	100,866	19,479	120,345
<u>\$ 67,907</u>	<u>\$ 331,567</u>	<u>\$ 840,737</u>	<u>\$ 3,026,131</u>

\$ 6,310	\$ 63,323	\$ 15,531	\$ 330,681
68	2,022	3,494	56,799
78	11,458	36,422	96,346
—	1,350	8,619	26,146
—	272	4,349	6,142
—	—	—	2,179
—	—	131	3,609
49,789	15,201	—	259,458
<u>56,245</u>	<u>93,626</u>	<u>68,546</u>	<u>781,360</u>

—	68,366	33,304	315,403
—	68,366	33,304	315,403

—	—	—	3,920
—	862	3,096	23,684
11,662	168,713	643,314	1,037,069
—	—	92,477	94,960
—	—	—	167,749
—	—	—	601,986
<u>11,662</u>	<u>169,575</u>	<u>738,887</u>	<u>1,929,368</u>
<u>\$ 67,907</u>	<u>\$ 331,567</u>	<u>\$ 840,737</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.	9,179,307
2. Revenues earned but not available are not recognized as revenues on the fund financial statements.	208,630
3. Deferred inflows and outflows related to debt and pension and OPEB plans are not recognized on the fund financial statements.	(608,252)
4. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. Capital assets are included in number 1 above.	43,435
5. Liabilities, including bonds payable, not due and payable in the current period are not reported in the funds.	(7,991,874)
Net position of governmental activities	<u>\$ 2,760,614</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2024**  
*(amounts expressed in thousands)*

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Revenues</b>			
Taxes and assessments	\$ 2,471,136	\$ —	\$ —
Licenses and permits	35,750	—	—
Charges for services	193,203	—	—
Intergovernmental - grants	219,652	—	62,047
Fines and forfeitures	20,936	—	—
Investment income	32,802	7,507	16,664
Other	22,167	1,324	15,390
<b>Total revenues</b>	<u>2,995,646</u>	<u>8,831</u>	<u>94,101</u>
<b>Expenditures</b>			
Current			
General government	328,416	—	3,029
Public safety	1,652,957	—	5,632
Public works	230,712	—	9,439
Health	51,812	—	1,008
Housing and community development	514	—	880
Parks and recreation	90,000	—	4,596
Library	48,790	—	859
Capital outlay	65,309	—	270,617
Debt Service			
Debt service principal	27,209	233,071	—
Debt service interest	2,677	133,728	—
Debt service fiscal agent & fees	—	4,576	—
<b>Total expenditures</b>	<u>2,498,396</u>	<u>371,375</u>	<u>296,060</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>497,250</u>	<u>(362,544)</u>	<u>(201,959)</u>
<b>Other financing sources (uses)</b>			
Issuance of debt	50,000	266,300	56,000
Issuance of debt for leases and SBITA	6,342	—	—
Premium on sale of refunding bonds	—	18,862	—
Sale of capital assets	12,970	—	—
Transfers in	75,707	382,869	175,929
Transfers out	(561,911)	—	(11,207)
Payment to escrow agent for refunded bonds	—	(283,000)	—
<b>Total other financing sources (uses)</b>	<u>(416,892)</u>	<u>385,031</u>	<u>220,722</u>
Changes in fund balance	80,358	22,487	18,763
Fund balances, July 1	550,255	172,048	165,333
<b>Fund balances, June 30</b>	<u>\$ 630,613</u>	<u>\$ 194,535</u>	<u>\$ 184,096</u>

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

ARPA Fiscal Recovery Fund	Grants	Nonmajor Governmental Funds	Total
\$ —	\$ —	\$ 54,676	\$ 2,525,812
—	—	84,945	120,695
—	—	181,049	374,252
37,628	407,098	129,251	855,676
—	—	11,457	32,393
5,037	8,654	29,096	99,760
—	30	41,077	79,988
<u>42,665</u>	<u>415,782</u>	<u>531,551</u>	<u>4,088,576</u>
8,558	14,080	54,110	408,193
19,120	33,563	54,173	1,765,445
5,428	41,377	196,845	483,801
378	133,641	52,876	239,715
28	184,853	36	186,311
736	1,234	11,578	108,144
489	81	—	50,219
2,891	25,835	40,007	404,659
—	752	—	261,032
—	2,354	—	138,759
—	—	520	5,096
<u>37,628</u>	<u>437,770</u>	<u>410,145</u>	<u>4,051,374</u>
<u>5,037</u>	<u>(21,988)</u>	<u>121,406</u>	<u>37,202</u>
—	—	—	372,300
—	—	—	6,342
—	—	—	18,862
—	—	—	12,970
—	439	157,373	792,317
—	(339)	(176,317)	(749,774)
—	—	—	(283,000)
—	100	(18,944)	170,017
5,037	(21,888)	102,462	207,219
6,625	191,463	636,425	1,722,149
<u>\$ 11,662</u>	<u>\$ 169,575</u>	<u>\$ 738,887</u>	<u>\$ 1,929,368</u>

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

**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, 2024  
(amounts expressed in thousands)**

Net change in fund balances - total governmental funds	\$	207,219
<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 capital outlay exceeds depreciation in the current year.</p>		
Expenditures for capital assets	\$	404,659
Donated capital assets		117,996
Less: current year depreciation		(334,499)
Less: current year deletions		(1,259)
		186,897
Revenue in the statement of activities that do not provide current financial resources are deferred as revenues in the funds.		208,630
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.		(169,541)
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, where as 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.		151,738
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.		(226,669)
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.		(939)
Change in net position of governmental activities	\$	357,334

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

**CITY OF HOUSTON, TEXAS**

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**PROPRIETARY FUNDS**  
**Statement of Net Position**  
**June 30, 2024**  
*(amounts expressed in thousands)*

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Airport System</b>	<b>Convention &amp; Entertainment</b>	<b>Combined Utility</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 202,927	\$ 19,346	\$ 452,526	\$ 674,799	\$ 22,121
Investments	110,191	42,140	1,652,768	1,805,099	80,498
Receivables, net of allowances					
Accounts receivable	34,238	13	274,438	308,689	2
Hotel occupancy tax receivable	—	29,544	—	29,544	—
Due from component units	—	32,108	—	32,108	—
Due from other funds	1,034	—	2,070	3,104	48
Due from other governments	40,640	—	3,500	44,140	9
Inventory	2,207	—	23,046	25,253	—
Prepaid items	9,416	—	8,721	18,137	—
Lease receivable	14,747	1,481	—	16,228	—
Restricted assets					
Cash and cash equivalents	248,418	—	62	248,480	—
Restricted accounts receivable	19,732	—	—	19,732	—
Investments	101,994	—	—	101,994	—
Total current assets	<u>785,544</u>	<u>124,632</u>	<u>2,417,131</u>	<u>3,327,307</u>	<u>102,678</u>
<b>Noncurrent Assets</b>					
Investments	14,025	35,570	67,658	117,253	—
Due from component units	—	237,602	—	237,602	—
Prepaid items	1,799	—	—	1,799	—
Lease receivable	323,163	2,307	—	325,470	—
Due from other governments	—	—	239,029	239,029	—
Amounts held by other governments	—	—	15,763	15,763	—
Restricted assets					
Investments	1,199,486	—	—	1,199,486	—
Capital assets					
Land	214,457	93,860	198,691	507,008	—
Buildings	3,259,727	566,148	206,031	4,031,906	2,351
Improvements and equipment	2,153,031	8,409	203,494	2,364,934	—
Infrastructure	569,774	334	12,725,819	13,295,927	—
Construction in progress	1,118,951	—	2,596,693	3,715,644	—
Intangibles	21,750	—	—	21,750	—
Water rights	—	—	847,142	847,142	—
Garage rights	—	13,144	—	13,144	—
Lease right-of-use assets	295	—	—	295	—
Subscription right-of-use assets	5,362	—	—	5,362	—
Less accumulated depreciation and amortization	<u>(3,910,349)</u>	<u>(368,517)</u>	<u>(7,092,024)</u>	<u>(11,370,890)</u>	<u>(1,090)</u>
Net capital assets	<u>3,432,998</u>	<u>313,378</u>	<u>9,685,846</u>	<u>13,432,222</u>	<u>1,261</u>
Total noncurrent assets	<u>4,971,471</u>	<u>588,857</u>	<u>10,008,296</u>	<u>15,568,624</u>	<u>1,261</u>
<b>Total assets</b>	<u>5,757,015</u>	<u>713,489</u>	<u>12,425,427</u>	<u>18,895,931</u>	<u>103,939</u>
<b>Deferred outflows of resources</b>					
Deferred outflows of resources	34,418	1,443	146,661	182,522	—
Total deferred outflows of resources	<u>\$ 34,418</u>	<u>\$ 1,443</u>	<u>\$ 146,661</u>	<u>\$ 182,522</u>	<u>\$ —</u>

(Continued)

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

**PROPRIETARY FUNDS**  
**Statement of Net Position**  
**June 30, 2024**  
*(amounts expressed in thousands)*

	Business-type Activities - Enterprise Funds				Governmental Activities
	Airport System	Convention & Entertainment	Combined Utility	Total	Internal Service Funds
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 24,793	\$ 20	\$ 238,283	\$ 263,096	\$ 4,054
Accrued payroll liabilities	3,077	—	5,012	8,089	72
Accrued interest payable	56,625	4,654	35,110	96,389	—
Notes payable	1,241	—	—	1,241	—
Contracts and retainages payable	129,237	—	—	129,237	—
Due to other funds	1,156	—	27,955	29,111	50
Due to component units	—	34,188	—	34,188	—
Due to other governments	1,843	—	3,611	5,454	—
Special facility bonds payable	9,630	—	—	9,630	—
Advances and deposits	2,785	—	70,693	73,478	—
Contracts payable - debt current maturities	—	—	9,538	9,538	—
Cost of issuance payable	—	515	—	515	—
Claims and judgments	1,279	—	1,196	2,475	34,374
Compensated absences	7,589	—	12,027	19,616	238
Arbitrage rebate	—	—	1,550	1,550	—
Pension obligation bonds payable	—	235	4,195	4,430	—
Other post employment benefits	2,030	214	4,567	6,811	—
Lease liabilities	10	—	—	10	—
Subscription liability	1,131	—	—	1,131	—
Bonds payable	122,925	26,558	303,224	452,707	—
Unearned revenue	34,095	—	—	34,095	2,606
Total current liabilities	<u>399,446</u>	<u>66,384</u>	<u>716,961</u>	<u>1,182,791</u>	<u>41,394</u>
<b>Noncurrent liabilities</b>					
Accrued interest payable	—	—	65,588	65,588	—
Bonds payable	2,588,270	503,678	6,605,423	9,697,371	—
Special facility bonds payable	34,015	—	—	34,015	—
Claims and judgments	4,461	—	4,398	8,859	15,000
Compensated absences	8,146	—	9,149	17,295	—
Contracts payable	—	—	396,836	396,836	—
Arbitrage rebate liability	—	—	4,149	4,149	—
Due to other governments	—	—	16,196	16,196	—
Lease liabilities	8	—	—	8	—
Subscription liabilities	1,333	—	—	1,333	—
Municipal net pension liability	163,240	4,358	246,046	413,644	—
Other post employment benefits	60,481	7,456	142,436	210,373	—
Notes payable	12,341	—	—	12,341	—
SWAP liability	—	—	85,942	85,942	—
Unearned revenue	—	4,857	248,113	252,970	—
Pension obligation bonds payable	2,006	2,334	77,212	81,552	—
Total noncurrent liabilities	<u>2,874,301</u>	<u>522,683</u>	<u>7,901,488</u>	<u>11,298,472</u>	<u>15,000</u>
<b>Total liabilities</b>	<u>3,273,747</u>	<u>589,067</u>	<u>8,618,449</u>	<u>12,481,263</u>	<u>56,394</u>
<b>Deferred inflows of resources</b>					
Deferred inflows of resources	370,143	13,883	95,890	479,916	—
Total deferred inflows of resources	<u>370,143</u>	<u>13,883</u>	<u>95,890</u>	<u>479,916</u>	<u>—</u>
<b>Net position</b>					
Net investment in capital assets	728,106	30,095	2,875,934	3,634,135	1,261
Restricted net position					
Restricted for debt service	492,900	35,570	78,759	607,229	—
Restricted for renewal and replacement	10,000	—	—	10,000	—
Restricted for maintenance and operations	63,032	21,663	123,343	208,038	—
Restricted for special facility	62,152	—	—	62,152	—
Restricted for capital improvements	763,782	—	15,825	779,607	—
Unrestricted	27,571	24,654	763,888	816,113	46,284
<b>Total net position</b>	<u>\$ 2,147,543</u>	<u>\$ 111,982</u>	<u>\$ 3,857,749</u>	<u>6,117,274</u>	<u>\$ 47,545</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				2,849	
Net position of business-type activities				<u>\$ 6,120,123</u>	

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

**PROPRIETARY FUNDS**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Fiscal Year Ended June 30, 2024**  
*(amounts expressed in thousands)*

	Business-type Activities - Enterprise Funds				Governmental Activities
	Airport System	Convention & Entertainment	Combined Utility	Total	Internal Service Funds
<b>Operating Revenues</b>					
Landing area fees	\$ 98,556	\$ —	\$ —	\$ 98,556	\$ —
Terminal space rentals	250,353	—	—	250,353	—
Parking	122,588	8,815	—	131,403	—
Concession	116,332	—	—	116,332	—
Other	7,734	—	—	7,734	916
Rental	—	1,521	—	1,521	—
Water/Sewer billing	—	—	1,630,575	1,630,575	—
Health benefit premiums	—	—	—	—	401,812
Total operating revenue	<u>595,563</u>	<u>10,336</u>	<u>1,630,575</u>	<u>2,236,474</u>	<u>402,728</u>
<b>Operating Expenses</b>					
Administrative costs	—	—	—	—	7,285
Claims costs	—	—	—	—	401,017
Maintenance and operating	437,178	83,744	640,844	1,161,766	—
Depreciation and amortization	170,747	12,827	294,198	477,772	542
Total operating expenses	<u>607,925</u>	<u>96,571</u>	<u>935,042</u>	<u>1,639,538</u>	<u>408,844</u>
Operating income (loss)	<u>(12,362)</u>	<u>(86,235)</u>	<u>695,533</u>	<u>596,936</u>	<u>(6,116)</u>
<b>Nonoperating revenues (expenses)</b>					
Investment income	91,803	8,717	88,609	189,129	4,602
Hotel occupancy tax	—	106,344	—	106,344	—
Other revenue	11,147	280	74,149	85,576	—
Loss on disposal of assets	(415)	—	(91)	(506)	(159)
Interest expense	(94,609)	(19,721)	(277,490)	(391,820)	—
Cost of issuance	(4,736)	—	(5,311)	(10,047)	—
CRRSAA/ARPA grants	48,005	—	—	48,005	—
Passenger facility charges	117,407	—	—	117,407	—
Contributions	—	—	12,885	12,885	—
Customer facility charges	17,946	—	—	17,946	—
Special facility cost	(206)	—	—	(206)	—
Total nonoperating revenues (expenses)	<u>186,342</u>	<u>95,620</u>	<u>(107,249)</u>	<u>174,713</u>	<u>4,443</u>
Income (loss) before capital contributions and transfers	<u>173,980</u>	<u>9,385</u>	<u>588,284</u>	<u>771,649</u>	<u>(1,673)</u>
Capital contributions	5,239	—	197,186	202,425	—
Transfers out	—	(1,521)	(41,022)	(42,543)	—
Total transfers	<u>—</u>	<u>(1,521)</u>	<u>(41,022)</u>	<u>(42,543)</u>	<u>—</u>
Change in net position	179,219	7,864	744,448	931,531	(1,673)
Total net position, July 1,	1,968,324	104,118	3,113,301	5,185,743	49,218
<b>Total net position, June 30,</b>	<u>\$ 2,147,543</u>	<u>\$ 111,982</u>	<u>\$ 3,857,749</u>	<u>\$ 6,117,274</u>	<u>\$ 47,545</u>

Change in net position 931,531

Internal service fund activity is reported with governmental activities.

The amount shown represents the net expense allocated to business-type activities. (734)

Total change in net position business-type activities \$ 930,797

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



**PROPRIETARY FUNDS**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2024**  
*(amounts expressed in thousands)*

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Airport System</b>	<b>Convention &amp; Entertainment</b>	<b>Combined Utility</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Cash flows from operating activities</b>					
Receipts from customers	\$ 553,830	\$ 10,335	\$ 1,676,764	\$ 2,240,929	\$ 401,546
Payments to employees	(221,033)	(214)	(219,056)	(440,303)	(4,351)
Payments to suppliers	(137,675)	(95)	(324,930)	(462,700)	(1,812)
Internal activity-payments (to) from other funds	(82,884)	—	(104,359)	(187,243)	(1,109)
Payments to Houston First Corporation	—	(83,587)	—	(83,587)	—
Claims paid	—	—	(2,040)	(2,040)	(391,090)
Due to(from) other governments	—	—	—	—	5
Other receipts	7,734	—	72,058	79,792	916
Receipts from component units	—	12,989	—	12,989	—
Net cash provided by (used in) operating activities	<u>119,972</u>	<u>(60,572)</u>	<u>1,098,437</u>	<u>1,157,837</u>	<u>4,105</u>
<b>Cash flows from investing activities</b>					
Interest income on investments	63,735	10,140	64,450	138,325	3,397
Purchases of investments	(2,539,446)	(72,290)	(2,448,411)	(5,060,147)	(85,228)
Sales of investments	2,689,490	77,721	2,301,742	5,068,953	86,211
Net cash provided by (used in) investing activities	<u>213,779</u>	<u>15,571</u>	<u>(82,219)</u>	<u>147,131</u>	<u>4,380</u>
<b>Cash flows from capital and related financing activities</b>					
Retirement of revenue bonds	(318,695)	(28,312)	(1,025,735)	(1,372,742)	—
Lease liabilities	(45)	—	—	(45)	—
Subscription liabilities	(1,538)	—	—	(1,538)	—
Retirement of special facility bonds	(8,870)	—	—	(8,870)	—
Retirement of SECO Loans	(1,218)	—	—	(1,218)	—
Net proceeds from issuance of revenue bonds	816,486	—	957,774	1,774,260	—
Retirement of subordinate lien bonds	—	—	(12,795)	(12,795)	—
Proceeds from issuance of commercial paper	—	—	200,000	200,000	—
Retirement of commercial paper	(350,000)	—	(200,000)	(550,000)	—
Passenger facilities charges	109,633	—	—	109,633	—
Customer facilities charges	17,750	—	—	17,750	—
Retirement of Junior Lien bonds	—	—	(19,005)	(19,005)	—
Interest expense on debt	(81,830)	(28,978)	(278,536)	(389,344)	—
Proceeds from disposition of assets	—	—	1,858	1,858	—
Grant receipts	11,857	—	—	11,857	—
Retirement of contracts payable	—	—	(9,200)	(9,200)	—
Acquisition of property, plant and equipment	(463,081)	—	(623,644)	(1,086,725)	(52)
Capital contributions from other local governments	—	—	223,154	223,154	—
Special facility cost	(206)	—	—	(206)	—
Net cash used in capital and related financing activities	<u>\$ (269,757)</u>	<u>\$ (57,290)</u>	<u>\$ (786,129)</u>	<u>\$ (1,113,176)</u>	<u>\$ (52)</u>

(Continued)

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

**PROPRIETARY FUNDS**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2024**  
*(amounts expressed in thousands)*

	Business-type Activities - Enterprise Funds				Governmental Activities
	Airport System	Convention & Entertainment	Combined Utility	Total	Internal Service Funds
<b>Cash flows from noncapital financing activities</b>					
Interest expense on pension obligation bonds	\$ —	\$ —	\$ (4,352)	\$ (4,352)	\$ —
CRRSAA/ARPA grants	58,473	—	—	58,473	—
Retirement of pension bonds	—	(220)	(3,901)	(4,121)	—
Hotel occupancy tax revenue	—	109,311	—	109,311	—
Transfers to debt service fund	—	—	(2,870)	(2,870)	—
Transfers to other funds	—	(1,521)	(38,152)	(39,673)	—
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>58,473</b>	<b>107,570</b>	<b>(49,275)</b>	<b>116,768</b>	<b>—</b>
Net increase in cash and cash equivalents	122,467	5,279	180,814	308,560	8,433
Cash and cash equivalents, July 01,	328,878	14,067	271,774	614,719	13,688
<b>Cash and cash equivalents, June 30,</b>	<b>\$ 451,345</b>	<b>\$ 19,346</b>	<b>\$ 452,588</b>	<b>\$ 923,279</b>	<b>\$ 22,121</b>
<b>Cash and cash equivalents</b>					
Pooled cash and cash equivalents (Note 3A)	\$ 202,927	\$ 19,346	\$ 452,526	\$ 674,799	\$ 22,121
Current restricted cash and cash equivalents (Note 3A)	248,418	—	62	248,480	—
<b>Total cash and cash equivalents, June 30,</b>	<b>\$ 451,345</b>	<b>\$ 19,346</b>	<b>\$ 452,588</b>	<b>\$ 923,279</b>	<b>\$ 22,121</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>					
Operating income (loss)	\$ (12,362)	\$ (86,235)	\$ 695,533	\$ 596,936	\$ (6,116)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation and amortization	170,747	12,827	294,198	477,772	542
Changes in assets and liabilities					
Accounts receivable	(23,493)	—	12,237	(11,256)	1
Other revenues (expenses)	—	—	72,058	72,058	—
Due from other funds	(475)	—	(2,061)	(2,536)	(48)
Due from/to component unit	—	14,228	—	14,228	—
Assessments receivable	—	—	93	93	—
Inventory and prepaid items	(2,847)	—	(4,378)	(7,225)	—
Lease receivable	(83,520)	1,737	—	(81,783)	—
Accounts payable	6,170	(1)	45,217	51,386	3,191
Accrued payroll liabilities	778	—	1,282	2,060	12
Due to (from) other funds	547	—	(9,890)	(9,343)	(33)
Advances and deposits	(39)	—	3,762	3,723	—
Due from other governments	—	—	3,912	3,912	5
Claims and judgments	2,786	—	(437)	2,349	6,736
Compensated absences	571	—	(275)	296	1
Other current liabilities	(9,294)	—	—	(9,294)	—
Other post employment benefits	761	(913)	(6,371)	(6,523)	—
Pension obligation payable	(12,705)	(477)	(31,934)	(45,116)	—
Unearned revenue	—	(294)	—	(294)	(186)
Deferred inflows - leases	82,347	(1,444)	—	80,903	—
Other long-term liabilities	—	—	25,491	25,491	—
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 119,972</b>	<b>\$ (60,572)</b>	<b>\$ 1,098,437</b>	<b>\$ 1,157,837</b>	<b>\$ 4,105</b>
<b>Non cash transactions</b>					
Capital additions included in liabilities	\$ (70,178)	\$ —	\$ (39,444)	\$ (109,622)	\$ —
Amortization of premium and discount	(20,092)	(8,294)	(16,486)	(44,872)	—
Unrealized gain (loss) on investments	28,068	(1,423)	24,159	22,321	1,205
Donated capital	—	—	(15,279)	(15,279)	—
CAB accretion interest	—	—	6,876	6,876	—
Gain (loss) on disposal of assets	(415)	—	(1,947)	(2,362)	(159)

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

**CITY OF HOUSTON, TEXAS**

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**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2024**  
*(amounts expressed in thousands)*

	<b>Pension Trust Funds</b>	<b>Private-Purpose Trust Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 79,342	\$ 384
Investments		
Investments held by trust	—	7,349
Other fixed income securities	2,673,470	—
Commingled equity funds	2,525,845	—
Common and preferred stock	4,016,003	—
Real estate, partnerships and alternatives	6,980,758	—
Short-term investment funds	1,159,094	—
Invested securities lending collateral	172,427	—
Receivables, net of allowances		
Accounts receivable	2,182	—
Contributions	12,288	—
Accrued interest and dividends	27,902	—
Other receivable	51,077	—
Other Assets	14,863	—
Land	5,805	—
Building	3,792	—
Lease right-of-use assets, net of accumulated amortization	2,367	—
<b>Total assets</b>	<b>17,727,215</b>	<b>7,733</b>
<b>Liabilities</b>		
Accounts payable	12,637	—
Security lending collateral	172,427	—
Foreign funds contracts payable	3,015	—
Lease liabilities	2,367	—
Other liabilities	8,299	—
<b>Total liabilities</b>	<b>198,745</b>	<b>—</b>
<b>Net position</b>		
Restricted net position for		
Pensions	17,528,470	—
Individuals and organizations	—	7,733
<b>Total net position</b>	<b>\$ 17,528,470</b>	<b>\$ 7,733</b>

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2024**  
*(amounts expressed in thousands)*

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Fund</u>
<b>Additions</b>		
Contributions		
City of Houston	\$ 452,302	\$ —
Plan members	121,799	—
Total contributions	<u>574,101</u>	<u>—</u>
Investment earnings		
Interest and dividends	229,405	639
Net increase in the fair value of investments	1,451,874	48
Total investment income	<u>1,681,279</u>	<u>687</u>
Less investment expense	<u>(27,479)</u>	<u>—</u>
Net investment income	<u>1,653,800</u>	<u>687</u>
Total additions	<u>2,227,901</u>	<u>687</u>
<b>Deductions</b>		
Benefits	1,077,036	—
Refund of contributions	5,915	—
Administrative expense	15,858	—
Total deductions	<u>1,098,809</u>	<u>—</u>
Change in net position	<u>1,129,092</u>	<u>687</u>
Total net position restricted, July 1,	<u>16,399,378</u>	<u>7,046</u>
Total net position restricted, June 30	<u>\$ 17,528,470</u>	<u>\$ 7,733</u>

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

**DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL**  
 Combining Statement of Net Position  
 June 30, 2024  
 (amounts expressed in thousands)

	Houston Forensic Science LGC, Inc.	Houston Park Board LGC, Inc.	Lake Houston Redevelopment Authority	Memorial Heights Redevelopment Authority	Midtown Redevelopment Authority
<b>Assets</b>					
<b>Current Assets</b>					
Cash	\$ 2,520	\$ 7,828	\$ 16,043	\$ 27,386	\$ 10,563
Investments	—	—	—	—	—
Equity in pooled cash and investments	—	—	36,440	36,049	17,018
Receivables, net of allowances	—	—	—	—	—
Accounts receivable	—	267	—	—	—
Property taxes receivable, net	—	—	—	—	24,791
Special assessments receivable	—	—	—	—	—
Accrued interest and other	—	—	79	—	—
Due from primary government	2,123	2,199	—	—	—
Due from other governments	—	—	—	3,556	—
Property held for resale	—	—	—	—	28,196
Prepaid items	1,615	—	—	—	—
Restricted assets	—	—	—	—	—
Investments	—	—	—	—	6,316
Other receivables	—	—	—	—	371
Total current assets	<u>6,258</u>	<u>10,294</u>	<u>52,562</u>	<u>66,991</u>	<u>87,255</u>
<b>Noncurrent Assets</b>					
Restricted assets	—	—	—	—	—
Investments	—	—	—	—	9,868
Total noncurrent assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,868</u>
<b>Capital assets</b>					
Land	—	15,908	—	—	13,948
Buildings, improvements and equipment	41,669	—	—	—	142,163
Construction in progress	468	35,678	—	—	710
Lease right-of-use assets	—	—	—	—	—
Less accumulated depreciation and amortization	(11,372)	—	—	—	(18,530)
Total capital assets	<u>30,765</u>	<u>51,586</u>	<u>—</u>	<u>—</u>	<u>138,291</u>
<b>Total assets</b>	<u>37,023</u>	<u>61,880</u>	<u>52,562</u>	<u>66,991</u>	<u>235,414</u>
<b>Deferred outflows of resources</b>					
Deferred outflows of resources	—	—	—	—	—
Total deferred outflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable	1,741	2,164	1,971	6,429	2,267
Accrued payroll liabilities	—	—	—	—	—
Accrued interest payable	—	—	265	203	1,557
Contracts and retainages payable	160	—	—	—	66
Notes payable	—	—	—	—	1,965
Lease payable	694	—	—	—	—
Due to other governments	—	—	—	—	—
Advances and deposits	—	—	—	—	—
Compensated absences	32	—	—	—	—
Unearned revenue	—	8,098	—	—	3,433
Current liabilities payable from restricted assets	—	—	—	—	—
Bonds payable	—	—	1,090	925	4,290
Account held for others	—	—	—	—	—
Total current liabilities	<u>2,627</u>	<u>10,262</u>	<u>3,326</u>	<u>7,557</u>	<u>13,578</u>
<b>Noncurrent liabilities</b>					
Notes payable	—	—	19,077	21,169	643
Bonds payable	—	—	47,402	38,917	67,438
Lease payable	30,043	—	—	—	—
Other liabilities	—	—	—	—	34,330
Compensated absences	1,359	—	—	—	—
Contracts payable	546	—	—	—	—
Total Noncurrent liabilities	<u>31,948</u>	<u>—</u>	<u>66,479</u>	<u>60,086</u>	<u>102,411</u>
<b>Total liabilities</b>	<u>34,575</u>	<u>10,262</u>	<u>69,805</u>	<u>67,643</u>	<u>115,989</u>
<b>Deferred inflows of resources</b>					
Deferred inflows of resources	—	—	—	—	5,787
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,787</u>
<b>Net position</b>					
Net investment in capital assets	(678)	51,587	—	—	92,300
Restricted net position	—	—	—	—	—
Restricted for debt service	—	—	2,656	1,971	12,872
Restricted for maintenance and operations	—	—	—	—	—
Restricted for capital improvements	—	—	—	—	5
Other restricted	—	—	—	—	36,954
Unrestricted (deficit)	3,126	31	(19,899)	(2,623)	(28,493)
Total net position (deficit)	<u>\$ 2,448</u>	<u>\$ 51,618</u>	<u>\$ (17,243)</u>	<u>\$ (652)</u>	<u>\$ 113,638</u>

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

Uptown Development Authority	Nonmajor Component Units	Total
\$ 68,080	\$ 115,514	\$ 247,934
—	360,375	449,882
—	20,911	21,178
—	32,229	57,020
—	26	26
—	1,171	1,250
—	3,250	7,572
133	4,521	8,210
—	—	28,196
2	3,083	4,700
—	1,923	8,239
1,205	690	2,266
<u>69,420</u>	<u>544,412</u>	<u>837,192</u>
—	11,454	21,322
—	11,454	21,322
17,101	115,097	162,054
30,568	53,173	267,573
—	20,456	57,312
—	5,504	5,504
(10,289)	(24,169)	(64,360)
<u>37,380</u>	<u>170,061</u>	<u>428,083</u>
106,800	725,927	1,286,597
1,273	166	1,439
<u>1,273</u>	<u>166</u>	<u>1,439</u>
25,010	29,141	68,723
—	457	457
3,164	4,213	9,402
—	1,723	1,949
—	13,583	15,548
—	1,046	1,740
9,719	22,057	31,776
—	33	33
—	—	32
188	2,692	14,411
29,309	19,105	54,719
—	—	—
<u>67,390</u>	<u>94,050</u>	<u>198,790</u>
—	40,073	80,962
278,873	322,248	754,878
—	11,990	42,033
—	1,302	35,632
—	—	1,359
—	—	546
<u>278,873</u>	<u>375,613</u>	<u>915,410</u>
346,263	469,663	1,114,200
—	—	5,787
—	—	5,787
21,327	129,204	293,740
43,936	31,961	93,396
—	1,821	1,821
—	16,178	16,183
—	56,555	93,509
(303,453)	20,711	(330,600)
<u>\$ (238,190)</u>	<u>\$ 256,430</u>	<u>\$ 168,049</u>

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

**DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL**  
**Combining Statement of Activities**  
**For the Year Ended June 30, 2024**  
 (amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Houston Forensic Science LGC, Inc.
<b>Component Units</b>					
Houston Forensic Science LGC, Inc.	\$ 34,416	\$ —	\$ 34,887	\$ —	\$ 471
Houston Park Board LGC, Inc.	30,777	16,566	—	8,989	—
Lake Houston Redevelopment Authority	32,118	—	—	—	—
Memorial Heights Redevelopment Authority	23,824	—	9,393	—	—
Midtown Redevelopment Authority	21,417	—	—	22,569	—
Uptown Development Authority	39,773	—	—	2,471	—
Nonmajor component units	155,654	6,962	11,359	1,363	—
<b>Total component units</b>	<u>\$ 337,979</u>	<u>\$ 23,528</u>	<u>\$ 55,639</u>	<u>\$ 35,392</u>	<u>471</u>
<b>General Revenues:</b>					
Taxes					
					—
					—
					403
					150
					<u>553</u>
					1,024
					1,424
					—
					—
					<u>\$ 2,448</u>

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



Net (Expense) Revenue and Change in Net Position						
Houston Park Board LGC, Inc.	Lake Houston Redevelopment Authority	Memorial Heights Redevelopment Authority	Midtown Redevelopment Authority	Uptown Development Authority	Nonmajor Component Units	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 471
(5,222)	—	—	—	—	—	(5,222)
—	(32,118)	—	—	—	—	(32,118)
—	—	(14,431)	—	—	—	(14,431)
—	—	—	1,152	—	—	1,152
—	—	—	—	(37,302)	—	(37,302)
—	—	—	—	—	(135,970)	(135,970)
<u>(5,222)</u>	<u>(32,118)</u>	<u>(14,431)</u>	<u>1,152</u>	<u>(37,302)</u>	<u>(135,970)</u>	<u>(223,420)</u>
—	20,237	15,344	27,117	47,299	150,088	260,085
—	—	—	—	—	22,859	22,859
—	2,755	2,566	1,886	1,806	21,473	30,889
375	—	—	1,529	—	4,846	6,900
<u>375</u>	<u>22,992</u>	<u>17,910</u>	<u>30,532</u>	<u>49,105</u>	<u>199,266</u>	<u>320,733</u>
(4,847)	(9,126)	3,479	31,684	11,803	63,296	97,313
56,465	(8,117)	(4,131)	82,269	(249,993)	200,632	78,549
—	—	—	—	—	(7,516)	(7,516)
—	—	—	(315)	—	18	(297)
<u>\$ 51,618</u>	<u>\$ (17,243)</u>	<u>\$ (652)</u>	<u>\$ 113,638</u>	<u>\$ (238,190)</u>	<u>\$ 256,430</u>	<u>\$ 168,049</u>

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

**CITY OF HOUSTON, TEXAS**

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**DISCRETELY PRESENTED COMPONENT UNITS - BUSINESS-TYPE**  
**Combining Statement of Net Position**  
**June 30, 2024**  
*(amounts expressed in thousands)*

	Houston First Corporation	Houston Housing Finance Corp	Houston Zoo, Inc.	Total Component Units
<b>ASSETS</b>				
Cash	\$ 23,279	\$ 25,077	\$ 1,288	\$ 49,644
Investments	—	—	61,064	61,064
Receivables, net of allowances				
Accounts receivable	8,313	6,769	1,199	16,281
Accrued interest and other	—	603	—	603
Prepaid items	5,310	91	2,103	7,504
Lease receivable	2,335	—	—	2,335
Restricted assets				
Investments	52,601	—	—	52,601
Other receivables	6,105	195	48,463	54,763
Due from other governments - grants	—	—	—	—
Total current assets	<u>97,943</u>	<u>32,735</u>	<u>114,117</u>	<u>244,795</u>
Noncurrent assets				
Restricted cash and cash equivalents	—	4,059	14,420	18,479
Investments	26,247	—	3,497	29,744
Receivable and deposits	59,441	4,148	—	63,589
Lease receivable	52,541	—	—	52,541
Total noncurrent assets	<u>138,229</u>	<u>8,207</u>	<u>17,917</u>	<u>164,353</u>
Capital assets				
Land	14,824	31,853	—	46,677
Buildings, improvements and equipment	686,621	56,068	335,394	1,078,083
Construction in progress	11,539	23,037	16,017	50,593
Lease right-of-use assets	16,801	—	760	17,561
Less accumulated depreciation and amortization	(257,040)	(15,548)	(104,289)	(376,877)
Capital assets, net	<u>472,745</u>	<u>95,410</u>	<u>247,882</u>	<u>816,037</u>
Total assets	<u>708,917</u>	<u>136,352</u>	<u>379,916</u>	<u>1,225,185</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows of resources	25,991	—	—	25,991
Total deferred outflows of resources	<u>25,991</u>	<u>—</u>	<u>—</u>	<u>25,991</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	30,137	2,401	5,531	38,069
Accrued payroll liabilities	—	—	2,478	2,478
Accrued interest payable	10,401	—	—	10,401
Contracts and retainages payable	—	—	8,003	8,003
Due to primary government	8,683	—	—	8,683
Notes payable	41,244	1,383	9,543	52,170
Lease payable	2,433	—	378	2,811
Other liabilities - current	592	946	800	2,338
Unearned revenue	532	—	4,805	5,337
Total current liabilities	<u>94,022</u>	<u>4,730</u>	<u>31,538</u>	<u>130,290</u>
Long-term liabilities				
Notes payable	353,825	57,774	30,000	441,599
Lease payable	5,158	—	293	5,451
Unearned revenue	6,039	109	—	6,148
Net pension liability	26,255	—	—	26,255
Other liabilities - noncurrent	16,080	1,176	—	17,256
Total noncurrent liabilities	<u>407,357</u>	<u>59,059</u>	<u>30,293</u>	<u>496,709</u>
Total liabilities	<u>501,379</u>	<u>63,789</u>	<u>61,831</u>	<u>626,999</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources	52,835	19,203	—	72,038
Total deferred inflows of resources	<u>52,835</u>	<u>19,203</u>	<u>—</u>	<u>72,038</u>
<b>NET POSITION</b>				
Investment in capital assets	165,809	35,735	207,668	409,212
Restricted net position				
Restricted for debt service	6,016	—	—	6,016
Other restricted	5,807	—	15,833	21,640
Unrestricted (deficit)	3,062	17,625	94,584	115,271
Total net position	<u>180,694</u>	<u>53,360</u>	<u>318,085</u>	<u>552,139</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 734,908</u>	<u>\$ 136,352</u>	<u>\$ 379,916</u>	<u>\$ 1,251,176</u>

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

**DISCRETELY PRESENTED COMPONENT UNITS - BUSINESS-TYPE**  
**Combining Statement of Activities**  
**For the Year Ended June 30, 2024**  
*(amounts expressed in thousands)*

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Component Units</b>			
Houston First Corporation	\$ 248,729	\$ 175,974	\$ 97,656
Houston Housing Finance Corp.	9,442	939	—
Houston Zoo, Inc.	62,692	62,643	16,154
Totals	<u>\$ 320,863</u>	<u>\$ 239,556</u>	<u>\$ 113,810</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 \*

<b>Net (Expense) Revenue and Change in Net Position</b>				
<b>Houston First Corporation</b>	<b>Houston Housing Finance Corp.</b>	<b>Houston Zoo, Inc.</b>	<b>Total</b>	
\$ 24,901	\$ —	\$ —	\$	24,901
—	(8,503)	—		(8,503)
—	—	16,105		16,105
<u>24,901</u>	<u>(8,503)</u>	<u>16,105</u>		<u>32,503</u>
4,307	1,391	8,048		13,746
5,435	6,475	(103)		11,807
<u>9,742</u>	<u>7,866</u>	<u>7,945</u>		<u>25,553</u>
34,643	(637)	24,050		58,056
146,051	53,997	294,035		494,083
<u>\$ 180,694</u>	<u>\$ 53,360</u>	<u>\$ 318,085</u>	<u>\$</u>	<u>552,139</u>

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

**CITY OF HOUSTON, TEXAS**

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*Houston Freedmen's Town Conservancy*

# Notes to Financial Statements

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**Notes to Financial Statements:**

Freedmen's Town Conservancy is focused on the preservation and celebration of the Freedmen's Town Historic District, as well as the history and culture within the district. Through educational initiatives and programming, the goal of the Freedmen's Town Conservancy is to honor the African American community that settled in Freedmen's Town.

Photo Credits: Houston Freedmen's Town Conservancy



**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2024**

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**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 significance of their operational and financial 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., and Houston Arts Alliance.

The City has two blended component units, and they are incorporated into the financial statements of the City.

<b>Blended Component Units</b>	<b>Brief Description of Activities, Relationship to the City and Key Inclusion Criteria</b>
<p><b><i>TechConnect Houston</i></b>  <b><i>900 Bagby St.</i></b>  <b><i>4th Floor</i></b>  <b><i>Houston, TX 77002</i></b></p>	<p>Created on June 13, 2022, TechConnect Houston (“TechConnect”) has a four-member board of directors, appointed by the Mayor. This public, 501(c)(3) non-profit corporation, is organized and operated exclusively for charitable and education purposes, for the use and benefit of the City in its efforts to provide digital equity and technological opportunities for the underserved youth in the City. The programs are offered at various Houston Parks and Recreation centers. TechConnect received \$118,803 private contributions for the fiscal year ended June 30, 2024, and the contributions received are reported in the Park Special Revenue Fund.</p> <p><b>Reporting Fund:</b> Park Special Revenue Fund</p>
<p><b><i>Houston Spaceport Development Corporation</i></b>  <b><i>16930 JFK Boulevard</i></b>  <b><i>Houston, TX 77032</i></b></p>	<p>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, which is 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, 2024, HSDC did not have any financial activities and had no impact to the operating results of the Airport System Fund.</p> <p><b>Reporting Fund:</b> Airport System Fund</p>

Following are the City's fiduciary component units:

<b>Fiduciary Component Units</b>	<b>Brief Description of Activities, Relationship to the City and Key Inclusion Criteria</b>
<p><b><i>Houston Firefighters' Relief and Retirement Fund ("HFRRF")</i></b>  <b><i>4225 Interwood North Parkway</i></b>  <b><i>Houston, TX 77032</i></b></p>	<p>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.</p> <p><b>Reporting Fund:</b> Houston Firefighters' Relief and Retirement Pension Trust Fund.</p>
<p><b><i>Houston Municipal Employees Pension System ("HMEPS")</i></b>  <b><i>1201 Louisiana, Suite 900</i></b>  <b><i>Houston, TX 77002</i></b></p>	<p>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.</p> <p><b>Reporting Fund:</b> Houston Municipal Employees' Pension Trust Fund.</p>
<p><b><i>Houston Police Officers' Pension System ("HPOPS")</i></b>  <b><i>602 Sawyer, Suite 300</i></b>  <b><i>Houston, TX 77007</i></b></p>	<p>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.</p> <p><b>Reporting Fund:</b> Houston Police Officers' Pension Trust Fund.</p>

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.

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

<b>Discretely Presented Component Units</b>	<b>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</b>
<p><b><i>*Houston First Corporation 701 Avenida de las Americas Houston, TX 77010</i></b></p>	<p>On June 1, 2011, City of Houston City Council approved the consolidation of the City's Convention &amp; Entertainment Facilities Department's 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 ("HFC"), which 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><b><i>*Houston Housing Finance Corporation 9545 Katy Freeway, Suite 105 Houston, TX 77024</i></b></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><b><i>*Houston Zoo, Inc 1513 Cambridge Street Houston, TX 77030</i></b></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>

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

<b>Discretely Presented Component Units</b>	<b>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</b>
<p><b><i>City Park Redevelopment Authority c/o Hawes Hill and Assoc, LLP P.O. Box 22167 Houston, TX 77227-2167</i></b></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><b><i>East Downtown Redevelopment Authority 711 Louisiana Street, Suite 2300 Houston, TX 77002</i></b></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><b><i>Fifth Ward Redevelopment Authority c/o Fifth Ward Community Redevelopment Corporation 4300 Lyons Avenue, Suite 300 Houston, TX 77020</i></b></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><b><i>Fourth Ward Redevelopment Authority 410 Pierce Street, Suite 355 Houston, TX 77002</i></b></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><b><i>Greater Greenspoint Redevelopment Authority 12257 Kuykendahl Houston, TX 77067</i></b></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>

<b>Discretely Presented Component Units</b>	<b>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</b>
<p><b><i>Greater Houston Convention and Visitors Bureau (“GHCVB”) 701 Avenida De Las Americas Houston, TX 77010</i></b></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. On March 31, 2023, GHCVB amended its certification of formation and its mission statement. As a result, the City no longer has any financial accountability over GHCVB and reports a change to the financial reporting entity by adjusting the current reporting period’s beginning net position in the accompanying financial statements.</p>
<p><b><i>Gulfgate Redevelopment Authority c/o Bracewell LLP 711 Louisiana Street, Suite 2300 Houston, TX 77002</i></b></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>
<p><b><i>Harrisburg Redevelopment Authority c/o Hawes Hill &amp; Associates, LLP 9610 Long Point Rd., Suite 150 Houston, TX 77055</i></b></p>	<p>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.</p>
<p><b><i>Hiram Clarke/Fort Bend Redevelopment Authority 14083 South Main Street Houston, TX 77035</i></b></p>	<p>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.</p>
<p><b><i>Houston Area Library Automated Network Houston Central Library 500 McKinney Street Houston, TX 77002</i></b></p>	<p>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.</p>



Discretely Presented Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
<p><b><i>Houston Arts Alliance</i></b>  <b><i>5280 Caroline Street</i></b>  <b><i>Houston, TX 77004</i></b></p>	<p>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.</p>
<p><b><i>Houston BARC Foundation</i></b>  <b><i>c/o City of Houston, Administration</i></b>  <b><i>and Regulatory Affairs Department</i></b>  <b><i>611 Walker Street, 13<sup>th</sup> Floor</i></b>  <b><i>Houston, TX 77002</i></b></p>	<p>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.</p>
<p><b><i>Houston Civic Events, Inc</i></b>  <b><i>901 Bagby Street, 1<sup>st</sup> Floor</i></b>  <b><i>Houston, TX 77002</i></b></p>	<p>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.</p>
<p><b><i>Houston Downtown Park Corporation</i></b>  <b><i>1500 McKinney Street</i></b>  <b><i>Houston, TX 77010</i></b></p>	<p>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.</p>
<p><b><i>*Houston Forensic Science Center, Inc.</i></b>  <b><i>500 Jefferson Street, 13<sup>th</sup> Floor</i></b>  <b><i>Houston, TX 77002</i></b></p>	<p>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.</p>

Discretely Presented Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
<p><b>Houston Land Bank</b>  <b>c/o City of Houston, Housing and Community Department</b>  <b>1919 Decatur</b>  <b>Houston, TX 77007</b></p>	<p>The Houston Land Bank (“HLB”) formerly known as Land Assemblage Redevelopment Authority 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.</p>
<p><b>Houston Media Source</b>  <b>410 Roberts Street</b>  <b>Houston, TX 77003</b></p>	<p>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.</p>
<p><b>*Houston Parks Board LGC, Inc</b>  <b>300 N. Post Oak Lane</b>  <b>Houston, TX 77024</b></p>	<p>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.</p>
<p><b>Houston Public Library Foundation</b>  <b>Houston Central Library</b>  <b>550 McKinney Street</b>  <b>Houston, TX 77002</b></p>	<p>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.</p>
<p><b>Houston Recovery Center, LGC</b>  <b>150 North Chenevert Street,</b>  <b>Suite 100</b>  <b>Houston, TX 77002</b></p>	<p>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.</p>
<p><b>*Lake Houston Redevelopment Authority</b>  <b>c/o TIFWorks, LLC</b>  <b>P.O. Box 10330</b>  <b>Houston, TX 77206</b></p>	<p>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.</p>

Discretely Presented Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
<p><b>Lamar Terrace Public Improvement District</b>  <b>City of Houston</b>  <b>P. O. Box 1562</b>  <b>Houston, TX 77251</b></p>	<p>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.</p>
<p><b>Leland Woods Redevelopment Authority I</b>  <b>c/o Bracewell, LLP</b>  <b>711 Louisiana Street, Suite 2300</b>  <b>Houston, TX 77002-2770</b></p>	<p>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.</p>
<p><b>Leland Woods Redevelopment Authority II</b>  <b>c/o Bracewell, LLP</b>  <b>711 Louisiana, Suite 2300</b>  <b>Houston, TX 77002-2770</b></p>	<p>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.</p>
<p><b>Main Street Market Square Redevelopment Authority</b>  <b>909 Fannin, Suite 1650</b>  <b>Houston, TX 77010</b></p>	<p>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.</p>
<p><b>Memorial City Redevelopment Authority</b>  <b>c/o Hawes Hill &amp; Associates, LLP</b>  <b>P.O. Box 22167</b>  <b>Houston, TX 77227-2167</b></p>	<p>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 &amp; 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.</p>
<p><b>*Memorial-Heights Redevelopment Authority</b>  <b>c/o John Kuhl, Attorney</b>  <b>SKLaw</b>  <b>1980 Post Oak Boulevard,</b>  <b>Suite 1380</b>  <b>Houston, TX 77056</b></p>	<p>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.</p>
<p><b>*Midtown Redevelopment Authority</b>  <b>410 Pierce Street, Suite 355</b>  <b>Houston, TX 77002</b></p>	<p>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.</p>

Discretely Presented Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
<p><b>Miller Theatre Advisory Board, Inc</b>  <b>6000 Hermann Park Drive</b>  <b>Houston, TX 77030-1702</b></p>	<p>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 Theatre. 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.</p>
<p><b>Montrose Redevelopment Authority</b>  <b>c/o Knudson, LP</b>  <b>Zone Administrator</b>  <b>8588 Katy Freeway, Suite 441</b>  <b>Houston, TX 77024</b></p>	<p>Montrose Redevelopment Authority ("Montrose RA") 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. Montrose RA 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 and neighboring areas and to promote, develop, encourage and maintain housing, educational facilities, employment, commerce and economic development in the City. Montrose RA may issue bonds with consent of City Council. Montrose RA is managed by a board of directors consisting of seven members who are appointed by the Mayor with the approval of City Council.</p>
<p><b>Near Northside Redevelopment Authority</b>  <b>c/o Bracewell LLP</b>  <b>711 Louisiana Street, Suite 2300</b>  <b>Houston, TX 77002-2770</b></p>	<p>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.</p>
<p><b>Old Sixth Ward Redevelopment Authority</b>  <b>c/o City of Houston, Mayor's Office of Economic Development</b>  <b>901 Bagby Street, 4<sup>th</sup> Floor</b>  <b>Houston, TX 77002</b></p>	<p>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.</p>
<p><b>OST/Almeda Corridors Redevelopment Authority</b>  <b>3131 Emancipation Avenue</b>  <b>Suite 225</b>  <b>Houston, TX 77004</b></p>	<p>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.</p>

Discretely Presented Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
<p><b><i>Saint George Place Redevelopment Authority</i></b>  <b><i>c/o Hawes Hill &amp; Associates, LLP</i></b>  <b><i>P.O. Box 22167</i></b>  <b><i>Houston, TX 77227-2167</i></b></p>	<p>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.</p>
<p><b><i>South Post Oak Redevelopment Authority</i></b>  <b><i>c/o City of Houston, Mayor's Office of Economic Development 901 Bagby Street, 4<sup>th</sup> Floor</i></b>  <b><i>Houston, TX 77002</i></b></p>	<p>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.</p>
<p><b><i>Southwest Houston Redevelopment Authority</i></b>  <b><i>c/o Hawes Hill &amp; Associates, LLP</i></b>  <b><i>P.O. Box 22167</i></b>  <b><i>Houston, TX 77227-2167</i></b></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><b><i>Sunnyside Redevelopment Authority</i></b>  <b><i>3200 Southwest Freeway Suite 2600</i></b>  <b><i>Houston, TX 77027</i></b></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Sunnyside Tax Increment Reinvestment Zone Board in the redevelopment of the 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.</p>
<p><b><i>Upper Kirby Redevelopment Authority</i></b>  <b><i>3120 Southwest Freeway, Suite 102</i></b>  <b><i>Houston, TX 77098</i></b></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><b><i>*Uptown Development Authority</i></b>  <b><i>1980 Post Oak Boulevard, Suite 1700</i></b>  <b><i>Houston, TX 77056</i></b></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 Theatre 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 include 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.

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 are 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** - is used to receive funds from the U.S. Department of the 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, 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, and other governmental units. 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 Fund** – is used to account for assets held in a trust of the Houston Foundation which is dedicated to providing benefits to recipients in accordance with the benefit terms. The Houston Foundation was created by City ordinance on March 22, 1915, as a general-purpose charity trust and is administered by an outside board of directors. The City's Finance Director serves as the treasurer of the board in accordance with the ordinance. Additions to the trust consist of individual donor contributions and investment income. Distributions from the fund, primarily to external/eligible 501(c)(3) organizations, may be made for humanitarian needs of the people of Houston.

#### 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 forfeitures; ambulance receipts; and investment earnings. Intergovernmental revenue from reimbursable grants and capital projects is recognized when the related expenditure is incurred. See Note 5 for dates and additional disclosures related to property tax.

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 are reported as deferred inflows of resources.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to 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, fiduciary 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 fiduciary 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, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", paragraphs 114-123, 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.



## 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.15 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.

### 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.

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.

**c. Leases**

Leases are defined by the general government as the right to use an underlying asset. As a lessee, the City recognizes a lease liability and an intangible right-of-use lease asset at the beginning of a lease that have a term exceeding one year and the cumulative future payments on the contract exceeding \$100,000, 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 incremental borrowing rate or 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 a 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 inflows of resources 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 inflows 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 contracts. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

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 described above do not apply to regulated leases. Additional disclosures regarding regulated leases are in Note 9.

**d. Subscription Based Information Technology Arrangements**

SBITA assets are defined by the general government as the right to use vendor-provided information technology ("IT") with access to vendors' IT assets. The City recognizes a subscription liability and an intangible subscription right-of-use asset at the beginning of the subscription term that have a term exceeding one year and the cumulative future payments on the contract exceed \$100,000 unless the contract is considered a short-term SBITA. A SBITA asset is measured based on the net present value of subscription payments expected to be made during the subscription term, using the incremental borrowing rate, and is amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying IT assets. Re-measurement of a subscription liability occurs when there is a change in the contract term and/or other changes that are likely to have a significant impact on the subscription liability.

**4. Bond Premiums, Discounts and Issuance Costs**

Bond premiums, discounts and prepaid bond insurance costs are amortized over the term of the bonds using the effective interest or straight-line amortization method. Gains or losses on refundings are reported as deferred inflows or outflows, respectively, 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):

	Business-Type Activities				Total
	Governmental Activities	Houston Airport System	Convention & Entertainment	Combined Utility System	
<b>Deferred Outflows of Resources:</b>					
Municipal pension activities	\$ 5,696	\$ 10,585	\$ 25	\$ 1,391	\$ 17,697
Police pension activities	173,564	—	—	—	173,564
Firefighter's pension activities	194,469	—	—	—	194,469
Deferred outflows of resources for pensions	<u>373,729</u>	<u>10,585</u>	<u>25</u>	<u>1,391</u>	<u>385,730</u>
OPEB activities - long-term disability	1,911	203	—	337	2,451
OPEB activities - health benefits	297,485	10,516	1,288	24,704	333,993
Unamortized refunding costs/SWAP liability	19,245	13,114	130	120,229	152,718
<b>Total Deferred Outflows of Resources</b>	<u>\$ 692,370</u>	<u>\$ 34,418</u>	<u>\$ 1,443</u>	<u>\$ 146,661</u>	<u>\$ 874,892</u>
<b>Deferred Inflows of Resources:</b>					
Municipal pension activities	\$ (173,387)	\$ (25,124)	\$ (671)	\$ (47,392)	\$ (246,574)
Police pension activities	(303,322)	—	—	—	(303,322)
Firefighters' pension activities	(247,129)	—	—	—	(247,129)
Deferred inflows of resources for pensions	<u>(723,838)</u>	<u>(25,124)</u>	<u>(671)</u>	<u>(47,392)</u>	<u>(797,025)</u>
OPEB activities - health benefits	(571,673)	(20,190)	(2,523)	(47,738)	(642,124)
OPEB activities - long term disability	(4,313)	(459)	—	(760)	(5,532)
Property tax and other unavailable revenues	(74,368)	—	—	—	(74,368)
Unamortized gains on refunded debt	—	(14,270)	(7,074)	—	(21,344)
Leases (as lessor)	(33,204)	(310,100)	(3,615)	—	(346,919)
<b>Total Deferred Inflows of Resources</b>	<u>\$ (1,407,395)</u>	<u>\$ (370,143)</u>	<u>\$ (13,883)</u>	<u>\$ (95,890)</u>	<u>\$ (1,887,311)</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.
- 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.

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## 2. Fund Balance Summary

A summary of the nature and purpose of governmental fund balances at June 30, 2024, 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		
<b>Fund balances:</b>												
<b>Non-spendable:</b>												
Inventory	\$ 19,726	\$ -	\$ -	\$ 862	\$ -	\$ -	\$ 3,096	\$ -	\$ -	\$ -	\$ 3,096	\$ 23,684
Prepaid items	3,685	-	235	-	-	-	-	-	-	-	-	3,920
<b>Total non-spendable</b>	<b>23,411</b>	<b>-</b>	<b>235</b>	<b>862</b>	<b>-</b>	<b>-</b>	<b>3,096</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,096</b>	<b>27,604</b>
<b>Restricted for:</b>												
Grants and other purposes	-	-	-	-	-	-	-	-	-	4,671	4,671	4,671
Police special purpose	2,004	-	-	-	-	9,846	-	-	-	-	9,846	11,850
Public transit operations	-	-	-	-	-	-	-	-	-	4,040	4,040	4,040
Affordable housing programs	-	-	-	-	-	-	-	111,494	-	-	111,494	111,494
Health services	729	-	-	168,713	11,662	-	-	-	-	56,719	56,719	237,823
Community development	-	-	-	-	-	-	-	-	170	82,581	82,751	82,751
Capital construction	-	-	16,112	-	-	-	353,923	-	-	19,870	373,793	389,905
Debt service	-	194,535	-	-	-	-	-	-	-	-	-	194,535
<b>Total restricted</b>	<b>2,733</b>	<b>194,535</b>	<b>16,112</b>	<b>168,713</b>	<b>11,662</b>	<b>9,846</b>	<b>353,923</b>	<b>111,494</b>	<b>170</b>	<b>167,881</b>	<b>643,314</b>	<b>1,037,069</b>
<b>Committed to:</b>												
Community development	1,189	-	-	-	-	2,494	-	-	1,692	528	4,714	5,903
Economic development	-	-	-	-	-	-	-	-	-	2,098	2,098	2,098
Court operations	-	-	-	-	-	1,658	-	-	-	-	1,658	1,658
Police special purpose	-	-	-	-	-	22,428	-	-	-	-	22,428	22,428
Emergency services	-	-	-	-	-	3,891	-	-	-	-	3,891	3,891
Capital construction	-	-	-	-	-	-	-	-	-	-	-	-
Public parks and preserves	1,294	-	-	-	-	-	2,171	-	5,554	-	7,725	9,019
Recycling programs	-	-	-	-	-	-	5,068	-	-	-	5,068	5,068
Development services	-	-	-	-	-	-	30,447	-	-	-	30,447	30,447
Health services	-	-	-	-	-	-	-	12,090	-	-	12,090	12,090
Affordable housing programs	-	-	-	-	-	-	-	-	-	103	103	103
Public transit operations	-	-	-	-	-	-	-	-	-	2,255	2,255	2,255
<b>Total committed</b>	<b>2,483</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,471</b>	<b>37,686</b>	<b>12,090</b>	<b>7,246</b>	<b>4,984</b>	<b>92,477</b>	<b>94,960</b>
<b>Assigned:</b>												
Capital construction	-	-	167,749	-	-	-	-	-	-	-	-	167,749
<b>Total assigned</b>	<b>-</b>	<b>-</b>	<b>167,749</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>167,749</b>
<b>Unassigned:</b>	<b>601,986</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>601,986</b>
<b>Total</b>	<b>\$ 630,613</b>	<b>\$ 194,535</b>	<b>\$ 184,096</b>	<b>\$ 169,575</b>	<b>\$ 11,662</b>	<b>\$ 40,317</b>	<b>\$ 394,705</b>	<b>\$ 123,584</b>	<b>\$ 7,416</b>	<b>\$ 172,865</b>	<b>\$ 738,887</b>	<b>\$ 1,929,368</b>

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.

## 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.

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 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 in the fiscal years ended June 30, 2022 and 2023, and the City has implemented the provisions of GASB Statement No. 99 that are effective as of July 1, 2023, in this annual report.

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 statements for reporting period beginning after June 15, 2023. The City has implemented GASB Statement No. 100 in this annual report.

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.

In December 2023, the GASB issued Statement No. 102, "Certain Risk Disclosure". The objective of the Statement is to provide users of government financial statements with essential information about risks related to a government's current vulnerabilities due to (1) certain concentrations and (2) certain constraints common in the governmental environment. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The City is evaluating the impact that adoption of this Statement will have on its financial statements.

In April 2024, the GASB issued Statement No. 103, "Financial Reporting Model Improvements". This Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The City is evaluating the impact that adoption of this Statement will have on its financial statements.

In September 2024, the GASB issued Statement No. 104, "Disclosure of Certain Capital Assets". This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The City is evaluating the impact that adoption of this Statement will have on its financial statements.

**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 had proceeds from its general obligation commercial paper. The amount borrowed is received in the governmental funds and increases fund balance.

Balances at June 30, 2024, were (in thousands):

Deferred outflows of resources	\$ 692,370
Deferred inflows of resources	<u>(1,407,395)</u>
	<u>\$ (715,025)</u>
Internal Service Fund total assets	\$ 103,939
Internal Service Fund liabilities	(56,394)
Allocation to Proprietary Funds	<u>(2,849)</u>
	<u>\$ 44,696</u>
Bonds and notes payable	\$ (3,286,048)
Arbitrage liability	(140)
Accrued interest	(43,097)
Compensated absences not reported at the fund level	(603,787)
Claims and judgments not reported at the fund level	(823,066)
Net pension liability (asset)	(1,381,609)
Lease liability	(66,557)
Subscription liability	(38,994)
Other post employment benefits obligation	<u>(1,748,576)</u>
	<u>\$ (7,991,874)</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**

Proceeds from issuance of debt 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, 2024, were (in thousands):

Debt issued:	
Public Improvement Bonds	\$ 271,300
Commercial paper	101,000
	<u>372,300</u>
Repayments:	
Payment to escrow	<u>(537,690)</u>
	<u>(537,690)</u>
Amortization of:	
Premium	<u>13,652</u>
Net adjustment	<u>13,652</u>
Total	<u>\$ (151,738)</u>

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	\$ 69,504
Ambulance fees earned but not available	95,950
Fines and forfeits earned but not available	2,179
Other (primarily storm water drainage fees) earned but not available	40,997
Total revenue not reported at fund level	<u>\$ 208,630</u>
Property taxes for prior periods	\$ (43,051)
Ambulance fees for prior periods	(82,980)
Fines and forfeits for prior periods	(2,855)
Other (primarily storm water drainage fees) earned but not available	(40,655)
Total revenue for prior period transactions	<u>\$ (169,541)</u>
Accrued interest	\$ (1,161)
Municipal Employees pension	122,347
Police Officers' pension	203,512
Firefighters' pension	82,632
Claims and judgments	(660,458)
Compensated absences	(35,051)
Other post employment benefits	61,628
Arbitrage liability	(117)
Total differences in accrued expenses	<u>\$ (226,668)</u>

**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, 2024, is as follows (in thousands):

	<b>Pooled Cash and Cash Equivalents</b>	<b>Pooled Investments</b>	<b>Total Pooled Cash and Investments</b>	<b>Non-Pooled Cash</b>	<b>Non-Pooled Investments</b>	<b>Total Cash and Investments</b>
<b>Governmental Funds:</b>						
General	\$ 325,175	\$ 151,862	\$ 477,037	\$ 90	\$ —	\$ 477,127
Debt Service	37,152	157,422	194,574	88	—	194,662
Capital Projects	95,885	402,571	498,456	—	—	498,456
Grants	4,762	—	4,762	1	—	4,763
ARPA Fiscal Recovery	67,763	—	67,763	—	—	67,763
Non-major:						
Health and Housing	28,874	99,866	128,740	—	—	128,740
Parks and Recreation	1,307	8,161	9,468	46	—	9,514
Public Safety	12,730	30,285	43,015	—	—	43,015
Public Works	77,247	256,089	333,336	2	—	333,338
Other Special Revenue	33,374	136,713	170,087	—	—	170,087
<b>Enterprise Funds:</b>						
Airport System	390,757	1,425,696	1,816,453	60,588	—	1,877,041
Convention & Entertainment	19,346	77,710	97,056	—	—	97,056
Combined Utility	452,526	1,720,426	2,172,952	62	—	2,173,014
<b>Internal Service:</b>						
Health Benefits	20,271	72,950	93,221	—	—	93,221
Long-term Disability	1,850	7,548	9,398	—	—	9,398
<b>Fiduciary:</b>						
Private-purpose Trust	—	—	—	384	7,349	7,733
<b>Total</b>	<b>\$ 1,569,019</b>	<b>\$ 4,547,299</b>	<b>\$ 6,116,318</b>	<b>\$ 61,261</b>	<b>\$ 7,349</b>	<b>\$ 6,184,928</b>

## B. Investments and Risk Disclosures

The following describes the investment positions of the City's operating funds as of June 30, 2024. The City held \$5.8 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.

### 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 98.6% of the City’s total pooled investable funds are held in this portfolio.

<b>Investments As Of June 30, 2024</b>	<b>Credit Quality Ratings <sup>(1)(2)</sup></b>	<b>Fair Value (in thousands)</b>	<b>WAM* (years)</b>
U.S. Treasury Securities	AAA	\$ 3,026,898	2.2
Govt. Agency Securities <sup>(3)</sup>	AAA	730,424	1.4
Govt. Agency Securities <sup>(3)(4)</sup>	Not Rated	133,321	0.6
Govt. Mortgaged Backed Securities <sup>(3)(4)</sup>	Not Rated	221,444	4.9
MMF - TexSTAR Cash Reserves	AAA Short Term	280,740	—
Commercial Paper	A-1/P-1 Short Term	1,017,244	0.1
Municipal Securities	AAA Long Term	159,424	1.1
Municipal Securities	AA Long Term	191,562	1.1
<b>Total Investments</b>		<b>\$ 5,761,057</b>	

\*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.
- (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, 2024, this investment portfolio’s WAM was 1.618 years. Modified duration was 1.504 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 1.504 years would experience approximately a 1.504% 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, 2024, 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, 2024, 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.

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

	Fair Value Measurements Using (in thousands)			
	June 30, 2024	(Level 1)	(Level 2)	(Level 3)
<b>Investments by fair value level</b>				
U.S. Treasury Securities	\$ 3,026,898	\$ 3,026,898	\$ —	\$ —
Govt. Agency Securities	863,745	—	863,745	—
Govt. Mortgage Backed Securities	221,444	—	221,444	—
Municipal Securities	350,986	—	350,986	—
Commercial Paper	1,017,244	—	1,017,244	—
Total Investment by Fair Value Level	<u>\$ 5,480,317</u>	<u>\$ 3,026,898</u>	<u>\$ 2,453,419</u>	<u>\$ —</u>
<b>Investments measured at net asset value (NAV)</b>				
MMF - TexSTAR Cash Reserves		280,740		
Total investments measured at the net asset value (NAV)		<u>280,740</u>		
Total investments measured at fair value and NAV		<u>\$ 5,761,057</u>		

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](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.

Investments as of June 30, 2024	Credit Quality Ratings	Fair Value (in thousands)	WAM (Days)
Municipal Securities	AAA Long Term	\$ 7,526	350

**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, 2024, the pool's dollar-weighted average maturity was 350 days or 0.959 years. Modified duration was 0.819 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, 2024, 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 Tax Exempt Pool's investment under the requirements of the fair value hierarchy follows:

	Fair Value Measurements Using (in thousands)			
	June 30, 2024	(Level 1)	(Level 2)	(Level 3)
<b>Investments by fair value level</b>				
Municipal Securities	\$ 7,526	\$ —	\$ 7,526	\$ —
<b>Total Investment by Fair Value Level</b>	<b>\$ 7,526</b>	<b>\$ —</b>	<b>\$ 7,526</b>	<b>\$ —</b>

**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.

Investments as of June 30, 2024	Credit Quality Ratings	Fair Value (in thousands)	WAM (Days)
U.S. Treasury Bills	F1+	\$ 7,976	21

**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, 2024, this investment portfolio's dollar-weighted average stated maturity was 21 days. Modified duration was 0.055 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, 2024, 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:

	Fair Value Measurements Using (in thousands)			
	June 30, 2024	(Level 1)	(Level 2)	(Level 3)
<b>Investments by fair value level</b>				
Debt Securities				
U.S. Treasury Bills	\$ 7,976	\$ 7,976	\$ —	\$ —
<b>Total Investment by Fair Value Level</b>	<b>\$ 7,976</b>	<b>\$ 7,976</b>	<b>\$ —</b>	<b>\$ —</b>

**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:

Investments as of June 30, 2024	Credit Quality Ratings	Fair Value (in thousands)	WAM (Days)
BlackRock Institutional Temporary Liquidity Fund:	AAA	\$ 60,563	41
Balances held for Consolidated Rental Car Facility operations, improvements, debt service			
First American U.S. Treasury Money Market Fund:	AAA	171	47
Balances held for commercial paper debt service			
<b>Total Miscellaneous Money Market Funds</b>		<b>\$ 60,734</b>	

**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, 2024, 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 (in thousands):

	<u>June 30, 2024</u>
<b>Investments measured at net asset value (NAV)</b>	
BlackRock FedFund-Institutional	\$ 60,563
First American U.S. Treasury MMF	171
<b>Total investment measured at net asset value (NAV)</b>	<u>\$ 60,734</u>

**5. Houston Foundation**

The Houston Foundation (the “Foundation”) consists of the Hill Trust. It is reported as a private-purpose trust fund (a fiduciary 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, 2024</u>	<u>Credit Quality Ratings</u>	<u>Fair Value (in thousands)</u>	<u>WAM (years)</u>
Cash and Equivalents	Not Rated	\$ —	N/A
Fixed Income	Not Rated	1,267	9.2
Equities	N/A	5,980	N/A
Tangible Assets	N/A	28	N/A
Total Assets		<u>\$ 7,349</u>	

**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 9.53 years. The WAM for the fixed income portfolio is 9.2 years, and the weighted average duration is 6.2 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, 2024, 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:

	<b>Fair Value Measurements Using (in thousands)</b>			
	<b>June 30, 2024</b>	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
<b>Investments by fair value level</b>				
Cash and Equivalents	\$ 74	\$ 74	\$ —	\$ —
Fixed Income	1,267	964	303	—
Equities	5,980	5,111	869	—
Tangible Assets	28	—	—	28
<b>Total Investment by Fair Value Level</b>	<b>\$ 7,349</b>	<b>\$ 6,149</b>	<b>\$ 1,172</b>	<b>\$ 28</b>

### 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.

#### Fair Value Disclosures:

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

<b>June 30, 2024</b>	<b>Fair Value Measurements Using</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Investments by fair value level</b>				
Global equity and inflation linked	\$ 1,185,723	\$ 1,180,685	\$ —	\$ 5,038
Fixed income	196,179	191,946	—	4,233
Short-term investment funds	109,519	—	109,519	—
Securities lending collateral arrangements	37,632	37,632	—	—
Total investment by fair value level	<u>1,529,053</u>	<u>\$ 1,410,264</u>	<u>\$ 109,519</u>	<u>\$ 9,271</u>
<b>Investments measured at NAV</b>				
Collective trusts	973,278			
Hedge funds	3,266			
Limited partnerships	1,856,945			
Total investments measured at NAV	<u>2,833,489</u>			
Total investments	<u>\$ 4,362,542</u>			

Details of investments measured at NAV at June 30, 2024, are as follows (in thousands):

	NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Global equity collective trusts	\$ 699,007	\$ —	Daily	< 1 month
Inflation linked collective trusts	109,240	—	Daily	< 1 month
Fixed income collective trusts	21,050	—	Daily	< 1 month
Real estate collective trust	143,983	—	Daily	< 1 month
Absolute return hedge funds	3,266	—	In liquidation	N/A
Inflation linked limited partnerships	251,877	229,631	N/A	N/A
Private equity limited partnerships	1,161,589	317,076	N/A	N/A
Private credit limited partnerships	168,040	279,263	N/A	N/A
Real estate limited partnerships	275,439	183,116	N/A	N/A
	<u>\$ 2,833,489</u>	<u>\$ 1,009,086</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 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, 2024, contained no concentration of investments in any one entity that represented 5% or more of the total investment portfolio, excluding passive index funds.

*Interest Rate Risk.* Duration is the measure of a bond prices 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, 2024, the following table shows HMEPS' investments by type, fair value and the effective duration rate (in thousands):

	Effective Duration	Domestic	International	Total
Collateralized mortgage obligations	3.4	\$ 3,344	\$ —	\$ 3,344
Corporate bonds	5.7	101,392	—	101,392
GNMA/FNMA/FHLMC	5.6	23,286	—	23,286
Government issues	8.2	21,909	2,125	24,035
Misc. receivable (auto/credit card)	1.2	6,002	—	6,002
Other ABS	N/A	800	—	800
Bank loan	N/A	37,321	—	37,321
Commingled funds	N/A	21,050	—	21,050
Total		<u>\$ 215,103</u>	<u>\$ 2,125</u>	<u>\$ 217,228</u>

*Credit Risk.* The quality ratings of investments in fixed income securities are set forth in HMEPS' Investment Policy Statement. All issues purchased by investment grade 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, 2024, are as follows (in thousands):

Quality Rating	Fair Value	Percentage
AAA	\$ 896	0.41 %
AA	2,671	1.23 %
A	5,812	2.68 %
BBB	23,887	11.00 %
BB	14,465	6.66 %
B	34,004	15.65 %
CCC	24,276	11.18 %
Commingled funds	21,050	9.69 %
Not available	90,168	41.51 %
<b>Total</b>	<b>\$ 217,228</b>	<b>100.00 %</b>

*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, 2024, 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, 2024 (in thousands):

	Fair Value of Underlying Securities Lent	Cash Collateral Received	Collateral Reinvestment Value
Domestic bond and equities	\$ 36,963	\$ 37,632	\$ 37,632
Total	\$ 36,963	\$ 37,632	\$ 37,632

*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, 2024, as follows (in thousands):

	<u>Fair Value</u>
Australian Dollar	\$ 7,755
Brazilian Real	5,515
Canadian Dollar	44,660
Danish Krone	9,311
Euro Currency	136,373
Hong Kong Dollar	12,115
Hungarian Forint	408
Indonesian Rupiah	2,280
Japanese Yen	42,544
Mexican Peso	1,831
New Taiwan Dollar	9,988
Norwegian Krone	259
Philippine Peso	889
Pound Sterling	53,844
Singapore Dollar	3,414
South African Rand	439
South Korean Won	4,306
Swedish Krona	17,989
Swiss Franc	14,645
Thailand Baht	219
Turkish Lira	1,022
Total	<u>\$ 369,805</u>

## 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, 2024	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
<b>Investments by fair value level</b>				
Short-term investment funds	\$ 102,668	\$ 102,668	\$ —	\$ —
Government securities	13,418	5,288	8,130	—
Corporate bonds	317,597	15,762	301,835	—
Convertible debt securities	3,117	—	3,117	—
Equity securities	4,757	4,757	—	—
Digital Assets	24,103	24,103	—	—
Inflation hedge securities	99,380	99,380	—	—
Private debt	25,229	25,229	—	—
Private equity - energy	1,075	—	—	1,075
Real estate	1,170	—	—	1,170
Total investment by fair value level	<u>592,513</u>	<u>\$ 277,187</u>	<u>\$ 313,081</u>	<u>\$ 2,245</u>
<b>Investments measured at NAV</b>				
Commingled investment funds	1,783,584			
Hedge funds	21,762			
Private debt funds	583,939			
Private equity funds	1,870,471			
Real estate funds	421,867			
Total investments measured at the NAV	<u>4,681,623</u>			
Total investments		<u>\$ 5,274,136</u>		

*Alternative Investments* – As of June 30, 2024, HFRRF was invested in various private equity funds as detailed in the table below (in thousands).

Investment Type	Fair Value
<i>Private Equity</i>	
Buyout partnerships/funds	\$ 861,286
Co-investments	285,735
Distressed debt partnerships/funds	65,635
Direct investments	1,075
Infrastructure partnerships/funds	144,933
Mixed strategies	92,564
Secondary partnerships/funds	206,573
Special situations investments	34,265
Venture capital partnerships/funds	179,480
Total	<u>\$ 1,871,546</u>

**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, 2024, 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, 2024, the following table shows HFRRF's investments by type, with weighted average maturity and fair value (amounts in thousands):

	<b>Weighted Average Maturity</b>	<b>Fair Value</b>
Commingled Funds	4.3	\$ 284,173
Non-U.S. Corporate	2.9	53,668
Taxable Municipals	26.9	1,391
U.S. Agencies	28.4	6,738
U.S. Collateralized	4.5	827
U.S. Convertibles	2.1	3,117
U.S. Corporate	2.5	273,394
U.S. Treasuries	20.7	5,288
Total Fixed Income Securities		\$ 628,596

*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.



HFRRF’s exposure to investment credit risk in fixed income securities (which includes government securities, corporate bonds, convertibles) as of June 30, 2024, is as follows (in thousands):

Quality Rating	Fair Value	Percentage of Holdings
AGY	\$ 6,738	0.13%
AAA	2,145	0.04%
AA1	716	0.01%
AA3	438	0.01%
A1	631	0.01%
A2	1,034	0.02%
A3	2,339	0.04%
BAA1	1,771	0.03%
BAA2	5,161	0.10%
BAA3	19,180	0.36%
BA1	24,794	0.47%
BA2	60,975	1.16%
BA3	71,621	1.36%
B1	53,390	1.01%
B2	31,620	0.60%
B3	22,995	0.44%
CAA1	285,790	5.42%
CAA2	2,337	0.04%
CA	651	0.01%
Not rated	28,982	0.55%
Total credit risk debt securities*	\$ 623,308	11.81%

\*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, 2024, is as follows (in thousands):

	Fair Value	Percentage of Holdings
Euro Currency Unit	\$ 291,458	5.53 %
Total securities subject to foreign currency risk	\$ 291,458	5.53 %

**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, 2024	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
<b>Investments by fair value level</b>				
Short-term investment funds	\$ 946,907	\$ (1,479)	\$ 948,386	\$ —
Fixed income	487,305	—	487,305	—
Domestic equities	6,351	6,351	—	—
Private equity	1,550,963	—	(996)	1,551,959
Real estate	771,144	—	(669)	771,813
Private credit	674,888	—	36,183	638,705
Foreign currency contracts	446	446	—	—
Total investment by fair value level	<u>4,438,004</u>	<u>\$ 5,318</u>	<u>\$ 1,470,209</u>	<u>\$ 2,962,477</u>
<b>Investments measured at NAV</b>				
Domestic equities commingled funds	1,326,124			
International equities commingled funds	1,165,550			
Fixed income commingled funds	455,483			
Hedge funds	371,408			
Total investments measured at the NAV	<u>3,318,565</u>			
Total investments measured at fair value		<u>\$ 7,756,569</u>		

*Alternative Investments* – As of June 30, 2024, HPOPS was invested in various partnerships, separate accounts and commingled funds across various types of alternative investments as detailed in the table below (in thousands).

Investment Type	Fair Value
<i>Private Equity</i>	
Leveraged Buyouts	\$ 1,131,987
Energy	131,604
Special Situations	173,468
Private Equity Secondaries	106,523
Venture Capital	7,381
<i>Other Alternatives</i>	
Real Estate	771,144
Private Credit	674,888
<i>Hedge Funds</i>	
Multi-strategy hedge funds	206,746
Long/short credit hedge funds	2,577
Long/short equity hedge funds	162,085
Total	<u>\$ 3,368,403</u>

**Risk Disclosures:**

*Custodial Credit Risk for Deposits and Investments.* As of June 30, 2024, HPOPS had a balance of \$484 thousand on deposit at a financial institution. The Federal Deposit Insurance Corporation (“FDIC”) covered cash on deposit up to \$250 thousand at this financial institution. Therefore, as of June 30, 2024, \$234 thousand of the \$484 thousand of HPOPS’ bank balance was exposed to custodial credit risk. At June 30, 2024, HPOPS did not have any other investments with other financial institutions subject to custodial credit risk.

*Credit Risk.* As of June 30, 2024, HPOPS’ fixed income assets that are not U.S. government guaranteed represented 100.0% 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, 2024 (in thousands).

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

<b>Fixed Income Security Type</b>	<b>Fair Value</b>	<b>Percent of Total</b>	<b>Weighted Average Credit Quality</b>
Corporate Bonds	\$ 449,405	23.8 %	BB
Corporate Convertible Bonds	37,900	2.0	BBB
Collective Investment Trusts	455,483	24.1	Not Rated
Short Term Investment Funds	946,907	50.1	Not Rated
Total	<u>\$ 1,889,695</u>	<u>100.0 %</u>	

**Ratings Dispersion Detail**

<b>Credit Rating Level</b>	<b>Corporate Bonds</b>	<b>Corporate Convertible Bonds</b>	<b>Collective Investment Trusts</b>	<b>Short Term Investment Funds</b>
BBB	\$ 37,488	\$ 2,490	\$ —	\$ —
BB	230,262	327	—	—
B	143,806	—	—	—
CCC	23,431	171	—	—
CC	—	327	—	—
C	248	—	—	—
D	351	—	—	—
Not Rated	13,819	34,585	455,483	946,907
Total	<u>\$ 449,405</u>	<u>\$ 37,900</u>	<u>\$ 455,483</u>	<u>\$ 946,907</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, 2024, 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, 2024, found in the tables below quantify the interest rate risk of HPOPS' fixed income and short-term investments.

**Modified Duration by Security Type**

<b>Security Type</b>	<b>Fair Value</b>	<b>Percent of Total</b>	<b>Weighted Average Modified Duration (years)</b>
Corporate Bonds	\$ 449,405	23.8 %	3.2
Corporate Convertible Bonds	37,900	2.0	2.9
Collective Investment Trusts	455,483	24.1	4.5
Short Term Investment Funds	946,907	50.1	0.1
Total	<u>\$ 1,889,695</u>	<u>100.0 %</u>	

**Modified Duration Analysis by Security Type**

<b>Corporate Bonds</b>	<b>Fair Value</b>	<b>Average Modified Duration</b>	<b>Contribution to Modified Duration</b>
Less than 1 year	\$ 41,651	0.6	0.1
1 to 5 years maturities	320,251	2.8	2.0
5 to 10 years maturities	80,962	5.2	0.9
Greater than 10 years maturities	6,541	10.3	0.2
Total	<u>\$ 449,405</u>		<u>3.2</u>

<b>Corporate Convertible Bonds</b>	<b>Fair Value</b>	<b>Average Modified Duration</b>	<b>Contribution to Modified Duration</b>
Less than 1 year	\$ 2,846	0.7	0.1
1 to 5 years maturities	33,785	2.9	2.6
5 to 10 years maturities	1,269	5.3	0.2
Greater than 10 years maturities	—	0.0	0.0
Total	<u>\$ 37,900</u>		<u>2.9</u>

<b>Collective Investment Trusts</b>	<b>Fair Value</b>	<b>Average Modified Duration</b>	<b>Contribution to Modified Duration</b>
Less than 1 year	\$ 3,846	4.6	0.0
1 to 5 years maturities	240,299	4.6	2.4
5 to 10 years maturities	182,846	4.6	1.8
Greater than 10 years maturities	28,492	4.6	0.3
Total	<u>\$ 455,483</u>		<u>4.5</u>

<b>Short Term Investment Funds</b>	<b>Fair Value</b>	<b>Average Modified Duration</b>	<b>Contribution to Modified Duration</b>
Less than 1 year	\$ 920,794	0.1	0.1
1 to 5 years maturities	26,113	0.1	0.0
Total	<u>\$ 946,907</u>		<u>0.1</u>

*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, 2024, the weighted-average maturity of the collateral pool was 13 days. The relationship between the maturities of the collateral pool and HPOPS' loans has not been determined. Cash collateral invested in the custodian bank collateral pool at June 30, 2024, was \$123.8 million. HPOPS also had non-cash collateral at June 30, 2024, of \$20.8 million consisting of U.S. 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, 2024, was \$140.8 million. At June 30, 2024, HPOPS had no credit risk exposure to borrowers because the amounts HPOPS owes the borrowers, \$144.6 million, exceeds the amounts the borrowers owe HPOPS, \$140.8 million.

*Foreign Currency Risk.* The books and records of HPOPS are maintained in U.S. dollars. Foreign currencies and non-U.S. 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.

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, and 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, 2024, 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
Euro	\$ (144,203)	\$ —	\$ 277,450	\$ 554	\$ —	\$ 133,801
Japanese yen	(93,050)	—	188,068	—	—	95,018
Canadian dollar	—	—	86,766	—	—	86,766
Chinese Yuan Renminbi	—	—	84,339	—	—	84,339
Swiss franc	—	—	80,193	—	—	80,193
Australian dollar	—	—	62,010	5,489	—	67,499
New Taiwan dollar	—	—	65,537	—	—	65,537
Indian rupee	—	—	64,848	—	—	64,848
British pound sterling	(64,510)	—	123,238	—	—	58,728
South korean won	—	—	41,007	—	—	41,007
Danish krone	—	—	32,965	—	—	32,965
HK offshore Chinese Yuan Renminbi	—	—	—	—	(32,050)	(32,050)
Swedish krona	—	—	26,781	—	—	26,781
Hong Kong dollar	—	—	14,734	—	—	14,734
Brazilian real	—	—	14,315	—	—	14,315
Singapore dollar	—	—	11,265	—	—	11,265
South African rand	—	—	9,991	—	—	9,991
Mexican peso	—	—	7,200	—	—	7,200
New Israeli shekel	—	—	6,114	—	—	6,114
Indonesian rupiah	—	—	5,337	—	—	5,337
Norwegian krone	—	—	4,919	—	—	4,919
Malaysian ringgit	—	—	4,621	—	—	4,621
Thai baht	—	—	4,472	—	—	4,472
United Arab Emirates dirham	—	—	3,728	—	—	3,728
Polish zloty	—	—	3,245	—	—	3,245
Qatari riyal	—	—	2,662	—	—	2,662
Turkish lira	—	—	2,659	—	—	2,659
Kuwaiti dinar	—	—	2,456	—	—	2,456
Philippine peso	—	—	1,749	—	—	1,749
Chilean peso	—	—	1,490	—	—	1,490
New Zealand dollar	—	—	1,463	—	—	1,463
Peruvian nuevo sol	—	—	1,028	—	—	1,028
Hungarian forint	—	—	819	—	—	819
Czech koruna	—	—	436	—	—	436
Colombian peso	—	—	350	—	—	350
Egyptian pound	—	—	236	—	—	236
	<u>\$ (301,763)</u>	<u>\$ —</u>	<u>\$ 1,238,491</u>	<u>\$ 6,043</u>	<u>\$ (32,050)</u>	<u>\$ 910,721</u>

*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, 2024, classified by type, and the changes in fair value of such derivative instruments for the year then ended is shown in the table below (in thousands).

	<b>Fair Value</b>				
	<b>Changes in Fair Value</b>	<b>Posted Margin</b>	<b>Collateral Held at Custodian Bank</b>	<b>Fair Value</b>	<b>Notional Value</b>
Equity Futures	\$ 161,581	\$ 68,285	\$ 668,233	\$ 742,893	\$ 1,299,496
Currency Futures	20,112	(42)	52,796	84,860	(301,771)
Currency Forwards	2,608	—	—	(32,051)	(32,051)
Fixed Income	(329)	—	—	—	—
Equity Options	(17,567)	—	106,466	6,339	1,903,625

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.

HPOPS' derivative instruments exposure to foreign currency risk in U.S. dollars as of June 30, 2024, is shown in the table below (in thousands).

### Foreign Currency Exposure for Derivatives

<b>Currency</b>	<b>Equity Derivatives</b>	<b>Currency Derivatives</b>	<b>Total</b>
Euro	\$ 28,894	\$ (144,211)	\$ (115,317)
Japanese yen	19,703	(93,050)	(73,347)
British pound sterling	12,911	(64,510)	(51,599)
HK offshore Chinese Yuan Renminbi	—	(32,050)	(32,050)
Swiss franc	8,401	—	8,401
Australian dollar	6,496	—	6,496
Danish krone	3,454	—	3,454
Swedish krona	2,806	—	2,806
Hong Kong dollar	1,544	—	1,544
Singapore dollar	1,180	—	1,180
New Israeli shekel	641	—	641
Norwegian krone	515	—	515
New Zealand dollar	153	—	153
Total	<u>\$ 86,698</u>	<u>\$ (333,821)</u>	<u>\$ (247,123)</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, 2024, are as follows (in thousands):

**Governmental Activities**

	General	Capital Projects	Nonmajor	Grants	Internal Service Fund	Total Governmental Activities
Receivables:						
Accounts	\$ 1,037,234	\$ 922	\$ 244,696	\$ 2,592	\$ 79	\$ 1,285,523
Property tax	100,202	—	—	—	—	100,202
Sales tax	146,759	—	—	—	—	146,759
Mixed beverage	3,981	—	—	—	—	3,981
Franchise	8,028	—	—	—	—	8,028
Special assessment	7,915	—	—	—	—	7,915
Due from other governments	58,253	10,980	95,582	222,143	9	386,967
Gross receivables	1,362,372	11,902	340,278	224,735	88	1,939,375
Less: allowance for doubtful accounts	(928,069)	(922)	(217,722)	—	(77)	(1,146,790)
Receivables, net	\$ 434,303	\$ 10,980	\$ 122,556	\$ 224,735	\$ 11	\$ 792,585

**Business-type Activities**

	Airport System	Convention and Entertainment	Combined Utility	Total Business-type Activities
Receivables:				
Accounts	\$ 38,065	\$ 531	\$ 642,448	\$ 681,044
Hotel occupancy tax	—	29,544	—	29,544
Due from other governments (current)	40,640	—	3,500	44,140
Due from other governments (non-current)	—	—	239,029	239,029
Gross receivables	78,705	30,075	884,977	993,757
Less allowance for doubtful accounts	(3,827)	(518)	(368,010)	(372,355)
Receivables, net	\$ 74,878	\$ 29,557	\$ 516,967	\$ 621,402

**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 \$120.3 million recorded in notes receivable, approximately \$116.8 million is not expected to be collected within one year. Included in the \$120.3 million is a loans receivable totaling \$32.5 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 2027 to 2030, with interest rates ranging from 1.34% to 2.134%. The remaining \$87.8 million note and loans receivables are related to Grants Fund and Special Revenue Funds totaling \$193.2 million, net of allowance for doubtful accounts of \$105.4 million. Those loans have maturity date from 2025 to 2062, with interest rates ranging from 0% to 7%. The \$87.8 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 organizations 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 \$670.3 million as of June 30, 2024.

**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 2023 tax year was \$0.51919 per \$100 of assessed value with \$0.38888 for operations and \$0.13031 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 27 active Tax Increment Reinvestment Zones ("TIRZs") as of June 30, 2024.

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	28	**Medical Center Area

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, the City Council reviews and approves each TIRZ budget for implementation of capital projects.

During the year ended June 30, 2024, the City contributed \$203 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 \$49.1 million to the TIRZs.

City of Houston TIRZ Interlocal Participation Agreements	
Taxing Jurisdiction	TIRZ Number
Harris County <sup>1,2</sup>	1, 2, 3, 5, 7, 8, 9, 10, 11, 13, 15, 24
Harris County Flood Control District <sup>1</sup>	3
Harris County Hospital District <sup>1</sup>	3
Harris County Port of Houston Authority <sup>1</sup>	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

<sup>1</sup> Included in the Harris County Interlocal Agreement

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

<sup>3</sup> Harris County Hospital District and Harris County Flood Control no longer participates in TIRZ No. 2 and 3

<sup>4</sup> Houston Independent School District no longer participates in TIRZ No. 5 and 19

\*\* These TIRZs are not a legally separated entity from the City or a component unit of the City. Activities of this 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 \$1,185,304, to seven businesses.

Company Name	Abatement Project Information	Investment Requirement	City's Abatement Commitments	Amount Eligible for Abatement (HCAD Value)	Tax abatement for Tax Year 2023 (COH tax rate - 0.51919%)
<b>BVSW Garden Oaks</b>	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.	\$ 10,006,665	\$ 51,954
<b>Brittmoore Founders District</b>	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.	\$ 23,090,815	\$ 119,885
<b>UPS</b>	The facility will be approximately 400,000 to 500,000 square feet comprising package handling and distribution center and ancillary office facilities.	\$ 5,900,000	City agrees to grant the Owner a seventy-five percent (75%) of the ad valorem taxes levied on the Improvements in the Zone.	\$ 86,073,078	\$ 446,883
<b>Halliburton</b>	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.	\$ 10,247,853	\$ 53,206

(continued)

Company Name	Abatement Project Information	Investment Requirement	City's Abatement Commitments	Amount Eligible for Abatement (HCAD Value)	Tax abatement for Tax Year 2023 (COH tax rate - 0.51919%)
<b>Kroger</b>	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.	\$ 11,135,135	\$ 57,813
<b>Cullen SH Apartments</b>	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.	\$ 38,536,608	\$ 200,078
<b>Converge Midstream Services (formerly Fairway Energy)</b>	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.	\$ 49,208,345	\$ 255,485

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**NOTE 6: CAPITAL ASSETS****A. Governmental Activities**

A summary of changes in capital assets for the year ended June 30, 2024, is as follows (in thousands):

	(Restated)				
	Balance July 01, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 572,361	\$ 12,202	\$ —	\$ 5,406	\$ 589,969
Right of way	1,865,029	1,327	—	3,575	1,869,931
Construction work in progress	941,929	359,595	—	(308,844)	992,680
Total capital assets not being depreciated	<u>3,379,319</u>	<u>373,124</u>	<u>—</u>	<u>(299,863)</u>	<u>3,452,580</u>
Depreciable capital assets:					
Buildings	1,487,977	1,124	(196)	39,590	1,528,495
Rights & intangibles - amortizable	17,278	517	(183)	12,347	29,959
Improvements and equipment	1,597,788	81,194	(31,636)	79,274	1,726,620
Infrastructure	8,495,242	60,354	(27,399)	168,652	8,696,849
Lease right-of-use assets:					
Land	168	—	(49)	—	119
Buildings	72,266	—	(13,892)	—	58,374
Equipment	12,411	2,933	(4,544)	—	10,800
Subscription right-of-use assets	75,167	3,409	(1,033)	—	77,543
Total other capital assets	<u>11,758,297</u>	<u>149,531</u>	<u>(78,932)</u>	<u>299,863</u>	<u>12,128,759</u>
Less accumulated depreciation and amortization for:					
Buildings	(662,095)	(39,681)	108	—	(701,668)
Rights and intangibles	(16,899)	(4,373)	183	—	(21,089)
Improvements and equipment	(1,141,090)	(82,348)	30,628	—	(1,192,810)
Infrastructure	(4,286,444)	(181,190)	26,591	—	(4,441,043)
Lease right-of-use assets:					
Land	(51)	(17)	49	—	(19)
Buildings	(14,352)	(5,221)	13,892	—	(5,681)
Equipment	(4,635)	(1,914)	4,544	—	(2,005)
Subscription right-of-use assets	(18,994)	(19,756)	1,033	—	(37,717)
Total accumulated depreciation and amortization	<u>(6,144,560)</u>	<u>(334,500)</u>	<u>77,028</u>	<u>—</u>	<u>(6,402,032)</u>
Depreciable capital assets, net	<u>5,613,737</u>	<u>(184,969)</u>	<u>(1,904)</u>	<u>299,863</u>	<u>5,726,727</u>
Governmental Activities capital assets, net	<u>\$ 8,993,056</u>	<u>\$ 188,155</u>	<u>\$ (1,904)</u>	<u>\$ —</u>	<u>\$ 9,179,307</u>

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**B. Business-type Activities**

A summary of changes in capital assets for the year ended June 30, 2024, is as follows (in thousands):

	Balance July 01, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
<b>Business-type Activities</b>					
Capital assets not being depreciated:					
Land	\$ 503,239	\$ 660	\$ —	\$ 1,842	\$ 505,741
Right of way	1,195	—	—	72	1,267
Rights and intangible - non-amortizable	866,455	—	—	58	866,513
Construction work in progress	3,319,330	935,573	—	(539,259)	3,715,644
Total capital assets not being depreciated	<u>4,690,219</u>	<u>936,233</u>	<u>—</u>	<u>(537,287)</u>	<u>5,089,165</u>
Depreciable capital assets:					
Buildings	3,941,621	3,274	(450)	87,461	4,031,906
Rights & intangibles - amortizable	15,329	194	—	—	15,523
Improvements and equipment	2,309,847	23,103	(19,624)	51,608	2,364,934
Infrastructure	12,909,599	27,639	(39,529)	398,218	13,295,927
Lease right-of-use assets:					
Land	—	—	—	—	—
Buildings	192	—	—	—	192
Equipment	103	—	—	—	103
Subscription right-of-use assets	5,254	108	—	—	5,362
Total other capital assets	<u>19,181,945</u>	<u>54,318</u>	<u>(59,603)</u>	<u>537,287</u>	<u>19,713,947</u>
Less accumulated depreciation and amortization for:					
Buildings	(2,290,613)	(104,664)	443	—	(2,394,834)
Rights and intangibles	(8,138)	(593)	—	—	(8,731)
Improvements and equipment	(1,678,730)	(80,457)	19,492	—	(1,739,695)
Infrastructure	(6,971,531)	(290,701)	37,622	—	(7,224,610)
Lease right-of-use assets:					
Land	—	—	—	—	—
Buildings	(165)	(27)	—	—	(192)
Equipment	(69)	(17)	—	—	(86)
Subscription right-of-use assets	(1,429)	(1,313)	—	—	(2,742)
Total accumulated depreciation and amortization	<u>(10,950,675)</u>	<u>(477,772)</u>	<u>57,557</u>	<u>—</u>	<u>(11,370,890)</u>
Depreciable capital assets, net	<u>8,231,270</u>	<u>(423,454)</u>	<u>(2,046)</u>	<u>537,287</u>	<u>8,343,057</u>
Business-type Activities capital assets, net	<u>\$ 12,921,489</u>	<u>\$ 512,779</u>	<u>\$ (2,046)</u>	<u>\$ —</u>	<u>\$ 13,432,222</u>

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**C. Depreciation and Amortization Expense**

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

<b>Governmental activities</b>	
General government	\$ 44,500
Public safety	34,141
Public works	11,072
Health	3,439
Housing	1,760
Parks and recreation	4,086
Library	54,312
Infrastructure	181,190
Total depreciation expense - governmental activities	<u>\$ 334,500</u>
 <b>Business-type activities</b>	
Airport System	\$ 170,747
Convention & Entertainment Facilities	12,827
Combined Utility System	294,198
Total depreciation expense - business-type activities	<u>\$ 477,772</u>

See Note 9 for further details and disclosures on leases, including regulated leases, and subscription-based information technology arrangements, as well as lease and subscription liabilities.

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**NOTE 7: 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. In addition, no commitments beyond the payments from United and maintenance of the tax-exempt status of the conduit debt obligation were extended by the City. At June 30, 2024, the bonds have an aggregate outstanding principal amount payable of approximately \$1.1 billion.

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.

	<b>(in thousands)</b>
	<b>June 30, 2024</b>
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	199,355
Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-1 (AMT), \$176,650,000 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 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
<b>Total Conduit Debt Outstanding</b>	<b>\$ 1,064,405</b>



On August 25, 2021, the City issued \$70.2 million and \$219.3 million 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 \$34.2 million 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%.

On June 29, 2020, the City issued \$47.5 million 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 \$66.9 million 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 \$90.7 million 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 \$46.4 million 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 \$176.7 million 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 \$308.7 million 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 \$113.3 million 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.



**NOTE 8: LONG-TERM LIABILITIES****A. General Long-Term Liabilities**

Changes in general long-term liabilities for the year ended June 30, 2024, are summarized as follows (in thousands):

	(Restated)				
	Balance July 01, 2023	Additions	Retirements/ Transfers	Balance June 30, 2024	Amounts Due within One Year
<b>Governmental Activities</b>					
Bonds and notes payable:					
General tax obligation debt	\$ 3,115,813	\$ 372,300	\$ (516,009)	\$ 2,972,104	\$ 203,305
Direct borrowing loans	40,429	—	(62)	40,367	8,848
HUD Section 108 loans	28,576	—	(752)	27,824	—
Plus premium (discount) on bonds	242,455	18,863	(15,565)	245,753	—
Total bonds and notes payable	<u>3,427,273</u>	<u>391,163</u>	<u>(532,388)</u>	<u>3,286,048</u>	<u>212,153</u>
Other liabilities:					
Claims and judgments	207,520	1,024,611	(357,512)	874,619	738,439
Compensated absences	573,476	105,755	(71,597)	607,634	125,937
Arbitrage rebate	23	117	—	140	25
Lease liability	69,758	2,933	(6,134)	66,557	6,330
Subscription liability	56,660	3,409	(21,075)	38,994	20,280
Total OPEB liability	1,578,305	229,461	(59,190)	1,748,576	55,282
Net pension liability	1,875,807	1,038,310	(1,532,085)	1,382,032	—
Total other liabilities	<u>4,361,549</u>	<u>2,404,596</u>	<u>(2,047,593)</u>	<u>4,718,552</u>	<u>946,293</u>
<b>Governmental Activities Long-Term Liabilities</b>	<u>\$ 7,788,822</u>	<u>\$ 2,795,759</u>	<u>\$ (2,579,981)</u>	<u>\$ 8,004,600</u>	<u>\$ 1,158,446</u>
<b>Discretely Presented Component Units:</b>					
Notes payable	\$ 636,095	\$ 133,103	\$ (178,919)	\$ 590,279	\$ 67,718
Bonds payable	820,819	17,044	(28,266)	809,597	54,719
Net pension liability (Note 10.C)	11,069	18,572	(3,386)	26,255	—
<b>Discretely Presented Component Units Long-Term Liabilities</b>	<u>\$ 1,467,983</u>	<u>\$ 168,719</u>	<u>\$ (210,571)</u>	<u>\$ 1,426,131</u>	<u>\$ 122,437</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.

	Balance July 01, 2023	Additions	Retirements/ Transfers	Balance June 30, 2024	Amounts Due within One Year
<b>Business-type activities</b>					
Bonds and notes payable:					
Airport System debt	\$ 2,475,286	\$ 756,050	\$ (678,783)	\$ 2,552,553	\$ 133,796
Convention and Entertainment debt	379,416	—	(28,532)	350,884	44,558
Combined Utility System debt	6,609,496	1,070,280	(1,247,197)	6,432,579	307,419
Long-term contracts - Combined Utility	413,161	—	(9,200)	403,961	9,538
Premiums, discounts amount	950,624	—	9,060	959,684	—
Total bonds and notes payable	<u>10,827,983</u>	<u>1,826,330</u>	<u>(1,954,652)</u>	<u>10,699,661</u>	<u>495,311</u>
Other liabilities:					
Claims and judgments	8,985	3,941	(1,592)	11,334	2,475
Compensated absences	36,615	19,619	(19,323)	36,911	19,616
Arbitrage rebate liability	866	5,228	(395)	5,699	1,550
Lease liability	63	—	(45)	18	10
Subscription liability	3,894	108	(1,538)	2,464	1,131
Total OPEB liability	195,661	28,550	(7,027)	217,184	6,811
Net pension liability	466,497	142,414	(195,267)	413,644	—
Total other liabilities	<u>712,581</u>	<u>199,860</u>	<u>(225,187)</u>	<u>687,254</u>	<u>31,593</u>
<b>Business-type activities Long-Term Liabilities</b>	<u>\$ 11,540,564</u>	<u>\$ 2,026,190</u>	<u>\$ (2,179,839)</u>	<u>\$ 11,386,915</u>	<u>\$ 526,904</u>
<b>Total Reporting Entity Long-Term Liabilities</b>	<u>\$ 20,797,369</u>	<u>\$ 4,990,668</u>	<u>\$ (4,970,391)</u>	<u>\$ 20,817,646</u>	<u>\$ 1,807,787</u>

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

	<u>Stated Interest Rate Range, %</u>	<u>Face Value Outstanding 07/01/2023</u>	<u>FY24 Issued/ Increased</u>
<b>General Tax Obligation Debt</b>			
Public improvement bonds	0.25 to 6.32	\$ 1,481,110	\$ 271,300
Pension obligations bonds	5.31 to 6.29	1,348,318	—
Commercial paper	0.12 to 10.00	275,400	101,000
Tax and revenue certificates of obligation	4.00 to 5.00	10,985	—
<b>Total General Tax Obligation Debt</b>		<u>\$ 3,115,813</u>	<u>\$ 372,300</u>
<b>State Energy Conservation (SECO) Loan</b>	2.00	<u>\$ 2,364</u>	<u>\$ —</u>
<b>Motorola Solutions, Inc. Loan</b>	6.48	<u>\$ 38,065</u>	<u>\$ —</u>
<b>HUD Section 108 Loans</b>		<u>\$ 28,576</u>	<u>\$ —</u>
<b>Revenue Bonded Debt</b>			
<b>Airport System</b>			
Subordinate lien revenue and refunding bonds	0.883 to 5.70	\$ 2,055,965	\$ 756,050
Special facility bonds	0.40 to 6.88	52,515	—
Pension obligations bonds	5.31	2,006	—
State Energy Conservation (SECO) Loans	2.00	14,800	—
Commercial paper	0.11 to 1.4	350,000	—
		<u>2,475,286</u>	<u>756,050</u>
<b>Convention and Entertainment Facilities</b>			
Senior lien hotel occupancy tax/parking facilities	1.12 to 5.75	376,627	—
Pension obligations bonds	5.31 to 6.29	2,789	—
		<u>379,416</u>	<u>—</u>
<b>Combined Utility System</b>			
Combined Utility System first lien bonds	0.34 to 5.50	5,461,445	870,280
Combined Utility System first lien bonds- direct placement	0.04 to 3.15	595,910	—
Water and Sewer System junior lien revenue bonds	5.46 to 5.50	34,342	—
Combined Utility System commercial paper	3.45 to 3.72	—	200,000
Combined Utility System subordinate lien bonds- direct placement	0.12 to 3.22	432,491	—
Pension obligations bonds	5.31 to 6.29	85,308	—
		<u>6,609,496</u>	<u>1,070,280</u>
<b>Long-Term Contracts-Water and Sewer System</b>			
Coastal Water Authority	0.69 to 4.69	44,570	—
Other long-term contracts	3.22 to 5.85	368,591	—
		<u>413,161</u>	<u>—</u>
<b>Total Revenue Bonded Debt and Long-Term Contracts, Primary Government</b>		<u>\$ 9,877,359</u>	<u>\$ 1,826,330</u>
<b>Total Bonds and Long-Term Contracts Payable, Primary Government</b>		<u>\$ 13,062,177</u>	<u>\$ 2,198,630</u>

(Continued)

(1) 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 outflows of resources.

(2) Adjustments consist of unamortized bond premiums, discounts, and capital appreciation bond accretions.

<b>FY24 Redeemed/ Refunded (1)</b>	<b>Face Value Outstanding 06/30/2024</b>	<b>Adjustments <sup>(2)</sup></b>	<b>Net Outstanding 06/30/2024</b>
\$ 192,390	\$ 1,560,020	\$ 245,671	\$ 1,805,691
29,829	1,318,489	—	1,318,489
285,400	91,000	—	91,000
8,390	2,595	82	2,677
<u>\$ 516,009</u>	<u>\$ 2,972,104</u>	<u>\$ 245,753</u>	<u>\$ 3,217,857</u>
<u>\$ 62</u>	<u>\$ 2,302</u>	<u>\$ —</u>	<u>\$ 2,302</u>
<u>\$ —</u>	<u>\$ 38,065</u>	<u>\$ —</u>	<u>\$ 38,065</u>
<u>\$ 752</u>	<u>\$ 27,824</u>	<u>\$ —</u>	<u>\$ 27,824</u>
\$ 318,695	\$ 2,493,320	\$ 217,875	\$ 2,711,195
8,870	43,645	—	43,645
—	2,006	—	2,006
1,218	13,582	—	13,582
350,000	—	—	—
<u>678,783</u>	<u>2,552,553</u>	<u>217,875</u>	<u>2,770,428</u>
28,312	348,315	181,921	530,236
220	2,569	—	2,569
<u>28,532</u>	<u>350,884</u>	<u>181,921</u>	<u>532,805</u>
998,720	5,333,005	465,377	5,798,382
27,015	568,895	—	568,895
4,766	29,576	92,098	121,674
200,000	—	—	—
12,795	419,696	—	419,696
3,901	81,407	—	81,407
<u>1,247,197</u>	<u>6,432,579</u>	<u>557,475</u>	<u>6,990,054</u>
4,515	40,055	2,413	42,468
4,685	363,906	—	363,906
<u>9,200</u>	<u>403,961</u>	<u>2,413</u>	<u>406,374</u>
<u>\$ 1,963,712</u>	<u>\$ 9,739,977</u>	<u>\$ 959,684</u>	<u>\$ 10,699,661</u>
<u>\$ 2,480,535</u>	<u>\$ 12,780,272</u>	<u>\$ 1,205,437</u>	<u>\$ 13,985,709</u>

## **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 (March and September); principal is payable in various amounts annually through March 1, 2043. At June 30, 2024, the public improvement bonds have an outstanding balance totaling \$1,560.0 million.

### **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, 2024, the pension obligation bonds have an outstanding balance totaling \$1,404.5 million.

### **3. General Obligation Commercial Paper**

The City currently has multiple General Obligation Commercial Paper Programs (“GO Commercial Paper”) with total authorization of \$975 million. The programs’ current issuance capacity is \$925 million, of which \$625 million is supported by credit facilities: GO Commercial Paper, \$200 million Series E Program, \$200 million Series G Program, \$100 million Series H-2 Program, \$125 million Series J. The GO Commercial Paper may be issued for a period not to exceed 270 days and will bear interest based upon the specified term of the GO Commercial Paper, but not to exceed 10%. Principal on the GO Commercial Paper 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 GO Commercial Paper are used to finance various capital projects and public improvements for authorized City purposes. Upon maturity, the GO Commercial Paper will be remarketed by the commercial paper dealers or extinguished with long-term debt. At June 30, 2024, \$91.0 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 2024, the average interest rate for the outstanding GO Commercial Paper was 3.6298%. 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 2024. 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 2024. 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 9, 2027, Series G-2 on November 19, 2025, Series H-2 on September 27, 2028, Series J on May 21, 2026, Series K-1 on December 31, 2030, and Series K-2 on December 31, 2030.

### **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, 2024, the certificates of obligation bonds have an outstanding balance totaling \$2.6 million.

## 5. Direct Borrowing Loans

### SECO Loan

During the year ended June 30, 2022, the City began to borrow and incur interest on a loan 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 City entered into a reimbursement loan agreement in the amount of \$2.3 million with SECO, with a SECO-approved list of projects, which have been completed during fiscal year 2024, and the initial repayment to commenced shortly thereafter. At June 30, 2024, the outstanding loan balance was \$2.3 million.

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, 2024, the City is in compliance with terms and conditions of these loan agreements.

### Motorola Solutions, Inc. Loan

During the year ended June 30, 2023, the City entered into an installment payment agreement (the “Motorola Note”) with Motorola Solutions, Inc. (“Motorola”) to finance the purchase for certain communication equipment totaling approximately \$48.1 million. The payment term of the Motorola Note includes a \$10.0 million down payment due January 1, 2023 and five \$8.6 million annual payments starting on August 1, 2024. After the first install payment, an interest rate of 6.478% per annum is applied to the outstanding balance. At June 30, 2024, the outstanding loan balance was \$38.1 million.

There are no unique default provisions or collateral pledged. In the event of default, such as failing to make timely payments in accordance with the agreement, the outstanding balance, including accrued interest, may become due immediately, and the City would be required to transfer the title to the equipment and deliver the equipment to Motorola. In addition, the City has the option to early terminate the Motorola Note with a 30-day notice. Upon exercising the early termination option, the remaining balance on the Motorola Note becomes due immediately.

## 6. 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.

## 7. Airport System Revenue Bonds

At June 30, 2024, 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 for the Airport System, 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, 2024, the subordinate lien revenue bonds have an outstanding balance totaling \$2,493.3 million with a final maturity in 2048.

## 8. Airport System Inferior Lien Contract

On October 21, 2015, the City authorized up to \$450.0 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 expire February 5, 2027, for the issuance of \$450.0 million in Inferior Lien Revenue Bonds. City Council must reauthorize this liquidity arrangement annually. For the year ended June 30, 2024, no Inferior Lien Revenue Bonds have been issued and outstanding.

## 9. Airport System Special Facility Bonds

The Airport System Special Facilities Taxable Revenue Bonds, (CRCF Project), Series 2001, original par value \$130.3 million, 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, 2024, 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 any general revenue of the City.

At June 30, 2024, special facilities revenue and refunding bonds (CRCF) outstanding totaled \$43.6 million.

## 10. 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 (“Airport Commercial Paper”). On November 20, 2013, the City re-authorized and amended the Series A and B Airport 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 Airport 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, 2024, there was no outstanding balance for the Airport Commercial Paper.

## 11. 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 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, which have been completed during fiscal year 2022, and the initial repayment to commenced shortly thereafter.

Loan No. 1 has a maximum amount of \$8.0 million is to be repaid over approximately ten years. Loan No. 2 has a maximum amount of \$7.5 million, and similar terms to Loan No. 1. The replacement projects were completed during the fiscal year ended June 30, 2022. At June 30, 2024, the Airport System has a total of \$13.6 million loan balance outstanding.

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, 2024, the Airport System is in compliance with terms and conditions of these loan agreements.



## 12. 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 HOT at a rate not less than 7%. The City currently levies HOT at the rate of 7%. Final maturity of the bonds is September 1, 2044. At June 30, 2024, the facilities revenue bonds have an outstanding balance totaling \$488.9 million.

Flexible Rate Notes from direct borrowings are paid from a lien on the pledged receipts of the HOT, as of June 30, 2024, Flexible Rate Notes totaled \$18 million and contain a provision that in an event of default, outstanding amounts are due immediately.

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.

## 13. 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, prior to the Master Ordinance for the Combined Utility (the “Utility Master Ordinance”). The Utility Master Ordinance defines “Previous Ordinance” as, collectively, the City’s ordinances that authorized the issuance of outstanding “Previous Ordinance Bonds.” “Previous Ordinance Bonds” are defined as, on any date, all of the City’s Water and Sewer System Junior Lien Revenue Bonds that are outstanding under the Previous Ordinance.

On September 3, 2003, City Council authorized creation of the Combined Utility, which currently consist of the City’s Water and Sewer System. On June 10, 2004, as part of the restructuring to the new Combined Utility, the City refunded a substantial portion of its outstanding junior lien bonds and reissued bonds as Combined Utility System bonds. The only Previous Ordinance Bonds that are currently outstanding are the Series 1998A Bonds. Debt service payments on remaining Water and Sewer Junior Lien Revenue Bonds (“WS Junior Lien Bonds”) will be made after payment of operating expenses and prior to any “other” debt service payments on the Combined Utility System bonds. The final maturity date for the remaining WS Junior Lien Bonds is December 1, 2028. No additional WS Junior Lien Bonds may be issued. As of June 30, 2024, the current principal balance outstanding is \$29.6 million.

## 14. Combined Utility System First Lien Revenue Bonds

On April 21, 2024, the City council approved the Utility Master Ordinance for issuance of City of Houston, Combined Utility System Revenue obligations. The Utility Master Ordinance includes covenants and agreements relating to the operation and management of the Combined Utility. The Combined Utility’s First Lien Revenue Bonds are special obligations of the City, payable from and secured by a lien on Net Revenues of the Combined Utility, 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 WS Junior Lien Bonds. Therefore, the lien on Net Revenues securing these bonds is subordinate to the lien securing WS Junior Lien Bonds. So long as any Bonds remain outstanding, the Utility Master Ordinance requires the Combined Utility to generate Net Revenues in each fiscal year 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, 2024, the Combined Utility System First Lien Revenue Bonds have an outstanding balance totaling \$5,333.0 million.

In June 2004, the Combined Utility issued First Lien Revenue Refunding Bonds, Series 2004B and 2004C (Taxable) bonds as auction rate securities, each consisting of various sub-series, i.e., Series 2004B-1 through 2004B-6 and Series 2004C-1 through 2004C-5. In 2008, as a result of the credit/liquidity crisis, the series 2004B bonds were converted to variable rate demand bonds. In 2012, the Series 2004B-1 bonds were refunded by SIFMA Index Floating Rate Bonds, consisting of \$125 million and \$100 million of First Lien Revenue Refunding Bonds, Series 2012A and 2012B, respectively. In June 2018, the Series 2012B bonds were remarketed as variable rate demand bonds (“VRDB”) and continue to remain outstanding as VRDBs. In 2020, the Series 2012A were remarketed as VRDBs and continue to remain outstanding as such. The remaining Series 2004B-2, B-3, B-4, B-5, and B-6 remain outstanding as VRDBs.

With respect to the Series 2004C bonds, in May 2008, these bonds were refunded by \$249.08 million of First Lien Revenue Refunding Bonds, Series 2008A and \$205.3 million first Lien Revenue Refunding Bonds, Series 2008D Bonds (Taxable), both of which were issued as adjustable rate bonds in multiple subseries. The Series 2008D-1, D-2, and D-3 sub-series have since been refunded with fixed rate bonds. In 2010, the Series 2008A-1 and A-2 bonds were refunded by the Series 2010B bonds, which were direct purchase adjustable rate bonds issued in the Indexed Floating Rate mode, with a mandatory date of tender (“MDT”) of March 22, 2013. In 2012, the Series 2010B bonds were refunded by the Series 2012C bonds, which were publicly offered Securities Industry and Financial Markets Association (“SIFMA”) Index Floating Rate Bonds with a MDT of August 1, 2016. In 2016, the Series 2012C bonds were refunded by the Series 2016C bonds, which were a direct purchase by Bank of America Merrill Lynch. The 2016C bonds were issued as adjustable rate bonds with a MDT of August 1, 2019. In 2018, as a direct result of tax reform and the decrease in the corporate tax rate, the 2016C were refunded by the Series 2018C bonds, which as of June 30, 2024 are VRDBs.

Combined Utility System Direct Placement First Lien Revenue Bonds

In prior years, the City issued direct placement first lien revenue bonds facilitated by the Texas Water Development Board (“TWDB”) through their Clean Water State Revolving Fund (“CWSRF”) and Drinking Water State Revolving Fund (“DWSRF”). Direct placement debt with TWDB is offered at subsidized interest rates for qualified water and wastewater projects. As of June 30, 2024, the current principal balance outstanding totaled \$568.9 million.

Proceeds are used to pay for projects, a debt service reserve fund and to pay costs of issuance of the Bonds. The bonds were issued beginning in 2011 and mature in varying amounts through 2049.

The direct placement first lien revenue bonds contain no unique default provisions, payment provisions, or collateral pledged. 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, 2024, the City is in compliance with terms and conditions of these loan agreements.

**15. 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, 2024
\$ 902,400,000	\$ (12,518,271)	\$ 85,941,544
	(Deferred Outflows)	(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.

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, 2024, 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 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.

As of July 1, 2023, the ICE Benchmark Administration ceased publishing any LIBOR setting using the methodology in place as of December 31, 2021. As a result, as of July 1, 2023, LIBOR is no longer an appropriate benchmark interest rate for a derivative instrument that hedges the interest rate risk of taxable debt for purposes of GASB Statement No. 53. The agreements have been amended in July 2023 to reflect this change.

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, 2024, 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 8.D.

**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 \$653.3 million, 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 U.S. 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, 2024, the effective rate on the 2004B Bonds associated with the swap was computed as follows:

	<u>Amended Terms</u>	<u>Rate (%) Received (Paid)</u>
	10YR SOFR x	
Variable rate payment from counterparties	58.55%	2.4546
Swap Receipt		2.4546
Fixed rate paid to counterparties		(3.7784)
Net rate (paid)/received for swap		(1.3238)
Year-end variable rate on 2004B bonds, year-end		(3.5114)
Plus: dealer and credit fees on 2004B bonds		(0.5004)
Effective rate of the 2004B bonds		<u>(5.3356)</u>

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 \$66.5 million on June 30, 2024. 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. The fair value is recorded on the balance sheet of the Combined Utility 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.

<u>Counterparty</u>	<u>Notional Amount</u>	<u>GAAP Fair Value</u>	<u>Counterparty Rating (Moody's /S&amp;P/Fitch)</u>
Goldman Sachs	\$ 353,325,000	\$ (35,950,547)	A1/A+/A+
JP Morgan Chase	150,000,000	(15,262,385)	Aa2/A+/AA
Wells Fargo	150,000,000	(15,248,751)	Aa2/A+/AA-
Total	<u>\$ 653,325,000</u>	<u>\$ (66,461,683)</u>	

#### **b. Combined Utility System Forward Interest Rate Swap**

Combined Utility System Forward Starting Swap. On November 1, 2005, the City entered into a forward interest rate swap transaction with RBC. The City pre-qualified eight firms to submit competitive bids on the swap. RBC submitted the lowest fixed rate bid of 3.761% and was selected. 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 \$249.1 million, and it will receive variable payments based on 70% of One-Month U.S. 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, 2024, the effective rate on the 2018C Bonds associated with the swap was computed as follows:

	<u>Initial Terms</u>	<u>Amended Terms</u>	<u>RATE (%) Received (Paid)</u>
Variable rate payment from counterparties		10YR SOFR x 58.55%	2.4546
Swap Receipt			2.4546
Fixed rate paid to counterparties	Fixed		(3.7610)
Net rate (paid)/received for swap			(1.3064)
Year-end variable rate on 2018C bonds			(3.5090)
Plus: dealer and credit fees on 2018C bonds			(0.5004)
Effective rate of 2018C bonds			<u>(5.3158)</u>

*Fair value.* The swap had a reported negative fair value of \$19.5 million on June 30, 2024. The fair value is recorded on the balance sheet of the Combined Utility 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.

<u>Counterparty</u>	<u>Notional Amount</u>	<u>GAAP Fair Value</u>	<u>Counterparty Rating (Moody's /S&amp;P/Fitch)</u>
Wells Fargo	\$ 249,075,000	\$ (19,479,860)	Aa2/A+/AA-

**16. Combined Utility System Commercial Paper**

Effective December 17, 2009, the City established a \$700 million Series B Commercial Paper Note program (the "Utility Commercial Paper") that provides for the issuance of Utility Commercial Paper notes to finance costs of eligible projects, including acquisition, construction, improvements and additions or extension for the Combined Utility, and pay costs of issuance. Effective May 17, 2023, the City amended and restated the Series B Ordinance authorizing for issuance \$1 billion of Utility Commercial Paper notes. The program is structured as a revolving commercial paper note program, whereby the Utility Commercial Paper may be issued for a period that does not exceed 270 days and the maximum interest rate may not exceed 10%. The Utility Commercial Paper are issued as third lien obligations and are payable from and secured by a lien on Net Revenues of the Combined Utility which is subordinate to the lien securing payment of First Lien Bonds. The Combined Utility's outstanding notes from credit agreements contain a two – four-year repayment provision in the event of default or material adverse change.

A portion of the Utility Commercial Paper, in the amount of \$475 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, SMBC, acting through its New York Branch (Series B-3) with an expiration date of January 10, 2025, PNC Bank, N.A. (Series B-4) with an expiration date of July 12, 2025, and JPMorgan (Series B-7) with an expiration date of May 30, 2025. The Series B-7 (\$100 million of principal) was established within the amended and restated ordinance of May 2023. As of June 30, 2024, the Combined Utility has no outstanding in Series B commercial paper notes.

The remaining \$525.0 million exists as 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. During FY23, the City amended and restated the Supplemental Ordinance authorizing the issuance of Series B-2 ECP notes in the aggregate principal amount not to exceed \$275 million outstanding at any time and provide for the issuance of Series B-2 notes through December 15, 2039. 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 Combined Utility, 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 Combined Utility.

### **17. Combined Utility Subordinate Liens- Direct Placement**

In December 2015 (2015E) and December 2016 (2016D), the City closed on a Texas Water Development Board “TWDB” direct placement 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, General Purpose Fund. The annual debt service payments began in May 2016 and May 2017, respectively. As of June 30, 2024, \$5,255,000 and \$11,865,000 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 years 2047 and 2048, respectively. As of June 30, 2024, \$12,990,000 of principal has been paid for 2017C and \$13,635,000 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, 2024, \$20,475,000 of principal was paid for this bond. This bond matures in fiscal year 2049. A new SWIFT loan was issued in November 2020 (2020E) for \$38,000,000. As of June 30, 2024, \$3,365,000 of principal was paid for this bond. This bond matures in fiscal year 2050. The outstanding debt for Subordinate Lien as of June 30, 2024 is \$419.7 million.

The direct placement subordinate lien bonds contain no unique default provisions, payment provisions, or collateral pledged. 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, 2024, the City is in compliance with terms and conditions of these loan agreements.

### **18. Coastal Water Authority (“CWA”)**

The contract payable relating to CWA represents the outstanding balance of \$40.1 million at June 30, 2024, 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 Combined Utility 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 Water Infrastructure Fund ("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, 2024, 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 \$14,900,000 as of June 30, 2024) and \$5,115,000 of Series 2010 WIF Loan (maturing in 2030, outstanding principal balance of \$2,960,000 as of June 30, 2024). The annual debt service payments for the State Participation Loan started in fiscal year 2015, Series 2009 started in fiscal year 2019 and Series 2010 WIF Loan started in fiscal year 2020.

In fiscal year 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 fiscal year 2019 and their maturity is in 2050 and 2051, respectively. Additionally in fiscal year 2018, two new 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 fiscal year 2019. This bond matures in 2052. The annual debt service payments for the \$24.1 million bond started in fiscal year 2018, with a current outstanding principal balance of \$19,780,000 as of June 30, 2024. 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 interest during 2009-2020 rolled into principal to be amortized over the next 20 years. As of June 30, 2024, the current principal balance is \$13.9 million.

## **19. Other Contracts**

### U.S. Army Corps of Engineers

Payments on the following contracts will be made only after the Combined Utility has funded all maintenance and operation costs and debt service payments for the Combined Utility, 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, 2024, is \$7.8 million.

**D. Schedule for Debt Service Requirements to Maturity:**

Aggregate future debt service payments to maturity as of June 30, 2024, 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
2025	\$ 168,040	\$ 68,514	\$ 32,670	\$ 59,764
2026	154,070	61,346	35,697	58,034
2027	159,290	54,102	38,903	56,151
2028	164,880	46,987	42,311	54,109
2029	126,590	39,373	53,454	51,888
2030-2034	387,425	132,067	289,040	210,739
2035-2039	225,410	65,567	294,795	140,003
2040-2044	148,675	22,282	305,542	82,084
2045-2049	24,390	2,622	226,077	18,313
2050-2052	1,250	—	—	—
Total	<u>\$ 1,560,020</u>	<u>\$ 492,860</u>	<u>\$ 1,318,489</u>	<u>\$ 731,085</u>

Year Ending June 30	General Obligation Commercial Paper		Tax and Revenue Certificates of Obligation	
	Principal	Interest	Principal	Interest
2025	\$ —	\$ 4,036	\$ 2,595	\$ 130
2026	24,000	3,347	—	—
2027	50,000	784	—	—
2028	—	725	—	—
2029	17,000	177	—	—
2030-2034	—	—	—	—
2035-2039	—	—	—	—
2040-2044	—	—	—	—
2045-2049	—	—	—	—
2050-2052	—	—	—	—
Total	<u>\$ 91,000</u>	<u>\$ 9,069</u>	<u>\$ 2,595</u>	<u>\$ 130</u>

Year Ending June 30	Total Future Requirements		
	Principal	Interest	Total Future Requirements
2025	\$ 203,305	\$ 132,444	\$ 335,749
2026	213,767	122,727	336,494
2027	248,193	111,037	359,230
2028	207,191	101,821	309,012
2029	197,044	91,438	288,482
2030-2034	676,465	342,806	1,019,271
2035-2039	520,205	205,570	725,775
2040-2044	454,217	104,366	558,583
2045-2049	250,467	20,935	271,402
2050-2052	1,250	—	1,250
Total	<u>\$ 2,972,104</u>	<u>\$ 1,233,144</u>	<u>\$ 4,205,248</u>



**2. Direct Borrowing Loans:**

Year Ending June 30	SECO Loan		
	Principal	Interest	Total Future Requirements
2025	\$ 251	\$ 44	\$ 295
2026	256	39	295
2027	261	34	295
2028	267	29	296
2029	272	23	295
2030-2034	995	38	1,033
<b>Total</b>	<b>\$ 2,302</b>	<b>\$ 207</b>	<b>\$ 2,509</b>

Year Ending June 30	Motorola Solutions, Inc. Loan		
	Principal	Interest	Total Future Requirements
2025	\$ 8,597	\$ —	\$ 8,597
2026	6,689	1,908	8,597
2027	7,122	1,475	8,597
2028	7,583	1,014	8,597
2029	8,074	523	8,597
<b>Total</b>	<b>\$ 38,065</b>	<b>\$ 4,920</b>	<b>\$ 42,985</b>

**3. HUD Section 108 Loans:**

Year Ending June 30	HUD Section 108 Loans		
	Principal	Interest	Total Future Requirements
2025	\$ —	\$ 1,088	\$ 1,088
2026	290	1,485	1,775
2027	300	1,474	1,774
2028	23,010	489	23,499
2029	322	152	474
2030-2034	3,372	542	3,914
2035-2039	530	71	601
<b>Total</b>	<b>\$ 27,824</b>	<b>\$ 5,301</b>	<b>\$ 33,125</b>

4. 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
2025	\$ 44,323	\$ 31,326	\$ 235	\$ 160	\$ 44,558	\$ 31,486
2026	26,177	30,572	250	145	26,427	30,717
2027	26,166	30,596	270	129	26,436	30,725
2028	26,135	30,598	285	112	26,420	30,710
2029	25,960	30,756	333	94	26,293	30,850
2030-2034	131,829	151,671	1,196	159	133,025	151,830
2035-2039	41,820	10,162	—	—	41,820	10,162
2040-2044	21,575	2,981	—	—	21,575	2,981
2045-2049	4,330	87	—	—	4,330	87
Total	\$ 348,315	\$ 318,749	\$ 2,569	\$ 799	\$ 350,884	\$ 319,548

Year Ending June 30	Airport System Senior Lien Commercial Paper		Airport System Subordinate Lien Revenue Bonds	
	Principal	Interest	Principal	Interest
2025	\$ —	\$ —	\$ 122,925	\$ 107,168
2026	—	—	126,350	103,577
2027	—	—	141,675	99,203
2028	—	—	146,800	93,930
2029	—	—	144,940	88,002
2030 - 2034	—	—	731,890	330,366
2035 - 2039	—	—	340,565	216,777
2040 - 2044	—	—	284,865	138,452
2045 - 2049	—	—	279,485	76,136
2050 - 2054	—	—	173,825	22,521
Total	\$ —	\$ —	\$ 2,493,320	\$ 1,276,132

Year Ending June 30	Airport System Pension Obligations		Airport System Special Facility Bonds-Rental Car Facility	
	Principal	Interest	Principal	Interest
2025	\$ —	\$ 107	\$ 9,630	\$ 3,003
2026	—	107	10,445	2,340
2027	—	106	11,315	1,622
2028	—	107	12,255	843
2029	293	106	—	—
2030 - 2034	1,334	282	—	—
2035 - 2039	379	20	—	—
2040 - 2044	—	—	—	—
2045 - 2049	—	—	—	—
2050 - 2054	—	—	—	—
Total	\$ 2,006	\$ 835	\$ 43,645	\$ 7,808

Year Ending June 30	SECO Direct Borrowing		Airport System Total Future Requirements		
	Principal	Interest	Principal	Interest	Total
2025	\$ 1,241	\$ 262	\$ 133,796	\$ 110,540	\$ 244,336
2026	1,266	237	138,061	106,261	244,322
2027	1,292	212	154,282	101,143	255,425
2028	1,318	186	160,373	95,066	255,439
2029	1,345	159	146,578	88,267	234,845
2030 - 2034	5,395	409	738,619	331,057	1,069,676
2035 - 2039	1,725	53	342,669	216,850	559,519
2040 - 2044	—	—	284,865	138,452	423,317
2045 - 2049	—	—	279,485	76,136	355,621
2050 - 2054	—	—	173,825	22,521	196,346
<b>Total</b>	<b>\$ 13,582</b>	<b>\$ 1,518</b>	<b>\$ 2,552,553</b>	<b>\$ 1,286,293</b>	<b>\$ 3,838,846</b>

Year Ending June 30	Water and Sewer Jr. Lien Revenue Bonds		Combined Utility System Revenue Bonds		Combined Utility System Revenue Bonds - Direct Placement		Combined Utility System Swap Agreement
	Principal	Interest	Principal	Interest	Principal	Interest	Net Swap Payment
2025	\$ 4,274	\$ 13,716	\$ 260,560	\$ 226,013	\$ 25,415	\$ 7,252	\$ 16,005
2026	4,085	14,070	271,805	212,217	25,615	7,055	16,005
2027	6,567	24,248	270,615	200,134	25,855	6,836	16,005
2028	6,219	24,591	282,825	187,945	26,100	6,596	16,018
2029	8,431	35,664	282,515	176,773	26,385	6,337	15,782
2030-2034	—	—	1,802,870	674,659	136,530	27,172	42,269
2035-2039	—	—	1,066,875	330,906	134,850	18,224	—
2040-2044	—	—	551,545	169,657	120,265	7,658	—
2045-2049	—	—	408,245	68,702	46,300	1,190	—
2050-2054	—	—	123,565	12,662	1,580	—	—
2055-2059	—	—	11,585	304	—	—	—
<b>Total</b>	<b>\$ 29,576</b>	<b>\$ 112,289</b>	<b>\$ 5,333,005</b>	<b>\$ 2,259,972</b>	<b>\$ 568,895</b>	<b>\$ 88,320</b>	<b>\$ 122,084</b>

Year Ending June 30	Combined Utility System Subordinate Lien - Direct Placement		Combined Utility System Pension Obligations	
	Principal	Interest	Principal	Interest
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	13,630	10,532	5,184	3,319
2029	13,885	10,269	6,051	3,013
2030-2034	74,255	46,446	23,989	9,610
2035-2039	84,660	35,997	9,431	5,736
2040-2044	97,890	22,685	12,953	3,646
2045-2049	94,130	6,861	10,264	831
2050-2054	1,696	21	—	—
<b>Total</b>	<b>\$ 419,696</b>	<b>\$ 165,798</b>	<b>\$ 81,407</b>	<b>\$ 37,753</b>

Year Ending June 30	Combined Utility System Total Future Requirements			
	Principal	Interest	Net Swap Payment	Total Future Requirements
2025	\$ 307,419	\$ 262,313	\$ 16,005	\$ 585,737
2026	319,188	248,215	16,005	583,408
2027	321,269	245,598	16,005	582,872
2028	333,958	232,983	16,018	582,959
2029	337,267	232,056	15,782	585,105
2030-2034	2,037,644	757,887	42,269	2,837,800
2035-2039	1,295,816	390,863	—	1,686,679
2040-2044	782,653	203,646	—	986,299
2045-2049	558,939	77,584	—	636,523
2050-2054	126,841	12,683	—	139,524
2055-2059	11,585	304	—	11,889
<b>Total</b>	<b>\$ 6,432,579</b>	<b>\$ 2,664,132</b>	<b>\$ 122,084</b>	<b>\$ 9,218,795</b>

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

Year Ending June 30	Maintenance and Operation Lien		U.S. Army Corps of Engineers		CWA Luce Bayou	
	Principal	Interest	Principal	Interest	Principal	Interest
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	2,555	823	182	233	3,560	2,577
2029	2,685	719	188	227	3,660	2,475
2030-2034	14,800	2,142	1,034	1,042	3,335	9,229
2035-2039	3,315	66	1,213	864	8,220	5,133
2040-2044	—	—	1,421	656	10,305	2,993
2045-2049	—	—	1,665	412	7,419	532
2050-2054	—	—	1,536	126	—	—
Total	<u>\$ 40,055</u>	<u>\$ 7,549</u>	<u>\$ 7,752</u>	<u>\$ 4,293</u>	<u>\$ 46,614</u>	<u>\$ 30,707</u>

Year Ending June 30	CWA Luce Bayou ROW		CWA Luce Bayou SWIRFT		Other Contracts Total Future Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
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	783	454	695	10,889	7,775	14,976
2029	815	421	705	13,300	8,053	17,142
2030-2034	4,588	1,586	3,785	96,405	27,542	110,404
2035-2039	5,580	574	47,450	69,678	65,778	76,315
2040-2044	—	—	89,110	38,998	100,836	42,647
2045-2049	—	—	105,180	20,644	114,264	21,588
2050-2054	—	—	46,665	2,843	48,201	2,969
Total	<u>\$ 13,940</u>	<u>\$ 4,575</u>	<u>\$ 295,600</u>	<u>\$ 281,736</u>	<u>\$ 403,961</u>	<u>\$ 328,860</u>

**E. Debt Issuances and Refunding**

Refunding Debt

*Public Improvement and Refunding Bonds*

On October 25, 2023, the City issued \$271,300,000 of Public Improvement Refunding Bonds Series 2023A (“PIB 2023A Bonds”), with an average coupon rate of 5.15% and the last maturity date of March 1,2043. The proceeds were used to refund \$283,000,000 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 payments of the refunded Notes; project fund within the City; and pay costs of issuance related to the Bonds.

### *Combined Utility System Revenue and Refunding Bonds*

On May 14, 2024, the City issued \$870,280,000 of Combined Utility System First Lien Revenue Refunding Bonds Series 2024A ("Series 2024A Bonds") with coupons ranging from 5% to 5.25%. The Bonds mature in varying amounts from 2025 to 2054. The proceeds of the Series 2024A bonds were used to (a) refund \$200,000,000 of CUS Commercial Paper Notes Series B-1,B-4 and B-6;(b) placed in Escrow for the purpose of generating resources for payment of the refunded Bonds;(c) refund the CUS bonds that validly tendered for purchase and cancellation by the City;(d) pay the cost of issuance of the Series 2024A Bonds. By issuing the Series 2024A Bonds, the City obtained an estimated gain of approximately \$75.4 million and obtained a net present value of savings of approximately \$53.5 million.

### *Airport System Revenue and Refunding Bonds*

On July 19, 2023, the City issued \$647,865,000 and \$108,185,000 of Airport System Subordinate Lien Revenue and Refunding Bonds Series 2023A (AMT) and 2023B (NON-AMT) ("Series 2023 Bonds"), respectively with interest rate of the bonds ranges from 4.25% to 5.25%. The Series 2023B matures on July 1, 2053. The Series 2023 Bonds were issued for the purpose of providing funds to: (a) refund and redeem all the outstanding principal amount of the Refunded Notes and Bonds; and (b) pay certain costs of issuance with respect to the Series 2023 Bonds. By issuing the Series 2023 Bonds, the City obtained an estimated gain of approximately \$19.0 million and obtained a net present value of savings of approximately \$12.9 million.

### Prior Year Defeased Debt

In May 2024, the City issued Combined Utility System First Lien Revenue Refunding Bonds Series 2024A to defease \$247,770,000 of Combined Utility System First Lien Revenue Refunding Bonds Series 2014C, 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, 2024, \$247,770,000 of defeased bonds are still outstanding.

In July 2024, the City issued Public Improvement Refunding Bonds, Series 2024B to defease \$40,355,000 Public Improvement Refunding Bonds Series 2014A 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 government section of the financial statements. As of June 30, 2024, \$40,355,000 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%. As of and for the year ended June 30, 2024, the City has complied with the requirements of all revenue bond ordinances and related bond restrictions.

## **G. Voter Authorized Obligations**

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

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

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

In November 2022, voters authorized an additional \$478,000,000 of Public Improvement Bonds. The City Council has authorized issuance of \$473,000,000 as General Obligation Commercial Paper Series G, H-2 and J.

#### **H. Legal Debt Margin**

At June 30, 2024, the City's legal debt limit was 10% of assessed property valuation totaling \$313,544,468 thousand. The City's legal debt margin less applicable outstanding debt was \$28,296,361 thousand.

#### **I. Arbitrage Rebate**

Arbitrage rebate rules, under the Internal Revenue Code Section 148 and related Treasury Regulations, require generally that a tax-exempt bond issuer forward to the federal government any profits made from investing bond proceeds at a yield above the bond yield, when investing in a taxable market. Payments based on cumulative profits earned by bonds are due, in general, every five years. At June 30, 2024, a yield restriction/arbitrage rebate of \$140 thousand and \$5,699 thousand was accrued for governmental and business-type activities, respectively.

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**NOTE 9: LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

**A. LEASES**

**1. City as Lessee**

The City has obtained office space, data processing, machinery, and other equipment through long-term 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. See Note 6 for changes in lease right-of-use assets for the year ended June 30, 2024.

Principal and interest requirements to maturity for the lease liability as of June 30, 2024, are as follows (in thousands):

Year ending June 30	General Government			Airport System		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 6,330	\$ 1,078	\$ 7,408	\$ 10	\$ 1	\$ 11
2026	6,447	988	7,435	4	—	4
2027	6,595	896	7,491	4	—	4
2028	6,571	803	7,374	—	—	—
2029	5,341	715	6,056	—	—	—
2030-2034	9,323	2,919	12,242	—	—	—
2035-2039	6,592	2,269	8,861	—	—	—
2040-2044	9,546	1,456	11,002	—	—	—
2045-2049	9,812	456	10,268	—	—	—
Total	<u>\$ 66,557</u>	<u>\$ 11,580</u>	<u>\$ 78,137</u>	<u>\$ 18</u>	<u>\$ 1</u>	<u>\$ 19</u>

Year ending June 30	Total Primary Government		
	Principal	Interest	Total
2025	\$ 6,340	\$ 1,079	\$ 7,419
2026	6,451	988	7,439
2027	6,599	896	7,495
2028	6,571	803	7,374
2029	5,341	715	6,056
2030-2034	9,323	2,919	12,242
2035-2039	6,592	2,269	8,861
2040-2044	9,546	1,456	11,002
2045-2049	9,812	456	10,268
Total	<u>\$ 66,575</u>	<u>\$ 11,581</u>	<u>\$ 78,156</u>

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**2. 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 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 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.

For the year ended June 30, 2024, the total amount of inflows of resources recognized are as follows (in thousands):

**Governmental**

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

**Enterprise**

	<u>Airport System</u>		<u>Convention &amp; Entertainment</u>	
	<u>Fixed Payments</u>	<u>Variable Payments</u>	<u>Fixed Payments</u>	<u>Total</u>
Rentals, buildings	\$ 20,763	\$ —	\$ 1,444	\$ 22,207
Concessions	1,608	31,955	—	33,563
Interest revenue	10,721	—	—	10,721
	<u>\$ 33,092</u>	<u>\$ 31,955</u>	<u>\$ 1,444</u>	<u>\$ 66,491</u>

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Principal and interest to maturity for the lease receivable as of June 30, 2024, are as follows (in thousands):

Year ending June 30	General Government			Airport System		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 819	\$ 705	\$ 1,524	\$ 14,747	\$ 11,682	\$ 26,429
2026	754	721	1,444	14,480	11,171	25,651
2027	764	675	1,439	14,378	10,655	25,033
2028	779	660	1,439	11,417	10,175	21,592
2029	896	643	1,539	9,846	9,826	19,672
2030-2034	5,826	2,881	8,707	52,494	43,505	95,999
2035-2039	6,592	2,269	8,861	68,509	33,214	101,723
2040-2044	9,546	1,456	11,002	76,596	19,909	96,505
2045-2049	9,812	456	10,268	38,138	10,401	48,539
2050-2054	—	—	—	32,885	3,343	36,228
2055-2059	—	—	—	4,420	257	4,677
Total	\$ 35,788	\$ 10,435	\$ 46,223	\$ 337,910	\$ 164,138	\$ 502,048

Year ending June 30	Convention & Entertainment			Total Primary Government		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 1,481	\$ 40	\$ 1,521	\$ 17,047	\$ 12,427	\$ 29,474
2026	1,508	14	1,522	16,742	11,906	28,617
2027	799	—	799	15,941	11,330	27,271
2028	—	—	—	12,196	10,835	23,031
2029	—	—	—	10,742	10,469	21,211
2030-2034	—	—	—	58,320	46,386	104,706
2035-2039	—	—	—	75,101	35,483	110,584
2040-2044	—	—	—	86,142	21,365	107,507
2045-2049	—	—	—	47,950	10,857	58,807
2050-2054	—	—	—	32,885	3,343	36,228
2055-2059	—	—	—	4,420	257	4,677
Total	\$ 3,788	\$ 54	\$ 3,842	\$ 377,486	\$ 174,627	\$ 552,113

### 3. 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, 2024.

Exclusive and preferential use of space, as of June 30, 2024, are summarized as follows:

<b>George Bush Intercontinental Airport (IAH)</b>			
	<b>United</b>	<b>Southwest</b>	<b>Total IAH</b>
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.	95 sq. ft.	3,878 sq. ft.
Number of gates and remote stands	96	3	134

<b>William P. Hobby Airport (HOU)</b>		
	<b>Southwest</b>	<b>Total HOU</b>
Terminal areas - leasable airline space (in thousands)	381 sq. ft.	468 sq. ft.
Apron - leasable airline space (in thousands)	516 sq. ft.	815 sq. ft.
Number of gates and remote stands	24	30

<b>(in thousands)</b>				
	<b>Fixed Payments</b>		<b>Variable Payments</b>	
United	\$	132,023	\$	46,402
Southwest	\$	39,137	\$	21,915
Other Signatory Airlines	\$	20,328	\$	9,370

Expected future minimum lease payments from Regulated Leases at June 30, 2024, are as follows, projected by management of the Airport System using the following assumptions: 1) revenues earned from the Signatory Airlines during the year ended June 30, 2024, 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, and 4) without considering future expansion and changes in operations by the Airport System or the Signatory Airlines (in thousands):

<b>Year ending June 30</b>	<b>Total</b>
2025	\$ 273,259
2026	281,133
2027	257,116
2028	264,830
2029	272,774
2030-2034	1,491,642
2035-2039	1,729,222
2040-2044	976,248
<b>Total</b>	<b>\$ 5,546,224</b>

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

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

The City has entered into SBITA involving data center, various desktop and server software, electronic workflows and document management software, public safety radio communication system, public safety detection software, public safety case and records management, solid waste fleet management system, airport operations management systems, airport passenger information and public Wi-Fi systems, and airport parking management system. As of June 30, 2024, all SBITA have fixed, periodic, payments over the subscription periods, which range from 1 to 15 years and expire no later than fiscal year 2038. In addition, certain of these agreements are cancellable with a 30 or 60-day notice. There are no commitments or outflows of resources related to SBITA that are not yet effective. See Note 6 for changes in subscription right-of-use assets for the year ended June 30, 2024.

Future subscription payments as of June 30, 2024, are as follows (in thousands):

Year ending June 30	General Government			Airport System		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 20,280	\$ 837	\$ 21,117	\$ 1,131	\$ 56	\$ 1,187
2026	6,415	498	6,913	109	40	149
2027	5,141	301	5,442	112	36	148
2028	3,643	151	3,794	116	33	149
2029	3,515	18	3,533	97	29	126
2030-2034	—	—	—	534	96	630
2035-2039	—	—	—	365	13	378
Total	<u>\$ 38,994</u>	<u>\$ 1,805</u>	<u>\$ 40,799</u>	<u>\$ 2,464</u>	<u>\$ 303</u>	<u>\$ 2,767</u>

Year ending June 30	Total Primary Government		
	Principal	Interest	Total
2025	\$ 21,411	\$ 893	\$ 22,304
2026	6,524	538	7,062
2027	5,253	337	5,590
2028	3,759	184	3,943
2029	3,612	47	3,659
2030-2034	534	96	630
2035-2039	365	13	378
Total	<u>\$ 41,458</u>	<u>\$ 2,108</u>	<u>\$ 43,566</u>

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**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, 2024. 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 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 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 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.

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

	HFRRF	HMEPS	HPOPS
Inactive members or beneficiaries currently receiving benefits	3,529	11,972	5,210
Inactive members entitled to but not yet receiving benefits	155	8,890	90
Active members	3,040	11,578	5,270
DROP members	645	—	—
Total plan members	7,369	32,440	10,570

## 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 (“COLAs”). In addition, ad hoc COLAs 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, 2023, or 2024. See actuarial assumptions in Note 10.H. The total pension liability was rolled forward from the valuation date to the measurement date of June 30, 2024, as applicable, using generally accepted actuarial principles.

Net pension liability (in thousands)	HFRRF	HMEPS	HPOPS
Measurement date	June 30, 2024	June 30, 2024	June 30, 2024
Total pension liability	\$ 5,378,306	\$ 5,812,828	\$ 8,153,811
Less: Fiduciary net position	(5,378,729)	(4,360,172)	(7,779,525)
Net pension liability (asset)	\$ (423)	\$ 1,452,656	\$ 374,286

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 [156](#) through [165](#).

## C. HMEPS - Allocation between the Primary Government and Component Unit and Explanation on the Amounts Reported on the Government-Wide Financial Statements

Effective January 1, 2022, employees of HFC became members of HMEPS. As of June 30, 2024, net pension liability, related amounts of deferred outflows and inflows of resources, and pension expense, allocated based on each’s proportional share of employer contributions, for the primary government and its component unit are as follows (in thousands):

	HMEPS as of June 30, 2024 Measurement Date			
	Primary Government		Component Unit <sup>(1)</sup>	
	Governmental Activities	Business-Type Activities	Business-Type Activities	Total
Net pension liability	\$ 1,007,746	\$ 413,644	\$ 31,266	\$ 1,452,656
Deferred outflows of resources	5,696	12,000	18,320	36,016
Deferred inflows of resources	173,387	73,187	4,812	251,386
Pension expense	25,389	15,524	12,844	53,757

<sup>(1)</sup> 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 ending December 31, 2024.

HMEPS as of June 30, 2024 Reporting Date

	Primary Government		Component Unit <sup>(2)</sup>		Total
	Governmental Activities	Business-Type Activities	Business-Type Activities		
Net pension liability	\$ 1,007,746	\$ 413,644	\$ 26,255	\$ 1,447,645	
Deferred outflows of resources	5,696	12,000	20,273	37,969	
Deferred inflows of resources	173,387	73,187	3,515	250,089	
Pension expense	25,389	15,524	10,102	51,015	

(2) Due to the difference in the year-end dates, amounts for HFC, included in the City’s government-wide financial statements as of and for the year ended June 30, 2024, are as of and for the year ended December 31, 2023. Amounts reported by HFC as of and for the year ended December 31, 2023, were measured as of June 30, 2023.

**D. 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, 2024, are as follows:

**HFRRF**

Changes in Net Pension Liability (Asset) (in thousands)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Service Cost	\$ 57,942	\$ —	\$ 57,942
Interest on the Total Pension Liability	367,958	—	367,958
Difference between Expected and Actual Experience	79,006	—	79,006
Change of Assumptions	11,665	—	11,665
Employer Contributions	—	76,351	(76,351)
Employee Contributions	—	33,754	(33,754)
Net Investment Income	—	470,760	(470,760)
Benefit Payments	(305,854)	(305,854)	—
Administrative Expense	—	(4,594)	4,594
Other	—	(866)	866
Net Change	210,717	269,551	(58,834)
Net Pension Liability (Asset) Beginning	5,167,589	5,109,178	58,411
Net Pension Liability (Asset) Ending	\$ 5,378,306	\$ 5,378,729	\$ (423)

**HMEPS**

Change in Net Pension Liability (in thousands)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	\$ 88,999	\$ —	\$ 88,999
Interest on the Total Pension Liability	389,086	—	389,086
Difference between Expected and Actual Experience	(5,779)	—	(5,779)
Employer Contributions	—	212,959	(212,959)
Employee Contributions	—	34,645	(34,645)
Net Investment Income	—	403,867	(403,867)
Assumptions Changes	—	—	—
Benefit Payments	(356,914)	(356,914)	—
Refunds	(1,341)	(1,341)	—
Administrative Expense	—	(6,046)	6,046
Other	—	657	(657)
Net Change	114,051	287,827	(173,776)
Net Pension Liability Beginning	5,698,777	4,072,345	1,626,432
Net Pension Liability Ending	\$ 5,812,828	\$ 4,360,172	\$ 1,452,656

**HPOPS**

<b>Change in Net Pension Liability (in thousands)</b>	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Service Cost	\$ 85,014	\$ —	\$ 85,014
Interest on the Total Pension Liability	540,777	—	540,777
Difference between Expected and Actual Experience	54,425	—	54,425
Employer Contributions	—	162,992	(162,992)
Employee Contributions	—	53,400	(53,400)
Net Investment Income	—	777,554	(777,554)
Assumptions Changes	—	—	—
Benefit Payments	(415,577)	(415,577)	—
Refunds	(2,999)	(2,999)	—
Administrative Expense	—	(4,300)	4,300
Net Change	261,640	571,070	(309,430)
Net Pension Liability Beginning	7,892,171	7,208,455	683,716
Net Pension Liability Ending	<u>\$ 8,153,811</u>	<u>\$ 7,779,525</u>	<u>\$ 374,286</u>

**E. Pension Expense (Benefit)**

For the year ended June 30, 2024, the City recognized pension expense (benefit) totaling \$7.0 million. Pension expense (benefit) recognized by each plan is as follows (in thousands):

<b>Amounts Recognized in Pension Expense (Benefit)</b>	<b>HFRRF</b>	<b>HMEPS</b>	<b>HPOPS</b>
Service Cost	\$ 57,942	\$ 88,999	\$ 85,014
Interest	367,958	389,086	540,777
Difference between Expected and Actual Experience	4,990	3,955	39,443
Changes of Assumptions	34,711	(7,827)	(1,140)
Differences between Projected and Actual Earnings	(80,337)	(110,197)	(158,148)
Member Contributions	(33,754)	(34,645)	(53,400)
Projected Earnings on Plan Investments	(363,249)	(281,003)	(497,365)
Administrative Expense	4,594	6,046	4,300
Other	866	(657)	—
Total Pension Expense (Benefit)	<u>\$ (6,279)</u>	<u>\$ 53,757</u>	<u>\$ (40,519)</u>

**F. 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, 2024, for each plan are as follows (in thousands):

	<b>HFRRF</b>		<b>HMEPS</b>		<b>HPOPS</b>		<b>Total</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 159,728	\$ (121,827)	\$ 8,210	\$ (4,146)	\$ 173,564	\$ (5,041)	\$ 341,502	\$ (131,014)
Changes in Assumptions	34,741	(77,572)	—	(6,033)	—	(3,963)	34,741	(87,568)
Net Difference between Projected and Actual Earnings	—	(47,730)	—	(213,401)	—	(294,318)	—	(555,449)
Change in Proportion	—	—	27,806	(27,806)	—	—	27,806	(27,806)
Total	<u>\$ 194,469</u>	<u>\$ (247,129)</u>	<u>\$ 36,016</u>	<u>\$ (251,386)</u>	<u>\$ 173,564</u>	<u>\$ (303,322)</u>	<u>\$ 404,049</u>	<u>\$ (801,837)</u>



Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2024, will be recognized in pension expense as follows (in thousands):

Year Ending June 30:	HFRRF	HMEPS	HPOPS	Total
2025	\$ (118,587)	\$ (176,431)	\$ (183,470)	\$ (478,488)
2026	64,863	736	95,854	161,453
2027	(15,452)	(15,102)	(29,884)	(60,438)
2028	(12,720)	(24,573)	(29,885)	(67,178)
2029	21,497	—	13,804	35,301
Thereafter	7,739	—	3,823	11,562
Total	<u>\$ (52,660)</u>	<u>\$ (215,370)</u>	<u>\$ (129,758)</u>	<u>\$ (397,788)</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, 2024, 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 7.00%. 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 7.00% was applied to all periods of projected benefit payments to determine the total pension liability. For the June 30, 2024, measurement date, the single discount rate of 7.00% was used.

**G. 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, 2024, 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)		
	Current Discount		
	1% Decrease	Rate	1% Increase
	<b>6.00 %</b>	<b>7.00 %</b>	<b>8.00 %</b>
HFRRF - Net Pension Liability (Asset)	\$ 545,983	\$ (423)	\$ (452,285)
	<b>6.00 %</b>	<b>7.00 %</b>	<b>8.00 %</b>
HMEPS - Net Pension Liability	\$ 2,032,436	\$ 1,452,656	\$ 964,646
	<b>6.00 %</b>	<b>7.00 %</b>	<b>8.00 %</b>
HPOPS - Net Pension Liability	\$ 1,198,382	\$ 374,286	\$ (303,601)

**H. Actuarial Assumptions**

<b>Schedule of Assumptions</b>	<b>HFRRF</b>	<b>HMEPS</b>	<b>HPOPS</b>
Inflation	2.50%	2.25%	2.30%
Salary Changes	3.00%	3.25% to 5.50%	0% to 30%, plus a 2.75% inflation and productivity component
Investment Rate of Return	7.00%	7.00%	7.00%
Valuation Date	7/1/2023	7/1/2023	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	24 Years	23 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	2.25%	3.00% – 6.00%	2.00%
Mortality Assumption	Mortality Improvement Scale MP-2019	PUB-2010 table, amount weighted, below-median income, with a 2-year set forward. The rates are then projected on a fully generational basis by the long-term rates of improvement of scale MP-2020.	Mortality Improvement Scale MP-2020
Experience Study	6/30/2019	6/30/2020	6/30/2022

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, 2024, 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 %	3.16 %	— %	4.00 %	(9.75)%	0.90 %
Domestic Equity	19.00	7.87	—	—	28.80	5.00
International Equity	19.00	9.53	28.00	5.10	19.20	6.10
Fixed Income	—	—	10.00	5.88	10.20	2.10
Aggregate Bonds	5.00	4.49	—	—	—	—
Inflation Linked	—	—	20.00	7.00	—	—
Intermediate Credit	3.00	4.91	—	—	5.80	4.50
Intermediate High Yield	5.00	8.60	—	—	—	—
Hedge Funds	2.00	6.59	—	—	7.75	3.80
Private Equity	25.00	11.23	17.00	7.45	21.50	7.70
Private Debt	10.00	9.00	12.50	8.20	6.50	6.50
Real Estate	10.00	6.23	12.50	6.00	10.00	5.10
	<u>100.00 %</u>		<u>100.00 %</u>		<u>100.00 %</u>	

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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, 2024, total balances of OPEB related assets, deferred outflows of resources, liabilities, deferred inflows of resources, and expenses are as follows (in thousands):

Plan	Total OPEB Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	Expenses
Health Benefit (Note 11.A)	\$ 1,952,112	\$ 333,993	\$ 642,124	\$ (8,276)
Long-term Disability (Note 11.C)	13,648	2,451	5,532	1,919
Total	<u>\$ 1,965,760</u>	<u>\$ 336,444</u>	<u>\$ 647,656</u>	<u>\$ (6,357)</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 \$63.6 million for the year ended June 30, 2024.

## 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	10,175
Active members	<u>20,954</u>
Total participants	<u><u>31,129</u></u>

## 2. Total and Net OPEB Liability

The total OPEB liability was measured as of June 30, 2023. The total OPEB liability was determined from an actuarial valuation as of June 30, 2022. 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 (in thousands).

Measurement Date:	June 30, 2023
Reporting Date:	June 30, 2024
Total OPEB Liability	\$ 1,952,112
Less: Fiduciary Net Position	<u>—</u>
Net OPEB Liability	<u><u>\$ 1,952,112</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 [166](#) through [168](#).

## 3. Schedule of Changes in Total OPEB Liability

Changes of assumption reflects a change in discount rate from 3.54% in 2022 to 3.65% in 2023. In addition, per capita health costs and future trend on such costs, as well as actuarial spread factors used to estimate individual retiree and spouse costs by age and by gender, have been updated. Changes in total OPEB liability for the year ended June 30, 2024, are as follows (in thousands):

<b>Change in Total OPEB Liability</b>	
Service cost	\$ 89,215
Interest	64,343
Change of benefit terms	—
Difference between expected and actual experience	10,771
Changes of assumptions	91,495
Benefit payments	(63,607)
Net change in total OPEB liability	192,217
Beginning total OPEB liability	1,759,895
Ending total OPEB liability	<u>\$ 1,952,112</u>

## 4. OPEB Expense

For the year ended June 30, 2024, the City recognized OPEB benefit of \$8.3 million. OPEB expense recognized is as follows (in thousands):

<b>Components of OPEB Expense (Benefit)</b>	
Service cost	\$ 89,215
Interest	64,343
Current-period benefit changes	—
Difference between expected and actual experience	1,346
Changes of assumptions	11,437
Amortization of beginning of year deferred amounts	(174,617)
OPEB expense (benefit)	<u>\$ (8,276)</u>

## 5. Schedule of Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources related to OPEB reported by the City at June 30, 2024, are as follows (in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	\$ 247,116	\$ (593,721)
Difference between expected and actual experience in the total OPEB liability	26,005	(48,403)
Contributions subsequent to the measurement date	60,872	—
Total	<u>\$ 333,993</u>	<u>\$ (642,124)</u>

\$60.9 million 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 ending June 30, 2025.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to total OPEB liability at June 30, 2024, will be recognized in OPEB expense (benefit) as follows (in thousands):

Year Ending June 30	
2025	\$ (115,240)
2026	(69,052)
2027	(43,001)
2028	(80,451)
2029	(86,826)
Thereafter	25,567
Total	<u>\$ (369,003)</u>

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):

<u>1% Decrease 2.65%</u>	<u>Current Discount Rate 3.65%</u>	<u>1% Increase 4.65%</u>
\$ 2,297,634	\$ 1,952,112	\$ 1,679,213

<u>1% Decrease in Health Care Cost Trend Rates</u>	<u>Current Health Care Cost Trend Rates</u>	<u>1% Increase in Health Care Cost Trend Rates</u>
\$ 1,628,968	\$ 1,952,112	\$ 2,375,156

7. Schedule of Assumptions

The total OPEB liability is based on an actuarial valuation as of June 30, 2023, using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Experience study	June 30, 2022
Inflation	2.25%
Salary increases	2.75% to 22.75%, varies by job classification, service and age
Discount rate	3.65% and 3.54% for June 30, 2024 and 2023 reporting, respectively
Measurement date	June 30, 2023
Healthcare costs trends rates	
Medical	6.75% grading down to 4.5% by 0.25% per annum
Prescription drug	9.50% grading down to 4.5% by 0.50% per annum
Medicare Advantage	-2.8% in the first year, 26.3% in the second year, then 4.5% thereafter
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 an emphasis on a wellness component and include: 1) a limited network HMO-type plan, 2) an open access PPO-type plan with out-of-network coverage, and 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 \$310.2 million for the year ended June 30, 2024.

<b>CIGNA</b>		
<b>Schedule of Changes in Liability</b>		
<b>(in thousands)</b>		
	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Beginning actuarial estimate of claims liability reserve, July 1	\$ 27,634	\$ 28,316
Catastrophic claims reserve, July 1	15,000	15,000
Incurred claims for fiscal year	339,088	320,999
Payments on claims - net of RX rebates and refunds	(332,351)	(321,681)
Ending actuarial estimate of claims liability including catastrophic claims liability, June 30	<u>\$ 49,371</u>	<u>\$ 42,634</u>

**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. The LTD plan is a single-employer plan. 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, 2024, 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)

	<b>Total OPEB</b>
	<b>Liability</b>
	<u></u>
Balance at June 30, 2023	\$ 14,071
Changes for the year	
Service cost	1,558
Interest	628
Experience	(1,644)
Assumption changes	(95)
Benefit payments	(870)
Net change	<u>(423)</u>
Balance at June 30, 2024	<u>\$ 13,648</u>

Total OPEB liability at June 30, 2024, was measured as of June 30, 2024. And total OPEB liability of \$13.6 million includes \$8.4 million for active employees and \$5.2 million for disabled employees. Changes of assumption reflects a change in discount rate from 4.13% in 2023 to 4.31% in 2024.

2. OPEB expense for the year ended June 30, 2024, is \$1.9 million. Components of OPEB expense for the year ended June 30, 2024, are as follows (in thousands):

Service cost	\$	1,558
Interest		628
Differences between expected and actual experience		(504)
Changes in assumptions		237
Total OPEB expense	<u>\$</u>	<u>1,919</u>

3. Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, the City reports deferred outflows of resources and deferred inflows of resources related to the LTD plan from the following sources (in thousands):

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 556	\$ (4,615)
Changes in assumptions	1,895	(917)
	<u>\$ 2,451</u>	<u>\$ (5,532)</u>

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

**Year Ending June 30**

2025	\$	(266)
2026		(266)
2027		(266)
2028		(255)
2029		(394)
Thereafter		(1,634)
	<u>\$</u>	<u>(3,081)</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 4.31%, 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:

	<b>1% Decrease 3.31%</b>	<b>Current Discount Rate of 4.31%</b>	<b>1% Increase 5.31%</b>
Total OPEB Liability	<u>\$ 14,168</u>	<u>\$ 13,648</u>	<u>\$ 13,120</u>

The last experience study for the LTD plan was performed as of April 30, 2024.



**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.

**E. 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, 2024, the City has an accumulated liability in the amount of approximately \$143.2 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.

	<b>Schedule of Changes in Liability</b>	
	<b>(in thousands)</b>	
	<b>June 30, 2024</b>	<b>June 30, 2023</b>
Beginning actuarial estimate of claims liability, July 1	\$ 146,202	\$ 148,698
Incurred claims for fiscal year	20,726	24,704
Payments on claims	(25,889)	(19,200)
Actuarial adjustment	2,199	(8,000)
Ending actuarial estimate of claims liability, June 30	<u>\$ 143,238</u>	<u>\$ 146,202</u>

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**NOTE 12: INTERFUND TRANSACTIONS**

**A. Transfers**

Transfers during the year ended June 30, 2024, were as follows (in thousands):

Transferred from:	Transferred to:					Total Transfers Out
	General Fund	Debt Service Fund	Capital Projects Fund	Grants Fund	Nonmajor Governmental Funds	
General Fund	\$ —	\$ 373,259	\$ 32,086	\$ 115	\$ 156,451	\$ 561,911
Capital Projects Fund	8,483	2,400	—	324	—	11,207
Grants Fund	167	—	—	—	172	339
Nonmajor Funds	27,734	4,340	143,843	—	400	176,317
Convention and Entertainment	1,521	—	—	—	—	1,521
Combined Utility System	37,802	2,870	—	—	350	41,022
<b>Total transfers in</b>	<b>\$ 75,707</b>	<b>\$ 382,869</b>	<b>\$ 175,929</b>	<b>\$ 439</b>	<b>\$ 157,373</b>	<b>\$ 792,317</b>

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. 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, 2024, is as follows (in thousands):

Receivable fund:	Payable fund:								Total
	General Fund	Capital Projects	ARPA	Grants	Nonmajor	Airport System	Combined Utility	Internal Service	
General	\$ —	\$ 33,175	\$ 30	\$ 10,857	\$ 36,170	\$ 1,156	\$ 27,534	\$ 44	\$ 108,966
Capital Projects	1,992	—	—	—	—	—	—	—	1,992
ARPA	144	—	—	—	—	—	—	—	144
Grants	143	—	—	—	192	—	—	6	341
Nonmajor	9,809	—	48	580	56	—	419	—	10,912
Airport System	1,032	—	—	—	—	—	2	—	1,034
Combined Utility	2,066	—	—	—	4	—	—	—	2,070
Internal Service	27	—	—	21	—	—	—	—	48
<b>Total</b>	<b>\$ 15,213</b>	<b>\$ 33,175</b>	<b>\$ 78</b>	<b>\$ 11,458</b>	<b>\$ 36,422</b>	<b>\$ 1,156</b>	<b>\$ 27,955</b>	<b>\$ 50</b>	<b>\$ 125,507</b>

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**NOTE 13: COMMITMENTS AND CONTINGENCIES****A. Litigation and Claims**

Claims and judgments at June 30, 2024, consist of the following (in thousands):

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Health benefits (Note 11.B)	\$ 49,371	\$ —	\$ 49,371
Workers' compensation (Note 11.F)	131,904	11,334	143,238
Other workers' compensation	2,179	—	2,179
Litigation and claims	673,698	—	673,698
Environmental liabilities	17,467	—	17,467
Total claims and judgments	<u>\$ 874,619</u>	<u>\$ 11,334</u>	<u>\$ 885,953</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/or 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 collected in the preceding fiscal year, plus 4.5 percent, or the allowable property tax revenues 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**

The City entered into a Consent Decree executed with the United States of America on behalf of the Environmental Protection Agency ("EPA") and the State of Texas ("Texas") to settle claims arising under the Clean Water Act relating to the City's Wastewater Collection and Treatment System. The Consent Decree became effective on April 1, 2021 when it was entered by the United States District Court for the Southern District of Texas, Houston Division, in the matter entitled United States of America, et al. v. City of Houston, Texas; Civil Action No. 4:18-cv-03368.

The Consent Decree contains specific remedial measures to address sanitary sewer overflows ("SSOs") and wastewater treatment plant permit exceedances that are being implemented over the 15-year term of the Consent Decree. A copy of the Consent Decree is available on the City's website at <https://www.publicworks.houstontx.gov/> that sets forth details regarding the City's obligations and as well as progress reports to date.

Per the provisions of the Consent Decree, the City paid \$4.4 million in penalties to the State and EPA, and \$200,000 in attorneys 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 Consent Decree also provides for the imposition of stipulated penalties to be paid to the United States and State over the term of the Consent Decree for SSOs, effluent exceedances, and failure to timely complete/submit deliverables and/or implement compliance requirements. During the eleven (11) quarters since the operation under the consent decree, the City has been assessed and has paid \$2.5 million in stipulated penalties to the United States and State for SSOs and effluent exceedances; the City has not been assessed any stipulated penalties to-date for failing to timely complete/submit deliverables and/or implement compliance requirements.

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 \$9 billion over the 15-year term of the Consent Decree to upgrade the wastewater system pursuant to the Consent Decree. The City also plans to undertake a water and wastewater rate study to take into account this additional investment in wastewater infrastructure in evaluating impacts on future water/wastewater utility rates. Other than the costs identified above paid for resolution of all civil claims of the federal government and the State against the City for alleged wastewater violations since 2005 and the stipulated penalties paid to date, the City cannot predict the final financial impact on current and future long-term operations, annual maintenance and/or capital improvements costs that may be required, which could be substantial. Until the City conducts and completes its next rate study, the City will manage the System 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 benefited 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. Exempt 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. The trial court sustained the City's plea to the jurisdiction on July 6, 2023. Jones appealed and on April 23, 2024, the Fourteenth Court of Appeals reversed and ruled against the City. The appeal is now pending before the Texas Supreme Court.

**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 regarding whether their properties are benefitted or are exempt from the drainage ordinance remain pending. The declaratory judgment claims, and constitutional challenges to the ordinance and any associated ultra vires claims have been resolved by interlocutory summary judgment in the City's favor. While the case is still listed as "abated," the court is open to motions for summary judgments on the remaining disputed issues of whether these individual properties are subject to the 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 and remains abated.

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 moved for a re-hearing before the Texas Supreme Court. No additional claims have been asserted.

### **Houston Professional Fire Fighters' Association Settlement**

The Houston Professional Fire Fighters' Association (the "Association") brought a lawsuit styled as Houston Professional Fire Fighters' Association, Local 341 v. City of Houston, Texas, Cause No. 2017-42885 ("the Lawsuit") relating to compensation of classified fire fighters of the City from July 1, 2017 to June 30, 2024. The Association (which includes the Medical Trust) and the City executed a Settlement Agreement (the "Settlement Agreement") on March 13, 2024, which provides for payment of overtime by the City to classified members of the City of Houston Fire Department employed between July 1, 2017 and June 30, 2024, and to the Medical Trust. The Settlement Agreement of \$650.0 million releases the City from all claims and causes of action asserted by the Association in the Lawsuit, other than claims for enforcement of the Settlement Agreement.

The Association and the City executed the Amendment to March 13, 2024, Settlement Agreement on May 16, 2024. The Settlement Agreement specifically exempts any fire fighter during the aforementioned time period convicted of a felony or placed on felony probation, the Fire Chief, and Executive Management Staff of the City of Houston Fire Department (Assistant Chiefs) from receiving any settlement funds (except for any period an Assistant Chief was not Executive Management Staff). Separate and apart from the settlement proceeds, the City will pay \$6.5 million in attorney's fees from the City's Property & Casualty Fund. The Settlement Agreement incorporates a Collective Bargaining Agreement related to employment terms and conditions, compensation, and benefits of classified fire fighters of the City for fiscal years 2025 to 2029.

**B. Environmental Liabilities**

The City is aware of various sites contaminated by asbestos or other hazardous materials. As of June 30, 2024, the City has recorded accrued liabilities of \$17.5 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, 2024, 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 \$125.0 million and commercial property insurance with a per occurrence loss limit of \$200.0 million. The commercial property insurance sub-limit for flood is \$200.0 million. The commercial property insurance provides deductibles as follows: \$2.0 million per occurrence for all perils, except (1) 3% of the damaged insured value for windstorm or hail from a named storm, subject to a \$2.5 million minimum and a \$20.0 million maximum deductible and (2) 3% of the damaged insured value for flood, subject to a \$2.5 million minimum and a \$20.0 million maximum deductible. Should a named storm event occur that involves both perils of windstorm and flood, the maximum deductible is \$20.0 million. The City's property insurance retention is 10% of the \$50.0 million primary limits, not to exceed the \$5.0 million retention limit.

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 renewal options. The total committed price is approximately \$640.1 million for the expected duration of the 7-year contract term. As of June 30, 2024, the remaining commitment is approximately \$241.9 million.

On November 14, 2015, the City entered into a 20-year power purchase agreement with ENGIE. The 50MW solar power plant is in Alpine, Texas and provides solar power to City of Houston operations. The solar power purchase agreement started in April 2017 with a total contract value of approximately \$124.7 million. As of June 30, 2024, the remaining commitment is approximately \$81.5 million.

**F. Federal and State**

Amounts 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, 2024.

**G. 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, 2024, the City has a number of 380 Program agreements as follows:

<b>Type of Agreement</b>	<b>Number of Active Agreements</b>	<b>(in thousands)</b>		
		<b>Gross Commitment</b>	<b>Reimbursed to-Date</b>	<b>Remaining Commitment</b>
Agreed-up on maximum commitment	9	\$ 62,103	\$ 41,642	\$ 20,461
Actual cost reimbursement	7	\$ —	\$ 177,188	Costs subject to the City's review and approval

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**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, 2024, the City received \$170.7 million from METRO under this contract. The breakout was \$53.6 million to Capital Projects, \$91.7 million to Special Revenue Funds and \$25.4 million to the General Fund. None of the 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 METRO and the entity is separate from the operating activities of the City.

**B. Trinity River Authority (“TRA”)**

As described in Note 8.C, 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, 2024, the City paid \$6.2 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, 2024, is \$56.9 million. The current portion of this receivable is \$3.5 million with the remaining \$53.4 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, 2024, the City paid CWA \$6.4 million for debt services and \$35.9 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. Three of fourteen board members of the Gulf Coast Rail District with the chairman appointed jointly by the City and Harris County.



**NOTE 15: ACCOUNTING CHANGES AND ERROR CORRECTIONS****Error Corrections:**Governmental Activities

1. During the year ended June 30, 2024, the City discovered that a note payable in the amount of \$2.4 million was not reported. Therefore, note payable was understated by \$2.4 million for the year ended June 30, 2023. Additional information regarding this note payable can be found in Note 8.C.5 to the financial statements.
2. During the year ended June 30, 2024, the City discovered that certain financed communication equipment and the related installment payment agreement were not reported. Therefore, total capital assets and notes payable were understated by \$38.1 million for the year ended June 30, 2023. This adjustment did not have any effect to the current reporting period's beginning net position. Additional information regarding this note payable can be found in Note 8.C.5 to the financial statements.

Discretely Presented Component Units

1. The following discretely presented component units reported corrections to the beginning net position during the year ended June 30, 2024:

	(amounts in thousands)	
<u>Governmental Component Units</u>	<u>Error Corrections</u>	
Midtown Redevelopment Authority	\$	(315)
Houston BARC Foundation		14
Houston Land Bank		4
Total	<u>\$</u>	<u>(297)</u>

**Changes to or within the Financial Reporting Entity:**Discretely Presented Component Units

1. Greater Houston Convention and Visitors Bureau ("GHCVB"): During the year ended June 30, 2024, GHCVB amended its certification of formation and mission statement. As a result, the City no longer has any financial accountability over GHCVB and reports a change to the financial reporting entity of \$6.6 million by adjusting the current reporting period's beginning net position in the accompanying financial statements.
2. Houston Arts Alliance ("HAA"): As of January 1, 2023, Arts Connect Houston ("ACH"), previously a consolidated subsidiary of HAA, was no longer a supporting organization of HAA. Therefore, HAA was no longer required to consolidate ACH into its financial statements. A change to the financial reporting entity of \$0.9 million was reported by HAA by adjusting the current reporting period's beginning net position.

**Adjustments to and Restatements of Beginning Balances**

During the year ended June 30, 2024, error corrections and changes to or within the financial reporting entity resulted in adjustments to and restatements of beginning net position and fund net position as follows:

	(amounts in thousands)			
	(Previously Reported)	(Restatements)		(Restated)
	June 30, 2023	Error Correction	Change to or within the Financial Reporting Entity	June 30, 2023
<b>Government-Wide</b>				
Governmental Activities	\$ 2,405,644	\$ (2,364)	\$ —	\$ 2,403,280
Business-type Activities	5,189,326	—	—	5,189,326
<b>Total Primary Government</b>	<b>\$ 7,594,970</b>	<b>\$ (2,364)</b>	<b>\$ —</b>	<b>\$ 7,592,606</b>
<b>Governmental Funds</b>				
Major Funds:				
General Fund	\$ 550,255	\$ —	\$ —	\$ 550,255
Debt Service Fund	172,048	—	—	172,048
Capital Projects Fund	165,333	—	—	165,333
ARPA Fiscal Recovery Fund	6,625	—	—	6,625
Grants Fund	191,463	—	—	191,463
Nonmajor Funds	636,425	—	—	636,425
<b>Total Governmental Funds</b>	<b>\$ 1,722,149</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,722,149</b>
<b>Proprietary Funds</b>				
Airport System	\$ 1,968,324	\$ —	\$ —	\$ 1,968,324
Convention & Entertainment	104,118	—	—	104,118
Combined Utility	3,113,301	—	—	3,113,301
Internal Service Funds	49,218	—	—	49,218
<b>Total Proprietary Funds</b>	<b>\$ 5,234,961</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 5,234,961</b>
<b>Fiduciary Funds</b>				
Pension Trust Funds	\$ 16,399,378	\$ —	\$ —	\$ 16,399,378
Private-Purpose Trust Fund	7,046	—	—	7,046
<b>Total Fiduciary Funds</b>	<b>\$ 16,406,424</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 16,406,424</b>
<b>Discretely Presented Component Units</b>				
Governmental	\$ 78,549	\$ (297)	\$ (7,516)	\$ 70,736
Business-type	494,083	—	—	494,083
<b>Total Discretely Presented Component Units</b>	<b>\$ 572,632</b>	<b>\$ (297)</b>	<b>\$ (7,516)</b>	<b>\$ 564,819</b>

**NOTE 16: SUBSEQUENT EVENTS**

Management has evaluated subsequent event through the date that the financial statements were available to be issued, November 18, 2024, and determined that the following items require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

Public Improvement Bonds

On July 18, 2024, the City issued \$612.1 million and \$122.1 million General Obligation Refunding Bonds, Series 2024A (the "Series 2024A Bonds"), and Public Improvement Refunding Bond, 2024B (the "Series 2024B Bonds"), respectively, with an average coupon rate 4.92% and a maturity date of June 30, 2051. The Series 2024A Bonds were issued to refund, discharge and extinguish a certain special obligation of the City; The Series 2024B Bonds were issued to refund and defease certain of the City's outstanding bonds and commercial paper notes.

Tax and Revenue Anticipation Notes

On October 24, 2024 the City issued \$99.0 million Tax and Revenue Anticipation Notes, Series 2024 (the "Series 2024 Notes"), with interest rates ranging from 4.00% to 5.00%. Proceeds of the Series 2024 Notes were used to finance the City's general operating expenditures for fiscal year 2025. Principal of and interest on the Series 2024 Notes are payable on June 30, 2025.

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## Required Supplementary Information - (unaudited)

**GENERAL OPERATING FUND**  
**Schedule of Budgeted and Actual Revenues and Expenditures**  
**For the Year Ended June 30, 2024**  
*(amounts expressed in thousands)*  
*(unaudited)*

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes and assessments				
Property Taxes	\$ 1,376,668	\$ 1,376,668	\$ 1,365,607	\$ (11,061)
Industrial Assessments	25,281	25,281	27,885	2,604
Sales Tax	865,593	865,593	883,132	17,539
Franchise Tax	149,179	149,179	149,152	(27)
Mixed Beverage Tax	24,896	24,896	23,802	(1,094)
<b>Total taxes and assessments</b>	<b>2,441,617</b>	<b>2,441,617</b>	<b>2,449,578</b>	<b>7,961</b>
Licenses and permits				
General	25,307	25,307	26,954	1,647
Health Permits	8,085	8,085	8,192	107
<b>Total licenses and permits</b>	<b>33,392</b>	<b>33,392</b>	<b>35,146</b>	<b>1,754</b>
Charges for services				
Ambulance service	54,750	54,750	70,155	15,405
Library fees	4	4	4	—
Parking	157	157	209	52
Services performed for other funds				
Direct	70,845	70,845	69,382	(1,463)
Indirect	26,079	26,079	25,984	(95)
Rents and royalties	1,552	1,552	1,522	(30)
Others	16,230	16,230	18,264	2,034
<b>Total charges for services</b>	<b>169,617</b>	<b>169,617</b>	<b>185,520</b>	<b>15,903</b>
Intergovernmental - grants	199,545	199,545	219,112	19,567
Fines and forfeits				
Municipal Courts	16,134	16,134	17,206	1,072
Others	3,089	3,089	3,730	641
<b>Total fines and forfeits</b>	<b>19,223</b>	<b>19,223</b>	<b>20,936</b>	<b>1,713</b>
Interest	9,533	9,533	29,920	20,387
Other				
Sale of Property	205	205	284	79
Other	13,668	13,668	18,743	5,075
Total Other	13,873	13,873	19,027	5,154
<b>Total revenues</b>	<b>2,886,800</b>	<b>2,886,800</b>	<b>2,959,239</b>	<b>72,439</b>
<b>Other financing sources (uses)</b>				
Transfers in	10,721	10,721	15,420	4,699
Sale of capital assets	2,755	2,755	10,732	7,977
<b>Total other financing sources (uses)</b>	<b>13,476</b>	<b>13,476</b>	<b>26,152</b>	<b>12,676</b>
<b>Total revenues and other financing sources</b>	<b>\$ 2,900,276</b>	<b>\$ 2,900,276</b>	<b>\$ 2,985,391</b>	<b>\$ 85,115</b>

\* See Notes to Required Supplementary Information \*

**GENERAL OPERATING FUND**  
**Schedule of Budgeted and Actual Revenues and Expenditures**  
**For the Year Ended June 30, 2024**  
*(amounts expressed in thousands)*  
*(unaudited)*

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget
	Original	Final		
<b>Expenditures</b>				
<b>General government</b>				
Legislative and executive				
Legislative - Council				
Personnel services	\$ 8,851	\$ 8,783	\$ 9,007	\$ (224)
Other current expenditures	6,319	8,154	3,224	4,930
Equipment acquisition	3	537	690	(153)
<b>Total legislative - council</b>	<b>15,173</b>	<b>17,474</b>	<b>12,921</b>	<b>4,553</b>
Legislative - Mayor's Office				
Personnel services	5,555	5,554	5,473	81
Other current expenditures	973	987	854	133
<b>Total executive - mayor's office</b>	<b>6,528</b>	<b>6,541</b>	<b>6,327</b>	<b>214</b>
<b>Total legislative and executive</b>	<b>21,701</b>	<b>24,015</b>	<b>19,248</b>	<b>4,767</b>
Office of Business Opportunity				
Personnel services	4,438	4,209	3,789	420
Other current expenditures	1,113	1,322	1,281	41
Equipment acquisition	2	13	12	1
<b>Total office of business opportunity</b>	<b>5,553</b>	<b>5,544</b>	<b>5,082</b>	<b>462</b>
Municipal Courts Administration				
Municipal Courts				
Personnel services	24,642	24,643	22,956	1,687
Other current expenditures	6,613	6,783	6,663	120
Equipment acquisition	14	14	—	14
<b>Total municipal courts</b>	<b>31,269</b>	<b>31,440</b>	<b>29,619</b>	<b>1,821</b>
Elections	4,000	7,700	7,376	324
Finance administration				
Controller				
Personnel services	7,730	8,202	7,457	745
Other current expenditures	1,294	1,598	1,291	307
Equipment acquisition	—	77	75	2
<b>Total controller</b>	<b>9,024</b>	<b>9,877</b>	<b>8,823</b>	<b>1,054</b>
Finance				
Personnel services	18,008	17,871	16,460	1,411
Other current expenditures	5,427	5,666	4,938	728
Equipment acquisition	—	67	41	26
<b>Total finance</b>	<b>23,435</b>	<b>23,604</b>	<b>21,439</b>	<b>2,165</b>
Administrative and Regulatory Affairs				
Personnel services	17,790	17,532	16,548	984
Other current expenditures	4,313	4,522	4,064	458
Equipment acquisition	6	42	26	16
<b>Total administrative and regulatory affairs</b>	<b>22,109</b>	<b>22,096</b>	<b>20,638</b>	<b>1,458</b>
Bond and Legal	985	1,585	1,596	(11)
<b>Total finance administration</b>	<b>55,553</b>	<b>57,162</b>	<b>52,496</b>	<b>4,666</b>

(Continued)

\* See Notes to Required Supplementary Information \*

**GENERAL OPERATING FUND**  
**Schedule of Budgeted and Actual Revenues and Expenditures**  
**For the Year Ended June 30, 2024**  
*(amounts expressed in thousands)*  
*(unaudited)*

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget
	Original	Final		
Legal				
Personnel services	\$ 17,721	\$ 17,502	\$ 16,247	\$ 1,255
Other current expenditures	2,134	2,047	2,779	(732)
Equipment acquisition	—	18	18	—
<b>Total legal</b>	<b>19,855</b>	<b>19,567</b>	<b>19,044</b>	<b>523</b>
City Secretary				
Personnel services	837	828	757	71
Other current expenditures	118	139	139	—
<b>Total city secretary</b>	<b>955</b>	<b>967</b>	<b>896</b>	<b>71</b>
Planning and Development				
Personnel services	3,281	3,247	2,487	760
Other current expenditures	1,536	2,067	1,657	410
<b>Total planning and development</b>	<b>4,817</b>	<b>5,314</b>	<b>4,144</b>	<b>1,170</b>
Human Resources				
Personnel services	1,441	1,441	1,237	204
Other current expenditures	59	59	107	(48)
Equipment acquisition	—	—	—	—
<b>Total human resources</b>	<b>1,500</b>	<b>1,500</b>	<b>1,344</b>	<b>156</b>
<b>Total general government</b>	<b>145,203</b>	<b>153,209</b>	<b>139,249</b>	<b>13,960</b>
Public safety				
Police				
Personnel services	920,700	916,764	921,345	(4,581)
Other current expenditures	90,233	97,262	94,580	2,682
Equipment acquisition	340	3,449	1,654	1,795
<b>Total police</b>	<b>1,011,273</b>	<b>1,017,475</b>	<b>1,017,579</b>	<b>(104)</b>
Fire				
Personnel services	523,197	524,769	517,252	7,517
Other current expenditures	70,117	71,162	68,110	3,052
Equipment acquisition	—	9	9	—
<b>Total fire</b>	<b>593,314</b>	<b>595,940</b>	<b>585,371</b>	<b>10,569</b>
<b>Total public safety</b>	<b>1,604,587</b>	<b>1,613,415</b>	<b>1,602,950</b>	<b>10,465</b>
Public Works				
Administration				
Personnel services	936	950	947	3
Other current expenditures	25,365	24,120	299	23,821
<b>Total administration</b>	<b>26,301</b>	<b>25,070</b>	<b>1,246</b>	<b>23,824</b>
General Services				
Personnel services	14,294	13,133	12,879	254
Other current expenditures	30,757	33,237	33,572	(335)
Equipment acquisition	—	—	(25)	25
<b>Total general services</b>	<b>45,051</b>	<b>46,370</b>	<b>46,426</b>	<b>(56)</b>

(Continued)

\* See Notes to Required Supplementary Information \*

**GENERAL OPERATING FUND**  
**Schedule of Budgeted and Actual Revenues and Expenditures**  
**For the Year Ended June 30, 2024**  
*(amounts expressed in thousands)*  
*(unaudited)*

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget
	Original	Final		
Solid Waste				
Personnel services	\$ 40,376	\$ 40,100	\$ 42,327	\$ (2,227)
Other current expenditures	52,649	59,289	57,637	1,652
Equipment acquisition	109	1,467	173	1,294
Total solid waste	<u>93,134</u>	<u>100,856</u>	<u>100,137</u>	<u>719</u>
<b>Total public works</b>	<u>164,486</u>	<u>172,296</u>	<u>147,809</u>	<u>24,487</u>
Department of Neighborhoods				
Personnel services	8,726	8,633	7,869	764
Other current expenditures	5,866	5,873	4,311	1,562
Equipment acquisition	—	16	—	16
<b>Total department of neighborhoods</b>	<u>14,592</u>	<u>14,522</u>	<u>12,180</u>	<u>2,342</u>
Health				
Personnel services	39,681	36,814	36,887	(73)
Other current expenditures	13,731	16,298	15,301	997
Equipment acquisition	383	522	123	399
<b>Total health</b>	<u>53,795</u>	<u>53,634</u>	<u>52,311</u>	<u>1,323</u>
Housing				
Personnel services	144	552	558	(6)
Other current expenditures	1,548	1,662	1,689	(27)
<b>Total housing</b>	<u>1,692</u>	<u>2,214</u>	<u>2,247</u>	<u>(33)</u>
Parks and Recreation				
Personnel services	48,209	47,755	43,747	4,008
Other current expenditures	42,349	47,111	49,488	(2,377)
Equipment acquisition	111	198	153	45
<b>Total parks and recreation</b>	<u>90,669</u>	<u>95,064</u>	<u>93,388</u>	<u>1,676</u>
Library				
Personnel services	38,212	38,337	34,911	3,426
Other current expenditures	6,665	7,180	7,027	153
Equipment acquisition	6,680	6,680	6,736	(56)
<b>Total library</b>	<u>51,557</u>	<u>52,197</u>	<u>48,674</u>	<u>3,523</u>
Retiree Benefits				
Hospital and life insurance	22,223	22,017	—	22,017
<b>Total retiree benefits</b>	<u>22,223</u>	<u>22,017</u>	<u>11,861</u>	<u>10,156</u>
<b>Other current expenditures</b>				
Tax appraisal fees	11,047	12,397	12,397	—
Limited-purpose Annexation Districts	80,221	76,381	72,794	3,587
Capital outlay	—	—	—	—
Membership dues	453	453	212	241
Advertising and promotion	550	550	645	(95)
Consultants	1,828	1,828	1,383	445
Miscellaneous support services	91,910	99,323	97,907	1,416
<b>Total other current expenditures</b>	<u>186,009</u>	<u>190,932</u>	<u>185,338</u>	<u>5,594</u>
<b>Debt service</b>				
Debt service interest	1,478	500	—	500
<b>Total debt service</b>	<u>1,478</u>	<u>500</u>	<u>—</u>	<u>500</u>
<b>Total expenditures</b>	<u>2,336,291</u>	<u>2,370,000</u>	<u>2,296,007</u>	<u>73,993</u>
<b>Other financing sources (uses)</b>				
Transfers out	580,332	602,141	599,836	2,305
<b>Total other financing sources (uses)</b>	<u>580,332</u>	<u>602,141</u>	<u>599,836</u>	<u>2,305</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 2,916,623</u>	<u>\$ 2,972,141</u>	<u>\$ 2,895,843</u>	<u>\$ 76,298</u>

(Concluded)

\* See Notes to Required Supplementary Information \*

**REQUIRED RECONCILIATION FOR GENERAL FUND**  
**BUDGET vs. GAAP PRESENTATION**  
**For the Year Ended June 30, 2024**  
*(amounts expressed in thousands)*  
*(unaudited)*

**Revenues**

Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$	2,959,239
Revenues of non-budgeted funds		
Equipment Acquisition		6,091
Revolving Funds		2,318
Building Security		653
Grant Matching Fund		1,308
Storm Water		9
Bureau of Animal Regulation and Care		1,247
Forensic Transition		291
Civic Events		21,618
Renewal and Replacement		35
Health and Environmental		55
Total revenues of non-budgeted funds		<u>33,625</u>
Interest on pooled investments from non-budgeted revenues		<u>2,782</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances	\$	<u><u>2,995,646</u></u>

**Expenditures**

Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules	\$	2,296,007
Expenditures of non-budgeted funds		
Equipment Acquisition		67,501
Revolving Funds		2,318
Building Security		338
Grant Matching Fund		136
Storm Water		47,625
Bureau of Animal Regulation and Care		14,646
Fleet Maintenance		1,597
Forensic Transition		326
Civic Events		24,032
Renewal and Replacement		43,814
Health and Environmental		56
Total expenditures of non-budgeted funds		<u>202,389</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances	\$	<u><u>2,498,396</u></u>

**Other financing sources (uses)**

Actual amounts (budgetary basis) "other financing sources and uses" from the budgetary comparison schedules	\$	(573,684)
Proceeds from issuance of debt		50,000
Lease financing principal		6,342
Sale of assets		2,238
Transfers of non-budgeted funds		98,212
Total other financing sources and uses as reported on the statement of revenues, expenditures, and changes in fund balances-government funds	\$	<u><u>(416,892)</u></u>



**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2024**  
*(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 expenditure account group within each department for the general fund. An expenditure account group means a group of accounts within a department which have similar purposes such as personnel services. 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. Appropriations related to funds with annual budgets lapse at year-end except for Capital Outlay appropriations, which cover multiple years.

On April 30, 2024, City Council approved the fiscal year 2024 general appropriation ordinance in the amount of \$3.0 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 2024 results for both budgeted and non-budgeted Special Revenue Funds (in thousands):

	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Sources (Uses)</b>
Budgeted Special Revenue Funds	\$ 450	\$ 348	\$ (23)
Non-budgeted Grants Revenue Fund	458	475	—
Non-budgeted Health and Housing	1	1	—
Non-budgeted Other Funds	80	61	(1)
Total Special Revenue Funds - Actual	<u>\$ 990</u>	<u>\$ 886</u>	<u>\$ (24)</u>

**2. General Fund Budgetary Highlights**

Revenues were \$85.1 million above budget. This increase was in interest of \$20.4 million. Additionally, increases in intergovernmental-grant of \$19.6 million, charges for services of \$15.9 million, other financing sources (uses) of \$12.7 million, taxes and assessments of \$8 million, other income of \$5 million, licenses and permits of \$1.8 million, and fines and forfeits of \$1.7 million.

Significant differences between budgeted and actual taxes and assessments include:

- \$(11.1) million decrease in property taxes
- \$2.6 million increase in industrial assessments
- \$17.5 million increase in sales tax
- \$(1.1) million decrease in mixed beverage tax

**REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2024**

**(unaudited)**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

**Last 10 Fiscal Years**

**(in thousands)**

	<b>Houston Firefighters' Relief and Retirement Fund</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total Pension Liability</b>					
Service cost	\$ 57,942	\$ 55,961	\$ 54,129	\$ 55,596	\$ 57,743
Interest	367,958	353,824	354,304	362,472	349,760
Changes of benefit terms	—	—	—	—	—
Differences between expected and actual experience	79,006	77,461	(140,156)	(94,948)	78,724
Changes of assumptions	11,665	—	—	(155,659)	—
Benefit payments including refunds of employee contributions	(305,854)	(283,095)	(270,599)	(286,414)	(330,323)
Refunds	—	—	—	—	—
Net change in total pension liability	210,717	204,151	(2,322)	(118,953)	155,904
Total pension liability - beginning	5,167,589	4,963,438	4,965,760	5,084,713	4,928,809
Total pension liability - ending (a)	5,378,306	5,167,589	4,963,438	4,965,760	5,084,713
<b>Plan fiduciary net position</b>					
Contributions-employer	76,351	72,475	81,351	77,495	83,837
Contributions-employee	33,754	31,973	30,942	29,873	33,441
Net investment income	470,760	199,670	523	1,338,230	84,115
Benefit payments	(305,854)	(283,095)	(270,599)	(286,414)	(330,323)
Administrative expense	(4,594)	(4,482)	(4,161)	(4,213)	(4,516)
Refunds	—	—	—	—	—
Other	(866)	(1,099)	(1,083)	(1,140)	(1,314)
Net change in plan fiduciary net position	269,551	15,442	(163,027)	1,153,831	(134,760)
Plan fiduciary net position-beginning	5,109,178	5,093,736	5,256,763	4,102,932	4,237,692
Plan fiduciary net position-ending (b)	5,378,729	5,109,178	5,093,736	5,256,763	4,102,932
<b>Net pension liability (asset) - ending (a)-(b)</b>	<b>\$ (423)</b>	<b>\$ 58,411</b>	<b>\$ (130,298)</b>	<b>\$ (291,003)</b>	<b>\$ 981,781</b>
Plan fiduciary net position as percentage of total pension liability	100.01 %	98.87 %	102.63 %	105.86 %	80.69 %
Covered payroll	\$ 284,065	\$ 269,091	\$ 255,100	\$ 243,045	\$ 259,235
Net pension liability (asset) as a percentage of covered payroll	(0.15)%	21.71 %	(51.08)%	(119.73)%	378.72 %

(continued)

See notes to the schedules on page [164](#).

## REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2024

(unaudited)

## SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

(in thousands)

	Houston Firefighters' Relief and Retirement Fund				
	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>					
Service cost	\$ 55,532	\$ 52,579	\$ 80,002	\$ 76,407	\$ 68,145
Interest	343,416	332,357	389,938	369,708	353,405
Changes of benefit terms	—	—	(645,971)	—	—
Differences between expected and actual experience	34,668	62,117	(65,194)	(63,047)	(28,536)
Changes of assumptions	(47,463)	(16,572)	534,646	2,918	2,801
Benefit payments including refunds of employee contributions	(272,398)	(289,108)	(249,394)	(211,673)	(196,362)
Refunds	—	—	—	—	—
Net change in total pension liability	113,755	141,373	44,027	174,313	199,453
Total pension liability - beginning	4,815,054	4,673,681	4,629,654	4,455,341	4,255,888
Total pension liability - ending (a)	4,928,809	4,815,054	4,673,681	4,629,654	4,455,341
<b>Plan fiduciary net position</b>					
Contributions-employer	89,897	83,010	93,658	94,279	92,610
Contributions-employee	34,281	35,622	25,404	25,511	25,092
Net investment income	221,775	322,306	432,948	(47,437)	51,801
Benefit payments	(272,398)	(289,108)	(249,394)	(211,673)	(196,362)
Administrative expense	(4,952)	(4,890)	(4,898)	(6,771)	(6,640)
Refunds	—	—	—	—	—
Other	(1,265)	(1,676)	(2,298)	(1,890)	(1,676)
Net change in plan fiduciary net position	67,338	145,264	295,420	(147,981)	(35,175)
Plan fiduciary net position-beginning	4,170,354	4,025,090	3,729,670	3,877,651	3,912,826
Plan fiduciary net position-ending (b)	4,237,692	4,170,354	4,025,090	3,729,670	3,877,651
<b>Net pension liability (asset) - ending (a)-(b)</b>	<b>\$ 691,117</b>	<b>\$ 644,700</b>	<b>\$ 648,591</b>	<b>\$ 899,984</b>	<b>\$ 577,690</b>
Plan fiduciary net position as percentage of total pension liability	85.98 %	86.61 %	86.12 %	80.56 %	87.03 %
Covered payroll	\$ 272,498	\$ 260,345	\$ 289,947	\$ 280,436	\$ 277,745
Net pension liability (asset) as a percentage of covered payroll	253.62 %	247.63 %	223.69 %	320.92 %	207.99 %

**REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2024**  
**(unaudited)**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**Last 10 Fiscal Years**  
**(in thousands)**

	<b>Houston Municipal Employees Pension System</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total Pension Liability</b>					
Service cost	\$ 88,999	\$ 85,184	\$ 82,080	\$ 78,564	\$ 77,819
Interest	389,086	381,016	371,952	363,611	356,430
Changes of benefit terms	—	—	—	—	—
Differences between expected and actual experience	(5,779)	6,279	26,473	(20,427)	(28,865)
Changes of assumptions	—	—	(29,515)	—	—
Benefit payments including refunds of employee contributions	(356,914)	(334,859)	(327,772)	(314,150)	(308,002)
Refunds	(1,341)	(989)	(1,133)	(402)	(650)
Net change in total pension liability	114,051	136,631	122,085	107,196	96,732
Total pension liability - beginning	5,698,777	5,562,146	5,440,061	5,332,865	5,236,133
Total pension liability - ending (a)	5,812,828	5,698,777	5,562,146	5,440,061	5,332,865
<b>Plan fiduciary net position</b>					
Contributions-employer	212,959	204,895	197,341	184,762	176,430
Contributions-employee	34,645	34,600	32,655	33,325	32,582
Net investment income	403,867	221,364	189,390	1,084,388	(115,165)
Benefit payments	(356,914)	(334,859)	(327,772)	(314,150)	(308,002)
Administrative expense	(6,046)	(5,636)	(5,681)	(3,111)	(4,891)
Refunds	(1,341)	(989)	(1,133)	(402)	(650)
Other	657	619	466	485	484
Net change in plan fiduciary net position	287,827	119,994	85,266	985,297	(219,212)
Plan fiduciary net position-beginning	4,072,345	3,952,351	3,867,085	2,881,788	3,101,000
Plan fiduciary net position-ending (b)	4,360,172	4,072,345	3,952,351	3,867,085	2,881,788
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 1,452,656</b>	<b>\$ 1,626,432</b>	<b>\$ 1,609,795</b>	<b>\$ 1,572,976</b>	<b>\$ 2,451,077</b>
Plan fiduciary net position as percentage of total pension liability	75.01 %	71.46 %	71.06 %	71.09 %	54.04 %
Covered payroll	\$ 748,521	\$ 710,462	\$ 678,350	\$ 642,917	\$ 625,056
Net pension liability as a percentage of covered payroll	194.07 %	228.93 %	237.31 %	244.66 %	392.14 %

(continued)

See notes to the schedules on page [164](#).

## REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2024

(unaudited)

## SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

(in thousands)

	Houston Municipal Employees Pension System				
	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>					
Service cost	\$ 77,175	\$ 78,149	\$ 75,961	\$ 68,968	\$ 65,810
Interest	349,592	341,276	331,166	379,781	361,007
Changes of benefit terms	—	—	(724,683)	—	—
Differences between expected and actual experience	(11,538)	19,158	(38,387)	(16,194)	(23,380)
Changes of assumptions	—	—	562,237	91,248	—
Benefit payments including refunds of employee contributions	(291,060)	(283,928)	(280,456)	(253,178)	(234,955)
Refunds	(1,394)	(807)	(718)	(1,105)	(1,549)
Net change in total pension liability	122,775	153,848	(74,880)	269,520	166,933
Total pension liability - beginning	5,113,358	4,959,510	5,034,390	4,764,870	4,597,937
Total pension liability - ending (a)	5,236,133	5,113,358	4,959,510	5,034,390	4,764,870
<b>Plan fiduciary net position</b>					
Contributions-employer	176,261	421,562	182,558	159,958	145,007
Contributions-employee	32,536	27,905	15,902	15,874	16,198
Net investment income	200,445	231,815	290,911	27,639	73,370
Benefit payments	(291,060)	(283,928)	(280,456)	(253,178)	(234,955)
Administrative expense	(5,363)	(6,442)	(6,827)	(7,360)	(7,007)
Refunds	(1,394)	(807)	(718)	(1,105)	(1,549)
Other	710	(3,905)	1,272	1,651	1,041
Net change in plan fiduciary net position	112,135	386,200	202,642	(56,521)	(7,895)
Plan fiduciary net position-beginning	2,988,865	2,602,665	2,400,023	2,456,544	2,464,439
Plan fiduciary net position-ending (b)	3,101,000	2,988,865	2,602,665	2,400,023	2,456,544
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 2,135,133</b>	<b>\$ 2,124,493</b>	<b>\$ 2,356,845</b>	<b>\$ 2,634,367</b>	<b>\$ 2,308,326</b>
Plan fiduciary net position as percentage of total pension liability	59.22 %	58.45 %	52.48 %	47.67 %	51.56 %
Covered payroll	\$ 614,451	\$ 611,493	\$ 604,895	\$ 640,529	\$ 624,205
Net pension liability as a percentage of covered payroll	347.49 %	347.43 %	389.63 %	411.28 %	369.80 %

**REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2024**

**(unaudited)**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

**Last 10 Fiscal Years**

**(in thousands)**

	<b>Houston Police Officers' Pension System</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Total Pension Liability</b>					
Service cost	\$ 85,014	\$ 78,356	\$ 74,350	\$ 73,040	\$ 70,081
Interest	540,777	520,211	503,548	484,527	474,376
Changes of benefit terms	—	—	—	—	—
Differences between expected and actual experience	54,425	94,532	46,309	99,635	(23,461)
Changes of assumptions	—	—	(7,383)	—	—
Benefit payments including refunds of employee contributions	(415,577)	(384,367)	(372,282)	(394,893)	(355,373)
Refunds	(2,999)	(2,295)	(2,645)	(2,433)	(2,209)
Net change in total pension liability	261,640	306,437	241,897	259,876	163,414
Total pension liability - beginning	7,892,171	7,585,734	7,343,837	7,083,961	6,920,547
Total pension liability - ending (a)	8,153,811	7,892,171	7,585,734	7,343,837	7,083,961
<b>Plan fiduciary net position</b>					
Contributions-employer	162,992	159,915	152,375	151,094	149,078
Contributions-employee	53,400	52,399	50,028	49,749	49,062
Net investment income	777,554	525,053	(98,537)	1,764,927	61,193
Benefit payments	(415,577)	(384,367)	(372,282)	(394,893)	(355,373)
Administrative expense	(4,300)	(4,238)	(4,202)	(3,669)	(3,922)
Refunds	(2,999)	(2,295)	(2,645)	(2,433)	(2,209)
Other	—	—	—	—	—
Net change in plan fiduciary net position	571,070	346,467	(275,263)	1,564,775	(102,171)
Plan fiduciary net position-beginning	7,208,455	6,861,988	7,137,251	5,572,476	5,674,647
Plan fiduciary net position-ending (b)	7,779,525	7,208,455	6,861,988	7,137,251	5,572,476
<b>Net pension liability-ending (a)-(b)</b>	<b>\$ 374,286</b>	<b>\$ 683,716</b>	<b>\$ 723,746</b>	<b>\$ 206,586</b>	<b>\$ 1,511,485</b>
Plan fiduciary net position as percentage of total pension liability	95.41 %	91.34 %	90.46 %	97.19 %	78.66 %
Covered payroll	\$ 508,569	\$ 499,041	\$ 476,453	\$ 473,801	\$ 464,301
Net pension liability as a percentage of covered payroll	73.60 %	137.01 %	151.90 %	43.60 %	325.54 %

(continued)

See notes to the schedules on page [164](#).

## REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2024

(unaudited)

## SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years

(in thousands)

	Houston Police Officers' Pension System				
	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>					
Service cost	\$ 66,750	\$ 63,633	\$ 60,930	\$ 66,098	\$ 56,062
Interest	462,691	445,113	433,598	488,223	473,065
Changes of benefit terms	—	—	(1,006,000)	—	—
Differences between expected and actual experience	(16,454)	69,534	80,023	10,390	26,705
Changes of assumptions	—	21,399	778,710	(676,151)	664,974
Benefit payments including refunds of employee contributions	(335,600)	(361,033)	(458,733)	(259,076)	(225,656)
Refunds	(2,278)	(1,329)	(1,696)	(978)	(945)
Net change in total pension liability	175,109	237,317	(113,168)	(371,494)	994,205
Total pension liability - beginning	6,745,438	6,508,121	6,621,289	6,992,783	5,998,578
Total pension liability - ending (a)	6,920,547	6,745,438	6,508,121	6,621,289	6,992,783
<b>Plan fiduciary net position</b>					
Contributions-employer	142,429	887,143	133,805	137,392	113,665
Contributions-employee	46,896	45,254	40,104	39,017	37,719
Net investment income	340,167	463,079	667,476	(135,833)	35,341
Benefit payments	(335,600)	(361,033)	(458,733)	(259,076)	(225,656)
Administrative expense	(3,580)	(3,679)	(4,238)	(4,585)	(3,478)
Refunds	(2,278)	(1,329)	(1,696)	(978)	(945)
Other	—	—	—	—	—
Net change in plan fiduciary net position	188,034	1,029,435	376,718	(224,063)	(43,354)
Plan fiduciary net position-beginning	5,486,613	4,457,178	4,080,460	4,304,523	4,347,877
Plan fiduciary net position-ending (b)	5,674,647	5,486,613	4,457,178	4,080,460	4,304,523
<b>Net pension liability-ending (a)-(b)</b>	<b>\$ 1,245,900</b>	<b>\$ 1,258,825</b>	<b>\$ 2,050,943</b>	<b>\$ 2,540,829</b>	<b>\$ 2,688,260</b>
Plan fiduciary net position as percentage of total pension liability	82.00 %	81.34 %	68.49 %	61.63 %	61.56 %
Covered payroll	\$ 444,871	\$ 412,786	\$ 424,300	\$ 407,058	\$ 395,360
Net pension liability as a percentage of covered payroll	280.06 %	304.96 %	483.37 %	624.19 %	679.95 %

**REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2024**

**(unaudited)**

**SCHEDULE OF CITY CONTRIBUTIONS FOR PENSION PLANS**

**Last 10 Fiscal Years**

**(in thousands)**

	<b>Houston Firefighters' Relief and Retirement Fund</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Actuarially determined contribution	\$ 76,385	\$ 72,358	\$ 78,571	\$ 88,104	\$ 96,332
Contributions in relation to the actuarially determined contribution	76,351	72,475	81,351	77,495	83,837
Contribution deficiency (excess)	<u>\$ 34</u>	<u>\$ (117)</u>	<u>\$ (2,780)</u>	<u>\$ 10,609</u>	<u>\$ 12,495</u>
Covered payroll	\$ 284,065	\$ 269,091	\$ 255,100	\$ 243,045	\$ 259,235
Contributions as a percentage of covered payroll	26.9 %	26.9 %	31.9 %	31.9 %	32.3 %
	<b>Houston Municipal Employees Pension System</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Actuarially determined contribution	\$ 209,430	\$ 202,012	\$ 195,296	\$ 188,294	\$ 182,950
Contributions in relation to the actuarially determined contribution	212,959	204,895	197,341	184,762	176,430
Contribution deficiency (excess)	<u>\$ (3,529)</u>	<u>\$ (2,883)</u>	<u>\$ (2,045)</u>	<u>\$ 3,532</u>	<u>\$ 6,520</u>
Covered payroll	\$ 748,521	\$ 710,462	\$ 678,350	\$ 642,917	\$ 625,056
Contributions as a percentage of covered payroll	28.5 %	28.8 %	29.1 %	28.7 %	28.2 %
	<b>Houston Police Officers' Pension System</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Actuarially determined contribution	\$ 136,144	\$ 134,841	\$ 139,220	\$ 140,292	\$ 146,626
Contributions in relation to the actuarially determined contribution	162,992	159,915	152,375	151,094	149,078
Contribution deficiency (excess)	<u>\$ (26,848)</u>	<u>\$ (25,074)</u>	<u>\$ (13,155)</u>	<u>\$ (10,802)</u>	<u>\$ (2,452)</u>
Covered payroll	\$ 508,569	\$ 499,041	\$ 476,453	\$ 473,801	\$ 464,301
Contributions as a percentage of covered payroll	32.0 %	32.0 %	32.0 %	31.9 %	32.1 %

(continued)

See notes to the schedules on page [164](#).



**REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2024**  
**(unaudited)**

**SCHEDULE OF CITY CONTRIBUTIONS FOR PENSION PLANS**  
**Last 10 Fiscal Years**  
**(in thousands)**

	<b>Houston Firefighters' Relief and Retirement Fund</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 99,676	\$ 96,530	\$ 88,745	\$ 87,464	N/A
Contributions in relation to the actuarially determined contribution	89,897	83,010	93,658	94,279	92,610
Contribution deficiency (excess)	<u>\$ 9,779</u>	<u>\$ 13,520</u>	<u>\$ 93,658</u>	<u>\$ 94,279</u>	<u>\$ 92,610</u>
Covered payroll	\$ 272,498	\$ 260,345	\$ 289,947	\$ 280,436	\$ 277,745
Contributions as a percentage of covered payroll	33.0 %	31.9 %	32.3 %	33.6 %	33.3 %
	<b>Houston Municipal Employees Pension System</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 178,256	\$ 423,989	\$ 184,733	\$ 162,230	\$ 155,299
Contributions in relation to the actuarially determined contribution	176,261	421,562	182,558	159,958	145,007
Contribution deficiency (excess)	<u>\$ 1,995</u>	<u>\$ 2,427</u>	<u>\$ 2,175</u>	<u>\$ 2,272</u>	<u>\$ 10,292</u>
Covered payroll	\$ 614,451	\$ 611,493	\$ 604,895	\$ 640,529	\$ 624,205
Contributions as a percentage of covered payroll	28.7 %	68.9 %	30.2 %	25.0 %	23.2 %
	<b>Houston Police Officers' Pension System</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contribution	\$ 141,202	\$ 131,142	\$ 167,980	\$ 161,154	\$ 150,949
Contributions in relation to the actuarially determined contribution	142,429	887,143	133,805	137,392	113,665
Contribution deficiency (excess)	<u>\$ (1,227)</u>	<u>\$ (756,001)</u>	<u>\$ 34,175</u>	<u>\$ 23,762</u>	<u>\$ 37,284</u>
Covered payroll	\$ 444,871	\$ 412,786	\$ 424,300	\$ 407,058	\$ 395,360
Contributions as a percentage of covered payroll	32.0 %	214.9 %	31.5 %	33.8 %	28.7 %

**Notes to the Required Supplementary Information:****A. Houston Firefighters' Relief and Retirement Fund****1. Benefit changes in fiscal year ended June 30, 2017:**

- a. 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

**2. Changes of assumptions:**

- a. The discount rate was changed from 8.50% to 7.25% for the year ended June 30, 2017. The discount rate was changed from 7.25% to 7.00% for the year ended June 30, 2024.
- b. 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, Scale MP-2017 was replaced with Scale MP-2019.
- c. 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.

**B. Houston Municipal Employee Pension System****1. Changes of assumptions:**

- a. 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.
- b. The actuarially determined contribution includes the Legacy Liability payment as specified by the July 1, 2016 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.
- c. Salary increases were changed as of July 1, 2016, from 3.25%-6.00%, including inflation, to 3.25%-5.50%, including inflation.

**2. Covered payroll for 2022 is reported fiscal year pay, except for Houston First Corporation ("HFC") employees. For HFC, annualized pay was used.****C. Houston Police Officers' Pension System**

1. **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).**

**2. Changes of assumptions:**

- a. Discount rate was changed from 8.00% to 7.00% for the year ended June 30, 2017.
- b. 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.

**D. Schedule of City Contributions for Pension Plans****1. Separately issued / audited financial statements for each of the pension plans can be obtained by contacting the pension boards or via the links below:**

- a. Houston Firefighters' Relief and Retirement Fund: 4225 Interwood North Parkway, Houston, TX 77032. (<https://www.hfrrf.org/about-us/governance/>)
- b. Houston Municipal Employees Pension System: 1201 Louisiana, Suite 900, Houston, TX 77002. (<http://www.hmeps.org/publications.html>)
- c. Houston Police Officers' Pension System: 602 Sawyer, Suite 300, Houston, TX 77007. (<https://www.hpops.org/publications/acfr/>)

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REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2024

(unaudited)

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

(in thousands)

	Health Benefits						
Report Date: June 30,	2024	2023	2022	2021	2020	2019	2018
Measurement Date: June 30,	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>							
Service Cost	\$ 89,215	\$ 124,690	\$ 140,185	\$ 115,672	\$ 118,901	\$ 110,793	\$ 139,332
Interest	64,343	52,553	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	10,771	23,213	(2,523)	(64,790)	(17,603)	(99,153)	(15,727)
Changes of assumptions	91,495	(720,476)	47,150	326,935	(164,752)	(224,161)	(310,431)
Benefit payments including refunds of employee contributions	(63,607)	(56,511)	(61,487)	(62,373)	(45,811)	(57,100)	(39,820)
Net change in total OPEB liability	192,217	(576,531)	(277,673)	396,042	(36,132)	(184,383)	(153,340)
Total OPEB liability - beginning	1,759,895	2,336,426	2,614,099	2,218,057	2,254,189	2,438,572	2,591,912
Total OPEB liability - ending	<u>\$1,952,112</u>	<u>\$1,759,895</u>	<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 %	0.00 %	0.00 %
Covered-employee payroll	\$1,400,212	\$1,362,737	\$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	139.42 %	129.14 %	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: 2023 - 3.65%; 2022 - 3.54%; 2021 - 2.16%; 2020 - 2.21%; 2019 - 3.50%; 2018 - 3.87%; 2017 - 3.58%.
  - b. Reflected for the June 30, 2023, measurement date, the trend rates associated with the starting healthcare claims and contribution were updated to reflect recent experience and expected impacts due to the Inflation Reduction Act (IRA) legislation effective in 2025.
  - c. Reflected for the June 30, 2022, measurement date, medical and prescription drug claims costs and trend rates were updated to reflect recent experience. The actuarial factors used to estimate individual retiree and spouse costs by age and by gender were updated. The new factors are based on a review of historical claims experience by age, gender, and status (active vs retired) from Segal's claims data warehouse.
  - d. 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.
  - e. Reflected for the June 30, 2020, measurement date, life insurance to be fully retiree paid and is no longer being valued.

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2024

(unaudited)

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

(in thousands)

	<u>Long-Term Disability</u>						
Report Date: June 30,	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement Date: June 30,	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>							
Service Cost	\$ 1,558	\$ 1,571	\$ 1,705	\$ 1,436	\$ 719	\$ 776	\$ 730
Interest	628	541	363	365	461	409	379
Changes of benefit terms	—	—	—	—	(1,079)	1,379	(14)
Differences between expected and actual experience	(1,644)	(965)	(1,800)	(914)	3,476	255	(158)
Changes of assumptions	(95)	(326)	(743)	33	—	—	—
Benefit payments including refunds of employee contributions	(870)	(920)	(901)	(942)	(901)	(957)	(975)
Net change in total OPEB liability	(423)	(99)	(1,376)	(22)	2,676	1,862	(38)
Total OPEB liability - beginning	14,071	14,170	15,546	15,568	12,892	11,030	11,068
Total OPEB liability - ending	<u>\$ 13,648</u>	<u>\$ 14,071</u>	<u>\$ 14,170</u>	<u>\$ 15,546</u>	<u>\$ 15,568</u>	<u>\$ 12,892</u>	<u>\$ 11,030</u>
 Plan fiduciary net position as percentage of the total OPEB liability	 0.00 %	 0.00 %	 0.00 %	 0.00 %	 0.00 %	 0.00 %	 0.00 %
 Covered-employee payroll	 \$1,009,800	 \$ 954,100	 \$ 895,800	 \$ 794,600	 \$ 777,400	 \$ 833,500	 \$ 788,500
 Total OPEB liability as a percentage of covered-employee payroll	 1.35 %	 1.47 %	 1.58 %	 1.96 %	 2.00 %	 1.55 %	 1.40 %

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: 2024 - 4.31%; 2023 - 4.13%; 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.

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2024

(unaudited)

Schedule of OPEB Contributions

(in thousands)

	Health Benefits						
	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 156,737	\$ 198,923	\$ 312,311	\$ 204,586	\$ 133,961	\$ 194,236	\$ 188,579
Contributions in relation to the actuarially determined contribution	(63,607)	(56,511)	(61,487)	(62,373)	(45,811)	(57,100)	(39,820)
Contribution deficiency (excess)	<u>\$ 93,130</u>	<u>\$ 142,412</u>	<u>\$ 250,824</u>	<u>\$ 142,213</u>	<u>\$ 88,150</u>	<u>\$ 137,136</u>	<u>\$ 148,759</u>
Covered-employee payroll	\$ 1,541,155	\$ 1,400,212	\$ 1,362,737	\$ 1,344,442	\$ 1,308,459	\$ 1,332,000	\$ 1,285,000
Contribution as a percentage of covered-employee payroll	4.13 %	4.04 %	4.51 %	4.64 %	3.50 %	4.29 %	3.10 %

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						
	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 5,275	\$ 5,917	\$ 5,843	\$ 7,101	\$ 7,248	\$ 6,720	\$ 5,990
Contributions in relation to the actuarially determined contribution	(870)	(920)	(901)	(942)	(901)	(957)	(975)
Contribution deficiency (excess)	<u>\$ 4,405</u>	<u>\$ 4,997</u>	<u>\$ 4,942</u>	<u>\$ 6,159</u>	<u>\$ 6,347</u>	<u>\$ 5,763</u>	<u>\$ 5,015</u>
Covered-employee payroll	\$ 1,009,800	\$ 954,100	\$ 895,800	\$ 794,600	\$ 777,400	\$ 833,500	\$ 788,500
Contribution as a percentage of covered-employee payroll	0.09 %	0.10 %	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.



*Texas Medical Center*

# Governmental Funds

**Governmental Funds:**

Houston is home to the largest medical center in the world, as the Texas Medical Center reaches over 50 million square feet. It is home to some of the world's leading hospitals, research facilities, and top academic institutions in Texas, making it the center of healthcare innovation and patient care. Through collaboration and advancement in medical science, Texas Medical Center will continue to play a pivotal role in the future of healthcare.

Photo Credits: Texas Medical Center



# 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, Houston Opioid Abatement, Local Youth Diversion Fund, Municipal Courts Technology Fee, and Police Special Services
  - Not budgeted: Helmets for Bicycle Safety, Nuisance Abatement, and 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, and Parks Special
  - Not budgeted: MacGregor Parks Endowment, and 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

**GENERAL FUND**  
**Balance Sheet**  
**June 30, 2024**  
*(With comparative amounts for 2023)*  
*(amounts expressed in thousands)*

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 325,265	\$ 143,417
Investments	151,862	438,257
Receivables, net of allowances		
Accounts receivable	138,260	124,270
Property taxes receivable, net	71,107	53,147
Sales taxes receivable	146,759	150,955
Mixed beverage taxes receivable	3,981	4,028
Franchise taxes receivable	8,028	9,531
Special assessments receivable	7,915	8,011
Lease receivable	35,788	36,590
Due from other funds	108,966	67,351
Due from other governments	58,253	26,051
Inventory	19,726	21,310
Prepaid items	3,685	2,874
Total assets	<u>\$ 1,079,595</u>	<u>\$ 1,085,792</u>
<b>Liabilities, deferred inflows of resources, and fund balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 153,949	\$ 271,580
Accrued payroll liabilities	51,215	42,161
Due to other funds	15,213	8,366
Due to other governments	7,694	12,935
Advances and deposits	1,521	7,354
Claims and judgments	2,179	2,274
Compensated absences	3,478	4,357
Total liabilities	<u>235,249</u>	<u>349,027</u>
Deferred inflows of resources	213,733	186,510
Total deferred inflows of resources	<u>213,733</u>	<u>186,510</u>
<b>Fund balance</b>		
<b>Non-Spendable</b>		
Prepays	3,685	2,874
Inventory	19,726	21,310
Restricted	2,733	1,153
Committed	2,483	14,994
Unassigned	601,986	509,924
Total fund balance	<u>630,613</u>	<u>550,255</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,079,595</u>	<u>\$ 1,085,792</u>

**GENERAL FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2024**  
*(With comparative amounts for 2023)*  
*(amounts expressed in thousands)*

	<u>2024</u>	<u>2023</u>
<b>Revenues</b>		
Taxes and assessments		
Property Taxes	\$ 1,365,607	\$ 1,295,496
Industrial Assessments	27,885	28,021
Sales Tax	883,132	889,039
Franchise Tax	149,152	148,160
Mixed Beverage Tax	23,802	23,606
Hotel Occupancy Tax	21,558	18,118
Licenses and permits	35,750	34,333
Charges for services	193,203	172,901
Intergovernmental - grants	219,652	209,228
Fines and forfeits	20,936	20,689
Contributions	—	500
Investment income	32,802	8,373
Other	22,167	19,273
Total revenues	<u>2,995,646</u>	<u>2,867,737</u>
<b>Expenditures</b>		
Current		
General government	328,416	307,744
Public safety	1,652,957	1,572,391
Public works	230,712	235,064
Health	51,812	57,141
Housing and community development	514	1,070
Parks and recreation	90,000	85,184
Library	48,790	48,190
Capital outlay	65,309	61,135
Debt Service		
Debt service principal	27,209	24,570
Debt service interest	2,677	3,362
Total expenditures	<u>2,498,396</u>	<u>2,395,851</u>
<b>Other financing sources (uses)</b>		
Proceeds from issuance of debt	50,000	25,000
Issuance of debt for leases and SBITA	6,342	36,891
Sale of capital assets	12,970	5,815
Transfers in	75,707	72,192
Transfers out	(561,911)	(482,188)
Total other financing sources (uses)	<u>(416,892)</u>	<u>(342,290)</u>
Change in fund balance	80,358	129,596
Fund balance, July 1	<u>550,255</u>	<u>420,659</u>
Fund balance, June 30	<u>\$ 630,613</u>	<u>\$ 550,255</u>

**DEBT SERVICE FUND**  
**Balance Sheet**  
**June 30, 2024**  
*(With comparative amounts for 2023)*  
*(amounts expressed in thousands)*

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 37,240	\$ 23,475
Investments	157,422	148,717
<b>Total assets</b>	<b>\$ 194,662</b>	<b>\$ 172,192</b>
 <b>Liabilities and fund balance</b>		
Liabilities		
Accounts payable	\$ 127	\$ 144
Total liabilities	127	144
 Fund balance		
Restricted	194,535	172,048
Total fund balance	194,535	172,048
<b>Total liabilities and fund balance</b>	<b>\$ 194,662</b>	<b>\$ 172,192</b>

**DEBT SERVICE FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance: Budget vs. Actual**  
**For the Year Ended June 30, 2024**  
**(With comparative amounts for 2023)**  
**(amounts expressed in thousands)**

	<u>2024</u>			<b>Variance with Final Budget - Pos (Neg)</b>	<u>2023 Actual</u>
	<u>Budget Amounts</u>		<u>Actual</u>		
	<u>Original</u>	<u>Final</u>			
<b>Revenues</b>					
Investment income	\$ 5,862	\$ 5,862	\$ 7,507	\$ 1,645	\$ 3,044
Other	12,400	12,400	1,324	(11,076)	417
Total revenues	<u>18,262</u>	<u>18,262</u>	<u>8,831</u>	<u>(9,431)</u>	<u>3,461</u>
<b>Expenditures</b>					
Debt service principal	231,783	261,398	233,071	28,327	270,745
Debt service interest	132,201	162,149	133,728	28,421	138,761
Debt service fiscal agent & fees	10,236	9,921	4,576	5,345	2,740
Total expenditures	<u>374,220</u>	<u>433,468</u>	<u>371,375</u>	<u>62,093</u>	<u>412,246</u>
<b>Other financing sources (uses)</b>					
Proceeds from issuance of debt	—	—	266,300	266,300	38,700
Premium on refunding debt	—	—	18,862	18,862	—
Transfers in	391,406	391,406	382,869	(8,537)	392,638
Payment to escrow agent for refunded bonds	—	—	(283,000)	(283,000)	—
Total other financing sources (uses)	<u>391,406</u>	<u>391,406</u>	<u>385,031</u>	<u>(6,375)</u>	<u>431,338</u>
Change in fund balance	35,448	(23,800)	22,487	46,287	22,553
Fund balance, July 1	<u>172,048</u>	<u>172,048</u>	<u>172,048</u>	<u>—</u>	<u>149,495</u>
Fund balance, June 30	<u>\$ 207,496</u>	<u>\$ 148,248</u>	<u>\$ 194,535</u>	<u>\$ 46,287</u>	<u>\$ 172,048</u>

**CAPITAL PROJECTS FUND**  
**Balance Sheet**  
*June 30, 2024*  
*(With comparative amounts for 2023)*  
*(amounts expressed in thousands)*

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 95,885	\$ 54,866
Investments	402,571	333,739
Receivables, net of allowances		
Accounts receivable	—	1
Due from other funds	1,992	11,698
Due from other governments	10,980	22,784
Prepaid items - construction materials	235	896
Notes receivable	—	2,400
Total assets	<u>\$ 511,663</u>	<u>\$ 426,384</u>
<b>Liabilities and fund balance</b>		
Liabilities		
Accounts payable	\$ 91,441	\$ 77,676
Due to other funds	33,175	21,209
Unearned revenue	194,468	160,793
Due to other governments	8,483	1,373
Total liabilities	<u>327,567</u>	<u>261,051</u>
Fund balance		
Prepays	235	896
Restricted	16,112	24,122
Assigned	167,749	140,315
Total fund balance	<u>184,096</u>	<u>165,333</u>
Total liabilities and fund balance	<u>\$ 511,663</u>	<u>\$ 426,384</u>

**CAPITAL PROJECTS FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2024**  
*(With comparative amounts for 2023)*  
*(amounts expressed in thousands)*

	2024	(Restated) 2023
<b>Revenues</b>		
Intergovernmental - grants	\$ 62,047	\$ 57,866
Investment income	16,664	3,028
Other	15,390	13,331
Total revenues	94,101	74,225
<b>Expenditures</b>		
Current		
General government	3,029	9,478
Public safety	5,632	13,756
Public works	9,439	5,718
Health	1,008	4,503
Housing and community development	880	152
Parks and recreation	4,596	5,675
Library	859	1,321
Capital outlay	270,617	267,006
Total expenditures	296,060	307,609
<b>Other financing sources (uses)</b>		
Proceeds from issuance of debt	56,000	123,065
Transfers in	175,929	147,176
Transfers out	(11,207)	(3,738)
Total other financing sources (uses)	220,722	266,503
Change in fund balance	18,763	33,119
Fund balance, July 1	165,333	132,214
Fund balance, June 30	\$ 184,096	\$ 165,333

**ARPA Fiscal Recovery Fund**  
**Balance Sheet**  
**June 30, 2024**  
*(With comparative amounts for 2023)*  
*(amounts expressed in thousands)*

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 67,763	\$ 259,149
Due from other funds	144	11
Total assets	\$ 67,907	\$ 259,160
 <b>Liabilities and fund balance</b>		
Liabilities		
Accounts payable	\$ 6,310	\$ 4,763
Accrued payroll liabilities	68	355
Due to other funds	78	—
Unearned revenue	49,789	247,417
Total liabilities	56,245	252,535
 Fund balance		
Restricted	11,662	6,625
Total fund balance	11,662	6,625
Total liabilities and fund balance	\$ 67,907	\$ 259,160



**ARPA Fiscal Recovery Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2024**  
*(With comparative amounts for 2023)*  
*(amounts expressed in thousands)*

	2024	2023
<b>Revenues</b>		
Intergovernmental - grants	\$ 37,628	\$ 44,035
Investment income	5,037	6,151
Total revenues	42,665	50,186
<b>Expenditures</b>		
Current		
General government	8,558	3,530
Public safety	19,120	23,461
Health	378	—
Housing and community development	28	—
Library	489	1,782
Parks	736	444
Public works	5,428	3,735
Capital outlay	2,891	11,083
Total expenditures	37,628	44,035
Change in fund balance	5,037	6,151
Fund balance, July 1	6,625	474
Fund balance, June 30	\$ 11,662	\$ 6,625

**GRANTS FUND**  
**Balance Sheet**  
**June 30, 2024**  
*(With comparative amounts for 2023)*  
*(amounts expressed in thousands)*

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 4,763	\$ 18,222
Receivables, net of allowances		
Accounts receivable	2,592	1,608
Due from other funds	341	281
Due from other governments	222,143	251,965
Inventory	862	752
Notes receivable	100,866	98,518
Total assets	\$ 331,567	\$ 371,346
<b>Liabilities, deferred inflows of resources, and fund balance</b>		
<b>Liabilities</b>		
Accounts payable	\$ 63,323	\$ 65,830
Accrued payroll liabilities	2,022	1,776
Due to other funds	11,458	6,676
Due to other governments	1,350	15,224
Advances and deposits	272	290
Unearned revenue	15,201	24,069
Total liabilities	93,626	113,865
Deferred inflows of resources	68,366	66,018
Total deferred inflows of resources	68,366	66,018
<b>Fund balance</b>		
<b>Non-Spendable</b>		
Inventory	862	752
<b>Restricted</b>	168,713	190,711
Total fund balance	169,575	191,463
Total liabilities, deferred inflows of resources, and fund balance	\$ 331,567	\$ 371,346

**GRANTS FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2024**  
*(With comparative amounts for 2023)*  
*(amounts expressed in thousands)*

	<u>2024</u>	<u>2023</u>
<b>Revenues</b>		
Intergovernmental - grants	\$ 407,098	\$ 441,648
Investment income (loss)	8,654	(707)
Other	30	3
Total revenues	<u>415,782</u>	<u>440,944</u>
<b>Expenditures</b>		
Current		
General government	14,080	17,092
Public safety	33,563	31,166
Public works	41,377	8,316
Health	133,641	145,025
Housing and community development	184,853	205,612
Parks and recreation	1,234	1,346
Library	81	136
Capital outlay	25,835	26,471
Debt service principal	752	60
Debt service interest	2,354	646
Total expenditures	<u>437,770</u>	<u>435,870</u>
<b>Other financing sources (uses)</b>		
Transfers in	439	399
Transfers out	(339)	(4,591)
Total other financing sources (uses)	<u>100</u>	<u>(4,192)</u>
Change in fund balance	(21,888)	882
Fund balance, July 1	<u>191,463</u>	<u>190,581</u>
Fund balance, June 30	<u>\$ 169,575</u>	<u>\$ 191,463</u>

**NONMAJOR GOVERNMENTAL FUNDS**  
**Combining Balance Sheet**  
**June 30, 2024**  
*(With comparative amounts for 2023)*  
*(amounts expressed in thousands)*

	<i>Nonmajor Funds</i>		
	<b>Public Safety Special Fund</b>	<b>Public Works Special Fund</b>	<b>Health &amp; Housing Special Fund</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 12,730	\$ 77,249	\$ 28,874
Investments	30,285	256,089	99,866
Receivables, net of allowances			
Accounts receivable	1,205	12,742	103
Due from other funds	459	4,326	621
Due from other governments	770	91,674	—
Inventory	—	3,096	—
Notes receivable	—	—	17,011
Total assets	<u>\$ 45,449</u>	<u>\$ 445,176</u>	<u>\$ 146,475</u>
<b>Liabilities and fund balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ 1,681	\$ 9,277	\$ 1,810
Accrued payroll liabilities	844	2,098	301
Due to other funds	58	25,934	3,705
Due to other governments	1	—	—
Advances and deposits	2,006	838	8
Compensated absences	27	102	1
Total liabilities	<u>4,617</u>	<u>38,249</u>	<u>5,825</u>
<b>Deferred inflows of resources</b>			
Deferred inflow of resources	515	12,222	17,066
Total deferred inflows of resources	<u>515</u>	<u>12,222</u>	<u>17,066</u>
<b>Fund balance</b>			
<b>Non-Spendable</b>			
Inventory	—	3,096	—
Restricted	9,846	353,923	111,494
Committed	30,471	37,686	12,090
Total fund balance	<u>40,317</u>	<u>394,705</u>	<u>123,584</u>
<b>Total liabilities and fund balance</b>	<u>\$ 45,449</u>	<u>\$ 445,176</u>	<u>\$ 146,475</u>

(Continued)

**Nonmajor Funds**

<b>Parks &amp; Recreation Special Fund</b>	<b>Other Special Revenue Fund</b>	<b>2024</b>	<b>2023</b>
\$ 1,353	\$ 33,374	\$ 153,580	\$ 87,693
8,161	136,713	531,114	502,944
869	12,055	26,974	24,458
—	5,506	10,912	652
—	3,138	95,582	71,739
—	—	3,096	2,791
—	2,468	19,479	3,946
<u>\$ 10,383</u>	<u>\$ 193,254</u>	<u>\$ 840,737</u>	<u>\$ 694,223</u>
\$ 552	\$ 2,211	\$ 15,531	\$ 25,879
96	155	3,494	2,658
1,200	5,525	36,422	5,773
16	8,602	8,619	1,751
996	501	4,349	5,661
—	1	131	148
<u>2,860</u>	<u>16,995</u>	<u>68,546</u>	<u>41,870</u>
107	3,394	33,304	15,928
<u>107</u>	<u>3,394</u>	<u>33,304</u>	<u>15,928</u>
—	—	3,096	2,791
170	167,881	643,314	549,223
7,246	4,984	92,477	84,411
<u>7,416</u>	<u>172,865</u>	<u>738,887</u>	<u>636,425</u>
<u>\$ 10,383</u>	<u>\$ 193,254</u>	<u>\$ 840,737</u>	<u>\$ 694,223</u>

**NONMAJOR GOVERNMENTAL FUNDS**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2024**  
*(With comparative amounts for 2023)*  
*(amounts expressed in thousands)*

	<i>Nonmajor Funds</i>		
	<b>Public Safety Special Fund</b>	<b>Public Works Special Fund</b>	<b>Health &amp; Housing Special Fund</b>
<b>Revenues</b>			
Franchise Tax	\$ —	\$ 510	\$ —
Mixed Beverage Tax	—	—	—
Property Taxes	—	—	—
Sales Tax	—	—	—
Licenses and permits	3,137	76,102	5,245
Charges for services	5,646	151,078	3,065
Intergovernmental - grants	18,852	91,674	3,886
Fines and forfeits	1,379	11	—
Investment (loss) income	1,669	13,976	6,607
Other	21,731	1,845	10,228
Total revenues	52,414	335,196	29,031
<b>Expenditures</b>			
Current			
General government	—	—	—
Public safety	54,173	—	—
Public works	—	196,845	—
Health	—	—	52,876
Housing and community development	—	—	36
Parks and recreation	—	—	—
Capital outlay	196	33,468	283
Debt service fiscal agent & fees	—	520	—
Total expenditures	54,369	230,833	53,195
<b>Other financing sources (uses)</b>			
Sale of capital assets	—	—	—
Transfers in	11,135	127,013	8,025
Transfers out	(2,200)	(157,697)	(3,500)
Total other financing sources (uses)	8,935	(30,684)	4,525
Change in fund balance	6,980	73,679	(19,639)
Fund balance, July 1	33,337	321,026	143,223
Fund balance, June 30	\$ 40,317	\$ 394,705	\$ 123,584

(Continued)

<b>Nonmajor Funds</b>				
<b>Parks &amp; Recreation Special Fund</b>		<b>Other Special Revenue Fund</b>	<b>2024</b>	<b>2023</b>
\$	—	\$	510	\$ 445
	—	272	272	407
	—	52,882	52,882	41,146
	—	1,012	1,012	4,866
	199	262	84,945	84,074
	11,288	9,972	181,049	184,436
	—	14,839	129,251	119,824
	—	10,067	11,457	10,256
	432	6,412	29,096	12,670
	839	6,434	41,077	37,218
	<u>12,758</u>	<u>102,152</u>	<u>531,551</u>	<u>495,342</u>
	—	54,110	54,110	82,040
	—	—	54,173	51,649
	—	—	196,845	158,830
	—	—	52,876	37,149
	—	—	36	13
	11,578	—	11,578	10,472
	5,000	1,060	40,007	29,912
	—	—	520	520
	<u>16,578</u>	<u>55,170</u>	<u>410,145</u>	<u>370,585</u>
	—	—	—	21
	10,000	1,200	157,373	93,553
	(6,200)	(6,720)	(176,317)	(159,523)
	<u>3,800</u>	<u>(5,520)</u>	<u>(18,944)</u>	<u>(65,949)</u>
	(20)	41,462	102,462	58,808
	<u>7,436</u>	<u>131,403</u>	<u>636,425</u>	<u>577,617</u>
\$	<u>7,416</u>	\$ <u>172,865</u>	\$ <u>738,887</u>	\$ <u>636,425</u>

**PUBLIC SAFETY SPECIAL FUND - ASSET FORFEITURE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2024**  
*(With comparative totals for 2023)*  
*(amounts expressed in thousands)*

	2024			Variance with Final Budget- Pos (Neg)	2023 Actual
	Budget Amounts		Actual		
	Original	Final			
<b>Revenues</b>					
Confiscations	\$ 2,014	\$ 2,014	\$ 4,181	\$ 2,167	\$ 4,762
Investment income	7	7	322	315	107
Total revenues	<u>2,021</u>	<u>2,021</u>	<u>4,503</u>	<u>2,482</u>	<u>4,869</u>
<b>Expenditures</b>					
Current					
Public safety	6,300	6,112	2,989	3,123	3,507
Capital outlay	—	188	62	126	57
Total expenditures	<u>6,300</u>	<u>6,300</u>	<u>3,051</u>	<u>3,249</u>	<u>3,564</u>
Change in fund balance	(4,279)	(4,279)	1,452	5,731	1,305
Fund balance, July 1	<u>6,758</u>	<u>6,758</u>	<u>6,758</u>	<u>—</u>	<u>5,453</u>
Fund balance, June 30	<u>\$ 2,479</u>	<u>\$ 2,479</u>	<u>\$ 8,210</u>	<u>\$ 5,731</u>	<u>\$ 6,758</u>



**PUBLIC SAFETY SPECIAL FUND - AUTO DEALERS**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2024**  
*(With comparative totals for 2023)*  
*(amounts expressed in thousands)*

	<b>2024</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2023 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Licenses and permits	\$ 2,731	\$ 2,731	\$ 2,862	\$ 131	\$ 2,837
Charges for services	889	889	739	(150)	847
Investment income	96	96	599	503	132
Other	6,900	6,900	9,619	2,719	8,246
Total revenues	<u>10,616</u>	<u>10,616</u>	<u>13,819</u>	<u>3,203</u>	<u>12,062</u>
<b>Expenditures</b>					
Current					
Public safety	8,108	8,108	7,457	651	6,987
Capital outlay	2,317	2,317	(5)	2,322	14
Total expenditures	<u>10,425</u>	<u>10,425</u>	<u>7,452</u>	<u>2,973</u>	<u>7,001</u>
<b>Other financing sources (uses)</b>					
Transfers out	(2,200)	(2,200)	(2,200)	—	(1,900)
Total other financing sources (uses)	<u>(2,200)</u>	<u>(2,200)</u>	<u>(2,200)</u>	<u>—</u>	<u>(1,900)</u>
Change in fund balance	(2,009)	(2,009)	4,167	6,176	3,161
Fund balance, July 1	<u>9,899</u>	<u>9,899</u>	<u>9,899</u>	<u>—</u>	<u>6,738</u>
Fund balance, June 30	<u>\$ 7,890</u>	<u>\$ 7,890</u>	<u>\$ 14,066</u>	<u>\$ 6,176</u>	<u>\$ 9,899</u>

**PUBLIC SAFETY SPECIAL FUND - CHILD SAFETY**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2024**  
*(With comparative totals for 2023)*  
*(amounts expressed in thousands)*

	<b>2024</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2023 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Fines and forfeits	\$ 675	\$ 675	\$ 732	\$ 57	\$ 682
Investment income	15	15	40	25	36
Other	2,566	2,566	2,413	(153)	2,533
Total revenues	<u>3,256</u>	<u>3,256</u>	<u>3,185</u>	<u>(71)</u>	<u>3,251</u>
<b>Expenditures</b>					
Current					
Public safety	3,256	3,256	3,166	90	3,180
Total expenditures	<u>3,256</u>	<u>3,256</u>	<u>3,166</u>	<u>90</u>	<u>3,180</u>
Change in fund balance	—	—	19	19	71
Fund balance, July 1	<u>31</u>	<u>31</u>	<u>31</u>	<u>—</u>	<u>(40)</u>
Fund balance, June 30	<u>\$ 31</u>	<u>\$ 31</u>	<u>\$ 50</u>	<u>\$ 19</u>	<u>\$ 31</u>

**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, 2024**  
*(With comparative totals for 2023)*  
*(amounts expressed in thousands)*

	2024			Variance with Final Budget-Pos (Neg)	2023 Actual
	Budget Amounts		Actual		
	Original	Final			
<b>Revenues</b>					
Charges for services	\$ 280	\$ 280	\$ 273	\$ (7)	\$ 285
Intergovernmental - grants	19,369	19,369	18,152	(1,217)	17,330
Investment income	—	—	177	177	53
Total revenues	<u>19,649</u>	<u>19,649</u>	<u>18,602</u>	<u>(1,047)</u>	<u>17,668</u>
<b>Expenditures</b>					
Current					
Public safety	33,007	33,007	29,788	3,219	27,131
Capital outlay	—	—	—	—	(14)
Total expenditures	<u>33,007</u>	<u>33,007</u>	<u>29,788</u>	<u>3,219</u>	<u>27,117</u>
<b>Other financing sources (uses)</b>					
Transfers in	10,155	10,155	10,155	—	10,070
Total other financing sources (uses)	<u>10,155</u>	<u>10,155</u>	<u>10,155</u>	<u>—</u>	<u>10,070</u>
Change in fund balance	(3,203)	(3,203)	(1,031)	2,172	621
Fund balance, July 1	4,922	4,922	4,922	—	4,301
Fund balance, June 30	<u>\$ 1,719</u>	<u>\$ 1,719</u>	<u>\$ 3,891</u>	<u>\$ 2,172</u>	<u>\$ 4,922</u>

**PUBLIC SAFETY SPECIAL FUND - HOUSTON OPIOID ABATEMENT FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2024**  
*(With comparative totals for 2023)*  
*(amounts expressed in thousands)*

	2024			Variance with Final Budget-Pos (Neg)	2023 Actual
	Budget Amounts		Actual		
	Original	Final			
<b>Revenues</b>					
Other	\$ —	\$ 2,204	\$ 2,633	\$ 429	\$ —
Investment income	—	—	32	32	—
Total revenues	—	2,204	2,665	461	—
<b>Expenditures</b>					
Public safety	—	2,204	177	2,027	—
Total expenditures	—	2,204	177	2,027	—
Change in fund balance	—	—	2,488	2,488	—
Fund balance, July 1	—	—	—	—	—
Fund balance, June 30	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,488</u>	<u>\$ 2,488</u>	<u>\$ —</u>

**PUBLIC SAFETY SPECIAL FUND - LOCAL YOUTH DIVERSION FUND**  
**(formerly LOCAL TRUANCY PREVENTION AND DIVERSION FUND)**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2024**  
*(With comparative totals for 2023)*  
*(amounts expressed in thousands)*

	2024			Variance with Final Budget- Pos (Neg)	2023 Actual
	Budget Amounts		Actual		
	Original	Final			
<b>Revenues</b>					
Charges for services	\$ 100	\$ 100	\$ 53	\$ (47)	\$ 73
Fines and forfeits	507	507	634	127	615
Investment income	13	13	54	41	13
Total revenues	<u>620</u>	<u>620</u>	<u>741</u>	<u>121</u>	<u>701</u>
<b>Expenditures</b>					
Current					
Public safety	838	838	384	454	234
Total expenditures	<u>838</u>	<u>838</u>	<u>384</u>	<u>454</u>	<u>234</u>
Change in fund balance	(218)	(218)	357	575	467
Fund balance, July 1	<u>1,251</u>	<u>1,251</u>	<u>1,251</u>	<u>—</u>	<u>784</u>
Fund balance, June 30	<u>\$ 1,033</u>	<u>\$ 1,033</u>	<u>\$ 1,608</u>	<u>\$ 575</u>	<u>\$ 1,251</u>

**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, 2024**  
*(With comparative totals for 2023)*  
*(amounts expressed in thousands)*

	<b>2024</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2023 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Investment income	\$ 22	\$ 22	\$ 67	\$ 45	\$ 42
Other	696	696	649	(47)	749
Total revenues	<u>718</u>	<u>718</u>	<u>716</u>	<u>(2)</u>	<u>791</u>
<b>Expenditures</b>					
Current					
Public safety	1,204	1,204	677	527	978
Capital outlay	115	115	—	115	—
Total expenditures	<u>1,319</u>	<u>1,319</u>	<u>677</u>	<u>642</u>	<u>978</u>
Change in fund balance	(601)	(601)	39	640	(187)
Fund balance, July 1	<u>1,552</u>	<u>1,552</u>	<u>1,552</u>	<u>—</u>	<u>1,739</u>
Fund balance, June 30	<u>\$ 951</u>	<u>\$ 951</u>	<u>\$ 1,591</u>	<u>\$ 640</u>	<u>\$ 1,552</u>

**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, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	2024		Actual	Variance with Final Budget- Pos (Neg)	2023 Actual
	Budget Amounts				
	Original	Final			
<b>Revenues</b>					
Licenses and permits	\$ 216	\$ 216	\$ 275	\$ 59	\$ 237
Charges for services	3,880	3,880	4,308	428	4,528
Intergovernmental - grants	274	274	700	426	274
Investment income	100	100	301	201	192
Other	2,274	2,274	2,248	(26)	2,425
Total revenues	<u>6,744</u>	<u>6,744</u>	<u>7,832</u>	<u>1,088</u>	<u>7,656</u>
<b>Expenditures</b>					
Current					
Public safety	8,989	10,769	9,338	1,431	9,531
Capital outlay	85	142	139	3	22
Total expenditures	<u>9,074</u>	<u>10,911</u>	<u>9,477</u>	<u>1,434</u>	<u>9,553</u>
<b>Other financing sources (uses)</b>					
Transfers in	980	980	980	—	1,210
Total other financing sources (uses)	<u>980</u>	<u>980</u>	<u>980</u>	<u>—</u>	<u>1,210</u>
Change in fund balance	(1,350)	(3,187)	(665)	2,522	(687)
Fund balance, July 1	<u>7,271</u>	<u>7,271</u>	<u>7,271</u>	<u>—</u>	<u>7,958</u>
Fund balance, June 30	<u>\$ 5,921</u>	<u>\$ 4,084</u>	<u>\$ 6,606</u>	<u>\$ 2,522</u>	<u>\$ 7,271</u>

**PUBLIC WORKS SPECIAL FUND - BUILDING INSPECTION**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	<b>2024</b>		<b>Actual</b>	<b>Variance with Final Budget- Pos (Neg)</b>	<b>2023 Actual</b>
	<b>Budget Amounts</b>				
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Taxes and assessments					
Franchise Tax	\$ 429	\$ 429	\$ 510	\$ 81	\$ 445
Licenses and permits	72,539	72,539	75,501	2,962	75,040
Charges for services	24,408	24,408	24,025	(383)	22,971
Fines and forfeits	7	7	11	4	11
Investment income	296	296	1,152	856	448
Other	621	621	567	(54)	552
Total revenues	<u>98,300</u>	<u>98,300</u>	<u>101,766</u>	<u>3,466</u>	<u>99,467</u>
<b>Expenditures</b>					
Current					
Public works	99,214	95,673	92,429	3,244	89,863
Capital outlay	1,690	2,286	1,032	1,254	92
Total expenditures	<u>100,904</u>	<u>97,959</u>	<u>93,461</u>	<u>4,498</u>	<u>89,955</u>
<b>Other financing sources (uses)</b>					
Sale of capital assets	—	—	—	—	(56)
Transfers in	—	—	—	—	2
Transfers out	(7,400)	(10,345)	(10,342)	(3)	(7,234)
Total other financing sources (uses)	<u>(7,400)</u>	<u>(10,345)</u>	<u>(10,342)</u>	<u>(3)</u>	<u>(7,288)</u>
Change in fund balance	(10,004)	(10,004)	(2,037)	7,967	2,224
Fund balance, July 1	<u>20,022</u>	<u>20,022</u>	<u>20,022</u>	<u>—</u>	<u>17,798</u>
Fund balance, June 30	<u>\$ 10,018</u>	<u>\$ 10,018</u>	<u>\$ 17,985</u>	<u>\$ 7,967</u>	<u>\$ 20,022</u>



**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, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	<b>2024</b>		<b>Actual</b>	<b>Variance with Final Budget- Pos (Neg)</b>	<b>2023 Actual</b>
	<b>Budget Amounts</b>				
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Charges for services	\$ 120,491	\$ 120,491	\$ 110,658	\$ (9,833)	\$ 114,903
Miscellaneous/Other	2	2	—	(2)	—
Investment income	2,200	2,200	10,105	7,905	2,633
Total revenues	<u>122,693</u>	<u>122,693</u>	<u>120,763</u>	<u>(1,930)</u>	<u>117,536</u>
<b>Expenditures</b>					
Current					
Public works	8,313	8,326	3,611	4,715	3,703
Capital outlay	—	174	—	174	—
Debt service fiscal agent & fees	450	450	520	(70)	520
Total expenditures	<u>8,763</u>	<u>8,950</u>	<u>4,131</u>	<u>4,819</u>	<u>4,223</u>
<b>Other financing sources (uses)</b>					
Transfers in	—	—	10	10	740
Transfers out	(118,699)	(118,512)	(73,637)	44,875	(65,857)
Total other financing sources (uses)	<u>(118,699)</u>	<u>(118,512)</u>	<u>(73,627)</u>	<u>44,885</u>	<u>(65,117)</u>
Change in fund balance	(4,769)	(4,769)	43,005	47,774	48,196
Fund balance, July 1	193,516	193,516	193,516	—	145,320
Fund balance, June 30	<u>\$ 188,747</u>	<u>\$ 188,747</u>	<u>\$ 236,521</u>	<u>\$ 47,774</u>	<u>\$ 193,516</u>

**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, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	<b>2024</b>		<b>Actual</b>	<b>Variance with Final Budget- Pos (Neg)</b>	<b>2023 Actual</b>
	<b>Budget Amounts</b>				
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Investment income	\$ 1,000	\$ 1,000	\$ 1,692	\$ 692	\$ 3,375
Total revenues	1,000	1,000	1,692	692	3,375
<b>Expenditures</b>					
Current					
Public works	230	279	20,535	(20,256)	5,012
Capital outlay	18,389	24,582	4,315	20,267	6,142
Total expenditures	18,619	24,861	24,850	11	11,154
<b>Other financing sources (uses)</b>					
Sale of capital assets	—	—	—	—	100
Transfers in	123,150	123,150	123,150	—	76,215
Transfers out	(105,532)	(99,290)	(68,975)	(30,315)	(75,975)
Total other financing sources (uses)	17,618	23,860	54,175	(30,315)	340
Change in fund balance	(1)	(1)	31,017	31,018	(7,439)
Fund balance, July 1	84,945	84,945	84,945	—	92,384
Fund balance, June 30	\$ 84,944	\$ 84,944	\$ 115,962	\$ 31,018	\$ 84,945

**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, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	<b>2024</b>		<b>Actual</b>	<b>Variance with Final Budget- Pos (Neg)</b>	<b>2023 Actual</b>
	<b>Budget Amounts</b>				
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Charges for services	\$ 734	\$ 734	\$ 136	\$ (598)	\$ 369
Licenses & Permits	—	—	—	—	—
Intergovernmental Revenue	87,885	87,885	91,674	3,789	70,682
Miscellaneous/Other	477	477	1,047	570	847
Investment income (loss)	—	—	—	—	(459)
Total revenues	<u>89,096</u>	<u>89,096</u>	<u>92,857</u>	<u>3,761</u>	<u>71,439</u>
<b>Expenditures</b>					
Current					
Public works	89,028	88,426	63,546	24,880	47,229
Capital outlay	867	1,469	28,153	(26,684)	23,248
Total expenditures	<u>89,895</u>	<u>89,895</u>	<u>91,699</u>	<u>(1,804)</u>	<u>70,477</u>
<b>Other financing sources (uses)</b>					
Sale of capital assets	—	—	—	—	(23)
Transfers out	(2,142)	(2,142)	—	(2,142)	—
Total other financing sources (uses)	<u>(2,142)</u>	<u>(2,142)</u>	<u>—</u>	<u>(2,142)</u>	<u>(23)</u>
Change in fund balance	(2,941)	(2,941)	1,158	4,099	939
Fund balance, July 1	<u>3,376</u>	<u>3,376</u>	<u>3,376</u>	<u>—</u>	<u>2,437</u>
Fund balance, June 30	<u>\$ 435</u>	<u>\$ 435</u>	<u>\$ 4,534</u>	<u>\$ 4,099</u>	<u>\$ 3,376</u>

**PUBLIC WORKS SPECIAL FUND - HISTORIC PRESERVATION**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	<b>2024</b>		<b>Actual</b>	<b>Variance with Final Budget- Pos (Neg)</b>	<b>2023 Actual</b>
	<b>Budget Amounts</b>				
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Charges for services	\$ 200	\$ 200	\$ 352	\$ 152	\$ 216
Investment income	20	20	91	71	37
Total revenues	<u>220</u>	<u>220</u>	<u>443</u>	<u>223</u>	<u>253</u>
<b>Expenditures</b>					
Current					
Public Works	475	475	179	296	134
Total expenditures	<u>475</u>	<u>475</u>	<u>179</u>	<u>296</u>	<u>134</u>
Change in fund balance	(255)	(255)	264	519	119
Fund balance, July 1	<u>1,913</u>	<u>1,913</u>	<u>1,913</u>	<u>—</u>	<u>1,794</u>
Fund balance, June 30	<u><u>\$ 1,658</u></u>	<u><u>\$ 1,658</u></u>	<u><u>\$ 2,177</u></u>	<u><u>\$ 519</u></u>	<u><u>\$ 1,913</u></u>

**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, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	<b>2024</b>				
	<b>Budget Amounts</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2023 Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
<b>Revenues</b>					
Licenses and permits	\$ 484	\$ 484	\$ 482	\$ (2)	\$ 472
Charges for services	9,550	9,550	8,979	(571)	9,348
Investment income	147	147	481	334	158
Other	49	49	46	(3)	49
Total revenues	<u>10,230</u>	<u>10,230</u>	<u>9,988</u>	<u>(242)</u>	<u>10,027</u>
<b>Expenditures</b>					
Current					
Public works	13,370	13,370	10,689	2,681	8,383
Total expenditures	<u>13,370</u>	<u>13,370</u>	<u>10,689</u>	<u>2,681</u>	<u>8,383</u>
<b>Other financing sources (uses)</b>					
Transfers out	—	—	(2,040)	2,040	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>(2,040)</u>	<u>2,040</u>	<u>—</u>
Change in fund balance	(3,140)	(3,140)	(2,741)	(883)	1,644
Fund balance, July 1	<u>10,077</u>	<u>10,077</u>	<u>10,077</u>	<u>—</u>	<u>8,433</u>
Fund balance, June 30	<u>\$ 6,937</u>	<u>\$ 6,937</u>	<u>\$ 7,336</u>	<u>\$ (883)</u>	<u>\$ 10,077</u>

**PUBLIC WORKS SPECIAL FUND - RECYCLING REVENUE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	<b>2024</b>		<b>Actual</b>	<b>Variance with Final Budget- Pos (Neg)</b>	<b>2023 Actual</b>
	<b>Budget Amounts</b>				
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Licenses and permits	\$ 100	\$ 100	\$ 119	\$ 19	\$ 86
Investment income	80	80	220	140	130
Other	263	263	497	234	1,214
Total revenues	<u>443</u>	<u>443</u>	<u>836</u>	<u>393</u>	<u>1,430</u>
<b>Expenditures</b>					
Current					
Capital outlay	—	7	—	7	35
Parks and recreation	2,647	2,640	2,132	508	1,422
Total expenditures	<u>2,647</u>	<u>2,647</u>	<u>2,132</u>	<u>515</u>	<u>1,457</u>
<b>Other financing sources (uses)</b>					
Sale of capital assets	—	—	—	—	3
Transfers in	3,863	3,863	3,863	—	8
Transfers out	(1,345)	(1,345)	(1,345)	—	(1,568)
Total other financing sources (uses)	<u>2,518</u>	<u>2,518</u>	<u>2,518</u>	<u>—</u>	<u>(1,557)</u>
Change in fund balance	314	314	1,222	908	(1,584)
Fund balance, July 1	<u>3,845</u>	<u>3,845</u>	<u>3,845</u>	<u>—</u>	<u>5,429</u>
Fund balance, June 30	<u>\$ 4,159</u>	<u>\$ 4,159</u>	<u>\$ 5,067</u>	<u>\$ 908</u>	<u>\$ 3,845</u>

**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, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	<b>2024</b>		<b>Actual</b>	<b>Variance with Final Budget- Pos (Neg)</b>	<b>2023 Actual</b>
	<b>Budget Amounts</b>				
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Charges for services	\$ 13	\$ 13	\$ 8	\$ (5)	\$ 9
Intergovernmental - grants	—	—	—	—	15,245
Investment income	400	400	2,146	1,746	526
Other	9,200	9,200	10,744	1,544	10,278
Total revenues	<u>9,613</u>	<u>9,613</u>	<u>12,898</u>	<u>3,285</u>	<u>26,058</u>
<b>Expenditures</b>					
Current					
Health	22,012	22,002	11,987	10,015	11,561
Capital outlay	30	40	—	40	—
Total expenditures	<u>22,042</u>	<u>22,042</u>	<u>11,987</u>	<u>10,055</u>	<u>11,561</u>
Change in fund balance	(12,429)	(12,429)	911	13,340	14,497
Fund balance, July 1	<u>46,839</u>	<u>46,839</u>	<u>46,839</u>	<u>—</u>	<u>32,342</u>
Fund balance, June 30	<u>\$ 34,410</u>	<u>\$ 34,410</u>	<u>\$ 47,750</u>	<u>\$ 13,340</u>	<u>\$ 46,839</u>

**HEALTH & HOUSING SPECIAL FUND - HEALTH SPECIAL**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	<b>2024</b>		<b>Actual</b>	<b>Variance with Final Budget- Pos (Neg)</b>	<b>2023 Actual</b>
	<b>Budget Amounts</b>				
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Licenses and permits	\$ 509	\$ 509	\$ 537	\$ 28	\$ 426
Charges for services	1,043	1,043	1,057	14	1,155
Intergovernmental - grants	3,555	3,555	3,886	331	2,006
Investment income	60	60	221	161	91
Other	146	146	92	(54)	94
Total revenues	<u>5,313</u>	<u>5,313</u>	<u>5,793</u>	<u>480</u>	<u>3,772</u>
<b>Expenditures</b>					
Current					
Health	10,077	10,077	7,485	2,592	4,865
Capital outlay	547	547	62	485	10
Total expenditures	<u>10,624</u>	<u>10,624</u>	<u>7,547</u>	<u>3,077</u>	<u>4,875</u>
<b>Other financing sources (uses)</b>					
Transfers in	2,503	2,503	2,503	—	3,430
Transfers out	—	—	(3,500)	—	—
Total other financing sources (uses)	<u>2,503</u>	<u>2,503</u>	<u>(997)</u>	<u>—</u>	<u>3,430</u>
Change in fund balance	(2,808)	(2,808)	(2,751)	57	2,327
Fund balance, July 1	<u>6,201</u>	<u>6,201</u>	<u>6,201</u>	<u>—</u>	<u>3,874</u>
Fund balance, June 30	<u>\$ 3,393</u>	<u>\$ 3,393</u>	<u>\$ 3,450</u>	<u>\$ 57</u>	<u>\$ 6,201</u>



**HEALTH & HOUSING SPECIAL FUND - LABORATORY SERVICES**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	<b>2024</b>		<b>Actual</b>	<b>Variance with Final Budget- Pos (Neg)</b>	<b>2023 Actual</b>
	<b>Budget Amounts</b>				
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Charges for services	\$ 380	\$ 380	\$ 395	\$ 15	\$ 389
Investment income	5	5	22	17	4
Other	60	60	—	(60)	48
Total revenues	<u>445</u>	<u>445</u>	<u>417</u>	<u>(28)</u>	<u>441</u>
<b>Expenditures</b>					
Current					
Health	549	549	416	133	326
Capital Outlay	—	—	4	—	—
Total expenditures	<u>549</u>	<u>549</u>	<u>420</u>	<u>133</u>	<u>326</u>
Change in fund balance	(104)	(104)	(3)	101	115
Fund balance, July 1	<u>391</u>	<u>391</u>	<u>391</u>	<u>—</u>	<u>276</u>
Fund balance, June 30	<u>\$ 287</u>	<u>\$ 287</u>	<u>\$ 388</u>	<u>\$ 101</u>	<u>\$ 391</u>

**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, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	<b>2024</b>		<b>Actual</b>	<b>Variance with Final Budget- Pos (Neg)</b>	<b>2023 Actual</b>
	<b>Budget Amounts</b>				
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Licenses and permits	\$ 3,328	\$ 3,328	\$ 3,316	\$ (12)	\$ 3,191
Charges for services	1,200	1,200	831	(369)	929
Investment income	40	40	109	69	20
Total revenues	<u>4,568</u>	<u>4,568</u>	<u>4,256</u>	<u>(312)</u>	<u>4,140</u>
<b>Expenditures</b>					
Current					
Health	5,557	5,557	3,570	1,987	3,500
Capital outlay	475	475	93	382	—
Total expenditures	<u>6,032</u>	<u>6,032</u>	<u>3,663</u>	<u>2,369</u>	<u>3,500</u>
<b>Other financing sources (uses)</b>					
Transfers in	350	350	350	—	350
Total other financing sources (uses)	<u>350</u>	<u>350</u>	<u>350</u>	<u>—</u>	<u>350</u>
Change in fund balance	(1,114)	(1,114)	943	2,057	990
Fund balance, July 1	<u>2,233</u>	<u>2,233</u>	<u>2,233</u>	<u>—</u>	<u>1,243</u>
Fund balance, June 30	<u>\$ 1,119</u>	<u>\$ 1,119</u>	<u>\$ 3,176</u>	<u>\$ 2,057</u>	<u>\$ 2,233</u>

**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, 2024**  
*(With comparative totals for 2023)*  
*(amounts expressed in thousands)*

	<b>2024</b>				
	<b>Budget Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget- Pos (Neg)</b>	<b>2023 Actual</b>
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Licenses and permits	\$ 1,431	\$ 1,431	\$ 1,392	\$ (39)	\$ 1,367
Investment income	16	16	56	40	30
Total revenues	<u>1,447</u>	<u>1,447</u>	<u>1,448</u>	<u>1</u>	<u>1,397</u>
<b>Expenditures</b>					
Current					
Health	2,468	2,396	1,506	890	1,525
Capital outlay	281	281	124	157	—
Total expenditures	<u>2,749</u>	<u>2,677</u>	<u>1,630</u>	<u>1,047</u>	<u>1,525</u>
Change in fund balance	(1,302)	(1,230)	(182)	1,048	(128)
Fund balance, July 1	<u>1,181</u>	<u>1,181</u>	<u>1,181</u>	<u>—</u>	<u>1,309</u>
Fund balance, June 30	<u>\$ (121)</u>	<u>\$ (49)</u>	<u>\$ 999</u>	<u>\$ 1,048</u>	<u>\$ 1,181</u>

**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, 2024**  
*(With comparative totals for 2023)*  
*(amounts expressed in thousands)*

	<u>2024</u>		<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>	<u>2023 Actual</u>
	<u>Budget Amounts</u>				
	<u>Original</u>	<u>Final</u>			
<b>Revenues</b>					
Charges for services	\$ 1,066	\$ 1,066	\$ 1,027	\$ (39)	\$ 1,034
Investment income	22	22	72	50	29
Total revenues	<u>1,088</u>	<u>1,088</u>	<u>1,099</u>	<u>11</u>	<u>1,063</u>
<b>Expenditures</b>					
Current					
Parks and recreation	1,270	1,270	934	336	981
Total expenditures	<u>1,270</u>	<u>1,270</u>	<u>934</u>	<u>336</u>	<u>981</u>
Change in fund balance	(182)	(182)	165	347	82
Fund balance, July 1	<u>1,528</u>	<u>1,528</u>	<u>1,528</u>	<u>—</u>	<u>1,446</u>
Fund balance, June 30	<u>\$ 1,346</u>	<u>\$ 1,346</u>	<u>\$ 1,693</u>	<u>\$ 347</u>	<u>\$ 1,528</u>

**PARKS & RECREATION SPECIAL FUND - PARKS GOLF**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2024**  
*(With comparative totals for 2023)*  
*(amounts expressed in thousands)*

	2024			Variance with Final Budget- Pos (Neg)	2023 Actual
	Budget Amounts		Actual		
	Original	Final			
<b>Revenues</b>					
Charges for services	\$ 7,836	\$ 7,836	\$ 8,308	\$ 472	\$ 7,859
Investment income	20	20	85	65	28
Total revenues	<u>7,856</u>	<u>7,856</u>	<u>8,393</u>	<u>537</u>	<u>7,887</u>
<b>Expenditures</b>					
Current					
Parks and recreation	8,561	8,561	7,886	675	7,498
Total expenditures	<u>8,561</u>	<u>8,561</u>	<u>7,886</u>	<u>675</u>	<u>7,498</u>
<b>Other financing sources (uses)</b>					
Transfers out	(200)	(200)	(200)	—	(200)
Total other financing sources (uses)	<u>(200)</u>	<u>(200)</u>	<u>(200)</u>	<u>—</u>	<u>(200)</u>
Change in fund balance	(905)	(905)	307	1,212	189
Fund balance, July 1	<u>1,915</u>	<u>1,915</u>	<u>1,915</u>	<u>—</u>	<u>1,726</u>
Fund balance, June 30	<u>\$ 1,010</u>	<u>\$ 1,010</u>	<u>\$ 2,222</u>	<u>\$ 1,212</u>	<u>\$ 1,915</u>

**PARKS & RECREATION SPECIAL FUND - PARKS SPECIAL**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2024**  
*(With comparative totals for 2023)*  
*(amounts expressed in thousands)*

	<b>2024</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2023 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Licenses and permits	\$ 169	\$ 169	\$ 198	\$ 29	\$ 162
Charges for services	2,014	2,014	1,954	(60)	2,054
Investment income	37	37	267	230	48
Other	706	706	841	135	1,080
Total revenues	<u>2,926</u>	<u>2,926</u>	<u>3,260</u>	<u>334</u>	<u>3,344</u>
<b>Expenditures</b>					
Current					
Parks and recreation	3,994	3,985	2,758	1,227	1,993
Capital outlay	98	98	5,000	(4,902)	22
Total expenditures	<u>4,092</u>	<u>4,083</u>	<u>7,758</u>	<u>(3,675)</u>	<u>2,015</u>
<b>Other financing sources (uses)</b>					
Transfers in	200	200	10,200	10,000	200
Transfers out	—	(10,003)	(6,200)	(3,803)	—
Total other financing sources (uses)	<u>200</u>	<u>(9,803)</u>	<u>4,000</u>	<u>6,197</u>	<u>200</u>
Change in fund balance	(966)	(10,960)	(498)	10,462	1,529
Fund balance, July 1	<u>3,826</u>	<u>3,826</u>	<u>3,826</u>	<u>—</u>	<u>2,297</u>
Fund balance, June 30	<u>\$ 2,860</u>	<u>\$ (7,134)</u>	<u>\$ 3,328</u>	<u>\$ 10,462</u>	<u>\$ 3,826</u>

**OTHER SPECIAL REVENUE FUND - CABLE TELEVISION**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	2024			Variance with Final Budget- Pos (Neg)	2023 Actual
	Budget Amounts		Actual		
	Original	Final			
<b>Revenues</b>					
Charges for services	\$ —	\$ —	\$ —	\$ —	\$ —
Investment income	70	70	249	179	122
Other	2,618	2,618	2,652	34	2,966
Total revenues	<u>2,688</u>	<u>2,688</u>	<u>2,901</u>	<u>213</u>	<u>3,088</u>
<b>Expenditures</b>					
Current					
General government	3,975	4,125	3,700	425	3,554
Capital outlay	2,161	2,011	1,121	890	261
Total expenditures	<u>6,136</u>	<u>6,136</u>	<u>4,821</u>	<u>1,315</u>	<u>3,815</u>
<b>Other financing sources (uses)</b>					
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	(2,409)	(2,409)	(1,120)	1,289	73
Fund balance, July 1	<u>5,831</u>	<u>5,831</u>	<u>5,831</u>	<u>—</u>	<u>5,758</u>
Fund balance, June 30	<u>\$ 3,422</u>	<u>\$ 3,422</u>	<u>\$ 4,711</u>	<u>\$ 1,289</u>	<u>\$ 5,831</u>

**OTHER SPECIAL REVENUE FUND - CONTRACTORS RESPONSIBILITY**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	<b>2024</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2023 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Investment income	\$ 14	\$ 14	\$ 85	\$ 71	\$ 22
Other	908	908	1,369	461	1,094
Total revenues	<u>922</u>	<u>922</u>	<u>1,454</u>	<u>532</u>	<u>1,116</u>
<b>Expenditures</b>					
Current					
General government	592	592	411	181	407
Total expenditures	<u>592</u>	<u>592</u>	<u>411</u>	<u>181</u>	<u>407</u>
<b>Other financing sources (uses)</b>					
Transfers out	(400)	(400)	(400)	—	(630)
Total other financing sources (uses)	<u>(400)</u>	<u>(400)</u>	<u>(400)</u>	<u>—</u>	<u>(630)</u>
Change in fund balance	(70)	(70)	643	713	79
Fund balance, July 1	<u>1,455</u>	<u>1,455</u>	<u>1,455</u>	<u>—</u>	<u>1,376</u>
Fund balance, June 30	<u>\$ 1,385</u>	<u>\$ 1,385</u>	<u>\$ 2,098</u>	<u>\$ 713</u>	<u>\$ 1,455</u>



**OTHER SPECIAL REVENUE FUND - HOUSTON TRANSTAR**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	2024			Variance with Final Budget- Pos (Neg)	2023 Actual
	Budget Amounts		Actual		
	Original	Final			
<b>Revenues</b>					
Charges for services	\$ 937	\$ 937	\$ 878	\$ (59)	\$ 937
Intergovernmental - grants	1,688	1,688	2,229	541	2,267
Investment income	25	25	168	143	88
Total revenues	2,650	2,650	3,275	625	3,292
<b>Expenditures</b>					
Current					
General government	3,428	3,428	3,086	342	3,380
Capital outlay	—	—	—	—	1
Total expenditures	3,428	3,428	3,086	342	3,381
<b>Other financing sources (uses)</b>					
Sale of capital assets	—	—	—	—	(3)
Total other financing sources (uses)	—	—	—	—	(3)
Change in fund balance	(778)	(778)	189	967	(92)
Fund balance, July 1	3,752	3,752	3,752	—	3,844
Fund balance, June 30	\$ 2,974	\$ 2,974	\$ 3,941	\$ 967	\$ 3,752

**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, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	2024			Variance with Final Budget- Pos (Neg)	2023 Actual
	Budget Amounts		Actual		
	Original	Final			
<b>Revenues</b>					
Taxes and assessments					
Parking Violations	\$ 10,186	\$ 10,186	\$ 10,067	\$ (119)	\$ 8,935
Parking Fees	10,782	10,782	9,089	(1,693)	9,197
Permit Fees	268	268	262	(6)	256
Investment income	62	62	348	286	116
Other	46	46	38	(8)	61
Total revenues	<u>21,344</u>	<u>21,344</u>	<u>19,804</u>	<u>(1,540)</u>	<u>18,565</u>
<b>Expenditures</b>					
Current					
General government	14,490	13,885	13,291	594	12,131
Capital outlay	450	—	—	—	(3)
Total expenditures	<u>14,940</u>	<u>13,885</u>	<u>13,291</u>	<u>594</u>	<u>12,128</u>
<b>Other financing sources (uses)</b>					
Transfers out	(8,075)	(8,025)	(6,319)	(1,706)	(6,359)
Total other financing sources (uses)	<u>(8,075)</u>	<u>(8,025)</u>	<u>(6,319)</u>	<u>(1,706)</u>	<u>(6,359)</u>
Change in fund balance	(1,671)	(566)	194	760	78
Fund balance, July 1	<u>2,062</u>	<u>2,062</u>	<u>2,062</u>	<u>—</u>	<u>1,984</u>
Fund balance, June 30	<u>\$ 391</u>	<u>\$ 1,496</u>	<u>\$ 2,256</u>	<u>\$ 760</u>	<u>\$ 2,062</u>



*Houston Airport System*

# Enterprise Funds

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**Enterprise Funds:**

The Houston Airport System has been instrumental in helping showcase Houston on a global stage, serving over 62 million passengers over the 12 months ending July 2024. The Houston Airport System services the many needs of Houston's aviation landscape, as George Bush Intercontinental Airport (IAH) and William P. Hobby Airport services over 30 airlines, while Ellington Airport supports the operations of the United States military, and NASA, a mecca of innovation within Houston.

Photo Credits: Houston Airport System

# 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.

**AIRPORT SYSTEM**  
**Schedule of Net Position**  
**June 30, 2024**  
**(With comparative amounts for 2023)**  
**(amounts expressed in thousands)**

	2024	2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 202,927	\$ 119,296
Investments	110,191	71,589
Receivables, net of allowances		
Accounts receivable	34,238	10,745
Due from other funds	1,034	559
Due from other governments	40,640	57,726
Inventory	2,207	2,428
Prepaid items	9,416	7,997
Lease receivable	14,747	12,235
Restricted assets		
Cash and cash equivalents	248,418	209,582
Investments	101,994	93,507
Restricted accounts receivable	19,732	11,762
Total current assets	<u>785,544</u>	<u>597,426</u>
Noncurrent assets		
Investments	14,025	10,532
Prepaid items	1,799	150
Lease receivable	323,163	235,744
Restricted assets		
Investments	1,199,486	1,372,045
Capital assets		
Land	214,457	214,457
Buildings	3,259,727	3,173,385
Improvements and equipment	2,153,031	2,101,279
Construction in progress	1,118,951	869,080
Intangibles	21,750	21,692
Infrastructure	569,774	563,260
Lease right-of-use assets	295	295
Subscription right-of-use assets	5,362	5,254
Less accumulated depreciation and amortization	<u>(3,910,349)</u>	<u>(3,751,302)</u>
Net capital assets	<u>3,432,998</u>	<u>3,197,399</u>
Total noncurrent assets	<u>4,971,471</u>	<u>4,815,870</u>
<b>Total assets</b>	<u>5,757,015</u>	<u>5,413,296</u>
Deferred outflows of resources		
Unamortized losses in refunded debt	13,114	17,495
Deferred outflows on pension liability	10,585	11,588
Deferred outflows on OPEB liability	10,719	9,508
<b>Total deferred outflows of resources</b>	<u>\$ 34,418</u>	<u>\$ 38,591</u>

**AIRPORT SYSTEM**  
**Schedule of Net Position**  
**June 30, 2024**  
**(With comparative amounts for 2023)**  
**(amounts expressed in thousands)**

	2024	2023
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 24,793	\$ 18,623
Accrued payroll liabilities	3,077	2,299
Accrued interest payable	56,625	42,405
Contracts and retainages payable	129,237	185,666
Due to other funds	1,156	609
Due to other governments	1,843	1,843
Notes payable	1,241	1,217
Advances and deposits	2,785	2,824
Lease liabilities	10	45
Subscription liabilities	1,131	1,303
Claims and judgments	1,279	1,064
Compensated absences	7,589	6,887
Special facility bonds payable	9,630	8,870
Other post employment benefits	2,030	2,102
Bonds payable	122,925	119,710
Unearned revenue	34,095	43,389
<b>Total current liabilities</b>	<b>399,446</b>	<b>438,856</b>
<b>Noncurrent liabilities</b>		
Bonds payable, net	2,588,270	2,113,786
Special facility bonds payable	34,015	43,645
Claims and judgments	4,461	1,890
Compensated absences	8,146	8,146
Commercial paper	—	350,000
Lease liabilities	8	18
Subscription liabilities	1,333	2,591
Net pension liability	163,240	178,211
Notes payable	12,341	13,583
Other post employment benefits	60,481	52,283
Pension obligation bonds payable	2,006	2,006
<b>Total noncurrent liabilities</b>	<b>2,874,301</b>	<b>2,766,289</b>
<b>Total liabilities</b>	<b>3,273,747</b>	<b>3,205,145</b>
<b>Deferred inflows of resources</b>		
Unamortized gains on refunded debt	14,270	—
Deferred inflows on pension liability	25,124	23,861
Deferred inflows on OPEB liability	20,649	26,804
Deferred inflows from leases	310,100	227,753
<b>Total deferred inflows of resources</b>	<b>370,143</b>	<b>278,418</b>
<b>Net position</b>		
Net investment in capital assets	728,106	591,494
Restricted net position		
Restricted for debt service	492,900	472,782
Restricted for renewal and replacement	10,000	10,000
Restricted for maintenance and operations	63,032	55,457
Restricted for special facility	62,152	55,143
Restricted for capital improvements	763,782	851,491
Unrestricted (deficit)	27,571	(68,043)
<b>Total net position</b>	<b>\$ 2,147,543</b>	<b>\$ 1,968,324</b>

**AIRPORT SYSTEM**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2024**  
**(With comparative amounts for 2023)**  
**(amounts expressed in thousands)**

	2024	2023
<b>Operating Revenues</b>		
Landing area fees	\$ 98,556	\$ 92,601
Rentals, building and ground areas	250,353	234,751
Parking	122,588	117,460
Concession	116,332	107,691
Other	7,734	7,744
Total operating revenue	<u>595,563</u>	<u>560,247</u>
<b>Operating Expenses</b>		
Maintenance and operating	437,178	400,956
Depreciation and amortization	170,747	170,922
Total operating expenses	<u>607,925</u>	<u>571,878</u>
Operating income (loss)	<u>(12,362)</u>	<u>(11,631)</u>
<b>Nonoperating revenues (expenses)</b>		
Investment income	91,803	38,706
Customer facility charges	17,946	16,075
Special facility cost	(206)	(283)
Other revenues (expenses)	11,147	9,911
Gain (loss) on disposal of assets	(415)	405
Passenger facility charges	117,407	108,754
Interest expense	(94,609)	(78,655)
CRRSAA/ARPA grants	48,005	50,230
Cost of issuance for debt	(4,736)	—
Total Nonoperating revenues (expenses)	<u>186,342</u>	<u>145,143</u>
Income before contributions and transfers	<u>173,980</u>	<u>133,512</u>
Capital contributions	5,239	37,087
Change in net position	179,219	170,599
Total net position, July 1	1,968,324	1,797,725
Total net position, June 30	<u>\$ 2,147,543</u>	<u>\$ 1,968,324</u>



**AIRPORT SYSTEM**  
**Schedule of Cash Flows**  
**June 30, 2024**  
**(With comparative amounts for 2023)**  
**(amounts expressed in thousands)**

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities</b>		
Receipts from customers	\$ 553,830	\$ 561,055
Payments to employees	(221,033)	(200,540)
Payments to suppliers	(137,675)	(128,669)
Internal activity-payments to other funds	(82,884)	(80,438)
Other receipts	7,734	7,744
Net cash provided by operating activities	<u>119,972</u>	<u>159,152</u>
<b>Cash flows from investing activities</b>		
Interest income on investments	63,735	36,188
Purchase of investments	(2,539,446)	(2,311,957)
Sales of investments	2,689,490	2,240,360
Net cash used in investing activities	<u>213,779</u>	<u>(35,409)</u>
<b>Cash flows from noncapital financing activities</b>		
CRRSAA/ARPA grants	58,473	60,625
Net cash provided by noncapital financing activities	<u>58,473</u>	<u>60,625</u>
<b>Cash flows from capital and related financing activities</b>		
Retirement of revenue bonds	(318,695)	(77,700)
Lease liabilities	(45)	(48)
Subscription liabilities	(1,538)	(1,360)
Retirement of special facility bonds	(8,870)	(8,165)
Retirement of SECO Loans	(1,218)	—
Proceeds from issuance of commercial paper	—	165,000
Interest expense on debt	(81,830)	(96,256)
Passenger facilities charges	109,633	107,286
Customer facilities charges	17,750	15,870
Net proceeds from issuance of revenue bonds	816,486	—
Grant receipts	11,857	59,470
Special facility cost	(206)	(283)
Acquisition of property, plant and equipment	(463,081)	(400,182)
Retirement of commercial paper	(350,000)	—
Net cash used in capital and related financing activities	<u>(269,757)</u>	<u>(237,561)</u>
Net decrease in cash and cash equivalents	122,467	(53,193)
Cash and cash equivalents, July 1	328,878	382,071
<b>Cash and cash equivalents, June 30</b>	<u>\$ 451,345</u>	<u>\$ 328,878</u>
<b>Cash and cash equivalents</b>		
Pooled cash and cash equivalents (Note 3A)	\$ 202,927	\$ 119,296
Current restricted cash and cash equivalents (Note 3A)	248,418	209,582
<b>Total cash and cash equivalents, June 30</b>	<u>\$ 451,345</u>	<u>\$ 328,878</u>

(Continued)

**AIRPORT SYSTEM**  
**Schedule of Cash Flows**  
**June 30, 2024**  
**(With comparative amounts for 2023)**  
**(amounts expressed in thousands)**

	<u>2024</u>	<u>2023</u>
<b>Reconciliation of operating income (loss) to net cash provided (used in) operating activities</b>		
Operating income (loss)	\$ (12,362)	\$ (11,631)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization	170,747	170,922
Changes in assets and liabilities		
Accounts receivable	(23,493)	(5,904)
Due from other funds	(475)	136
Inventory and prepaid insurance	(2,847)	(877)
Lease receivable	(83,520)	22,507
Accounts payable	6,170	6,895
Accrued payroll liabilities	778	(2,281)
Due to other funds	547	(857)
Advances and deposits	(39)	34
Claims and judgments	2,786	730
Compensated absences	571	884
Other current liabilities	(9,294)	9,339
Other post employment benefits	761	(865)
Pension Obligation payable	(12,705)	(11,128)
Deferred inflow - leases	82,347	(18,752)
<b>Net cash provided by operating activities</b>	<u>\$ 119,972</u>	<u>\$ 159,152</u>
<b>Non cash transactions</b>		
Bond amortization expense	\$ (20,092)	\$ (20,216)
Capital additions included in liabilities	(70,178)	(144,172)
Unrealized gain and (loss) on investments	28,068	2,518
Loss on disposal of assets	(415)	405
<b>Total non cash transactions</b>	<u>\$ (62,617)</u>	<u>\$ (161,465)</u>



**CONVENTION & ENTERTAINMENT**  
**Schedule of Net Position**  
**June 30, 2024**  
*(With comparative amounts for 2023)*  
*(amounts expressed in thousands)*

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 19,346	\$ 14,067
Investments	42,140	49,503
Receivables, net of allowances		
Accounts receivable	13	13
Hotel occupancy tax receivable	29,544	32,511
Due from component units	32,108	23,724
Lease asset receivable	1,481	1,456
Total current assets	<u>124,632</u>	<u>121,274</u>
Noncurrent Assets		
Investments	35,570	35,061
Due from component units	237,602	258,975
Lease receivable	2,307	3,789
Capital assets		
Land	93,860	93,860
Buildings	566,148	566,148
Improvements and equipment	8,409	8,409
Infrastructure	334	334
Garage rights	13,144	13,144
Less accumulated depreciation and amortization	<u>(368,517)</u>	<u>(355,690)</u>
Net capital assets	<u>313,378</u>	<u>326,205</u>
Total noncurrent assets	<u>588,857</u>	<u>624,030</u>
<b>Total assets</b>	<u>713,489</u>	<u>745,304</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows on pension liability	25	51
Deferred outflows on OPEB liability	1,288	1,261
Deferred outflows for unamortized cost on refunded debt	130	143
<b>Total deferred outflows of resources</b>	<u>\$ 1,443</u>	<u>\$ 1,455</u>

**CONVENTION & ENTERTAINMENT**  
**Statement of Net Position**  
**June 30, 2024**  
*(With comparative amounts for 2023)*  
*(amounts expressed in thousands)*

	<b>2024</b>	<b>2023</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	\$ 20	\$ 21
Accrued interest payable	4,654	4,865
Due to component units	34,188	32,949
Other post employment benefits	214	250
Cost of issuance payable	515	515
Pension obligation bonds payable	235	220
Bonds payable	26,558	26,312
Total current liabilities	<u>66,384</u>	<u>65,132</u>
Noncurrent liabilities		
Bonds payable	503,678	540,530
Net pension liability	4,358	4,879
Other post employment benefits	7,456	7,154
Unearned revenue	4,857	5,151
Pension obligation bonds payable	2,334	2,569
Total noncurrent liabilities	<u>522,683</u>	<u>560,283</u>
<b>Total liabilities</b>	<u>589,067</u>	<u>625,415</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows on pension liability	671	653
Deferred inflows for unamortized gains on refunded debt	7,074	7,839
Deferred inflows on OPEB liability	2,523	3,675
Deferred inflows for leases	3,615	5,059
<b>Total deferred inflows of resources</b>	<u>13,883</u>	<u>17,226</u>
<b>Net Position</b>		
Net investment in capital assets	30,095	27,475
Restricted net position		
Restricted for debt service	35,570	35,061
Restricted for maintenance and operations	21,663	19,361
Unrestricted	24,654	22,221
<b>Total net position</b>	<u>\$ 111,982</u>	<u>\$ 104,118</u>

**CONVENTION & ENTERTAINMENT**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2024**  
*(With comparative amounts for 2023)*  
*(amounts expressed in thousands)*

	<u>2024</u>	<u>2023</u>
<b>Operating Revenues</b>		
Parking	\$ 8,815	\$ 8,877
Rental	1,521	1,521
Total operating revenue	<u>10,336</u>	<u>10,398</u>
<b>Operating Expenses</b>		
Maintenance and operating	83,744	85,544
Depreciation and amortization	12,827	12,844
Total operating expenses	<u>96,571</u>	<u>98,388</u>
Operating loss	<u>(86,235)</u>	<u>(87,990)</u>
<b>Nonoperating revenues (expenses)</b>		
Investment income	8,717	9,491
Hotel occupancy tax	106,344	104,853
Other revenue	280	307
Interest on long-term debt	(19,721)	(22,706)
Total nonoperating revenues (expenses)	<u>95,620</u>	<u>91,945</u>
Income before contributions and transfers	<u>9,385</u>	<u>3,955</u>
Transfers out	(1,521)	(1,522)
Total transfers	<u>(1,521)</u>	<u>(1,522)</u>
Change in net position	7,864	2,433
Total net position, July 1	<u>104,118</u>	<u>101,685</u>
<b>Total net position, June 30</b>	<u><u>\$ 111,982</u></u>	<u><u>\$ 104,118</u></u>

**CONVENTION & ENTERTAINMENT**  
**Schedule of Cash Flows**  
**For the Year Ended June 30, 2024**  
*(With comparative amounts for 2023)*  
*(amounts expressed in thousands)*

	2024	2023
<b>Cash flows from operating activities</b>		
Receipts from customers	\$ 10,335	\$ 10,401
Payments to employees	(214)	(251)
Payments to suppliers	(95)	(137)
Payments to Houston First (Component Units)	(83,587)	(83,183)
Receipts from component units	12,989	38,467
Net cash used in operating activities	(60,572)	(34,703)
<b>Cash flows from investing activities</b>		
Interest income on investments	10,140	9,676
Purchase of investments	(72,290)	(102,378)
Proceeds from sale of investments	77,721	96,648
Net cash provided by (used in) investing activities	15,571	3,946
<b>Cash flows from capital and related financing activities</b>		
Retirement of revenue bonds	(28,312)	(33,670)
Proceeds from issuance of revenue bonds	—	—
Cost of issuance on debt	—	—
Interest expense on debt	(28,978)	(30,499)
Net cash used in capital and related financing activities	(57,290)	(64,169)
<b>Cash flows from noncapital financing activities</b>		
Retirement of pension bonds	(220)	(210)
Transfers	(1,521)	(1,522)
Hotel occupancy tax revenue	109,311	94,773
Net cash provided by noncapital financing activities	107,570	93,041
Net decrease in cash and cash equivalents	5,279	(1,885)
Cash and cash equivalents, July 1	14,067	15,952
<b>Cash and cash equivalents, June 30</b>	\$ 19,346	\$ 14,067
<b>Cash and cash equivalents</b>		
Pooled cash and cash equivalents (Note 3A)	\$ 19,346	\$ 14,067
Non-pooled cash and cash equivalents (Note 3A)	—	—
<b>Total cash and cash equivalents, June 30</b>	\$ 19,346	\$ 14,067
<b>Reconciliation of operating loss to net cash used in operating activities</b>		
Operating loss	\$ (86,235)	\$ (87,990)
Adjustments to reconcile operating income to net cash used in operating activities		
Depreciation and amortization	12,827	12,844
Changes in assets and liabilities		
Due from component unit	12,989	38,467
Accounts payable	(1)	(44)
Lease receivable	1,737	1,738
Due to component unit	1,239	1,133
Unearned revenue	(294)	(291)
Pension related payable and deferred amounts	(477)	(408)
Other post employment benefits and deferred amounts	(913)	1,292
Deferred inflow - leases	(1,444)	(1,444)
<b>Net cash used in operating activities</b>	\$ (60,572)	\$ (34,703)
<b>Non cash transactions</b>		
Unrealized loss on investments	\$ (1,423)	\$ (185)
Amortization of premium and discount	(8,294)	(8,873)

**COMBINED UTILITY SYSTEM**  
**Schedule of Net Position**  
**June 30, 2024**  
*(With comparative totals for 2023)*  
*(amounts expressed in thousands)*

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 452,526	\$ 271,737
Investments	1,652,768	1,484,994
Receivables, net of allowances		
Accounts receivable	274,438	288,539
Special assessments receivable	—	93
Due from other funds	2,070	9
Due from other governments	3,500	7,387
Inventory	23,046	19,128
Prepaid items	8,721	8,262
Restricted assets		
Cash and cash equivalents	62	37
Total current assets	<u>2,417,131</u>	<u>2,080,186</u>
Noncurrent Assets		
Investments	67,658	64,604
Prepays	—	2,438
Due from other governments	239,029	421,664
Amounts held by other governments	15,763	14,851
Capital assets		
Land	198,691	196,117
Buildings	206,031	202,088
Improvements and equipment	203,494	200,160
Infrastructure	12,725,819	12,346,005
Construction in progress	2,596,693	2,450,250
Rights and intangibles	847,142	846,948
Less accumulated depreciation and amortization	<u>(7,092,024)</u>	<u>(6,843,683)</u>
Net capital assets	<u>9,685,846</u>	<u>9,397,885</u>
Total noncurrent assets	<u>10,008,296</u>	<u>9,901,442</u>
<b>Total assets</b>	<u>12,425,427</u>	<u>11,981,628</u>
<b>Deferred outflows of resources</b>		
Deferred outflows on pension liability	1,391	2,957
Deferred outflows on OPEB liability	25,041	23,154
Unamortized cost on refunded debt	107,711	192,864
Deferred outflows on swap liability	12,518	49,610
<b>Total deferred outflows of resources</b>	<u>\$ 146,661</u>	<u>\$ 268,585</u>



**COMBINED UTILITY SYSTEM**  
**Schedule of Net Position**  
**June 30, 2024**  
*(With comparative totals for 2023)*  
*(amounts expressed in thousands)*

	2024	2023
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 238,283	\$ 269,003
Accrued payroll liabilities	5,012	3,730
Accrued interest payable	35,110	34,946
Contracts payable	9,538	9,200
Due to other funds	27,955	37,845
Due to other governments	3,611	3,393
Advances and deposits	70,693	66,931
Pension obligation bonds payable	4,195	3,901
Other post employment benefits	4,567	4,882
Claims and judgments	1,196	1,218
Compensated absences	12,027	12,114
Arbitrage rebate	1,550	395
Bonds payable	303,224	292,381
<b>Total current liabilities</b>	<b>716,961</b>	<b>739,939</b>
<b>Noncurrent liabilities</b>		
Accrued interest payable	65,588	62,007
Bonds payable	6,605,423	6,811,794
Claims and judgments	4,398	4,813
Compensated absences	9,149	9,337
Contracts payable	396,836	406,852
Due to other governments	16,196	11,518
Arbitrage rebate	4,149	471
Net pension liability	246,046	283,407
Other post employment benefits	142,436	128,991
SWAP liability	85,942	123,043
Unearned revenue	248,113	363,689
Pension obligation bonds payable	77,212	81,407
<b>Total noncurrent liabilities</b>	<b>7,901,488</b>	<b>8,287,329</b>
<b>Total liabilities</b>	<b>8,618,449</b>	<b>9,027,268</b>
<b>Deferred inflows of resources</b>		
Deferred inflows on pension liability	47,392	43,532
Deferred inflows on OPEB liability	48,498	66,112
<b>Total deferred inflows of resources</b>	<b>95,890</b>	<b>109,644</b>
<b>Net Position</b>		
Net investment in capital assets	2,875,934	2,444,499
Restricted net position		
Restricted for maintenance and operations	123,343	101,839
Restricted for debt service	78,759	74,703
Restricted for capital improvements	15,825	17,326
Unrestricted	763,888	474,934
<b>Total net position</b>	<b>\$ 3,857,749</b>	<b>\$ 3,113,301</b>

**COMBINED UTILITY SYSTEM**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2024**  
*(With comparative amounts for 2023)*  
*(amounts expressed in thousands)*

	<u>2024</u>	<u>2023</u>
<b>Operating Revenues</b>		
Water/Sewer billing	\$ 1,630,575	\$ 1,503,982
Total operating revenue	<u>1,630,575</u>	<u>1,503,982</u>
<b>Operating Expenses</b>		
Maintenance and operating	640,844	578,050
Depreciation and amortization	294,198	289,362
Total operating expenses	<u>935,042</u>	<u>867,412</u>
Operating income	<u>695,533</u>	<u>636,570</u>
<b>Nonoperating revenue (expenses)</b>		
Investment income	88,609	39,748
Other revenue	74,149	75,709
Loss on disposal of assets	(91)	(2,955)
Interest expense	(277,490)	(269,535)
Cost of issuance of debt	(5,311)	(550)
Contributions in	12,885	9,435
Total nonoperating revenues (expenses)	<u>(107,249)</u>	<u>(148,148)</u>
Income before contributions and transfers	<u>588,284</u>	<u>488,422</u>
Capital contributions	<u>197,186</u>	<u>201,164</u>
Transfers out	<u>(41,022)</u>	<u>(54,396)</u>
Total transfers	<u>(41,022)</u>	<u>(54,396)</u>
Change in net position	744,448	635,190
Beginning position, July 1	<u>3,113,301</u>	<u>2,478,111</u>
<b>Total net position, June 30</b>	<u>\$ 3,857,749</u>	<u>\$ 3,113,301</u>

**COMBINED UTILITY SYSTEM**  
**Schedule of Cash Flows**  
**For the Year Ended June 30, 2024**  
*(With comparative amounts for 2023)*  
*(amounts expressed in thousands)*

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities</b>		
Receipts from customers	\$ 1,676,764	\$ 1,538,751
Payments to employees	(219,056)	(218,635)
Payments to suppliers	(324,930)	(325,616)
Internal activity-payments to other funds	(104,359)	(86,876)
Claims paid	(2,040)	(2,072)
Other receipts	72,058	79,288
Receipts from other governments	—	—
Net cash provided by operating activities	<u>1,098,437</u>	<u>984,840</u>
<b>Cash flows from investing activities</b>		
Interest income on investments	64,450	34,826
Purchases of investments	(2,448,411)	(2,447,001)
Sales of investments	2,301,742	2,450,790
Net cash (used in) provided by investing activities	<u>(82,219)</u>	<u>38,615</u>
<b>Cash flows from capital and related financing activities</b>		
Retirement of revenue bonds	(1,025,735)	(266,695)
Retirement of commercial paper	(200,000)	—
Retirement of contracts payable	(9,200)	(8,865)
Net proceeds from issuance of revenue bonds	957,774	—
Proceeds from issuance of commercial paper	200,000	—
Retirement of junior lien bonds	(19,005)	(4,604)
Interest expense on debt	(278,536)	(280,919)
Proceeds from disposition of assets	1,858	2,077
Retirement of subordinate lien bonds	(12,795)	(12,625)
Capital contributions from other local governments	223,154	194,795
Acquisition of property, plant and equipment	(623,644)	(645,696)
Net cash used for capital and related financing activities	<u>(786,129)</u>	<u>(1,022,532)</u>
<b>Cash flows from noncapital financing activities</b>		
Interest expense on pension obligation bonds	(4,352)	(4,569)
Retirement of pension bonds	(3,901)	(3,625)
Transfers to debt service fund	(2,870)	(4,898)
Transfers to other funds	(38,152)	(49,497)
Net cash used in noncapital financing activities	<u>(49,275)</u>	<u>(62,589)</u>
Net (decrease) increase in cash and cash equivalents	180,814	(61,669)
Cash and cash equivalents, July 1	271,774	333,443
<b>Cash and cash equivalents, June 30</b>	<u>\$ 452,588</u>	<u>\$ 271,774</u>
<b>Cash and cash equivalents:</b>		
Pooled cash and cash equivalents (Note 3A)	\$ 452,526	\$ 271,737
Non-pooled cash and cash equivalents (Note 3A)	62	37
<b>Total cash and cash equivalents, June 30</b>	<u>\$ 452,588</u>	<u>\$ 271,774</u>

(Continued)

**COMBINED UTILITY SYSTEM**  
**Schedule of Cash Flows**  
**For the Year Ended June 30, 2024**  
*(With comparative amounts for 2023)*  
*(amounts expressed in thousands)*

	<u>2024</u>	<u>2023</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$ 695,533	\$ 636,570
Depreciation and amortization	294,198	289,362
Changes in assets and liabilities		
Accounts receivable	12,237	(38,899)
Due from other funds	(2,061)	2,656
Due from other governments	3,912	1,738
Inventory & prepaid insurance	(4,378)	(6,601)
Accounts payable	45,217	(12,660)
Accrued payroll liabilities	1,282	(4,721)
Due to other funds	(9,890)	6,642
Advances and deposits	3,762	7,492
Claims and judgments	(437)	(803)
Compensated absences	(275)	(109)
Other post employment benefits	(6,371)	(11,769)
Other revenues and expense	72,058	79,288
Assessments receivable	93	—
Pension obligation payable	(31,934)	(26,094)
Other long-term liabilities	25,491	62,748
<b>Net cash provided by operating activities</b>	<u>\$ 1,098,437</u>	<u>\$ 984,840</u>
<b>Non cash transactions</b>		
Unrealized gain (loss) on investments	\$ 24,159	\$ 4,923
Amortization expense	(16,486)	(30,078)
Capital additions included in liabilities	(39,444)	(45,327)
CAB accretion interest	6,876	7,462
Donated capital	(15,279)	(23,249)
Gain (loss) on disposal of assets	(1,947)	(2,955)
<b>Total non cash transactions</b>	<u>\$ (42,121)</u>	<u>\$ (89,224)</u>



*Houston Zoo*

# Internal Service Funds

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**Internal Service Funds:**

The Houston Zoo is a City of Houston staple that provides educational programs for over 2 million annual visitors that raise awareness about wildlife and environmental issues. It also offers a unique recreational experience for families and individuals in the Houston area and ultimately contributes to the city's tourism industry by attracting visitors from around the world.

Photo Credits: Houston Zoo

# 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.

**INTERNAL SERVICE FUNDS**  
**Combining Statement of Net Position**  
**For the Year Ended June 30, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	Health Benefits	Long-term Disability	2024	2023
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 20,271	\$ 1,850	\$ 22,121	\$ 13,688
Investments	72,950	7,548	80,498	80,276
Receivables, net of allowances				
Accounts receivable	2	—	2	3
Due from other funds	48	—	48	—
Due from other governments	9	—	9	14
Prepaid items	—	—	—	—
Total current assets	<u>93,280</u>	<u>9,398</u>	<u>102,678</u>	<u>93,981</u>
<b>Noncurrent Assets</b>				
Capital assets				
Buildings, improvements and equipment	2,351	—	2,351	963
Construction in progress	—	—	—	1,654
Total capital assets	<u>2,351</u>	<u>—</u>	<u>2,351</u>	<u>2,617</u>
Less accumulated depreciation and amortization	(1,090)	—	(1,090)	(707)
Net capital assets	<u>1,261</u>	<u>—</u>	<u>1,261</u>	<u>1,910</u>
Total noncurrent assets	<u>1,261</u>	<u>—</u>	<u>1,261</u>	<u>1,910</u>
<b>Total Assets</b>	<u>94,541</u>	<u>9,398</u>	<u>103,939</u>	<u>95,891</u>
<b>Liabilities</b>				
Current Liabilities				
Accounts payable	3,994	60	4,054	863
Accrued payroll liabilities	72	—	72	60
Due to other funds	50	—	50	83
Claims and judgments	34,374	—	34,374	27,638
Compensated absences	238	—	238	237
Unearned revenue	2,606	—	2,606	2,792
Total current liabilities	<u>41,334</u>	<u>60</u>	<u>41,394</u>	<u>31,673</u>
<b>Noncurrent liabilities</b>				
Claims and judgments	15,000	—	15,000	15,000
Total noncurrent liabilities	<u>15,000</u>	<u>—</u>	<u>15,000</u>	<u>15,000</u>
<b>Total liabilities</b>	<u>56,334</u>	<u>60</u>	<u>56,394</u>	<u>46,673</u>
<b>Net Position</b>				
Net investment in capital assets	1,261	—	1,261	1,910
Unrestricted	36,946	9,338	46,284	47,308
<b>Total net position</b>	<u>\$ 38,207</u>	<u>\$ 9,338</u>	<u>\$ 47,545</u>	<u>\$ 49,218</u>



**INTERNAL SERVICE FUNDS**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	<u>Health Benefits</u>	<u>Long-term Disability</u>	<u>2024</u>	<u>2023</u>
<b>Operating Revenues</b>				
Other	\$ 916	\$ —	\$ 916	\$ 914
Health benefit premiums	400,561	1,251	401,812	408,989
Total operating revenues	<u>401,477</u>	<u>1,251</u>	<u>402,728</u>	<u>409,903</u>
<b>Operating Expenses</b>				
Administrative costs	7,258	27	7,285	7,815
Claims costs	400,040	977	401,017	382,299
Depreciation and amortization	542	—	542	33
Total operating expenses	<u>407,840</u>	<u>1,004</u>	<u>408,844</u>	<u>390,147</u>
Operating income (loss)	<u>(6,363)</u>	<u>247</u>	<u>(6,116)</u>	<u>19,756</u>
<b>Nonoperating revenues (expenses)</b>				
Investment income	4,187	415	4,602	1,440
Gain (loss) on disposal of assets	(159)	—	(159)	31
Total nonoperating revenues (expenses)	<u>4,028</u>	<u>415</u>	<u>4,443</u>	<u>1,471</u>
Income before contributions and transfers	<u>(2,335)</u>	<u>662</u>	<u>(1,673)</u>	<u>21,227</u>
Change in net position	(2,335)	662	(1,673)	21,227
Total net position, July 1	<u>40,542</u>	<u>8,676</u>	<u>49,218</u>	<u>27,991</u>
<b>Total net position, June 30</b>	<u>\$ 38,207</u>	<u>\$ 9,338</u>	<u>\$ 47,545</u>	<u>\$ 49,218</u>

**INTERNAL SERVICE FUNDS**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	Health Benefits	Long-term Disability	2024	2023
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 400,295	\$ 1,251	\$ 401,546	\$ 409,984
Payments to employees	(4,351)	—	(4,351)	(4,439)
Payments to suppliers	(1,785)	(27)	(1,812)	(1,959)
Internal activity-payments to other funds	(1,109)	—	(1,109)	(1,508)
Claims paid	(390,115)	(975)	(391,090)	(386,877)
Due from (to) other governments	5	—	5	(3)
Other receipts	916	—	916	916
Net cash provided by operating activities	<u>3,856</u>	<u>249</u>	<u>4,105</u>	<u>16,114</u>
<b>Cash flows from investing activities</b>				
Interest income on investments	3,107	290	3,397	1,693
Purchase of investments	(77,864)	(7,364)	(85,228)	(114,033)
Proceeds from sale of investments	78,820	7,391	86,211	98,400
Net cash (used in) provided by investing activities	<u>4,063</u>	<u>317</u>	<u>4,380</u>	<u>(13,940)</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition of property, plant, and equipment	(52)	—	(52)	(834)
Net cash used in capital and related financing activities	<u>(52)</u>	<u>—</u>	<u>(52)</u>	<u>(834)</u>
Net increase (decrease) in cash and cash equivalents	7,867	566	8,433	1,340
Cash and cash equivalents, July 1	12,404	1,284	13,688	12,348
<b>Cash and cash equivalents, June 30</b>	<u>\$ 20,271</u>	<u>\$ 1,850</u>	<u>\$ 22,121</u>	<u>\$ 13,688</u>
<b>Cash and cash equivalents</b>				
Pooled cash and cash equivalents (Note 3A)	\$ 20,271	\$ 1,850	\$ 22,121	\$ 13,688
<b>Total cash and cash equivalents, June 30</b>	<u>\$ 20,271</u>	<u>\$ 1,850</u>	<u>\$ 22,121</u>	<u>\$ 13,688</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>				
Operating income (loss)	\$ (6,363)	\$ 247	\$ (6,116)	\$ 19,756
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	542	—	542	33
Accounts receivable	1	—	1	(2)
Prepaid Items	—	—	—	2
Due from other funds	(48)	—	(48)	40
Accounts payable	3,189	2	3,191	(3,897)
Accrued payroll liabilities	12	—	12	(141)
Due to other funds	(33)	—	(33)	(41)
Due from other governments	5	—	5	(3)
Claims and judgments	6,736	—	6,736	(681)
Compensated absences	1	—	1	50
Unearned revenue	(186)	—	(186)	998
<b>Net cash provided by operating activities</b>	<u>\$ 3,856</u>	<u>\$ 249</u>	<u>\$ 4,105</u>	<u>\$ 16,114</u>
<b>Non cash transactions</b>				
(Loss) gain on disposal of assets	\$ (159)	\$ —	\$ (159)	\$ 39
Unrealized gain and (loss) on investments	1,080	125	1,205	(253)



*The Heritage Society at Sam Houston Park*

# Fiduciary Funds

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**Fiduciary Funds:**

The Heritage Society at Sam Houston Park plays a crucial role in preserving and celebrating Houston's history and cultural heritage. Through its educational initiatives and programming, as well as its ten historic houses, the Heritage Society aims to honor the legacy of the city and its diverse communities. By providing a glimpse into the past and showcasing historical buildings and artifacts, the Heritage Society contributes to the enrichment of Houston's cultural landscape for both residents and visitors.

Photo Credits: The Heritage Society at Sam Houston Park

## Fiduciary Funds

Funds are used to account for assets held by a government unit as trustee or agent, for individuals, private organizations, and/or other governmental units.

**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' pension trust funds.

**Private-purpose trust fund** is used to account for assets held in a trust of the Houston Foundation which is dedicated to providing benefits to recipients in accordance with the benefit terms. The Houston Foundation was created by City ordinance on March 22, 1915, as a general-purpose charity trust and is administered by an outside board of directors. The City's Finance Director serves as the treasurer of the board in accordance with the ordinance. Additions to the trust consist of individual donor contributions and investment income. Distributions from the fund, primarily to external/eligible 501(c)(3) organizations, may be made for humanitarian needs of the people of Houston.

**PENSION TRUST FUNDS**  
**Combining Statement of Plan Net Position**  
**June 30, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	Firefighters' Relief and Retirement Pension Trust Fund	Municipal Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	2024	2023
<b>Assets</b>					
Cash and cash equivalents	\$ 43,737	\$ 35,121	\$ 484	\$ 79,342	\$ 160,331
Investments					
Other fixed income securities	628,596	1,102,086	942,788	2,673,470	2,775,039
Commingled equity funds	—	2,525,845	—	2,525,845	2,312,346
Common and preferred stock	1,517,978	—	2,498,025	4,016,003	3,706,824
Real estate, partnerships and alternatives	3,024,894	587,461	3,368,403	6,980,758	6,336,092
Short-term investment funds	102,668	109,519	946,907	1,159,094	1,057,548
Invested securities lending collateral	10,959	37,632	123,836	172,427	252,182
Receivables, net of allowances					
Due from broker		1,994	188	2,182	14,205
Contributions	4,458	5,615	2,215	12,288	11,257
Accrued interest and dividends	5,345	5,959	16,598	27,902	22,394
Other receivable	50,584	—	493	51,077	8,370
Other assets	746	7,359	6,758	14,863	13,704
Land	483	—	5,322	5,805	5,805
Building	3,792	—	—	3,792	2,813
Lease right-of-use assets, net of accumulated amortization	—	—	2,367	2,367	2,534
<b>Total assets</b>	<b>5,394,240</b>	<b>4,418,591</b>	<b>7,914,384</b>	<b>17,727,215</b>	<b>16,681,444</b>
<b>Liabilities and plan net position</b>					
<b>Liabilities</b>					
Accounts payable	4,552	—	8,085	12,637	9,497
Securities lending collateral	10,959	37,632	123,836	172,427	252,182
Foreign funds contracts payable	—	3,015	—	3,015	7,759
Lease liabilities	—	—	2,367	2,367	2,534
Other liabilities	—	7,728	571	8,299	10,094
<b>Total liabilities</b>	<b>15,511</b>	<b>48,375</b>	<b>134,859</b>	<b>198,745</b>	<b>282,066</b>
<b>Net position</b>					
Restricted net position for Pension	5,378,729	4,370,216	7,779,525	17,528,470	16,399,378
<b>Total net position</b>	<b>\$ 5,378,729</b>	<b>\$ 4,370,216</b>	<b>\$ 7,779,525</b>	<b>\$ 17,528,470</b>	<b>\$ 16,399,378</b>

**PENSION TRUST FUNDS**  
**Combining Statement of Changes in Plan Net Position**  
**June 30, 2024**  
**(With comparative totals for 2023)**  
**(amounts expressed in thousands)**

	Firefighters' Relief and Retirement Pension Trust Fund	Municipal Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	2024	2023
<b>Additions:</b>					
Contributions					
City of Houston	\$ 76,351	\$ 212,959	\$ 162,992	\$ 452,302	\$ 437,285
Members	33,754	34,645	53,400	121,799	118,972
Total contributions	<u>110,105</u>	<u>247,604</u>	<u>216,392</u>	<u>574,101</u>	<u>556,257</u>
Investment income					
Interest	31,521	16,695	85,236	133,452	108,358
Net appreciation (depreciation) in fair value of investments	442,138	361,248	648,488	1,451,874	778,505
Dividends	1,786	36,621	50,327	88,734	74,731
Income on securities lending	1,063	2,524	803	4,390	1,873
Earnings from real estate, limited partnerships real estate investments, and other investments	1,723	179	—	1,902	11,318
Other income	270	657	—	927	934
Total investment and other income (loss)	<u>478,501</u>	<u>417,924</u>	<u>784,854</u>	<u>1,681,279</u>	<u>975,719</u>
Less - investment expense	(6,768)	(10,118)	(7,099)	(23,985)	(27,016)
Less - cost of securities lending	(973)	(2,320)	(201)	(3,494)	(1,386)
Total additions	<u>580,865</u>	<u>653,090</u>	<u>993,946</u>	<u>2,227,901</u>	<u>1,503,574</u>
<b>Deductions:</b>					
Benefits paid to members	304,279	357,180	415,577	1,077,036	1,000,904
Refunds to members	1,575	1,341	2,999	5,915	4,962
Other	5,460	6,098	4,300	15,858	15,503
Total deductions	<u>311,314</u>	<u>364,619</u>	<u>422,876</u>	<u>1,098,809</u>	<u>1,021,369</u>
Net increase (decrease)	269,551	288,471	571,070	1,129,092	482,205
Net position restricted for pensions, beginning of year	5,109,178	4,081,745	7,208,455	16,399,378	15,917,173
<b>Net position restricted for pensions,     end of year</b>	<u>\$ 5,378,729</u>	<u>\$ 4,370,216</u>	<u>\$ 7,779,525</u>	<u>\$ 17,528,470</u>	<u>\$ 16,399,378</u>

**PRIVATE-PURPOSE TRUST FUND**  
**Statement of Fiduciary Net Position**  
**June 30, 2024**  
**(With comparative amounts for 2023)**  
*(amounts expressed in thousands)*

	<b>Houston Foundation</b>	
	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 384	\$ 336
Investments held by trust	7,349	6,710
<b>Total assets</b>	7,733	7,046
 <b>Net position</b>		
Restricted for individuals and organizations	7,733	7,046
<b>Total net position</b>	\$ 7,733	\$ 7,046



**PRIVATE-PURPOSE TRUST FUND**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2024**  
**(With comparative amounts for 2023)**  
*(amounts expressed in thousands)*

	<b>Houston Foundation</b>	
	<b>2024</b>	<b>2023</b>
<b>Additions:</b>		
Investment earnings:		
Net increase in fair value of investments	\$ 48	\$ 66
Interest, dividends, and other	639	601
Net investment earnings	687	667
Total additions	687	667
Net increase in fiduciary net position	687	667
Net position, July 1	7,046	6,379
Net position, June 30	\$ 7,733	\$ 7,046

**CITY OF HOUSTON, TEXAS**

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NASA Johnson Space Center

# Component Units

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**Component Units:**

The Johnson Space Center's 1620 acre complex is a mecca of innovation and scientific discovery that plays a crucial role in advancing space exploration and technological development, contributing to Houston's reputation as a hub for scientific innovation and discovery. The 1.5 billion dollar facility that is home to the world's most historic milestones for space exploration also supports the city's economy and cultural landscape, attracting visitors and professionals from around the world.

Photo Credits: Helen Arase Vargas NASA-JSC

# 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 thirty-three (33) governmental nonmajor component units which are divided into five (5) 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.

**DISCRETELY PRESENTED NON MAJOR COMPONENT UNITS - GOVERNMENTAL**  
**Combining Statement of Net Position**  
**June 30, 2024**  
 (amounts expressed in thousands)

	<u>Redevelopment Authorities</u>	<u>Arts &amp; Cultural Authorities</u>	<u>Educational &amp; Research Authorities</u>	<u>BARC Foundation</u>	<u>Recovery Center, LGC</u>	<u>Nonmajor Component Units</u>
<b>Assets</b>						
<b>Current Assets</b>						
Cash	\$ 96,394	\$ 16,989	\$ 1,162	\$ 678	\$ 291	\$ 115,514
Investments	338,499	3,069	18,768	39	—	360,375
Receivables, net of allowances						
Accounts receivable	31	21,599	—	—	—	21,630
Property taxes receivable, net	32,229	—	—	—	—	32,229
Special assessments receivable	26	—	—	—	—	26
Accrued interest and other	24	—	1,147	—	—	1,171
Due from primary government	2,595	655	—	—	—	3,250
Due from other governments	3,939	—	—	—	582	4,521
Prepaid items	1,945	1,070	—	—	68	3,083
Restricted assets						
Investments	150	1,773	—	—	—	1,923
Other receivables	536	149	—	—	5	690
<b>Total current assets</b>	<b>476,368</b>	<b>45,304</b>	<b>21,077</b>	<b>717</b>	<b>946</b>	<b>544,412</b>
<b>Noncurrent Assets</b>						
<b>Restricted assets</b>						
Investments	11,454	—	—	—	—	11,454
<b>Total noncurrent assets</b>	<b>11,454</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>11,454</b>
<b>Capital assets</b>						
Land	58,111	56,986	—	—	—	115,097
Buildings, improvements and equipment	44,975	7,999	—	—	199	53,173
Construction in progress	20,456	—	—	—	—	20,456
Lease right-of-use assets	3,246	1,495	—	—	763	5,504
Less accumulated depreciation and amortization	(17,682)	(6,012)	—	—	(475)	(24,169)
<b>Total capital assets</b>	<b>109,106</b>	<b>60,468</b>	<b>—</b>	<b>—</b>	<b>487</b>	<b>170,061</b>
<b>Total assets</b>	<b>596,928</b>	<b>105,772</b>	<b>21,077</b>	<b>717</b>	<b>1,433</b>	<b>725,927</b>
<b>Deferred outflows of resources</b>						
Deferred outflows of resources	166	—	—	—	—	166
<b>Total deferred outflows of resources</b>	<b>\$ 166</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 166</b>

(Continued)

**DISCRETELY PRESENTED NON MAJOR COMPONENT UNITS - GOVERNMENTAL**  
**Combining Statement of Net Position**  
**June 30, 2024**  
 (amounts expressed in thousands)

	<b>Redevelopment Authorities</b>	<b>Arts &amp; Cultural Authorities</b>	<b>Educational &amp; Research Authorities</b>	<b>BARC Foundation</b>	<b>Recovery Center, LGC</b>	<b>Nonmajor Component Units</b>
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 28,335	\$ 776	\$ —	\$ 2	\$ 28	\$ 29,141
Accrued payroll liabilities	233	—	—	—	224	457
Accrued interest payable	4,213	—	—	—	—	4,213
Contracts and retainages payable	1,713	7	3	—	—	1,723
Notes payable	13,583	—	—	—	—	13,583
Lease payable - current	681	198	—	—	167	1,046
Due to other governments	1,244	20,431	382	—	—	22,057
Advances and deposits	33	—	—	—	—	33
Unearned revenue	308	2,384	—	—	—	2,692
Current liabilities payable from restricted assets						
Bonds payable	19,105	—	—	—	—	19,105
Account held for others	—	—	—	—	—	—
<b>Total current liabilities</b>	<b>69,448</b>	<b>23,796</b>	<b>385</b>	<b>2</b>	<b>419</b>	<b>94,050</b>
<b>Noncurrent liabilities</b>						
Notes payable	40,073	—	—	—	—	40,073
Bonds payable	322,248	—	—	—	—	322,248
Other long-term liabilities	12,275	748	—	—	269	13,292
<b>Total Noncurrent liabilities</b>	<b>374,596</b>	<b>748</b>	<b>—</b>	<b>—</b>	<b>269</b>	<b>375,613</b>
<b>Total liabilities</b>	<b>444,044</b>	<b>24,544</b>	<b>385</b>	<b>2</b>	<b>688</b>	<b>469,663</b>
<b>Deferred outflows of resources</b>						
Deferred outflows of resources	—	—	—	—	—	—
<b>Total deferred outflows of resources</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net position</b>						
Net investment in capital assets	69,800	59,353	—	—	51	129,204
Restricted net position						
Restricted for debt service	31,961	—	—	—	—	31,961
Restricted for maintenance and operations	—	1,821	—	—	—	1,821
Restricted for capital improvements	16,178	—	—	—	—	16,178
Other restricted	23,023	16,691	16,823	8	10	56,555
Unrestricted (deficit)	12,088	3,363	3,869	707	684	20,711
<b>Total net position (deficit)</b>	<b>\$ 153,050</b>	<b>\$ 81,228</b>	<b>\$ 20,692</b>	<b>\$ 715</b>	<b>\$ 745</b>	<b>\$ 256,430</b>

**DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS - GOVERNMENTAL**

**Combining Statement of Activities  
For the Year Ended June 30, 2024  
(amounts expressed in thousands)**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Redevelopment Authorities	\$ 112,448	\$ 1,489	\$ 3,264	\$ —
Arts & Cultural Authorities	35,908	5,469	3,006	1,363
Educational & Research Authorities	2,421	—	—	—
Houston BARC Foundation	108	4	432	—
Houston Recovery Center LGC, Inc.	4,769	—	4,657	—
<b>Total nonmajor component units</b>	<b>\$ 155,654</b>	<b>\$ 6,962</b>	<b>\$ 11,359</b>	<b>\$ 1,363</b>

**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, beginning

Change in reporting entity

Prior period adjustment

Net position, ending



**DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS - GOVERNMENTAL**

**Combining Statement of Activities  
For the Year Ended June 30, 2024  
(amounts expressed in thousands)**

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

<b>Redevelopment Authorities</b>	<b>Arts &amp; Cultural Authorities</b>	<b>Educational &amp; Research Authorities</b>	<b>Houston BARC Foundation</b>	<b>Houston Recovery Center LGC</b>	<b>Total Nonmajor Component Units</b>
\$ (107,695)	\$ —	\$ —	\$ —	\$ —	\$ (107,695)
—	(26,070)	—	—	—	(26,070)
—	—	(2,421)	—	—	(2,421)
—	—	—	328	—	328
—	—	—	—	(112)	(112)
<u>(107,695)</u>	<u>(26,070)</u>	<u>(2,421)</u>	<u>328</u>	<u>(112)</u>	<u>(135,970)</u>
150,088	—	—	—	—	150,088
—	22,859	—	—	—	22,859
19,228	149	2,093	3	—	21,473
4,079	—	726	—	41	4,846
<u>173,395</u>	<u>23,008</u>	<u>2,819</u>	<u>3</u>	<u>41</u>	<u>199,266</u>
65,700	(3,062)	398	331	(71)	63,296
87,346	91,806	20,294	370	816	200,632
—	(7,516)	—	—	—	(7,516)
4	—	—	14	—	18
<u>\$ 153,050</u>	<u>\$ 81,228</u>	<u>\$ 20,692</u>	<u>\$ 715</u>	<u>\$ 745</u>	<u>\$ 256,430</u>

**CITY OF HOUSTON, TEXAS**

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University of Houston

# Statistical Section

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**Statistical Section:**

For nearly 100 years, the University of Houston has served as the epicenter of higher education throughout the Houston area. With 127 nations represented and over 340 students studying abroad, the University of Houston is a true representation of Houston's and diversity and global reach. A recent move to the Big 12 Conference will continue to highlight the University nationally, and continue to recruit and retain talent to a city that is on the forefront of innovation.

Photo Credits: University of Houston

# 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.

<b><u>Content</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	244
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	255
<b>Debt Capacity</b> 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.	261
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	270
<b>Operating Information</b> 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.	274

**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**  
**(unaudited)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 4,250,590	\$ 4,434,420	\$ 4,593,229	\$ 4,865,143
Restricted	192,129	42,240	43,419	186,774
Unrestricted (deficit)	<u>(5,487,349)</u>	<u>(5,910,541)</u>	<u>(4,433,681)</u>	<u>(5,966,761)</u>
Total governmental activities net position	<u>\$ (1,044,630)</u>	<u>\$ (1,433,881)</u>	<u>\$ 202,967</u>	<u>\$ (914,844)</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 546,551	\$ 629,382	\$ 742,298	\$ 823,404
Restricted	1,131,835	1,129,659	1,264,135	1,370,336
Unrestricted (deficit)	<u>(488,671)</u>	<u>(420,196)</u>	<u>(354,001)</u>	<u>(486,875)</u>
Total business-type activities net position	<u>\$ 1,189,715</u>	<u>\$ 1,338,845</u>	<u>\$ 1,652,432</u>	<u>\$ 1,706,865</u>
<b>Primary government</b>				
Net investment in capital assets	\$ 4,797,141	\$ 5,063,802	\$ 5,335,527	\$ 5,688,547
Restricted	1,323,964	1,171,899	1,307,554	1,557,110
Unrestricted (deficit)	<u>(5,976,020)</u>	<u>(6,330,737)</u>	<u>(4,787,682)</u>	<u>(6,453,636)</u>
Total primary government net position	<u>\$ 145,085</u>	<u>\$ (95,036)</u>	<u>\$ 1,855,399</u>	<u>\$ 792,021</u>

Source: Annual Comprehensive Financial Report

2019	2020	2021	2022	(Restated) 2023	2024
\$ 5,138,847	\$ 5,992,469	\$ 6,333,063	\$ 6,755,792	\$ 6,889,237	\$ 7,181,929
367,538	412,184	1,712,541	1,863,712	934,428	516,294
(6,504,244)	(7,004,794)	(7,769,058)	(7,117,925)	(5,420,385)	(4,937,609)
<u>\$ (997,859)</u>	<u>\$ (600,141)</u>	<u>\$ 276,546</u>	<u>\$ 1,501,579</u>	<u>\$ 2,403,280</u>	<u>\$ 2,760,614</u>
\$ 754,981	\$ 1,111,081	\$ 1,521,493	\$ 2,313,363	\$ 3,063,468	\$ 3,634,135
1,415,795	1,440,243	1,356,397	1,442,434	1,696,746	1,669,875
(200,570)	(396,468)	452,500	623,259	429,112	816,113
<u>\$ 1,970,206</u>	<u>\$ 2,154,856</u>	<u>\$ 3,330,390</u>	<u>\$ 4,379,056</u>	<u>\$ 5,189,326</u>	<u>\$ 6,120,123</u>
\$ 5,893,828	\$ 7,103,550	\$ 7,854,556	\$ 9,069,155	\$ 9,952,705	\$ 10,816,064
1,783,333	1,852,427	3,068,938	3,306,146	2,631,174	2,186,169
(6,704,814)	(7,401,262)	(7,316,558)	(6,494,666)	(4,991,273)	(4,121,496)
<u>\$ 972,347</u>	<u>\$ 1,554,715</u>	<u>\$ 3,606,936</u>	<u>\$ 5,880,635</u>	<u>\$ 7,592,606</u>	<u>\$ 8,880,737</u>

**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**  
**(unaudited)**

	2015	2016	2017	2018
<b>Expenses</b>				
Governmental activities:				
General government	\$ 359,640	\$ 425,707	\$ 297,716	\$ 420,663
Public safety	1,826,241	1,993,340	228,139	2,137,632
Public works	336,311	343,657	341,257	423,137
Health	150,931	158,896	148,995	171,802
Housing and community development	65,275	61,707	61,608	53,965
Parks and recreation	112,844	98,994	89,457	126,416
Library	49,374	48,691	34,966	51,312
Interest in long-term debt	158,212	191,025	142,469	160,247
Depreciation and amortization	138,016	143,028	150,196	153,092
Total governmental activities expenses	<u>3,196,844</u>	<u>3,465,045</u>	<u>1,494,803</u>	<u>3,698,266</u>
Business-type activities:				
Airport System	556,844	581,022	525,207	605,829
Convention & Entertainment Facilities	123,371	117,906	110,765	115,506
Combined Utility System	924,793	942,176	850,204	979,207
Total business-type activities expenses	<u>1,605,008</u>	<u>1,641,104</u>	<u>1,486,176</u>	<u>1,700,542</u>
Total primary government expenses	<u>\$ 4,801,852</u>	<u>\$ 5,106,149</u>	<u>\$ 2,980,979</u>	<u>\$ 5,398,808</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 70,322	\$ 68,093	\$ 74,887	\$ 63,994
Public safety	171,996	181,888	142,052	120,104
Public works	215,038	222,236	215,824	212,743
Health	17,665	18,349	17,491	19,037
Parks and recreation	8,676	8,820	8,902	9,033
Library	1,637	1,966	2,040	1,867
Operating grants and contributions	305,363	323,686	346,243	380,094
Capital grants and contributions	67,533	53,860	99,487	83,727
Total governmental activities program revenues	<u>858,230</u>	<u>878,898</u>	<u>906,926</u>	<u>890,599</u>
Business-type activities:				
Charges for services:				
Airport System	476,282	609,544	609,780	637,259
Convention & Entertainment Facilities	12,390	12,431	12,283	7,883
Combined Utility System	927,424	1,002,582	1,025,795	1,052,549
Operating grants and contributions	10,768	13,348	20,187	19,346
Capital grants and contributions	46,415	32,906	52,773	23,408
Total business-type activities program revenues	<u>1,473,279</u>	<u>1,670,811</u>	<u>1,720,818</u>	<u>1,740,445</u>
Total primary government program revenues	<u>\$ 2,331,509</u>	<u>\$ 2,549,709</u>	<u>\$ 2,627,744</u>	<u>\$ 2,631,044</u>
Net (expense)/revenue				
Governmental activities	\$ (2,338,614)	\$ (2,586,147)	\$ (587,877)	\$ (2,807,667)
Business-type activities	(131,729)	29,707	234,642	39,903
Total primary government net expense	<u>\$ (2,470,343)</u>	<u>\$ (2,556,440)</u>	<u>\$ (353,235)</u>	<u>\$ (2,767,764)</u>

Source: Annual Comprehensive Financial Report



		(Restated)				
2019	2020	2021	2022	2023	2024	
\$ 412,427	\$ 519,746	\$ 446,806	\$ 314,357	\$ 433,538	\$ 413,225	
2,021,217	2,041,931	1,297,354	1,202,194	1,457,541	2,095,652	
402,857	407,569	396,938	355,357	413,454	475,511	
164,550	171,950	289,922	225,311	246,163	238,491	
91,997	137,035	372,492	390,235	208,397	187,931	
107,788	112,225	96,721	81,696	122,018	103,538	
50,007	54,956	43,135	33,753	54,954	100,014	
165,573	142,711	134,277	108,939	118,251	139,920	
156,412	163,454	179,046	180,676	179,465	181,190	
<u>3,572,828</u>	<u>3,751,577</u>	<u>3,256,691</u>	<u>2,892,518</u>	<u>3,233,781</u>	<u>3,935,472</u>	
595,950	631,435	585,528	568,371	649,504	708,221	
96,486	89,737	75,561	106,599	120,981	116,276	
<u>1,047,924</u>	<u>1,032,629</u>	<u>1,052,061</u>	<u>1,001,427</u>	<u>1,139,425</u>	<u>1,218,355</u>	
<u>1,740,360</u>	<u>1,753,801</u>	<u>1,713,150</u>	<u>1,676,397</u>	<u>1,909,910</u>	<u>2,042,852</u>	
<u>\$ 5,313,188</u>	<u>\$ 5,505,378</u>	<u>\$ 4,969,841</u>	<u>\$ 4,568,915</u>	<u>\$ 5,143,691</u>	<u>\$ 5,978,324</u>	
\$ 58,537	\$ 64,160	\$ 57,546	\$ 63,704	\$ 77,817	\$ 62,501	
152,061	153,159	120,269	154,258	181,793	191,434	
232,423	232,059	231,258	162,141	239,223	239,780	
20,614	21,062	21,463	23,967	25,002	24,521	
7,483	6,210	9,372	10,599	11,278	11,653	
2,035	1,421	295	1,303	1,221	1,386	
488,757	592,484	1,138,524	1,011,670	814,747	784,657	
217,280	208,212	245,921	199,231	172,908	180,043	
<u>1,179,190</u>	<u>1,278,767</u>	<u>1,824,648</u>	<u>1,627,002</u>	<u>1,523,989</u>	<u>1,495,975</u>	
627,058	563,650	389,865	593,343	685,076	730,916	
10,655	9,486	6,100	8,357	10,398	10,336	
<u>1,042,442</u>	<u>1,100,092</u>	<u>1,092,740</u>	<u>1,307,513</u>	<u>1,503,982</u>	<u>1,630,575</u>	
26,731	24,810	221,928	145,817	59,665	60,890	
28,929	35,675	433,101	587,354	238,251	202,425	
<u>1,735,815</u>	<u>1,733,713</u>	<u>2,143,734</u>	<u>2,642,384</u>	<u>2,497,372</u>	<u>2,635,142</u>	
<u>\$ 2,915,005</u>	<u>\$ 3,012,480</u>	<u>\$ 3,968,382</u>	<u>\$ 4,269,386</u>	<u>\$ 4,021,361</u>	<u>\$ 4,131,117</u>	
\$ (2,393,638)	\$ (2,472,810)	\$ (1,432,043)	\$ (1,265,516)	\$ (1,709,792)	\$ (2,439,497)	
(4,545)	(20,088)	430,584	965,987	587,462	592,290	
<u>\$ (2,398,183)</u>	<u>\$ (2,492,898)</u>	<u>\$ (1,001,459)</u>	<u>\$ (299,529)</u>	<u>\$ (1,122,330)</u>	<u>\$ (1,847,207)</u>	

**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**  
**(unaudited)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes				
Property taxes	\$ 1,074,070	\$ 1,099,411	\$ 1,152,420	\$ 1,172,313
Industrial assessments tax	16,736	19,238	19,291	18,278
Sales taxes	667,061	640,476	631,993	674,279
Franchise taxes	190,245	191,584	191,025	186,206
Mixed beverage taxes	15,784	16,064	16,662	17,296
Bingo taxes	209	207	234	73
Hotel occupancy tax	—	—	—	17,196
Investment earnings	7,639	11,925	6,181	12,004
Insurance proceeds	—	—	—	93,778
Other	74,585	99,567	95,848	116,814
Contributions	30,525	73,412	—	—
Transfers	49,105	51,139	62,885	64,507
Total governmental activities	<u>2,125,959</u>	<u>2,203,023</u>	<u>2,176,539</u>	<u>2,372,744</u>
Business-type activities:				
Hotel occupancy taxes	90,711	88,632	82,882	72,221
Investment earnings	20,114	38,620	16,448	26,388
Other	170,555	62,682	59,183	61,474
Transfers	(49,105)	(51,139)	(62,885)	(64,507)
Total business-type activities	<u>232,275</u>	<u>138,795</u>	<u>95,628</u>	<u>95,576</u>
Total primary government	<u>\$ 2,358,234</u>	<u>\$ 2,341,818</u>	<u>\$ 2,272,167</u>	<u>\$ 2,468,320</u>
<b>Change in Net Position</b>				
Governmental activities	\$ (192,559)	\$ (363,751)	\$ 1,605,345	\$ (434,923)
Business-type activities	80,431	149,130	313,587	135,479
Total primary government	<u>\$ (112,128)</u>	<u>\$ (214,621)</u>	<u>\$ 1,918,932</u>	<u>\$ (299,444)</u>

	2019	2020	2021	2022	(Restated) 2023	2024
\$	1,195,949	\$ 1,222,846	\$ 1,269,935	\$ 1,283,942	\$ 1,337,128	\$ 1,444,942
	19,755	24,797	25,435	24,086	28,021	27,885
	692,271	684,425	706,829	822,656	893,905	884,144
	182,870	169,725	154,093	149,978	148,605	149,662
	18,026	15,379	14,561	21,890	24,013	24,074
	222	—	—	—	—	—
	17,180	16,922	7,444	15,588	18,118	21,558
	47,825	48,795	2,463	(35,405)	33,999	104,362
	2,061	—	—	—	—	—
	79,349	57,019	64,537	70,884	71,786	97,661
	(4,165)	—	—	—	—	—
	59,280	52,370	63,433	59,396	55,918	42,543
	<u>2,310,623</u>	<u>2,292,278</u>	<u>2,308,730</u>	<u>2,413,015</u>	<u>2,611,493</u>	<u>2,796,831</u>
	68,898	67,348	47,449	82,505	104,853	106,344
	113,797	113,944	13,916	(89,842)	87,945	189,129
	65,043	58,128	63,371	149,412	85,928	85,577
	(59,280)	(52,370)	(63,433)	(59,396)	(55,918)	(42,543)
	<u>188,458</u>	<u>187,050</u>	<u>61,303</u>	<u>82,679</u>	<u>222,808</u>	<u>338,507</u>
\$	<u>2,499,081</u>	<u>2,479,328</u>	<u>2,370,033</u>	<u>2,495,694</u>	<u>2,834,301</u>	<u>3,135,338</u>
\$	(83,015)	(180,532)	876,687	1,147,499	901,701	357,334
	183,913	166,962	491,887	1,048,666	810,270	930,797
\$	<u>100,898</u>	<u>(13,570)</u>	<u>1,368,574</u>	<u>2,196,165</u>	<u>1,711,971</u>	<u>1,288,131</u>

**FUND BALANCES - GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**  
**(unaudited)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General fund				
Non-spendable	\$ 16,450	\$ 15,493	\$ 20,242	\$ 18,881
Restricted	27,096	1,232	1,188	1,164
Committed	6,111	10,922	18,701	16,901
Unassigned	301,231	235,405	311,754	375,529
Total general fund	<u>\$ 350,888</u>	<u>\$ 263,052</u>	<u>\$ 351,885</u>	<u>\$ 412,475</u>
All other governmental funds				
Unreserved, reported in:				
Non-spendable	\$ 2,436	\$ 2,395	\$ 2,495	\$ 3,138
Restricted	266,501	339,991	350,868	362,082
Committed	87,040	77,709	82,599	78,705
Assigned	125,061	109,131	78,898	80,647
Total all other governmental funds	<u>\$ 481,038</u>	<u>\$ 529,226</u>	<u>\$ 514,860</u>	<u>\$ 524,572</u>

Source: Annual Comprehensive Financial Report

2019	2020	2021	2022	2023	2024
\$ 20,387	\$ 22,667	\$ 23,627	\$ 25,677	\$ 24,184	\$ 23,411
1,092	1,044	1,072	14,292	1,153	2,733
17,942	18,792	12,615	983	14,994	2,483
349,176	316,227	312,212	379,707	509,924	601,986
<u>\$ 388,597</u>	<u>\$ 358,730</u>	<u>\$ 349,526</u>	<u>\$ 420,659</u>	<u>\$ 550,255</u>	<u>\$ 630,613</u>
\$ 15,784	\$ 3,306	\$ 3,422	\$ 6,059	\$ 4,439	\$ 4,193
463,700	492,621	732,555	863,857	942,729	1,034,336
77,580	74,219	68,760	70,024	84,411	92,477
71,822	111,041	92,326	110,441	140,315	167,749
<u>\$ 628,886</u>	<u>\$ 681,187</u>	<u>\$ 897,063</u>	<u>\$ 1,050,381</u>	<u>\$ 1,171,894</u>	<u>\$ 1,298,755</u>

**GENERAL FUND BUDGET FOR FISCAL YEAR 2025**  
**(amounts expressed in thousands)**  
**(unaudited)**

**Budgeted Resources**

Revenues:

Ad Valorem Taxes (current and delinquent)	\$	1,427,475
Sales and Use Tax		893,382
Franchise Fees		150,546
Municipal Courts Fines and Forfeits		17,063
Miscellaneous		355,143
<b>Total Current Revenues</b>		<b>2,843,609</b>

Beginning Fund Balance as of July 01, 2024 <sup>1</sup>		467,776
Sale of Capital Assets		2,752
Transfers from Other Funds		7,781
<b>Total Budgeted Resources</b>	<b>\$</b>	<b>3,321,918</b>

**Budgeted Expenditures**

Administrative Services	\$	86,577
Public Safety		1,720,077
Development and Maintenance Services		172,918
Human and Cultural Services		211,088
Elected Officials and General Government		339,371
Debt Service and PAYGO Capital Projects		516,397
<b>Total Budgeted Expenditures</b>		<b>3,046,428</b>

Budgeted Ending Fund Balance as of June 30, 2025		275,490
<b>Total Budgeted Expenditures and Reserves</b>	<b>\$</b>	<b>3,321,918</b>

<sup>(1)</sup> This amount represents an estimate of the beginning fund balance which was used in preparing the Fiscal Year 2025 Budget.

**CONTINUING DEBT DISCLOSURE INFORMATION**  
**June 30, 2024**  
**(amounts expressed in thousands)**  
**(unaudited)**

**Capital Improvement Plan**

The 2024 - 2028 CIP consists of the projects and facilities described in the following chart. (The 2024-2028 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).

	<b>Amount</b>
Streets, Bridges and Traffic Control	\$ 1,132,705
Storm Sewers and Drainage	921,131
Parks and Recreation	128,409
Police Department	93,291
Fire Department	90,860
General Government	188,464
Public Library	50,820
Public Health	63,955
Solid Waste Management	9,368
Homeless and Housing	4,880
Technology	69,549
Fleet	236,290
Total	\$ 2,989,722 (*)

(\*) The tax-supported component of the 2024-2028 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.

<b>Fiscal Year</b>	<b>Amount</b>
2024	\$ 25,984
2023	22,801
2022	25,235
2021	24,688
2020	27,789
2019	26,603
2018	28,910
2017	27,399
2016	26,611
2015	25,328

**CONTINUING DEBT DISCLOSURE INFORMATION**

**June 30, 2024**

**(amounts expressed in thousands)**

**(unaudited)**

**Long Term Disability and Compensated Absence Liability**

<b>Long-Term Disability Fund</b>	<b>Amount</b>
Assets Available for Future Long-Term Disability Obligations	\$ 9,398
Claims Payable on Long-Term Disability Obligations	(60)
Unrestricted Net Position	<u>\$ 9,338</u>

<b>Compensated Absence Liability</b>	<b>Amount</b>
Governmental Short-Term Liability	\$ 125,937
Enterprise Funds Liability	36,911
Governmental Funds Long-Term Liability	481,697
Total	<u>\$ 644,545</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>
2024	\$ 69,382
2023	65,845
2022	60,475
2021	59,308
2020	59,174
2019	62,214
2018	54,449
2017	53,523
2016	53,934
2015	47,851



**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	Bingo Tax <sup>(1)</sup>	Hotel Occupancy Tax <sup>(2)</sup>		Total Tax Collections
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
2023	1,337,128	893,905	148,605	28,021	24,013	—	18,118	—	2,449,790
2024	1,444,942	884,144	149,662	27,885	24,074	—	21,558	—	2,552,265

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

**TAXABLE VALUE OF PROPERTY**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**  
**(unaudited)**

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
2015	\$ 87,461,000	\$ 68,223,000	\$ 4,509,000	\$ 27,003,000	\$ 187,196,000	6.31080
2016	97,070,000	73,598,000	4,947,000	28,362,000	203,977,000	6.01120
2017	106,995,000	80,515,000	5,050,000	28,133,000	220,693,000	5.86420
2018	113,401,000	81,423,000	5,457,000	27,238,000	227,519,000	5.84210
2019	116,204,000	81,425,000	5,455,000	26,546,000	229,630,000	5.88310
2020	126,456,000	84,519,000	5,661,000	27,655,000	244,291,000	5.67920
2021	136,018,000	88,843,000	5,881,000	27,438,000	258,180,000	5.61840
2022	142,582,000	88,769,592	5,653,203	25,695,528	262,700,000	5.50830
2023	155,007,115	95,429,665	6,175,901	28,654,307	285,266,988	5.33640
2024	175,845,260	101,380,981	6,569,154	31,961,722	315,757,117	5.19190

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.

## CHANGES IN FUND BALANCES IN GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

(unaudited)

	2015	2016	2017	2018
<b>Revenues</b>				
Taxes	\$ 1,964,470	\$ 1,966,483	\$ 2,013,196	\$ 2,068,675
Licenses and permits	121,636	126,020	118,899	113,918
Intergovernmental	373,006	377,546	404,276	443,441
Charges for services	296,694	304,438	299,748	304,625
Fines	41,350	42,472	37,407	34,734
Investment earnings	7,639	11,925	6,034	11,579
Contributions	—	—	—	—
Other	95,129	117,442	112,245	133,510
Total revenues	2,899,924	2,946,326	2,991,805	3,110,482
<b>Expenditures</b>				
General Government	295,439	319,160	297,501	357,661
Public safety	1,374,859	1,418,763	1,446,775	2,248,951
Public Works	314,313	329,572	348,229	401,641
Health	139,016	145,976	157,968	160,519
Housing and Community Development	71,167	62,539	60,656	53,249
Parks and recreation	101,718	85,252	89,654	102,237
Library	38,170	39,271	39,932	40,065
Retiree benefits	11,059	11,390	11,521	167,372
Capital Outlay	358,969	334,555	338,946	358,387
Debt Service				
Principal	191,355	290,805	192,656	489,510
Interest	153,972	151,260	144,068	148,754
Fiscal agent and fees	5,289	6,785	3,343	11,574
Total expenditures	3,055,326	3,195,328	3,131,249	4,539,920
Excess of revenues over (under) expenditures	(155,402)	(249,002)	(139,444)	(1,429,438)
<b>Other financing sources (uses)</b>				
Transfers in	587,207	622,988	553,680	605,254
Transfers out	(538,102)	(571,849)	(490,795)	(540,747)
Proceeds from issuance of debt	117,740	65,000	140,000	1,577,352
Proceeds from refunded debt	—	557,615	—	—
Payment to escrow agent	(1,404)	(550,600)	—	(336,191)
Sale of land	48,171	8,792	11,026	5,958
Bond premium (discount)	—	102,908	—	76,336
Contributions out	—	—	—	—
Insurance proceeds	—	—	—	93,778
Total other financing sources (uses)	213,612	234,854	213,911	1,481,740
Net change in fund balances	\$ 58,210	\$ (14,148)	\$ 74,467	\$ 52,302
Debt service as a percentage of noncapital expenditures *	13.1 %	16.1 %	12.4 %	15.5 %

Source: Annual Comprehensive Financial Report

\*Noncapital expenditures are calculated by subtracting capital outlay (to the extent capitalized for the government-wide statement of net position) and expenditures for capitalized assets contained within the functional expenditure categories from total expenditures.

	2019	2020	2021	2022	2023	2024
\$	2,120,567	\$ 2,133,402	\$ 2,162,378	\$ 2,317,905	\$ 2,449,304	\$ 2,525,812
	123,255	119,354	112,795	113,344	118,407	120,695
	537,402	656,699	1,183,307	1,085,470	872,602	855,676
	311,587	310,695	319,012	335,572	357,337	374,252
	36,407	29,664	28,341	30,852	30,945	32,393
	45,008	45,567	2,709	(33,257)	32,559	99,760
	—	—	—	—	500	—
	79,036	56,394	62,672	70,879	70,241	79,988
	3,253,262	3,351,775	3,871,214	3,920,765	3,931,895	4,088,576
	353,912	446,217	430,689	393,107	407,272	408,193
	1,502,334	1,546,820	1,580,922	1,626,241	1,692,423	1,765,445
	383,018	377,394	399,629	392,056	411,663	483,801
	154,884	156,884	289,724	239,397	243,818	239,715
	90,398	135,419	369,216	387,329	206,847	186,311
	84,539	83,058	77,574	83,998	103,121	108,144
	39,839	40,435	41,062	40,675	51,429	50,219
	11,123	14,196	13,290	11,837	12,612	—
	358,973	339,363	396,816	429,148	357,542	404,659
	219,764	228,668	213,148	265,097	295,375	261,032
	177,804	164,793	151,787	144,772	142,769	138,759
	4,540	5,760	3,738	4,996	3,260	5,096
	3,381,128	3,539,007	3,967,595	4,018,653	3,928,131	4,051,374
	(127,866)	(187,232)	(96,381)	(97,888)	3,764	37,202
	654,394	660,650	659,617	752,414	705,958	792,317
	(595,114)	(608,280)	(596,184)	(693,018)	(650,040)	(749,774)
	139,065	624,690	123,724	482,181	185,591	378,642
	—	—	—	—	—	—
	—	(552,367)	—	(338,940)	—	(283,000)
	30,061	22,306	3,786	7	5,836	12,970
	—	61,685	—	35,170	—	18,862
	(4,165)	—	—	—	—	—
	2,061	982	—	—	—	—
	226,302	209,666	190,943	237,814	247,345	170,017
\$	98,436	\$ 22,434	\$ 94,562	\$ 139,926	\$ 251,109	\$ 207,219
	13.4 %	12.3 %	10.3 %	11.6 %	12.2 %	11.1 %

**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**Last Ten Fiscal Years**  
**(unaudited)**

<b>Purpose</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>City</b>				
General Purposes	3.88880	3.85127	4.02470	4.23094
Debt Service	1.30310	1.48513	1.48360	1.38746
City of Houston <sup>(1)</sup>	5.19190	5.33640	5.50830	5.61840
<b>County</b>				
Fort Bend County	4.3890	4.5120	4.5280	4.5321
Harris County <sup>(2)</sup>	3.5007	3.4373	4.1042	4.2258
Montgomery County	3.6960	3.7420	4.0830	4.3120
<b>School District</b>				
Aldine I.S.D.	10.3630	12.2170	12.6690	12.7440
Alief I.S.D.	9.8670	12.0480	12.0480	12.0480
Clear Creek I.S.D.	9.7460	11.1460	11.7970	12.6590
Conroe I.S.D.	9.6210	11.1460	11.7600	12.1250
Crosby I.S.D.	12.3750	14.2290	14.4030	14.4030
Cypress-Fairbanks I.S.D.	10.8110	13.5550	13.3920	13.5550
Deer Park I.S.D.	11.2130	12.8220	13.4960	13.4960
Fort Bend I. S. D.	9.9000	11.3460	12.1010	12.4000
Galena Park I.S.D.	11.3191	13.5418	14.6510	14.5810
Goose Creek I.S.D.	10.8250	10.8250	12.8170	13.6860
Houston I.S.D.	8.6830	10.3720	10.9440	11.3310
Huffman I.S.D.	9.4619	11.4930	11.4930	13.4210
Humble I.S.D.	11.0750	13.3890	10.3405	14.1835
Katy I.S.D.	13.0480	13.5170	13.8880	14.4310
Klein I.S.D.	10.3000	12.3000	13.0000	13.4000
New Caney I.S.D.	12.5750	14.4300	14.6030	14.6030
Pasadena I.S.D.	11.3820	13.3530	13.8120	13.8300
Sheldon I.S.D.	12.5750	14.1500	15.0160	15.0160
Spring I.S.D.	11.0920	12.5460	13.1280	13.8430
Spring Branch I.S.D.	10.0789	12.6880	12.6880	13.0730
<b>Municipal Utility District</b>				
Harris County MUD # 355	0.5100	0.0560	0.0600	0.0600
Harris County MUD # 359	0.9500	1.1000	1.2000	1.4500
Harris County MUD # 366	1.5000	1.6000	1.4000	1.6000
Harris County MUD # 372	1.1500	1.6240	1.6750	1.6750
Harris County MUD # 381	4.1000	4.8000	5.2000	5.6000
Harris County MUD # 390	6.3000	5.7250	7.0000	6.9650
Harris County MUD # 393	4.0000	4.9000	6.0000	6.4000
Harris County MUD # 404	7.7500	7.7900	8.6125	8.6125
Harris County MUD # 410	5.2000	5.4000	5.6000	5.6000
Harris County MUD # 411	4.7000	5.3000	5.7000	5.8000
Harris County MUD # 415	7.7000	7.7000	8.0000	8.0000
Harris County MUD # 450	5.2000	5.3000	5.7000	5.8500
Harris County MUD # 451	9.0000	9.0000	9.0000	9.0000
Harris County MUD # 460	7.4000	7.4000	7.4000	7.4000
Harris County MUD # 499	7.8000	8.2000	8.7000	8.8000
Harris County MUD # 529	5.1000	6.1000	6.7000	7.0000
Harris County MUD # 537	5.0000	5.0000	5.0000	5.0000
Northwood MUD #1	8.5000	9.0000	10.0000	10.0000
<b>Other Jurisdictions</b>				
Clear Lake City Water Authority	2.5000	2.6000	2.6000	2.7000
Harris County Dept. of Education	0.0480	0.0490	0.0499	0.0499
Harris County Hospital District	1.4343	1.4831	1.6221	1.6671
Houston Community College	0.9223	0.9557	0.9909	1.0026
Lee College District	2.1010	2.3010	2.3010	2.3010
Lone Star College System	1.0760	1.0780	1.0780	1.0780
Port of Houston Authority	0.0574	0.0799	0.0872	0.0991
San Jacinto College District	1.4619	1.5560	1.6797	1.6936

<sup>(1)</sup> The tax rates are based on a 100% assessment ratio. Tax rates are stated per \$1,000 assessed value.

<sup>(2)</sup> Harris County includes the Harris County Flood Control District and the Harris County Toll Road.

2020	2019	2018	2017	2016	2015
4.04129	4.19242	4.20227	4.54458	4.42194	4.74635
1.63791	1.69068	1.63983	1.31962	1.58926	1.56445
5.67920	5.88310	5.84210	5.86420	6.01120	6.31080
4.6000	4.6400	4.6900	4.7400	4.8600	4.9476
4.3505	4.4735	4.4485	4.4485	4.4656	4.4467
4.4750	4.6670	4.6670	4.6670	4.7670	4.7670
13.4712	13.4712	13.7339	13.2338	12.8590	13.0590
12.4410	13.3000	13.3000	13.0500	12.8000	12.8000
13.1000	13.1000	14.0000	14.0000	14.0000	14.0000
12.3000	12.8000	12.8000	12.8000	12.8000	12.8000
15.4835	16.5000	16.7000	16.7000	16.7000	16.7000
13.7000	14.4000	14.4000	14.4000	14.4000	14.4000
14.1510	15.3870	15.5670	15.5670	15.5670	15.5670
12.7000	13.2000	13.4000	13.4000	13.4000	13.4000
14.5810	14.7165	15.6330	15.6330	15.1340	15.1340
13.4110	13.5428	14.3190	14.3190	14.3189	14.3189
11.3700	12.0670	12.0670	12.0670	11.9670	11.9670
13.4210	14.0000	14.0000	14.0000	14.0000	14.0000
14.1835	15.2000	15.2000	15.2000	15.2000	15.2000
15.1660	15.1660	15.1660	15.1660	15.2660	15.2660
13.6000	14.3000	14.1000	14.3000	13.9000	13.9000
15.6840	15.6840	16.7000	16.7000	16.7000	16.7000
13.7840	14.8000	14.8000	13.5000	13.5000	13.5000
15.2840	14.4840	14.7000	14.1000	14.1000	14.1000
14.3000	15.1000	15.1000	14.6996	14.7000	15.1000
13.2100	13.2098	13.9450	13.9450	13.9450	13.9450
0.0600	0.0600	0.0900	0.0900	1.2000	1.2000
1.4500	1.5000	1.6000	1.9000	2.6000	2.7000
1.6000	1.6000	1.6000	1.8000	2.0000	2.0000
1.6000	1.6000	1.6000	1.1100	1.6500	1.7500
6.0000	6.2000	6.3000	6.3000		
7.0000	7.0000	7.0000	7.0000	7.0000	7.0000
6.8000	7.0000	7.3000	7.5000		
8.6125	8.4125	8.6125	8.6125		
5.6000	5.6000	5.9000	5.9000		
6.0000	6.6000	7.0000	7.5000		
8.0000	8.0000		8.0000		7.6892
6.3000	6.3000	7.8500	8.1358		
9.0000	9.1000	9.1579	9.1358		
7.4000	7.4000	7.4000			
9.1000	9.1000				
7.5000	7.5000				
5.0000	5.0000				
12.5000	12.5000	12.5000	12.5000	12.5000	12.5000
2.7000	2.7000	2.7000	2.7000	2.7000	2.8000
0.0519	0.0519	0.0520	0.0520	0.0600	0.0600
1.7904					
1.0026	1.0026	1.0026	1.0026	1.0194	1.0689
2.5010	2.5010	2.5040	2.1320	2.1570	2.2070
1.0780	1.0780	1.0780	1.0780	1.0790	1.0810
0.1074	0.1155	0.1256	0.1334	0.1342	0.1531
1.7812	1.6797	1.8333	1.8238	1.7578	1.8560

**PRINCIPAL PROPERTY TAXPAYERS**  
 June 30, 2024  
 Current Year and Nine Years Ago  
 (amounts expressed in thousands)  
 (unaudited)

Taxpayer	2024			2015		
	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Total Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Centerpoint Energy, Inc.	\$ 3,265,086	1	1.03 %	\$ 1,702,418	1	0.91 %
Chevron Chemical Company	840,323	2	0.27 %	1,145,660	2	0.61 %
HG Galleria LLC	747,283	3	0.24 %			
BSREP	652,395	4	0.21 %			
One Two Three Allen Center	649,200	5	0.21 %			
Four Five Oaks Place	618,008	6	0.20 %			
Paile LLC	609,375	7	0.19 %			
Prologis	570,018	8	0.18 %			
GWP (Greenway Plaza)	559,968	9	0.18 %			
Shell Oil Co	531,570	10	0.17 %	1,031,986	3	0.55 %
United Airlines, Inc				914,777	4	0.49 %
Crescent HC Investors LP (Crescent Real Estate)				792,215	5	0.42 %
Amoco Chemical Company				529,627	6	0.28 %
HG Galleria I II III, LP				508,215	7	0.27 %
Busycon Property				505,450	8	0.27 %
1000 Louisiana LP				499,000	9	0.27 %
Texas Tower Ltd				472,965	10	0.25 %
Total	<u>\$ 9,043,226,007</u>		<u>2.88 %</u>	<u>\$ 8,102,313,000</u>		<u>4.32 %</u>

**TAX SUPPORTED DEBT SERVICE FUNDS**  
 (amounts expressed in thousands)  
 (unaudited)

**Tax Bond Debt Service Fund for Fiscal Year 2025**

<b>Budgeted Resources</b>	<u><b>Amount</b></u>
Beginning Fund Balance Estimate as of July 01, 2024	\$ 204,597
Transfers in from:	
General Fund	380,860
Combined Utility System Operating Fund	18,376
Other sources	20,474
Third Party Reimbursements	7,895
Other	—
<b>Total Budgeted Resources</b>	<u>632,202</u>
<b>Budgeted Expenditures</b>	
Debt Service Requirements	
Tax Bonds	238,320
Commercial Paper Paid from Third Party Reimbursements	149,365
Miscellaneous	300
<b>Total Budgeted Expenditures</b>	<u>387,985</u>
Budgeted Ending Fund Balance as of June 30, 2025	<u>244,217</u>
<b>Total Budgeted Expenditures and Reserves</b>	<u><u>\$ 632,202</u></u>

Note: This fund includes the debt service for the City's Tax Bonds, Pension Obligations, Commercial Paper Notes and Tax Certificates.

**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands, except per capita amount)  
(unaudited)

<b>Governmental Activities</b>							
Fiscal Year	Public Improvement Bonds	Pension Obligations	Commercial Paper	Tax and Revenue Certificates	Notes Payable	Other Borrowings	Lease and Subscription Liabilities <sup>(2)</sup>
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	16,694	—	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	—	19,354	—
2021	1,959,806	1,400,128	244,600	11,396	—	28,889	81,640
2022	1,940,414	1,375,473	168,000	12,846	—	28,636	83,815
2023	1,723,361	1,348,318	275,400	11,189	40,429	28,576	126,418
2024	1,805,691	1,318,489	91,000	2,677	40,367	27,824	105,551

<b>Business-type Activities</b>							
Fiscal Year	Combined Utility System Debt	Houston Airport System Debt	Convention & Entertainment Debt	Long-Term Contracts	Lease and Subscription Liabilities <sup>(2)</sup>	Total Primary Government	Per Capita <sup>(1)</sup> (in dollars)
2015	\$ 6,545,540	\$ 2,393,951	\$ 681,585	\$ 198,217	\$ —	\$ 13,172,285	\$ 5,884
2016	6,703,987	2,468,672	666,280	209,300	\$ —	13,297,268	5,823
2017	6,782,294	2,371,252	649,111	469,253	\$ —	13,450,245	5,832
2018	6,865,875	2,334,124	703,234	750,193	\$ —	14,647,342	6,332
2019	6,891,460	2,245,566	725,803	910,375	\$ —	14,667,367	6,337
2020	6,975,458	2,227,419	656,266	890,120	\$ —	14,500,808	6,262
2021	7,686,006	2,526,618	637,642	449,846	\$ 266	15,026,837	6,533
2022	7,512,801	2,595,091	610,384	425,395	\$ 123	14,752,978	6,447
2023	7,189,483	2,652,817	569,631	416,052	\$ 3,957	14,385,631	6,247
2024	6,990,054	2,770,428	532,805	406,374	\$ 2,482	14,093,742	6,090

Note: Details regarding the City's outstanding debt can be found in Note 8 of the accompanying financial statements.

<sup>(1)</sup> See the Schedule of Demographic and Economic Statistics for personal income and population data.

<sup>(2)</sup> The City first adopted the Governmental Accounting Standards Board Statements No. 87, Leases, and No. 96, Subscription-based Information Technology Arrangements, as of and for the fiscal years ended June 30, 2021 and 2023, respectively.



**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 <sup>(1)</sup>	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 <sup>(2)</sup>	Per Capita <sup>(3)</sup>
2015	\$ 3,347,838	\$ 82,422	\$ 3,265,416	1.74 %	\$ 1,459
2016	3,244,534	8,770	3,235,764	1.59	1,417
2017	3,174,499	7,933	3,166,566	1.43	1,373
2018	3,985,690	82,868	3,902,822	1.72	1,687
2019	3,889,101	85,186	3,803,915	1.66	1,644
2020	3,732,191	116,395	3,615,796	1.48	1,561
2021	3,615,930	107,530	3,508,400	1.36	1,525
2022	3,496,733	117,305	3,379,428	1.29	1,477
2023	3,358,268	146,883	3,211,385	1.13	1,395
2024	3,217,857	127,632	3,090,225	0.98	1,335

Note: Details regarding the City's outstanding debt can be found in Note 8 of the accompanying financial statements.

<sup>(1)</sup> General tax obligation debt repaid from property taxes.

<sup>(2)</sup> See the schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

<sup>(3)</sup> Population data can be found in the Schedule of Demographic and Economic Statistics .

COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
 June 30, 2024  
 (amounts expressed in thousands)  
 (unaudited)

	Net Direct Debt <sup>(1)</sup>		% of Debt Applicable to Houston <sup>(2)</sup>	City of Houston Share of Debt
	Amount	As of		
<b>City</b>				
City of Houston - direct	\$ 3,286,048	6/30/2024	100.00 %	\$ 3,286,048
<b>County</b>				
Fort Bend County	913,526	6/30/2024	1.58	14,434
Harris County (including Toll Road Bonds)	1,678,946	6/30/2024	—	—
Harris County Flood Control	1,317,629	6/30/2024	50.79	669,224
Montgomery County	398,701	6/30/2024	1.36	5,422
<b>School District</b>				
Aldine I.S.D.	1,943,222	6/30/2024	39.07	759,217
Alief I.S.D.	408,825	6/30/2024	78.51	320,969
Clear Creek I.S.D.	882,540	6/30/2024	21.26	187,628
Conroe I.S.D.	2,167,471	6/30/2024	0.00	—
Crosby I.S.D.	173,010	6/30/2024	0.04	69
Cypress-Fairbanks I.S.D.	3,548,256	6/30/2024	9.52	337,794
Deer Park I.S.D.	355,921	6/30/2024	0.86	3,061
Fort Bend I.S.D.	1,732,134	6/30/2024	3.50	60,625
Galena Park I.S.D.	288,794	6/30/2024	9.13	26,367
Goose Creek I.S.D.	576,267	6/30/2024	0.00	—
Houston I.S.D.	1,656,898	6/30/2024	92.36	1,530,311
Huffman I.S.D.	69,385	6/30/2024	29.00	20,122
Humble I.S.D.	1,118,312	6/30/2023	33.27	372,062
Katy I.S.D.	2,437,423	8/31/2023	9.53	232,286
Klein I.S.D.	1,331,003	6/30/2024	1.02	13,576
New Caney I.S.D.	1,566,275	6/30/2024	14.00	219,279
Pasadena I.S.D.	842,460	8/31/2023	40.00	336,984
Sheldon I.S.D.	435,192	6/30/2024	0.31	1,349
Spring I.S.D.	1,166,790	6/30/2024	1.44	16,802
Spring Branch I.S.D.	1,073,074	6/30/2024	73.75	791,392
<b>Municipal Utility District</b>				
Harris County MUD 355	1,914	6/30/2024	100.00	1,914
Harris County MUD 359	2,746	6/30/2024	100.00	2,746
Harris County MUD 372	870	6/30/2024	100.00	870
Harris County MUD 381	14,648	6/30/2024	100.00	14,648
Harris County MUD 390	45,648	6/30/2024	100.00	45,648
Harris County MUD 393	7,134	6/30/2024	100.00	7,134
Harris County MUD 404	9,521	6/30/2024	100.00	9,521
Harris County MUD 410	16,510	6/30/2024	100.00	16,510
Harris County MUD 411	7,401	6/30/2024	100.00	7,401
Harris County MUD 415	4,610	6/30/2024	100.00	4,610
Harris County MUD 450	12,831	6/30/2024	87.60	11,240
Harris County MUD 451	4,606	6/30/2024	100.00	4,606
Harris County MUD 460	48,327	6/30/2024	100.00	48,327
Harris County MUD 499	10,744	6/30/2024	100.00	10,744
Harris County MUD 529	9,264	6/30/2024	100.00	9,264
Harris County MUD 537	17,649	6/30/2024	100.00	17,649
Northwood MUD # 1	1,128	6/30/2024	100.00	1,128
<b>Other Jurisdictions</b>				
Clear Lake City Water Authority	100,157	6/30/2024	65.87	65,973
Harris County Dept. of Education	56,642	6/30/2024	50.79	28,768
Harris County Hospital District	65,285	6/30/2024	50.79	33,158
Houston Community College	422,215	6/30/2024	86.50	365,216
Lee College District	41,833	8/31/2023	0.89	372
Lone Star College System	496,775	6/30/2024	11.69	58,073
Port of Houston Authority	580,654	6/30/2024	50.79	294,914
San Jacinto College District	801,799	6/30/2024	13.04	104,555
Total overlapping debt	30,862,965			7,083,962
Total direct and overlapping debt	\$ 34,149,013			\$ 10,370,010

(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.

AD VALOREM TAX LEVIES AND COLLECTIONS

June 30, 2024

(amounts expressed in thousands)

(unaudited)

Fiscal Year	Tax Rate <sup>(1)</sup>			Net Current Year Tax Levy <sup>(2) (4)</sup> (in thousands)	Current Collections Prior to End of Fiscal Year <sup>(3) (4) (5)</sup> (in thousands)	Prior Years' Delinquent Collections <sup>(5)</sup> (in thousands)	Total Collection <sup>(3)(4)(5)</sup> (in thousands)	Total Collections Percentage of Net Levy <sup>(4)</sup>
	General Purposes	Debt Service	Total					
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	0.14484	0.54731	1,447,043	1,409,911	9,488	1,419,399	98.1
2023	0.38513	0.14851	0.53364	1,531,815	1,485,861	1,687	1,487,548	97.1
2024	0.38888	0.13031	0.51919	1,644,304	1,594,975	(1,415)	1,593,560	96.9
2025	0.37860	0.14059	0.51919	1,667,167	1,602,147	217	1,602,364	96.1

<sup>(1)</sup> 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."

<sup>(2)</sup> 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 2025, which is as of August 16, 2024.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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 2025, the City has budgeted approximately \$226 million of tax increments to be transferred to special funds for such zones, as required by State law, of which approximately \$43 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.

<sup>(5)</sup> The City's fiscal year 2025 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.

**AD VALOREM TAX OBLIGATION PERCENTAGES**  
 June 30, 2024  
 (amounts expressed in thousands, except per capita amount)  
 (unaudited)

<b>Tax Year</b>	<b>Fiscal Year</b>	<b>Tax-Supported Debt at December 31 (in thousands)<sup>(6)</sup></b>	<b>Tax Roll<sup>(1)</sup> (in thousands)</b>	<b>Tax-Supported Debt as a Percentage of Tax Roll</b>	<b>Tax-Supported Per Capita Debt<sup>(2)</sup></b>	<b>Debt Service Requirement Payable from Taxes<sup>(3)(4)</sup> (in thousands)</b>	<b>Tax Levy for Debt Service (in thousands)<sup>(5)</sup></b>
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	1,412	340,345	295,954
2016	2017	3,079,240	220,692,709	1.40	1,335	339,639	258,415
2017	2018	3,978,830	227,519,681	1.75	1,720	384,968	316,124
2018	2019	3,887,020	229,630,283	1.69	1,679	427,761	342,205
2019	2020	3,918,035	244,291,904	1.60	1,692	403,043	352,727
2020	2021	3,603,895	258,180,081	1.40	1,567	382,854	311,295
2021	2022	3,510,903	262,700,434	1.34	1,534	398,565	338,737
2022	2023	3,205,915	285,266,988	1.12	1,392	415,030	358,711
2023	2024	3,058,085	315,757,117	0.97	1,321	385,733	352,153

<sup>(1)</sup> With the exception of Tax Year 2023, 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 2023 amount represents the Appraisal Districts' estimate of certified taxable property values.

<sup>(2)</sup> Per capita figures are based on population estimates according to the U.S. Census Bureau.

<sup>(3)</sup> These amounts have not been reduced by the combined ending fund balances in the General Debt Service Fund.

<sup>(4)</sup> 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.

<sup>(5)</sup> Sources of funds for the general obligation debt service requirement include the tax levy and transfers from Enterprise and Special Revenue Funds.

<sup>(6)</sup> Information as reported in the City's Monthly Operations and Financial Report dated as of December 31 of each Fiscal Year.

**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 2025 through 2052 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 Ending June 30	Tax Bonds <sup>(1)</sup>	Pension Obligations <sup>(2)</sup>	Tax Certificates <sup>(3)</sup>	Total Debt Service <sup>(4)</sup>
2025	\$ 236,553,575	\$ 92,433,949	\$ 2,725,000	\$ 331,712,524
2026	215,415,931	93,730,709	—	309,146,640
2027	213,391,814	95,054,021	—	308,445,835
2028	211,866,931	96,419,190	—	308,286,121
2029	165,963,314	105,342,434	—	271,305,748
2030	128,985,810	106,794,257	—	235,780,067
2031	107,101,122	119,692,994	—	226,794,116
2032	93,164,533	121,218,257	—	214,382,790
2033	84,500,339	86,843,783	—	171,344,122
2034	105,739,722	65,230,035	—	170,969,757
2035	59,321,009	110,207,538	—	169,528,547
2036	65,850,945	101,573,226	—	167,424,171
2037	61,947,695	88,346,491	—	150,294,186
2038	52,872,495	66,433,106	—	119,305,601
2039	50,985,165	68,238,405	—	119,223,570
2040	49,053,455	70,088,291	—	119,141,746
2041	26,807,684	92,244,696	—	119,052,380
2042	45,898,581	73,069,195	—	118,967,776
2043	43,794,291	75,079,120	—	118,873,411
2044	5,402,800	77,145,038	—	82,547,838
2045	5,401,600	79,262,831	—	84,664,431
2046	5,404,400	81,442,535	—	86,846,935
2047	5,400,800	83,683,867	—	89,084,667
2048	5,400,800	—	—	5,400,800
2049	5,404,000	—	—	5,404,000
2050	620,000	—	—	620,000
2051	630,000	—	—	630,000
2052	—	—	—	—
	<u>\$ 2,052,878,811</u>	<u>\$ 2,049,573,968</u>	<u>\$ 2,725,000</u>	<u>\$ 4,105,177,779</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.

<sup>(1)</sup> 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.

<sup>(2)</sup> GO portion only.

<sup>(3)</sup> 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.

<sup>(4)</sup> Totals may reflect a variance due to rounding.

**COMPUTATION OF LEGAL DEBT MARGIN**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**  
**(unaudited)**

**LEGAL DEBT MARGIN CALCULATION AT JUNE 30, 2024**

Assessed Value <sup>(1)</sup>	\$ 313,544,468
Debt Limit (10% of assessed value)	\$ 31,354,447
Debt applicable to limit:	
Public Improvement Bonds	1,560,020
Pension Obligations	1,404,471
Commercial Paper - General Obligation	91,000
Tax and Revenue Certificates of Obligation	2,595
Total net debt applicable to limit	\$ 3,058,086
Legal debt margin	\$ 28,296,361

**HISTORICAL LEGAL DEBT LIMITATION**

Fiscal Year	Legal debt limitation, 10% of assessed value <sup>(2)</sup>	Total net debt applicable to margin	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2015	\$ 24,401,203	\$ 3,135,203	\$ 21,266,000	12.8 %
2016	26,857,750	3,244,534	23,613,216	12.1 %
2017	28,781,940	3,174,499	25,607,441	11.0 %
2018	29,222,567	3,985,690	25,236,877	13.6 %
2019	30,143,366	3,889,101	26,254,265	12.9 %
2020	32,030,547	3,732,189	28,298,358	11.7 %
2021	33,848,534	3,615,930	30,232,604	10.7 %
2022	34,546,666	3,331,796	31,214,870	9.6 %
2023	38,027,390	3,205,916	34,821,474	8.4 %
2024	31,354,447	3,058,086	28,296,361	9.8 %

(1) Assessed Value for the 2023 tax year (fiscal year 2024) 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 2024.

(2) See Texas Government Code, Chapter 1331.051 (b).

**PLEGDED - REVENUE COVERAGE**  
**Last Ten Fiscal Years**  
 (amounts expressed in thousands)  
 (unaudited)

<b>Airport System Bonds<sup>(1)</sup></b>								
Fiscal Year	Operating & Non-Operating Revenues <sup>(2)</sup>	Less: Operating Expenses	Net Pledged Revenue	Debt Service		Less Grants Available for Debt Service	Less PFC revenue Available for Debt Service	Coverage
				Principal	Interest <sup>(3)</sup>			
2015	\$ 489,822	\$ 283,557	\$ 206,265	\$ 71,999	\$ 91,320	\$ 16,399	\$ 38,054	1.68
2016	495,831	314,715	181,116	79,093	84,812	13,888	42,320	1.51
2017	510,524	254,506	256,018	82,707	92,315	—	54,673	1.91
2018	522,408	326,889	195,519	81,137	93,319	—	50,642	1.42
2019	518,192	315,153 <sup>(4)</sup>	203,039	80,110	96,202	—	60,646	1.59
2020	491,537	314,034	177,503	89,090	91,641	14,169	55,040	1.44
2021	329,110	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
2023	582,232	315,487	266,745	119,710	88,441	50,000	68,743	2.68
2024	634,743	344,346	290,397	122,925	106,160	46,736	73,926	2.68

- <sup>(1)</sup> Including Sr. Lien Commercial Paper, Subordinate Lien Bonds, and Inferior Lien Obligations.
- <sup>(2)</sup> Income and revenue derived from the operation of the Airport System with limited exclusions.
- <sup>(3)</sup> Debt service is net of amounts paid by grant fund, capitalized interest and passenger facility charges revenue.
- <sup>(4)</sup> The decrease in net pension liability recorded as negative expense in FY2017 was \$67.4 million.
- <sup>(\*)</sup> Calculations not performed for the year ended 6/30/21 and 6/30/22 as HAS paid all debt service in fiscal year 2021 and 2022 from PFC's and CARES Act proceeds.

<b>Combined Utility System Bonds<sup>(1)</sup></b>						
Fiscal Year	Operating & Non-Operating Revenues <sup>(2)</sup>	Less: Total Expenses	Net Pledged Revenue	Debt Service		Coverage
				Principal	Interest	
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	1,406,715	510,072	896,643	254,501	250,694	1.77
2023	1,667,322	585,195	1,082,127	271,299	257,069	2.05
2024	1,762,018	596,241	1,165,777	279,586	256,035	2.18

- <sup>(1)</sup> Including Water and Sewer System Bonds, Combined Utility System Bonds, and Commercial Paper interest.
- <sup>(2)</sup> Income and revenues derived from the operation of the Combined Utility System with limited exclusions.

<b>Convention and Entertainment Center Bonds<sup>(1)</sup></b>				
Fiscal Year	Pledged Hotel Occupancy Tax & Other Revenue <sup>(2)</sup>	Debt Service		Coverage
		Principal	Interest	
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
2023	84,632	23,892	31,162	1.54
2024	94,649	28,312	31,234	1.59

- <sup>(1)</sup> Including Revenue Bonds and Commercial Paper.
- <sup>(2)</sup> Includes the 5.65%/7% of collected hotel occupancy tax, certain parking revenues, and certain tax rebates.

**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) Educational Attainment Bachelor's Degree or Higher (persons)	(4) School Enrollment (persons)	(5) Average Unemployment Rate (percentage)
2015	2,238,653	\$ 366,978	\$ 55,013	32.4	1,336,739	1,829,867	4.8%
2016	2,283,616	351,012	51,572	32.6	1,384,097	1,849,065	5.6%
2017	2,306,360	377,978	54,788	32.6	1,433,072	1,874,344	5.2%
2018	2,313,079	403,674	57,875	32.7	1,490,351	1,893,312	4.7%
2019	2,314,478	415,920	58,884	32.9	1,522,732	1,932,292	4.0%
2020	2,315,720	428,501	59,893	32.9	1,508,624	1,915,864	11.6%
2021	2,300,027	467,267	64,837	33.4	1,675,719	1,920,741	7.1%
2022	2,288,250	501,653	68,344	35.3	1,715,458	1,911,456	4.5%
2023	2,302,878	Not available	Not available	35.4	1,763,563	1,943,808	4.4%
2024	2,314,157	Not available	Not available	35.7	Not available	2,005,380	4.8%

(1) Source: U.S. Census Bureau - QuickFacts: Houston, TX; Population estimates, July 1, 2014 - July 1, 2019.

(2) Source: U.S. Census Bureau - Annual Estimates of the Resident Population for Incorporated Places of 20,000 or More: estimate as of July 1, 2020 - July 1, 2023, for fiscal years 2022 - 2024.

(3) Source: U.S. Department of Commerce, Bureau of Economic Analysis. Amounts as of year ended December 31, 2022 for the Houston-The Woodlands-Sugar Land, TX Metropolitan Statistical Area (MSA). Information for the years ended December 31, 2023, and 2024 are not yet available.

(4) Source: U.S. Census Bureau - American Community Survey, Houston-Pasadena-The Woodlands, TX Metropolitan Statistical Area.

(5) Source: U.S. Bureau of Labor Statistics. Information is as of June every year for the Houston-The Woodlands-Sugar Land, TX Metropolitan Statistical Area.



**PRINCIPAL EMPLOYERS (1)**  
**Last Ten Fiscal Years**  
**Employer (Listed Alphabetically)**  
**(unaudited)**

2024	2023	2022
AT&T	Amazon	CHI St. Luke's Health
Baker Hughes	CHI St. Luke's Health	ExxonMobil
CenterPoint Energy	ExxonMobil	HCA Houston Healthcare
ConocoPhillips	HCA Houston Healthcare	HEB
Enterprise Products Partners	HEB	Houston Methodist
EOG Resources	Houston Methodist	Kroger
ExxonMobil	Kroger	Memorial Hermann Health System
Group 1 Automotive	Memorial Hermann Health System	Schlumberger
Halliburton	Schlumberger	UT MD Anderson Cancer Center
Kinder Morgan	Walmart	Walmart
2021	2020	2019
ExxonMobil	ExxonMobil	HEB
HEB	HEB	Houston Methodist
HCA Houston Healthcare	HCA Houston Healthcare	Kroger
Houston Methodist	Houston Methodist	McDonald's Corp
Kroger	Kroger	Memorial Hermann Health System
Memorial Hermann Health System	Memorial Hermann Health System	Schlumberger
Schlumberger	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
Walmart	Walmart	Walmart
2018	2017	2016
Exxon Mobil	HEB	ExxonMobil
HEB	Houston Methodist	Houston Methodist Hospital System
Houston Methodist	Kroger Company	Kroger Company
Kroger Company	McDonald's Corp	Memorial Hermann Health System
McDonald's Corp	Memorial Hermann Health System	National Oilwell Varco
Memorial Hermann Health System	UT MD Anderson Cancer Center	Schlumberger Limited
Texas Children Hospital	United Airlines	Shell Oil Company
UT MD Anderson Cancer Center	Schlumberger Limited	UTMB Health
United Airlines	Shell Oil Company	UT MD Anderson Cancer Center
Walmart	Walmart	United Airlines
2015		
Cameron International		
ExxonMobil		
HEB		
Houston Methodist		
Kroger		
Memorial Hermann Health System		
National Oilwell Varco		
Shell Oil Company		
UT MD Anderson Cancer Center		
United Airlines		

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 current fiscal year for presentation purposes.

**EMPLOYMENT STATISTICS****June 30, 2024****(unaudited)**

The following table indicates the Houston MSA estimated annual average labor force for the years 2014 through 2023 according to the Texas Employment Commission:

**Houston MSA Labor Force Estimates  
(Employees in thousands)**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Civilian Labor Force <sup>(1)</sup>	3,244	3,287	3,323	3,412	3,444
Employed	3,098	3,106	3,147	3,255	3,313
Unemployed	146	180	176	157	131
Percent unemployed	4.50 %	5.50 %	5.30 %	4.60 %	3.80 %
Nonfarm Payroll Employment <sup>(2)</sup>	2,991	3,002	3,061	3,132	3,185
Manufacturing	250	232	234	228	241
Mining	109	87	86	80	88
Contract construction	205	216	215	237	230
Transp/Trade/Pub Utils/ Communications <sup>(3)</sup>	645	647	635	661	661
Finance/Insurance/Real Estate	146	155	156	164	167
Services & Miscellaneous	1,261	1,282	1,321	1,353	1,382
Government	381	388	414	410	418
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Civilian Labor Force <sup>(1)</sup>	3,381	3,418	3,523	3,601	3,732
Employed	3,053	3,165	3,353	3,440	3,553
Unemployed	328	253	170	161	179
Percent unemployed	9.70 %	7.40 %	4.80 %	4.50 %	4.80 %
Nonfarm Payroll Employment <sup>(2)</sup>	2,980	3,047	3,266	3,364	3,459
Manufacturing	220	207	226	233	239
Mining	62	69	69	70	73
Contract construction	219	204	238	222	244
Transp/Trade/Pub Utils/ Communications <sup>(3)</sup>	637	666	701	727	720
Finance/Insurance/Real Estate	165	163	172	184	190
Services & Miscellaneous	1,281	1,005	1,428	1,483	1,537
Government	399	411	432	445	457

<sup>(1)</sup> 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.

<sup>(2)</sup> Includes the non-agricultural wage and salary jobs estimated to exist in Houston MSA without reference to place of residence of workers.

<sup>(3)</sup> Trade has been included with Transportation, Public Utilities and Communications.

**CITY OF HOUSTON EMPLOYMENT INFORMATION**  
**Last Ten Years**  
**(unaudited)**

**Full-time Equivalent Employees as of June 30, 2024**

Department	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>CIVILIAN</b>										
Administration & Regulatory Affair	370.9	381.5	388.7	363.3	357.9	354.0	350.6	345.1	337.4	351.0
City Controller	62.1	60.3	57.8	60.3	51.1	48.3	50.0	49.9	46.5	51.5
City Council	76.5	77.6	76.2	73.2	71.8	70.2	72.8	71.2	67.6	74.7
City Secretary	10.3	9.2	8.9	9.9	9.8	9.4	7.6	8.2	7.8	8.6
Convention & Entertainment Facilities	-	-	-	-	-	-	-	-	-	-
Fire - Civilian	107.2	111.9	109.6	108.3	105.2	95.3	85.3	97.5	95.5	94.2
Finance	154.2	146.0	143.4	152.3	150.5	148.1	158.7	154.1	151.4	173.4
Fleet Management (Formerly PW&E - Fleet Management)	369.7	371.2	399.7	406.9	400.8	389.3	392.9	373.0	360.4	379.6
General Services (Formerly Building Services)	137.5	130.1	126.1	134.6	129.6	117.6	113.9	102.9	104.5	114.6
Houston Health (Formerly Health & Human Services)	1,224.5	1,104.0	1,133.7	1,214.6	1,216.9	1,155.6	1,341.8	1,366.8	1,375.9	1,283.8
Housing & Community Development	164.7	159.0	146.8	145.4	189.5	278.6	307.3	286.4	265.7	231.0
Houston Airport System	1,292.0	1,245.2	1,211.5	1,190.0	1,156.3	1,145.2	1,163.2	1,172.9	1,231.9	1,320.1
Houston Emergency Center	242.5	247.5	243.2	246.1	248.0	241.9	242.9	227.5	214.5	229.1
Houston Information Technology	213.6	211.7	195.3	190.6	176.4	124.1	126.8	181.5	180.7	187.1
Houston Public Works	3,900.5	3,923.8	4,014.2	4,074.6	3,890.7	4,016.9	4,083.8	4,032.3	4,001.2	3,987.2
Human Resources	253.7	278.4	257.1	243.9	282.8	283.3	272.1	289.6	283.2	323.9
Legal	176.3	180.5	221.2	211.8	206.2	216.1	197.5	151.9	157.7	156.6
Library	486.9	479.6	474.0	477.4	461.7	449.8	427.0	415.7	433.2	455.5
Mayor's Office	92.1	99.5	100.1	100.4	100.3	99.2	109.3	106.7	107.6	103.4
Municipal Courts	319.2	309.5	301.0	284.4	268.3	262.6	251.7	244.2	230.2	250.4
Neighborhoods	154.2	151.0	144.1	140.4	128.6	117.6	116.9	113.5	111.6	104.5
Office of Business Opportunity (Formerly Affirm. Action)	30.1	30.2	29.7	29.3	27.8	31.9	36.0	29.9	30.3	36.3
Parks and Recreation	767.1	766.2	809.9	804.5	748.1	688.9	618.9	648.0	655.3	692.3
Planning & Development	80.1	81.7	82.2	79.6	77.0	74.0	85.5	83.2	78.0	83.9
Police - Civilian	1,277.2	1,209.6	1,206.4	1,161.0	1,035.8	932.7	915.0	898.3	903.6	912.0
Solid Waste Management	619.1	647.8	665.1	664.7	690.8	675.2	673.0	651.3	639.0	655.2
<b>Total Civilian</b>	<b>12,582.2</b>	<b>12,413.0</b>	<b>12,545.9</b>	<b>12,567.5</b>	<b>12,181.9</b>	<b>12,025.8</b>	<b>12,200.5</b>	<b>12,101.6</b>	<b>12,070.7</b>	<b>12,259.9</b>
<b>CLASSIFIED AND CADET</b>										
Fire - Classified	4,119.9	4,235.4	4,231.6	4,219.3	4,100.0	4,098.6	4,055.6	4,101.1	4,150.6	4,142.8
Fire - Cadet	139.1	107.1	94.6	41.4	80.2	49.7	98.4	123.7	113.7	92.6
Police - Classified	5,447.6	5,413.5	5,425.3	5,622.7	5,407.5	5,649.0	5,340.8	5,466.3	5,396.4	5,478.1
Police - Cadet	91.2	157.2	217.1	135.1	162.5	139.7	140.3	173.9	166.3	195.2
<b>Total Classified and Cadet</b>	<b>9,797.8</b>	<b>9,913.2</b>	<b>9,968.6</b>	<b>10,018.5</b>	<b>9,750.2</b>	<b>9,937.0</b>	<b>9,635.1</b>	<b>9,865.0</b>	<b>9,827.0</b>	<b>9,908.7</b>
<b>Total Full-time Equivalent Employees</b>	<b>22,380.0</b>	<b>22,326.2</b>	<b>22,514.5</b>	<b>22,586.0</b>	<b>21,932.1</b>	<b>21,962.8</b>	<b>21,835.6</b>	<b>21,966.6</b>	<b>21,897.7</b>	<b>22,168.6</b>

## OPERATING INDICATORS BY FUNCTION

June 30, 2024

(unaudited)

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Police</b>										
Physical arrests	54,490	61,749	51,910	51,288	58,401	51,054	41,351	43,377	45,984	46,958
Parking violations	188,570	203,941	194,595	187,047	201,142	169,439	187,482	197,997	196,471	216,488
Traffic violations filed	472,553	437,138	395,461	379,266	392,454	280,399	235,349	230,403	280,075	280,022
<b>Fire</b>										
Number of calls dispatched	327,417	336,170	335,693	346,023	337,613	347,409	363,767	382,971	390,547	409,590
Inspections <sup>(1)</sup>	88,367	74,906	11,000	25,742	30,579	34,582	36,160	27,731	26,910	22,944
<b>Highways and streets</b>										
Streets resurfaced (miles)	194	152	186	142	153	158	136	143	126	123
Tons of asphalt for pothole repair and skin patches	15,972	13,130	13,328	13,058	11,507	15,026	11,379	10,573	10,414	9,613
<b>Parks and recreation</b>										
Athletic field permits issued	2,312	2,270	2,423	2,300	2,342	1,715	608	1,890	2,377	2,695
Community center admissions (thousands)	5,813	5,547	5,838	5,470	5,810	4,521	1,637	2,976	3,582	3,801
<b>Sanitation</b>										
Refuse collected (tons)	681,675	695,613	725,819	732,015	718,506	753,879	773,596	716,584	687,408	681,200
Recyclables collected (tons) <sup>(2)</sup>	116,575	127,421	120,324	76,024	99,697	127,160	124,075	90,714	64,724	59,591
<b>Water</b>										
New connections <sup>(3)</sup>	6,349	4,559	4,530	4,612	4,524	3,083	3,805	4,009	3,956	4,662
Water main breaks	10,572	11,122	9,638	8,355	11,067	8,178	9,427	8,539	11,119	11,788
Average daily pumpage (millions of gallons)	428	445	458	461	454	455	447	458	476	514
<b>Wastewater</b>										
Wastewater line repairs	2,186	2,252	2,322	2,452	2,222	1,893	2,152	2,067	1,987	2,120
Average daily sewage treatment (millions of gallons)	257	256	253	252	270	245	264	251	242	249

<sup>(1)</sup> 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.

<sup>(2)</sup> The Solid Waste Department started the tree recycling program in January 2009, which greatly increased the tons of recyclables collected.

<sup>(3)</sup> New connections represents all water connection types as meters (physical connections) to the water supply, not the regulatory definition of a connection.

**CAPITAL ASSET STATISTICS BY FUNCTION**

June 30, 2024

(unaudited)

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Public safety</b>										
Police										
Stations	17	16	17	17	17	17	17	17	17	17
Patrol units	1,282	1,338	1,315	1,494	1,258	1,402	1,427	1,389	1,308	1,318
Fire										
Stations	93	93	93	93	93	93	93	93	93	93
<b>Highways and streets</b>										
Streets (lane miles)	15,404	14,656	14,656	14,764	13,852	13,852	15,991	15,991	15,991	15,991
Streetlights	174,075	175,172	176,440	177,056	177,056	177,056	177,056	178,837	179,138	179,395
Traffic signals	2,467	2,491	2,495	2,491	2,491	2,491	2,534	2,520	2,520	2,503
<b>Parks and recreation</b>										
Parks acreage	37,859	37,856	35,733	37,942	39,501	39,501	39,501	39,501	35,992	39,393
Parks	533	537	542	545	546	547	547	548	556	814
Swimming pools	56	56	57	58	59	59	59	59	59	53
Tennis Centers	3	3	3	3	3	3	3	3	3	3
Community centers	61	61	60	60	60	60	60	60	60	62
<b>Sanitation</b>										
Collection trucks	343	351	360	350	371	413	323	327	450	353
<b>Water</b>										
Water mains (miles)	7,128	7,128	7,128	7,144	7,210	7,174	7,640	7,639	7,660	7,732
Fire hydrants	N/A	N/A	60,420	60,543	61,524	61,876	61,991	62,103	62,509	62,686
Maximum daily capacity (millions of gallons)	803	808	799	782	795	790	764	713	693	784
<b>Sewer</b>										
Sanitary sewers (miles) <sup>(1)</sup>	6,950	6,950	6,950	6,192	6,200	6,300	6,396	6,186	6,192	6,102
Storm sewers (miles)	3,838	3,894	3,946	3,987	3,987	3,987	3,987	3,987	3,987	3,900
Maximum daily treatment permitted (millions of gallons)	563	563	563	564	564	564	564	564	587	560

<sup>(1)</sup> The sanitary sewers (miles) for the fiscal years ended June 30, 2015 to June 30, 2018 were adjusted to reflect updated information received from Water Operations Branch.

Source: Departments of the City of Houston, Texas.

**CONVENTION AND ENTERTAINMENT FACILITIES FUND REVENUES AND EXPENSES**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**  
**(unaudited)**

<b>Total Annual Revenues Last Ten Fiscal Years</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Operating Revenues</b>			
Fees charged to users, net	\$ 12,390	\$ 12,431	\$ 12,283
<b>Total Operating Revenues</b>	<u>12,390</u>	<u>12,431</u>	<u>12,283</u>
<b>Nonoperating Revenues</b>			
Interest	4,933	12,708	9,091
Hotel occupancy tax (includes penalty and interest)	90,711	88,632	82,882
Other income	818	—	291
<b>Total Nonoperating Revenues</b>	<u>96,462</u>	<u>101,340</u>	<u>92,264</u>
<b>Total Revenues</b>	<u>\$ 108,852</u>	<u>\$ 113,771</u>	<u>\$ 104,547</u>
<b>Total Annual Expenses Last Ten Fiscal Years</b>			
<b>Operating Expenses</b>			
Maintenance and operating	\$ 1,380	\$ 76,466	\$ 69,756
Depreciation	14,375	13,720	13,654
<b>Total Operating Expenses</b>	<u>15,755</u>	<u>90,186</u>	<u>83,410</u>
<b>Nonoperating Expenses</b>			
Interest on long-term debt	29,684	27,299	27,170
Gain (loss) on disposal of assets	—	—	—
Other expenses and transfer out	79,312	421	177
<b>Total Nonoperating Expenses</b>	<u>108,996</u>	<u>27,720</u>	<u>27,347</u>
<b>Total Expenses</b>	<u>\$ 124,751</u>	<u>\$ 117,906</u>	<u>\$ 110,757</u>

<sup>(1)</sup> 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.

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
\$ 7,883	\$ 10,655	\$ 9,486	\$ 6,100	\$ 8,357	\$ 10,398	\$ 10,336
7,883	10,655	9,486	6,100	8,357	10,398	10,336
9,723	13,560	12,000	9,083	7,979	9,491	8,717
89,417	86,078	67,348	47,449	82,505	104,853	106,344
989	2,083	292	431	324	307	280
100,129	101,721	79,640	56,963	90,808	114,651	115,341
<u>\$ 108,012</u>	<u>\$ 112,376</u>	<u>\$ 89,126</u>	<u>\$ 63,063</u>	<u>\$ 99,165</u>	<u>\$ 125,049</u>	<u>\$ 125,677</u>

<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
\$ 73,725	\$ 70,470	\$ 48,935	\$ 30,441	\$ 69,298	\$ 85,544	\$ 83,744
13,599	13,508	13,480	13,418	12,848	12,844	12,827
87,324	83,978	62,415	43,859	82,146	98,388	96,571
27,945	29,747	27,322	25,475	24,419	22,706	19,721
—	—	—	5,753	—	—	—
251	—	—	1,449	1,521	1,522	1,521
28,196	29,747	27,322	32,677	25,940	24,228	21,242
<u>\$ 115,520</u>	<u>\$ 113,725</u>	<u>\$ 89,737</u>	<u>\$ 76,536</u>	<u>\$ 108,086</u>	<u>\$ 122,616</u>	<u>\$ 117,813</u>

**CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS**  
**Last Ten Fiscal Years**  
**(unaudited)**

**HISTORICAL PLEDGED REVENUES**  
**(amounts expressed in thousands)**

<b>Fiscal Year</b>	<b>Pledged HOT <sup>(1)</sup></b>	<b>% Change</b>	<b>Pledged Parking Revenues <sup>(2)</sup></b>	<b>% Change</b>	<b>Tax Rebates <sup>(3)</sup></b>	<b>% Change</b>	<b>Total <sup>(4)</sup></b>
2015	\$ 73,217	0.7 %	\$ 9,810	9.5 %	\$ —	— %	\$ 83,027
2016	72,265	(1.3)%	9,851	0.4 %	—	— %	82,116
2017	66,898	(7.4)%	9,593	(2.6)%	—	— %	76,491
2018	72,172	7.9 %	5,234	(45.4)%	—	— %	77,406
2019	69,477	(3.7)%	8,006	53.0 %	—	— %	77,483
2020	54,359	(21.8)%	6,837	(14.6)%	—	— %	61,196
2021	38,298	(29.5)%	3,451	(49.5)%	—	— %	41,749
2022	66,593	73.9 %	5,636	63.3 %	—	— %	72,229
2023	84,632	27.1 %	7,678	36.2 %	—	— %	92,310
2024	85,835	1.4 %	7,615	(0.8)%	—	— %	93,450

- (1) 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%.
- (2) 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.
- (3) 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 December 31, 2013, so there are no rebates to report in FY2024.
- (4) Amounts shown do not include investment earnings on pledged revenues, which are also pledged.



**CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS**  
**Last Ten Fiscal Years**  
**(unaudited)**

**Schedule of Hotel Occupancy Tax and Occupancy Rates**

<b>Fiscal Year</b>	<b>Occupancy % Rate <sup>(1)</sup></b>	<b>Average Daily Rate <sup>(1)</sup></b>	<b>Tax % Rate</b>	<b>Gross Hotel Occupancy Tax Revenues (in thousands)</b>
2015	70.3 %	\$ 111.17	7.00 %	\$ 90,711
2016	64.2	105.55	7.00	88,632
2017	61.5	105.47	7.00	82,961
2018	65.0	108.18	7.00	89,417
2019	64.6	104.16	7.00	86,078
2020	39.8	86.48	7.00	67,348
2021	52.4	84.93	7.00	47,449
2022	56.6	100.89	7.00	82,505
2023	62.1	115.75	7.00	104,853
2024	70.8	120.39	7.00	106,344

<sup>(1)</sup> Source: STR, Inc.

**CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS**  
**June 30, 2024**  
**(unaudited)**

**Schedule of Hotel Occupancy Tax Collections**

<b>The Ten Largest Taxpayers</b>	<b>Gross Hotel Occupancy Tax Collections (in thousands)</b>
AirBnB Inc.	\$ 8,894,864
Houston Marriott Marquis	4,645,370
Hilton Americas-Houston	4,467,386
The Post Oak Hotel	2,954,984
Hyatt Regency Hotel	2,134,170
Four Seasons Hotel Houston #0619	2,049,498
Marriott Hotel IAH	1,791,532
JW Marriott Houston Downtown #1291	1,748,338
JW Marriott Galleria	1,724,451
Westin Galleria #0533	1,643,349
<b>Total</b>	<b>\$ 32,053,942</b>

**CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS**  
**June 30, 2024**  
**(unaudited)**

**Parking Facilities Rates**

<b>Facility</b>	<b>City Employee Monthly Contract<sup>(1)</sup></b>	<b>Other Monthly Contract<sup>(2)</sup></b>	<b>Daily Transient<sup>(2)</sup></b>	<b>Event Rate<sup>(2)</sup></b>
Theater District Garage	\$ 106.4	\$ 210.0	20	\$ 15
		125.0 <sup>(3)</sup>	NA	
		200.0 <sup>(4)</sup>	NA	
		210.0 <sup>(5)</sup>	NA	
		155.0 <sup>(6)</sup>		
		N/A <sup>(7)</sup>		
		310.0 <sup>(8)</sup>		
		340.0 <sup>(9)</sup>		
Reserved parking	\$ 147.0	\$ 310.0	0.0	\$ 15.0
City Hall Annex Parking Garage	\$ 51.8	N/A	N/A	N/A
Lots C and H	\$ 70.1	\$ 75.0	Lot C: \$5 & Lot H: \$20	Lot C: \$10 & Lot H: \$20

<sup>(1)</sup> Does not include sales and use tax of 8.25%.  
<sup>(2)</sup> Includes sales and use tax of 8.25%.  
<sup>(3)</sup> Current TC Energy employee flex rate.  
<sup>(4)</sup> Current Monday through Friday monthly unreserved rate.  
<sup>(5)</sup> Current 24/7 monthly unreserved rate.  
<sup>(6)</sup> Rates paid by Convention & Entertainment Facilities departmental contractors.  
<sup>(7)</sup> Bulk contract parking agreement.  
<sup>(8)</sup> Current monthly reserved rate.  
<sup>(9)</sup> Current monthly reserved with electric vehicle charger access included in the rate.

Source: [www.houstonfirsttheaters.com/parking](http://www.houstonfirsttheaters.com/parking)

**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 2014 Bonds	Series 2015 Bonds	Regions Notes <sup>(1)</sup>	Series 2017 Bonds	Series 2019 Bonds	Series 2021 Bonds	Total Debt Service
2025	\$ 24,930	\$ 4,397	\$ 11,892	\$ 18,900	\$ 1,395	\$ 10,889	\$ 3,246	\$ 75,649
2026	25,850	4,393	12,015	—	1,419	9,834	3,239	56,750
2027	26,610	8,253	9,007	—	854	8,473	3,566	56,762
2028	27,355	7,992	9,336	—	914	7,608	3,528	56,733
2029	28,305	8,287	8,500	—	756	7,254	3,615	56,716
2030	29,065	8,041	8,578	—	773	6,770	3,497	56,724
2031	29,950	8,183	8,377	—	736	6,496	2,977	56,719
2032	30,530	8,074	8,376	—	739	6,205	2,782	56,706
2033	30,560	8,149	8,532	—	765	5,945	2,741	56,693
2034	30,550	9,530	7,807	—	628	5,536	2,609	56,659
2035	—	2,481	4,416	—	—	6,266	—	13,163
2036	—	2,479	4,417	—	—	6,260	—	13,156
2037	—	2,483	4,415	—	—	4,976	—	11,874
2038	—	2,481	4,416	—	—	—	—	6,897
2039	—	2,479	4,414	—	—	—	—	6,893
2040	—	2,481	4,414	—	—	—	—	6,894
2041	—	—	4,415	—	—	—	—	4,415
2042	—	—	4,416	—	—	—	—	4,416
2043	—	—	4,415	—	—	—	—	4,415
2044	—	—	4,416	—	—	—	—	4,416
2045	—	—	4,417	—	—	—	—	4,417
Total	<u>\$ 283,705</u>	<u>\$ 90,180</u>	<u>\$ 140,990</u>	<u>\$ 18,900</u>	<u>\$ 8,979</u>	<u>\$ 92,511</u>	<u>\$ 31,800</u>	<u>\$ 667,064</u>

<sup>(1)</sup> Assumes an interest rate of 5.0% for the Regions Notes.

**COMBINED UTILITY SYSTEM FUND REVENUES AND EXPENSES**

Last Ten Fiscal Years

(amounts expressed in thousands)

(unaudited)

<b>Fiscal Years</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Operating Revenues</b>					
Water sales	\$ 486,517	\$ 529,879	\$ 547,054	\$ 559,010	\$ 554,294
Waste water system user charges	434,305	462,786	475,392	479,978	485,183
Penalties and Other services and charges	6,602	9,917	3,349	13,561	2,965
<b>Total Operating Revenues</b>	<u>927,424</u>	<u>1,002,582</u>	<u>1,025,795</u>	<u>1,052,549</u>	<u>1,042,442</u>
<b>Nonoperating Revenues</b>					
Investment income	7,685	12,652	3,954	8,074	55,170
Other income	49,632	55,306	58,414	74,595	83,688
<b>Total Nonoperating Revenues</b>	<u>57,317</u>	<u>67,958</u>	<u>62,368</u>	<u>82,669</u>	<u>138,858</u>
<b>Total Revenues</b>	<u>\$ 984,741</u>	<u>\$ 1,070,540</u>	<u>\$ 1,088,163</u>	<u>\$ 1,135,218</u>	<u>\$ 1,181,300</u>
<b>Fiscal Years</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Operating Expenses</b>					
Maintenance and operating	\$ 428,732	\$ 451,342	\$ 354,396	\$ 492,391	\$ 516,503
Depreciation and Amortization	231,048	236,841	246,218	252,093	257,430
<b>Total Operating Expenses</b>	<u>659,780</u>	<u>688,183</u>	<u>600,614</u>	<u>744,484</u>	<u>773,933</u>
<b>Nonoperating Expenses</b>					
Interest on long-term debt	265,013	252,116	248,920	248,284	268,708
Other expenses	—	1,877	—	—	—
<b>Total Nonoperating Expenses</b>	<u>265,013</u>	<u>253,993</u>	<u>248,920</u>	<u>248,284</u>	<u>268,708</u>
<b>Total Expenses</b>	<u>\$ 924,793</u>	<u>\$ 942,176</u>	<u>\$ 849,534</u>	<u>\$ 992,768</u>	<u>\$ 1,042,641</u>

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 591,611	\$ 584,594	\$ 698,263	\$ 802,915	\$ 901,357
509,315	510,832	607,343	713,004	767,457
(834)	(2,686)	1,907	(11,937)	(38,239)
<u>1,100,092</u>	<u>1,092,740</u>	<u>1,307,513</u>	<u>1,503,982</u>	<u>1,630,575</u>
54,988	3,310	(50,712)	39,748	88,609
<u>70,546</u>	<u>84,451</u>	<u>152,820</u>	<u>85,144</u>	<u>87,034</u>
<u>125,534</u>	<u>87,761</u>	<u>102,108</u>	<u>124,892</u>	<u>175,643</u>
<u>\$ 1,225,626</u>	<u>\$ 1,180,501</u>	<u>\$ 1,409,621</u>	<u>\$ 1,628,874</u>	<u>\$ 1,806,218</u>

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 518,591	\$ 529,971	\$ 463,364	\$ 578,050	\$ 640,844
265,306	273,747	282,839	289,362	294,198
<u>783,897</u>	<u>803,718</u>	<u>746,203</u>	<u>867,412</u>	<u>935,042</u>
247,440	242,569	257,907	270,085	282,801
—	—	—	2,955	91
<u>247,440</u>	<u>242,569</u>	<u>257,907</u>	<u>273,040</u>	<u>282,892</u>
<u>\$ 1,031,337</u>	<u>\$ 1,046,287</u>	<u>\$ 1,004,110</u>	<u>\$ 1,140,452</u>	<u>\$ 1,217,934</u>

**COMBINED UTILITY SYSTEM REVENUE BOND COVERAGE**  
**(amounts expressed in thousands)**  
**(unaudited)**

	<b>Fiscal Year 2024</b>	<b>Fiscal Year 2023</b>
<b>OPERATING REVENUES</b>		
Sales of water	\$ 901,357	\$ 802,915
Sewer system user charges	767,457	713,004
Penalties, other services and charges	(38,239)	(11,937)
Total Operating Revenues	1,630,575	1,503,982
<b>NON-OPERATING REVENUES</b>		
Investment Earnings under Previous Ordinance	54,534	28,285
Investment Earnings under Master Ordinance	9,916	6,541
Contributions from Water Authorities	—	54,339
Other Non-Operating revenues	30,550	23,478
Total non-operating revenues	95,000	112,643
<b>TOTAL GROSS REVENUES:</b>	<b>1,725,575</b>	<b>1,616,625</b>
<b>EXPENSES</b>		
Contract Revenue Bonds Payments <sup>(1)</sup>		
Coastal Water Authority Debt Service	6,351	6,356
Total Contract Revenue Bonds Payments	6,351	6,356
Maintenance and Operating Expenses	589,890	578,839
Total Expenses	596,241	585,195
<b>RESTRICTED RECEIPTS UNDER MASTER ORDINANCE</b>	<b>36,443</b>	<b>50,697</b>
<b>NET REVENUES UNDER MASTER ORDINANCE</b>	<b>\$ 1,165,777</b>	<b>\$ 1,082,127</b>
<b>BOND DEBT SERVICE:</b>		
Previously Issued Bonds	19,005	17,345
First Lien Bonds	516,616	511,023
Total Debt Service	<b>\$ 535,621</b>	<b>\$ 528,368</b>
<b>BOND DEBT SERVICE COVERAGE:</b>		
Junior Lien Bond Coverage under Previous Ordinance <sup>(2)</sup>	58.90	59.09
First Lien Bond Coverage under Master Ordinance <sup>(3)</sup>	2.22	2.08
<b>TOTAL COVERAGE<sup>(4)</sup></b>	<b>2.18</b>	<b>2.05</b>

<sup>(1)</sup> These are "Required Payments Under Previous Ordinance."

<sup>(2)</sup> 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.

<sup>(3)</sup> Coverage of Debt Service on First Lien Bonds by Net Revenues, less debt service on Junior Lien Bonds under Previous Ordinance.

<sup>(4)</sup> Coverage of total Debt Service on Junior Lien Bonds under Previous Ordinance and First Lien Bonds under Master Ordinance by Net Revenues.

**COMBINED UTILITY SYSTEM STATISTICS**

**June 30, 2024**

**(unaudited)**

**Water Right Permit**

	<u><b>Rights in MGD</b></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>1,638</u>
Ground Water Production Capacity <sup>(1)</sup>	<u>139</u>
Total Water Available	<u><u>1,777</u></u>

<sup>(1)</sup> Pursuant to rules of the Harris - Galveston Coastal Subsidence District.

**COMBINED UTILITY SYSTEM STATISTICS**

**(unaudited)**

**Previous Ordinance and First Lien Bonds**

The following calculation shows coverage by Net Revenues of Maximum Annual Debt Service on the Previous Ordinance and First Lien Bonds.

	<u><b>FY 2024</b></u>
Maximum Annual Debt Service Requirements on Previous Ordinance Bonds (2029) <sup>(1)</sup>	\$ 44,095,000
Maximum Annual Debt Service Requirements on First Lien Bonds (2030) <sup>(1) (2)</sup>	\$ 547,205,557
Combined Maximum Annual Principal and Interest Requirements on Previous Ordinance	\$ 553,234,310
Net Revenues under Previous Ordinance for Fiscal Year ended June 30, 2024 <sup>3</sup>	\$ 1,129,333,396
Net Revenues under Master Ordinance for Fiscal Year ended June 30, 2024 <sup>4</sup>	\$ 1,165,775,713
Total Funds available for Debt Service Coverage at July 01, 2024 <sup>5</sup>	\$ 1,299,611,746
Coverage of Maximum Annual Debt Service Requirements on Previous Ordinance Bonds	25.61
Coverage of Maximum Annual Debt Service Requirements on First Lien Bonds	4.51
Coverage of Maximum Annual Debt Service Requirements on Previous Ordinance Bonds and First Lien Bonds	4.46

<sup>(1)</sup> Does not include debt service on CWA Bonds, which are payable from Gross Revenues as a Maintenance and Operating Expense of the Combined Utility System.

<sup>(2)</sup> First Lien Debt Service largest payment requirement.

<sup>(3)</sup> Excludes Restricted Receipts under Master Ordinance.

<sup>(4)</sup> Net Revenues as calculated under the Master Ordinance, which includes as revenues restricted receipts and earnings under the Master Ordinance.

<sup>(5)</sup> Available cash from Operating and General Purpose Fund net of encumbrances.

### **The Combined Utility System - Water & Sewer Facilities General**

The City of Houston Drinking Water Operations (DWO) System covers over 589 square miles, providing drinking water to four counties: Harris, Fort Bend, Montgomery, and Galveston. There are 503,520 active water service accounts. 86% of source water is pulled from the San Jacinto and Trinity rivers while the remaining 14% originates from groundwater wells. In total, DWO has 941 million gallons per day (MGD) combined design production capacity of groundwater and surface water. More specifically, the water production and storage system include 3 surface water plants, 54 groundwater plants, 129 groundwater wells, 7 surface water re-pressurization plants, and 136 water storage tanks and towers. Average water purification and production is 514 MGD, which is enough to fill the Astrodome almost twice per day. The water distribution network consists of 7,732 linear miles of piping, 62,686 fire hydrants, and over 171,924 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 660 square miles within the City of Houston and serves a population of about 2.3 million people. The Wastewater System consists of over 6,102 miles of both gravity and force main lines, 1900 miles of service lines within public right of way, 38 wastewater treatment plants, and over 376 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 2024 was 249 million gallons per day (mgd). The permitted treatment capacity of the wastewater treatment facilities, as reflected by State permits, is 560 mgd.

### **The Combined Utility 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.



**COMBINED UTILITY SYSTEM STATISTICS**  
(unaudited)

**Funding of Proposed System Improvements**

It is anticipated that the system improvements contemplated in the Combined Utility System's Fiscal Year 2025-2029 CIP will be financed approximately as follows:

<u>Proposed Source of Funding</u>	<u>Amount (in thousands)</u>
System Revenue Bonds (Net Proceeds and Interest Earnings) <sup>(1)</sup>	\$ 4,451,203
System Revenue	1,500,000
Swift Loan (Subordinate Lien)	—
Contributed Capital	78,802
	<u>\$ 6,030,005</u>

(1) The department's fiscal year 2025-2029 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 Combined Utility System Revenues**

The following sets forth the total outstanding principal amount of the Combined Utility System obligations payable from revenues of the Combined Utility System as of June 30, 2024:

<u>Contract Revenue Bonds Payable from System Gross Revenues</u>	<u>Amount (in thousands)</u>
CWA Bonds <sup>(1)</sup>	\$ 40,055
Total - Contract Revenue Bonds	<u>\$ 40,055</u>
<u>System Revenue Bonds Payable from System Net Revenues</u>	
Previous Ordinance Bonds	\$ 29,576
First Lien Bonds	5,901,900
Third Lien Obligations	—
Total - System Revenue Bonds	<u>\$ 5,931,476</u>
Total - All Bonds Payable from System Revenues	<u>\$ 5,971,531</u>

(1) 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.

**COMBINED UTILITY SYSTEM STATISTICS  
TREATED WATER & WASTE WATER CONSUMPTION  
(NOT INCLUDING WHOLESALE NOR RAW WATER)  
Last Ten Fiscal Years  
(unaudited)**

Fiscal Years	2015	2016	2017	2018
<b>Water Consumption (in Thousand Gallons)</b>				
Residential	23,265,022	24,744,815	25,911,974	26,498,295
Multi-Family	25,370,691	25,676,282	26,323,185	29,640,195
Commercial	21,591,973	21,825,149	23,764,306	24,188,333
Government	3,149,624	3,558,515	6,174,766	8,670,358
Other Accts	5,099,403	5,903,309	3,072,484	2,777,547
Total	<u>78,476,713</u>	<u>81,708,070</u>	<u>85,246,715</u>	<u>91,774,728</u>

Fiscal Years	2015	2016	2017	2018
<b>Waste Water Consumption (in Thousand Gallons)</b>				
Residential	23,176,519	24,545,897	24,729,939	25,368,705
Multi-Family	25,290,180	25,520,422	25,669,642	29,017,348
Commercial	22,165,594	22,375,995	19,777,267	20,008,565
Government	428,287	400,109	3,799,206	6,865,830
Total	<u>71,060,580</u>	<u>72,842,423</u>	<u>73,976,054</u>	<u>81,260,448</u>

<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
24,144,424	25,495,741	26,166,947	23,640,857	24,058,354	23,937,110
26,521,613	27,766,727	29,532,580	27,836,619	27,363,147	27,167,733
25,778,408	29,590,893	21,200,453	20,818,858	22,411,325	23,049,978
5,982,549	5,566,938	5,347,518	5,715,351	6,054,926	6,718,901
3,092,248	3,270,522	2,528,725	2,195,120	2,887,063	2,541,471
<b>85,519,242</b>	<b>91,690,821</b>	<b>84,776,223</b>	<b>80,206,805</b>	<b>82,774,815</b>	<b>83,415,193</b>
<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
23,107,362	24,305,681	25,058,608	22,652,739	22,912,312	22,694,348
25,860,847	27,100,348	28,918,302	27,264,817	26,640,463	26,396,148
22,373,928	20,236,691	17,472,601	17,901,146	18,597,125	19,273,235
4,030,345	3,402,662	3,251,174	3,541,662	3,503,413	4,051,230
<b>75,372,482</b>	<b>75,045,382</b>	<b>74,700,685</b>	<b>71,360,364</b>	<b>71,653,313</b>	<b>72,414,961</b>

**COMBINED UTILITY SYSTEM STATISTICS**

**June 30, 2024**

**(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, 2024. The total charges to such customers represent approximately 2.33% of the Fund's Gross Revenues and 5.44% of Sewer Facilities gross charges during such period.

<b>Customers</b>	<b>Gross Charges</b>
1. City of Houston	\$ 10,026,487
2. Anheuser-Busch, Inc	7,971,285
3. Houston Independent School District	6,468,141
4. University Of Houston	5,150,912
5. Harris County	4,789,086
6. Memorial Hermann	3,575,087
7. Rice University	2,201,100
8. MD Anderson	1,484,589
9. Methodist Hospital	604,507
10. Republic Services	252,734
	<u>\$ 42,523,928</u>

**COMBINED UTILITY SYSTEM STATISTICS**

**June 30, 2024**

**(unaudited)**

**Water and Sewer Rate Adjustments**

In recent years, the water and sewer rates have been adjusted on the average as follows:

<b>Date of Change</b>	<b>Average Percent Rate Increase (Decrease)</b>	
	<b>Water</b>	<b>Sewer</b>
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 %	3.5 %
April 2021	1.5 %	1.5 %
September 2021	9.0 %	20.0 %
April 2022*	7.5 %	11.0 %
April 2022	5.6 %	5.6 %
April 2023	9.2 %	9.2 %
April 2023*	6.0 %	6.0 %
April 2024*	7.0 %	11.0 %

1. Current water rates are based on customer class. Customer classes include single-family, commercial, industrial, contract and agricultural. The amount of the bill is the sum of the fixed charge based on meter size and an additional charge based on the volume of water consumed. For example, for single-family customers, water rates can vary from \$9.64 for the first thousand gallons to \$100.25 for ten thousand gallons.
2. Wastewater rates also include a fixed charge based on meter size and an additional charge based on the volume of the water usage. For example, for single-family customers, wastewater rates can vary from \$21.97 for the first thousand gallons to \$133.01 for ten thousand gallons. Additionally, industrial customers may be subject to a sewer surcharge based on the quality of their wastewater discharge.
3. The bill for a typical single family residential customer using 7,000 gallons per month would be \$157.90 for both water and wastewater services. Refer to table below for further information. However, total water and sewer charges may range from \$31.61 for 1,000 gallons to \$110.81 for 5,000 gallons per month for single-family residential customers..
4. \*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.

**COMBINED UTILITY SYSTEM STATISTICS**

**June 30, 2024**

**Water Supply  
(unaudited)**

**Capacity, Production, and Sales**

The following schedule sets forth information concerning Water Facilities capacity, production and sales for Fiscal Year 2024 (million gallons per day):

	<u>Available Capacity</u>	<u>Production Planned</u>	<u>Actual Production</u>
Ground	145	72	75
Surface	645	416	441
Total	<u>790</u>	<u>488</u>	<u>516</u>
	<u><b>Total Sales</b></u>		
Treated	422		
Untreated	<u>232</u>		
	<u>654</u>		

**Sources of Combined Utility System Revenues - General**

As of June 30, 2024, the Water Facilities and the Sewer Facilities served approximately 503,520 active service connections, respectively. During Fiscal Year 2024 approximately 48.39% of System Gross Revenues were derived from the sale of water, (90.96% from treated water and 9.04% from untreated water), approximately 42.02% from providing wastewater treatment services 2.57% from interest income and the remaining 4.74% from various other sources. Of the treated water sales, 78.33% of revenues were from retail customers and 21.67% from bulk sales to other governmental entities.

**COMBINED UTILITY SYSTEM STATISTICS****June 30, 2024****Water Supply****(unaudited)****Largest Treated Water Customers**

The following schedule presents information concerning the ten largest treated water customers of the Combined Utility System for the twelve month period ended June 30, 2024. The total charges to such customers during such period represent approximately 3.91% of the Combined Utility System's Gross Revenues and 7.71% of total water sales revenues for such period.

<b>Customers</b>	<b>Charges</b>
1. North Harris Co. Regional Water Authority	\$ 13,718,755
2. West Harris Co. Regional Water Authority	10,893,885
3. North Channel Water Authority	10,078,038
4. City of Pasadena	7,955,930
5. North Fort Bend County Water Authority	7,021,504
6. Gulf Coast Water Authority (Galveston)	6,579,063
7. Anheuser-Busch, Inc	4,436,024
8. Baytown Area	3,785,071
9. City of Pearland	3,633,167
10. Clear Lake City	3,276,308
	<u>\$ 71,377,745</u>

**Largest Untreated Water Customers**

The following schedule presents information concerning the ten largest untreated water customers of the Combined Utility System for a twelve month period ended June 30, 2024. The total of the contract payments by these ten customers during such period represents approximately 2.97% of the Combined Utility System's Gross Revenue and 5.87% of total water sales revenues for such period.

<b>Customers</b>	<b>Gross Charges</b>
1. Equistar Chemicals LP CH11	\$ 16,788,106
2. Deer Park Refining Partnership LP	6,006,348
3. Houston Refining, LP (Lyondell-Citgo) CH11	5,740,978
4. Battleground Water Company	5,401,027
5. Chevron Phillips Chemical Co,	5,247,005
6. Air Liquide America Corp.	4,480,023
7. Hoechst Celanese	3,291,393
8. Occidental Chemical	2,534,208
9. TPC Group (formerly Texas Petrochemical)	2,518,349
10. Dear Park Energy Center	2,292,511
	<u>\$ 54,299,948</u>

**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 Combined Utility 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	Total Payable From System Gross Revenues <sup>(1)</sup>	Payable From System Net Revenues			Total Debt Service
		Previous Ordinance Bonds	First Lien Bonds <sup>(2)</sup>	Total Payable From System Net Revenues	
2025	\$ 6,338,956	\$ 17,990,000	\$ 535,244,310	\$ 553,234,310	\$ 559,573,266
2026	10,782,206	18,155,000	532,696,933	550,851,933	561,634,139
2027	3,378,081	30,815,000	519,444,889	550,259,889	553,637,970
2028	3,378,456	30,810,000	519,483,322	550,293,322	553,671,778
2029	3,404,306	44,095,000	507,791,413	551,886,413	555,290,719
2030	3,400,828	—	547,205,557	547,205,557	550,606,385
2031	3,396,313	—	544,281,534	544,281,534	547,677,847
2032	3,386,100	—	541,450,053	541,450,053	544,836,153
2033	3,381,000	—	526,609,170	526,609,170	529,990,170
2034	3,376,200	—	523,953,682	523,953,682	527,329,882
2035	3,381,300	—	355,081,066	355,081,066	358,462,366
2036	—	—	352,992,427	352,992,427	352,992,427
2037	—	—	332,051,469	332,051,469	332,051,469
2038	—	—	259,828,386	259,828,386	259,828,386
2039	—	—	250,901,941	250,901,941	250,901,941
2040	—	—	195,272,681	195,272,681	195,272,681
2041	—	—	194,901,825	194,901,825	194,901,825
2042	—	—	160,352,796	160,352,796	160,352,796
2043	—	—	153,171,350	153,171,350	153,171,350
2044	—	—	145,426,741	145,426,741	145,426,741
2045	—	—	133,683,392	133,683,392	133,683,392
2046	—	—	116,579,770	116,579,770	116,579,770
2047	—	—	99,230,593	99,230,593	99,230,593
2048	—	—	96,460,872	96,460,872	96,460,872
2049	—	—	78,482,024	78,482,024	78,482,024
2050	—	—	60,816,529	60,816,529	60,816,529
2051	—	—	26,611,456	26,611,456	26,611,456
2052	—	—	26,606,206	26,606,206	26,606,206
2053	—	—	11,888,975	11,888,975	11,888,975
2054	—	—	11,886,700	11,886,700	11,886,700
2055	—	—	11,889,106	11,889,106	11,889,106
<b>Total</b>	<b>\$ 47,603,746</b>	<b>\$ 141,865,000</b>	<b>\$ 8,372,277,168</b>	<b>\$ 8,514,142,168</b>	<b>\$ 8,561,745,914</b>

<sup>(1)</sup> Includes CWA Maintenance and Operating lien.

<sup>(2)</sup> \$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.



**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 Combined Utility System for the past nine fiscal years and the amount budgeted for fiscal year 2025 is set forth below:

<u>Fiscal Year</u>		<u>Discretionary Debt Service (in millions)</u>	
2025	(budgeted)	\$	2.9
2024			2.8
2023			4.9
2022			4.9
2021			5.0
2020			5.6
2019			7.8
2018			9.1
2017			9.2
2016			9.9

**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 2025 are reflected below:

<u>Fiscal Year</u>		<u>General Purpose Fund Transfers (in millions)</u>	
2025	(budgeted)	\$	69.9
2024			37.8
2023			49.2
2022			52.6
2021			56.5
2020			45.3
2019			50.1
2018			53.9
2017			52.3
2016			39.9

**Indirect Charges Paid by the System**

<u>Fiscal Year</u>		<u>Indirect Charges (in thousands)</u>	
2025	(budgeted)	\$	9,220
2024			8,418
2023			7,333
2022			8,824
2021			9,503
2020			11,069
2019			10,404
2018			10,877
2017			9,988
2016			9,810

**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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>OPERATING REVENUES</b>					
Sales of Water	\$ 486,517	\$ 529,879	\$ 547,054	\$ 559,010	\$ 554,294
Sewer system user charges	434,305	462,786	475,392	479,978	485,183
Penalties and Other services and charges	6,602	9,917	3,349	13,561	2,965
Total Operating Revenues	<u>927,424</u>	<u>1,002,582</u>	<u>1,025,795</u>	<u>1,052,549</u>	<u>1,042,442</u>
<b>NON-OPERATING REVENUES</b>	<u>45,865</u>	<u>51,066</u>	<u>49,993</u>	<u>74,020</u>	<u>81,164</u>
<b>TOTAL GROSS REVENUES(A)</b>	<u>973,289</u>	<u>1,053,648</u>	<u>1,075,788</u>	<u>1,126,569</u>	<u>1,123,606</u>
<b>OPERATING EXPENSES</b>					
Maintenance and Operating Expenses	406,619	419,161	431,126	432,152	461,859
Contractual Maintenance and Operating Expenses					
CWA Debt Service	18,064	17,684	7,204	6,399	6,385
Total Contractual	<u>18,064</u>	<u>17,684</u>	<u>7,204</u>	<u>6,399</u>	<u>6,385</u>
<b>TOTAL OPERATING EXPENSES(B)</b>	<u>424,683</u>	<u>436,845</u>	<u>438,330</u>	<u>438,551</u>	<u>468,244</u>
<b>NET REVENUES</b>	<u>\$ 548,606</u>	<u>\$ 616,803</u>	<u>\$ 637,458</u>	<u>\$ 688,018</u>	<u>\$ 655,362</u>
<b>GROSS REVENUES (A) DIVIDED BY TOTAL OPERATING EXPENSES (B)</b>	2.29	2.41	2.45	2.57	2.40

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 591,611	\$ 584,594	\$ 698,263	\$ 802,915	\$ 901,357
509,315	510,832	607,343	713,004	767,457
(834)	(2,686)	1,907	(11,937)	(38,239)
<u>1,100,092</u>	<u>1,092,740</u>	<u>1,307,513</u>	<u>1,503,982</u>	<u>1,630,575</u>
84,261	61,914	99,202	163,340	131,443
<u>1,184,353</u>	<u>1,154,654</u>	<u>1,406,715</u>	<u>1,667,322</u>	<u>1,762,018</u>
459,410	499,533	503,696	578,839	589,890
6,381	6,398	6,376	6,356	6,351
<u>6,381</u>	<u>6,398</u>	<u>6,376</u>	<u>6,356</u>	<u>6,351</u>
<u>465,791</u>	<u>505,931</u>	<u>510,072</u>	<u>585,195</u>	<u>596,241</u>
<u>\$ 718,562</u>	<u>\$ 648,723</u>	<u>\$ 896,643</u>	<u>\$ 1,082,127</u>	<u>\$ 1,165,777</u>
2.54	2.28	2.76	2.85	2.96

## AIRPORT SYSTEM FUND REVENUES AND EXPENSES

Last Ten Fiscal Years

(amounts expressed in thousands)

(unaudited)

Total Annual Revenues Last Ten Fiscal Years	2015	2016	2017	2018	2019
<b>Operating Revenues</b>					
Landing area fees	\$ 93,575	\$ 86,870	\$ 88,046	\$ 95,779	\$ 87,767
Building and ground area fees	197,039	216,018	221,181	220,214	211,323
Parking, concession and other revenues	185,668	186,009	184,814	194,871	199,374
<b>Total Operating Revenues</b>	<b>476,282</b>	<b>488,897</b>	<b>494,041</b>	<b>510,864</b>	<b>498,464</b>
<b>Nonoperating Revenues</b>					
Interest income (loss)	7,496	13,260	3,403	8,591	45,067
Passenger facility charges	85,392	104,230	101,539	109,021	111,155
Customer facility charges	17,535	16,417	14,200	17,374	17,439
Other nonoperating revenues	7,969	124	5,596	(1,420)	340
<b>Total Nonoperating Revenues</b>	<b>118,392</b>	<b>134,031</b>	<b>124,738</b>	<b>133,566</b>	<b>174,001</b>
<b>Total Revenues</b>	<b>594,674</b>	<b>622,928</b>	<b>618,779</b>	<b>644,430</b>	<b>672,465</b>
<b>Operating Expenses</b>					
Maintenance and operating	286,529	315,419	254,459	335,104	337,477
Depreciation	177,512	179,398	184,203	176,053	174,266
<b>Total Operating Expenses</b>	<b>464,041</b>	<b>494,817</b>	<b>438,662</b>	<b>511,157</b>	<b>511,743</b>
<b>Nonoperating Expenses</b>					
Interest expense and others	92,803	86,259	87,574	94,061	84,578
<b>Total Nonoperating Expenses</b>	<b>92,803</b>	<b>86,259</b>	<b>87,574</b>	<b>94,061</b>	<b>84,578</b>
<b>Total Expenses</b>	<b>556,844</b>	<b>581,076</b>	<b>526,236</b>	<b>605,218</b>	<b>596,321</b>
<b>Contributions</b>	<b>36,432</b>	<b>22,542</b>	<b>35,513</b>	<b>13,784</b>	<b>16,599</b>
<b>Total Change in Net Position</b>	<b>\$ 74,262</b>	<b>\$ 64,394</b>	<b>\$ 128,056</b>	<b>\$ 52,996</b>	<b>\$ 92,743</b>
<b>Net Position at Year End</b>					
Net investment in capital assets	\$ 466,196	\$ 537,172	\$ 542,363	\$ 531,232	\$ 542,125
Restricted net assets					
Restricted for debt service	303,371	333,635	287,858	357,588	428,856
Restricted for maintenance and operations	53,912	54,942	54,805	56,891	60,525
Restricted for special facility	25,732	26,944	29,369	36,049	43,442
Restricted for renewal and replacement	10,000	10,000	10,000	10,000	10,000
Restricted for capital improvements	600,159	561,071	676,360	657,050	651,664
Unrestricted (deficit)	(178,003)	(178,003)	(126,938)	(143,297)	(138,356)
<b>Total Net Position</b>	<b>\$ 1,281,367</b>	<b>\$ 1,345,761</b>	<b>\$ 1,473,817</b>	<b>\$ 1,505,513</b>	<b>\$ 1,598,256</b>

2020	2021	2022	2023	2024
\$ 95,863	\$ 70,578	\$ 94,253	\$ 92,601	\$ 98,556
223,301	155,598	192,029	234,751	250,353
152,748	92,379	194,892	232,895	246,654
471,912	318,555	481,174	560,247	595,563
43,701	1,523	(47,109)	38,706	91,803
78,418	62,541	98,446	108,754	117,407
13,320	8,769	13,723	16,075	17,946
18,877	198,447	145,281	60,141	59,152
154,316	271,280	210,341	223,676	286,308
626,228	589,835	691,515	783,923	881,871
370,430	318,568	316,001	400,956	437,178
175,573	170,820	166,792	170,922	170,747
546,003	489,388	482,793	571,878	607,925
85,426	95,803	85,427	78,533	99,966
85,426	95,803	85,427	78,533	99,966
631,429	585,191	568,220	650,411	707,891
10,927	24,757	41,047	37,087	5,239
\$ 5,726	\$ 29,401	\$ 164,342	\$ 170,599	\$ 179,219
2020	2021	2022	2023	2024
\$ 514,164	\$ 495,497	\$ 507,167	\$ 591,494	\$ 728,106
464,280	384,267	412,293	472,782	492,900
54,807	54,232	55,332	55,457	63,032
55,105	52,362	50,953	55,143	62,152
10,000	10,000	10,000	10,000	10,000
619,884	627,464	681,093	851,491	763,782
(114,258)	9,561	80,887	(68,043)	27,571
\$ 1,603,982	\$ 1,633,383	\$ 1,797,725	\$ 1,968,324	\$ 2,147,543

**AIRPORT SYSTEM STATISTICS**

**Passenger Statistics**

**Last Ten Fiscal Years**

(unaudited)

**Domestic Passengers**

Fiscal Year	Bush Intercontinental		Hobby		Ellington Airport		Total	
	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change
2015	31,968	3.7 %	11,837	2.0 %	—	—	43,805	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	—	—	43,967	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	17,645	(29.6)	7,738	(22.6)	—	—	25,383	(27.6)
2022	31,045	75.9	11,656	50.6	—	—	42,702	68.2
2023	33,449	7.7	12,656	8.6	—	—	46,106	8.0
2024	35,384	5.8	13,620	7.6	—	—	49,004	6.3

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
10,018	5.8 %	4	100.0 %	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)
3,892	(51.2)	421	(28.8)	4,313	(49.6)%	29,696	(31.9)
8,436	116.8	843	100.2	9,279	115.1 %	51,981	75.0
10,688	26.7	976	15.8	11,664	25.7 %	57,769	11.1
12,012	12.4	995	1.9	13,007	11.5 %	62,011	7.3

**AIRPORT SYSTEM STATISTICS**  
**AIRLINE MARKET SHARES**  
 Last Ten Fiscal Years  
 (unaudited)

**MAJOR AIRLINE MARKET SHARE**

CARRIER	FY2024	%	FY2023	%	FY2022	%	FY2021	%	FY2020	%
United Airlines	34,152,771	55.1 %	31,959,131	55.3 %	29,357,278	56.5 %	15,894,776	53.5 %	25,081,324	57.5 %
Southwest	14,865,524	24.0	13,915,118	24.1	12,787,950	24.6	7,829,259	26.4	9,994,165	22.9
American Airlines	2,549,058	4.1	2,388,344	4.1	2,392,419	4.6	1,511,037	5.1	2,090,353	4.8
Spirit Airlines	3,027,549	4.9	2,948,481	5.1	2,477,109	4.8	1,869,558	6.3	1,948,341	4.5
Delta Airlines	2,334,257	3.8	2,196,412	3.8	1,993,556	3.8	1,050,260	3.5	1,567,170	3.6
Frontier Airlines	813,109	1.3	654,869	1.1	347,903	0.7	314,269	1.1	297,303	0.7
Air Canada	355,192	0.6	250,713	0.4	134,785	0.3	12,833	—	231,407	0.5
Lufthansa	189,604	0.3	198,582	0.3	150,884	0.3	52,200	0.2	186,610	0.4
AeroMéxico	261,855	0.4	233,693	0.4	285,925	0.6	160,195	0.5	116,243	0.3
Emirates	264,906	0.4	227,113	0.4	130,832	0.3	53,558	0.2	177,930	0.4
Other Airlines	3,196,750	5.1	2,796,825	5.0	1,922,092	3.5	947,648	3.2	1,935,494	4.4
	62,010,575	100.0 %	57,769,281	100.0 %	51,980,733	100.0 %	29,695,593	100.0 %	43,626,340	100.0 %

CARRIER	FY2019	%	FY2018	%	FY2017	%	FY2016	%	FY2015	%
United Airlines	34,793,301	58.5 %	32,094,388	58.0 %	32,130,930	58.7 %	33,251,479	60.0 %	33,603,263	62.4 %
Southwest	13,674,536	23.0	12,893,987	23.3	12,344,834	22.5	11,791,308	21.0	10,886,616	20.2
American Airlines	2,774,961	4.7	2,592,345	4.7	2,542,485	4.6	2,951,244	5.0	3,057,991	5.7
Spirit Airlines	2,426,727	4.1	2,144,740	3.9	1,889,818	3.5	1,896,577	3.0	1,192,125	2.2
Delta Airlines	2,024,867	3.4	1,963,878	3.5	1,922,778	3.5	1,889,715	3.0	1,897,776	3.5
Frontier Airlines	192,057	0.3	285,337	0.5	421,754	0.8	494,804	1.0	307,506	0.6
Air Canada	329,540	0.6	349,571	0.6	353,721	0.6	293,193	1.0	278,194	0.5
Lufthansa	290,560	0.5	279,421	0.5	291,713	0.5	278,409	1.0	281,261	0.5
AeroMéxico	142,906	0.2	155,258	0.3	255,782	0.5	255,215	1.0	274,145	0.5
Emirates	261,321	0.4	207,496	0.4	202,812	0.4	253,140	1.0	221,455	0.4
Other Airlines	2,594,317	4.3	2,360,909	4.3	2,397,371	4.4	2,235,912	4.0	1,826,121	3.5
	59,505,093	100.0 %	55,327,330	100.0 %	54,753,998	100.0 %	55,590,996	100.0 %	53,826,453	100.0 %

Information presented is based on the most current statistical data available; numbers from prior years are subject to change.



**AIRPORT SYSTEM STATISTICS**  
**AIRLINE MARKET SHARES**  
 June 30, 2024  
 (unaudited)

**CARRIERS by AIRPORT**

IAH			HOU		
Mainline Carriers	Regional Carriers	Cargo Carriers	Mainline Carriers	Regional Carriers	Cargo Carriers
AeroMéxico	Commute Air	Air Transport International	Allegiant Air	Envoy Air	
Air Canada	Envoy Air	Atlas Air	Avelo Airlines	PSA Airlines	
Air France	Jazz Air	C.A.L Cargo/ Challenge Airlines	American Airlines	SkyWest Airlines	
Air New Zealand	Mesa Airlines	Cargolux	Delta Air Lines		
Alaska Airlines	Republic Airlines	Cathay Cargo	Frontier Airlines		
All Nippon Airways	SkyWest Airlines	DHL	Southwest Airlines		
American Airlines		Emirates SkyCargo	Sun Country Airlines		
Avianca S.A.		Federal Express			
British Airways		Lufthansa Cargo			
Delta Air Lines		National Airlines			
Emirates		Qatar Airways Cargo			
EVA Air		Silk Way West Airlines			
Frontier Airlines		Turkish Cargo			
JetBlue Airways		UPS			
KLM Royal Dutch Airlines					
Lufthansa					
Qatar Airways					
Singapore Airlines					
Southwest Airlines					
Spirit Airlines					
Sun Country Airlines					
Turkish Airlines					
United Airlines					
VivaAerobus					
Volaris					
Volaris El Salvador					
WestJet					

**AIRPORT SYSTEM STATISTICS**  
**Selected Financial Information**  
**Operating Fund Only**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**  
**(unaudited)**

<b>Operating Revenues</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Landing Area Fees:			
Landing Fees	\$ 94,748	\$ 89,505	\$ 86,966
Carrier Incentive Program	(5,322)	(6,802)	(2,930)
Aviation Fuel	1,521	1,527	1,350
Aircraft Parking	2,628	2,640	2,660
Subtotal	<u>93,575</u>	<u>86,870</u>	<u>88,046</u>
Building and Ground Area Revenues:			
Building Space	6,252	6,808	6,453
Terminal Space	173,392	191,321	196,162
Cargo Building	2,506	2,484	2,448
Hangar Rental	6,355	6,577	6,813
Ground Rental	8,534	8,828	9,305
Subtotal	<u>197,039</u>	<u>216,018</u>	<u>221,181</u>
Parking, Concession and other Revenues:			
Terminal Concessions	41,830	35,189	39,970
Auto Parking	97,515	101,650	99,752
Auto Rental	31,991	30,737	28,735
Ground Transportation	9,323	10,083	10,402
Special Events	25	26	20
Vending Machine	—	—	9
Other Operating Income	4,984	8,324	5,926
Subtotal	<u>185,668</u>	<u>186,009</u>	<u>184,814</u>
<b>Total Operating Revenues</b>	<u><u>\$ 476,282</u></u>	<u><u>\$ 488,897</u></u>	<u><u>\$ 494,041</u></u>
<b>Nonoperating Revenues</b>			
Interest on Investments	\$ 6,014	\$ 6,986	\$ 9,306
Other	7,526	(52)	7,177
Subtotal	<u>13,540</u>	<u>6,934</u>	<u>16,483</u>
<b>Total Gross Revenues</b>	<u><u>\$ 489,822</u></u>	<u><u>\$ 495,831</u></u>	<u><u>\$ 510,524</u></u>
<b>Operation and Maintenance Expenses</b>			
Personnel and Other Current Expenses	\$ 283,557	\$ 314,715	\$ 254,506
<b>Total Operating and Maintenance Expenses</b>	<u><u>283,557</u></u>	<u><u>314,715</u></u>	<u><u>254,506</u></u>
<b>Net Revenue</b>	<u><u>\$ 206,265</u></u>	<u><u>\$ 181,116</u></u>	<u><u>\$ 256,018</u></u>
<b>Total Debt Service</b>	<u><u>\$ 163,319</u></u>	<u><u>\$ 163,905</u></u>	<u><u>\$ 175,022</u></u>
<b>Less: PFC available for debt service</b>	<u><u>(38,054)</u></u>	<u><u>(42,320)</u></u>	<u><u>(54,673)</u></u>
<b>Less: grant revenue available for debt service</b>	<u><u>(16,399)</u></u>	<u><u>(13,888)</u></u>	<u><u>—</u></u>
<b>Debt Service Requirement (per Bond Ordinance)</b>	<u><u>\$ 108,866</u></u>	<u><u>\$ 107,697</u></u>	<u><u>\$ 120,349</u></u>
<b>Coverage of Debt Service</b>	<u><u>1.89</u></u>	<u><u>1.68</u></u>	<u><u>2.13</u></u>

	2018	2019	2020	2021	2022	2023	2024
\$	92,585	\$ 84,357	\$ 92,046	\$ 67,169	\$ 91,138	\$ 88,038	\$ 94,487
	(1,327)	(1,039)	(775)	(1,619)	(2,381)	(709)	(761)
	1,679	1,554	1,249	1,302	1,705	1,593	1,535
	2,842	2,895	3,343	3,726	3,791	3,679	3,295
	<u>95,779</u>	<u>87,767</u>	<u>95,863</u>	<u>70,578</u>	<u>94,253</u>	<u>92,601</u>	<u>98,556</u>
	6,460	6,454	6,574	6,256	6,332	5,901	5,230
	195,198	185,943	196,844	129,527	166,444	208,855	221,616
	2,390	2,391	2,378	2,164	2,078	2,009	2,015
	6,691	6,530	6,821	6,339	5,921	5,878	6,454
	9,475	10,005	10,684	11,312	11,254	12,107	15,040
	<u>220,214</u>	<u>211,323</u>	<u>223,301</u>	<u>155,598</u>	<u>192,029</u>	<u>234,751</u>	<u>250,353</u>
	41,231	41,491	32,147	14,460	39,433	48,829	51,983
	103,961	110,136	81,172	43,815	98,418	117,460	122,588
	28,767	28,949	23,400	20,596	34,055	37,301	38,849
	11,062	12,645	10,072	6,913	15,192	21,428	25,332
	14	15	100	106	109	103	113
	—	15	18	18	28	30	55
	9,836	6,123	5,839	6,471	7,657	7,744	7,734
	<u>194,871</u>	<u>199,374</u>	<u>152,748</u>	<u>92,379</u>	<u>194,892</u>	<u>232,895</u>	<u>246,654</u>
\$	<u>510,864</u>	<u>\$ 498,464</u>	<u>\$ 471,912</u>	<u>\$ 318,555</u>	<u>\$ 481,174</u>	<u>\$ 560,247</u>	<u>\$ 595,563</u>
\$	13,349	\$ 19,681	\$ 19,503	\$ 10,403	\$ 7,556	\$ 21,820	\$ 38,756
	(1,805)	47	122	152	77	165	424
	11,544	19,728	19,625	10,555	7,633	21,985	39,180
\$	<u>522,408</u>	<u>\$ 518,192</u>	<u>\$ 491,537</u>	<u>\$ 329,110</u>	<u>\$ 488,807</u>	<u>\$ 582,232</u>	<u>\$ 634,743</u>
\$	326,889	\$ 315,153	\$ 314,034	\$ 251,830	\$ 255,377	\$ 315,731	\$ 344,346
	<u>326,889</u>	<u>315,153</u>	<u>314,034</u>	<u>251,830</u>	<u>255,377</u>	<u>315,487</u>	<u>344,346</u>
\$	<u>195,519</u>	<u>\$ 203,039</u>	<u>\$ 177,503</u>	<u>\$ 77,280</u>	<u>\$ 233,430</u>	<u>\$ 266,745</u>	<u>\$ 290,397</u>
\$	174,456	\$ 176,312	\$ 180,731	\$ 145,349	\$ 163,503	\$ 208,151	\$ 229,085
	(50,642)	(60,646)	(55,040)	(56,365)	(59,819)	(68,743)	(73,926)
	—	—	(14,169)	(88,984)	(103,684)	(50,000)	(46,736)
\$	<u>123,814</u>	<u>\$ 115,666</u>	<u>\$ 111,522</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 89,408</u>	<u>\$ 108,423</u>
	<u>1.58</u>	<u>1.76</u>	<u>1.59</u>	<u>N/A</u>	<u>N/A</u>	<u>2.98</u>	<u>2.68</u>

**AIRPORT SYSTEM STATISTICS**  
**Total Aircraft Operations, Landing Weight and Cargo Activity**  
 (unaudited)

Fiscal Year	Aircraft Operations (in thousand)			Aircraft Landed Weight (in million pounds)		
	Total	Increase (Decrease)	Percentage Change	Total	Increase (Decrease)	Percentage Change
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)	34,828	180	0.52
2019	752	17	2.31	37,339	2,511	7.21
2020	624	(128)	(17.02)	30,346	(6,993)	(18.73)
2021	512	(112)	(17.95)	23,464	(6,882)	(22.68)
2022	691	179	34.96	33,863	10,399	44.32
2023	690	(1)	(0.14)	35,885	2,022	5.97
2024	734	44	6.38	38,761	2,876	8.01

Fiscal Year	Cargo Activity (in metric tons)				Total Cargo	Year - over Year Change
	Domestic Freight	International Freight	Mail			
2015	192,331	252,876	30,026	475,233	6.4 %	
2016	195,644	205,361	25,713	426,718	(10.2)	
2017	209,345	224,226	24,983	458,554	7.5	
2018	231,670	234,384	23,790	489,844	6.8	
2019	267,630	243,594	23,413	534,637	9.1	
2020	285,135	199,241	19,857	504,233	(5.7)	
2021	309,270	153,552	21,197	484,019	(4.0)	
2022	321,056	212,883	26,760	560,699	15.8	
2023	328,285	191,233	19,445	538,963	(3.9)	
2024	341,892	197,790	7,896	547,578	1.6	

**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.

<b>Fiscal Year (ending June 30)</b>	<b>Subordinate Lien Bonds Debt Service</b>	<b>Total Bonds Debt Service</b>
2025	\$ 230,093,000	\$ 230,093,000
2026	229,927,000	229,927,000
2027	240,878,000	240,878,000
2028	240,730,000	240,730,000
2029	232,942,000	232,942,000
2030	238,232,000	238,232,000
2031	240,732,000	240,732,000
2032	238,505,000	238,505,000
2033	233,168,000	233,168,000
2034	111,619,000	111,619,000
2035	111,551,000	111,551,000
2036	111,561,000	111,561,000
2037	111,494,000	111,494,000
2038	111,407,000	111,407,000
2039	111,329,000	111,329,000
2040	111,234,000	111,234,000
2041	82,826,000	82,826,000
2042	82,771,000	82,771,000
2043	73,268,000	73,268,000
2044	73,218,000	73,218,000
2045	73,170,000	73,170,000
2046	73,111,000	73,111,000
2047	73,055,000	73,055,000
2048	72,982,000	72,982,000
2049	63,303,000	63,303,000
2050	39,352,000	39,352,000
2051	39,316,000	39,316,000
2052	39,272,000	39,272,000
2053	39,230,000	39,230,000
2054	39,176,000	39,176,000
<b>Total</b>	<b>\$ 3,769,452,000</b>	<b>\$ 3,769,452,000</b>

**AIRPORT SYSTEM STATISTICS**  
**Summary of Certain Fees and Charges**  
**(unaudited)**

	Intercontinental		Hobby	
	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2023	Fiscal Year 2024
Landing Rates <sup>(1)(3)</sup>	\$2.56	\$2.56	\$2.68	\$2.96
Terminal Space Rentals <sup>(2)(3)</sup>	\$20.16 - \$76.05	\$20.93 - \$79.00	\$63.10 - \$80.83	\$72.75 - \$92.37
Apron Rentals <sup>(2)(3)</sup>	\$2.08 - \$2.25	\$2.39 - \$2.51	\$2.62	\$3.01
Aircraft Parking (per day)	\$100.00 - \$400.00	\$100.00 - \$400.00	\$100.00 - \$400.00	\$100.00 - \$400.00
Cargo (per day)	\$200.00 - \$600.00	\$200.00 - \$600.00	\$200.00 - \$600.00	\$200.00 - \$600.00
Parking Rates <sup>(4)</sup>				
Economy (Ecopark) Uncovered <sup>(5)</sup>	\$7.00	\$8.00	n/a	n/a
Ecopark Covered <sup>(5)(10)</sup>	\$9.00	\$10.00	n/a	n/a
Ecopark2 Covered <sup>(5)(10)</sup>	\$8.00	\$9.00	n/a	n/a
Ecopark 2	n/a	n/a	\$10.00	\$10.00
Structured <sup>(6)(9)</sup>	\$25.00	\$25.00	\$24.00	\$24.00
Valet <sup>(7)(8)(9)</sup>	\$30.00	\$30.00	\$28.00	\$28.00

- (1) Per 1,000 pounds of landing weight
- (2) Range per square foot
- (3) 2015-2023 actual rates provided; 2024 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) New rates effective February 4, 2019
- (8) New rates for Terminal C effective May 1, 2022
- (9) New rates for IAH Garages & Valet effective February 1, 2023
- (10) New rates for Ecopark JFK & Ecopark2 effective April 1, 2024

**SALARIES OF ELECTED OFFICIALS****June 30, 2024****(unaudited)**

<b>Name and Title of Official</b>	<b>Authorized Annual Base Salary</b>
John Whitmire, Mayor	\$ 236,189
Chris Hollins, 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
Fred Flickinger, Council Member - District E	62,983
Tiffany D. Thomas, Council Member - District F	62,983
Mary Nan Huffman, Council Member - District G	62,983
Mario Castillo, Council Member - District H	62,983
Joaquin Martinez, Council Member - District I	62,983
Edward Pollard, Council Member - District J	62,983
Martha Castex-Tatum, Council Member - District K	62,983
Julian Ramirez, Council Member - At Large Position 1	30,000
Willie Davis, Council Member - At Large Position 2	62,983
Twila Carter, 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

## SURETY BOND AND INSURANCE COVERAGE

June 30, 2024

(amounts expressed in thousands)

(unaudited)

Policy Number	Insurer	Term of Policy
LSM1836640	Western Surety Company	01-02-2024 to 01-02-2025
LSM1836641	Western Surety Company	01-02-2024 to 01-02-2025
61BSBAR6948	Hartford Casualty Ins. Co.	02-27-2024 to 02-27-2025
LSM1872256	RLI Insurance Company	01-24-2024 to 01-24-2025
LSM1868284	RLI Insurance Company	01-02-2024 to 01-02-2025
LSM1868685	RLI Insurance Company	01-02-2024 to 01-02-2025
LSM1676035	RLI Insurance Company	01-06-2024 to 01-06-2025
106360496	Travelers Casualty & Surety Co.	08-04-2023 to 08-04-2024
61BSBHO1810	Hartford Casualty Ins. Co.	09-19-2023 to 09-19-2024
61BDDHT0320	Hartford Casualty Ins. Co.	10-29-2023 to 10-29-2024
61BDDHO5613	Hartford Casualty Ins. Co.	02-11-2024 to 02-11-2025
Various (Approximately 1,500+)	Western Surety Company	Various to Various
D37362797016	Illinois Union Insurance Co.	04-01-2024 to 04-01-2025
NB2400038	Lloyd's London	04-01-2024 to 04-01-2025
ESP30000289307	Endurance American Specialty Insurance Company	04-01-2024 to 04-01-2025
D31DCA240301	Beazley Excess & Surplus Insurance, Inc.	04-01-2024 to 04-01-2025
N1A3PP000005301	Princeton Excess & Surplus Lines Insurance Co.	04-01-2024 to 04-01-2025
NB2400037	Lloyd's Various	04-01-2024 to 04-01-2025
N/A	City of Houston - Retention	04-01-2024 to 04-01-2025
SLSTPTY12008024	Starr Surplus Lines Insurance Company	04-01-2024 to 04-01-2025
42PRP31447704	National Fire & Marine Insurance Company	04-01-2024 to 04-01-2025
NB2400039	Lloyd's London	04-01-2024 to 04-01-2025
NHD941506	RSUI Indemnity Company	04-01-2024 to 04-01-2025
SLSTPTY12008024	Starr Surplus Lines Insurance Company	04-01-2024 to 04-01-2025
62502968	Lexington Insurance Company	04-01-2024 to 04-01-2025
1000389033-05	Ironshore Specialty Insurance Corporation	04-01-2024 to 04-01-2025
KMDF030000012524	Sutton Specialty	04-01-2024 to 04-01-2025
MKLV1XPR000876	Evanston Insurance Company	04-01-2024 to 04-01-2025
SLSPPTY12008024	Starr Surplus Lines Insurance Company	04-01-2024 to 04-01-2025
NB2400040	Lloyd's Various	04-01-2024 to 04-01-2025
BRPSLPTTX01110008013902	Texas Insurance Company	04-01-2024 to 04-01-2025
CSP00099901P00	Starstone Specialty Insurance Company	04-01-2024 to 04-01-2025
BO24LCMZ0G1YJIC	Navigators Specialty Insurance Company	04-01-2024 to 04-01-2025
NZA094Q24A000	Nautilus Insurance Company	04-01-2024 to 04-01-2025
ESP200393205	Swiss Re Corporate Solutions Capacity Insurance Corp.	04-01-2024 to 04-01-2025
NB2400041	Lloyd's Various	04-01-2024 to 04-01-2025
EAF65228824	AXIS Surplus Insurance Company	04-01-2024 to 04-01-2025
XAR00004V902	Westfield Specialty Insurance Company	04-01-2024 to 04-01-2025
NQU202410024	Price Forbes on Behalf of United Specialty Insurance Co.	04-01-2024 to 04-01-2025
ESP730205809	Arch Specialty Insurance Company	04-01-2024 to 04-01-2025
CUS3000003701	Canopious US Insurance, Inc.	04-01-2024 to 04-01-2025
PX00LCM24	Aspen Specialty Insurance Company	04-01-2024 to 04-01-2025
LCP648143101	Tokio Marine America Insurance Company	04-01-2024 to 04-01-2025
PPP911938	Crum & Forster Specialty Insurance Company	04-01-2024 to 04-01-2025
NB2400043	Lloyd's of London	04-01-2024 to 04-01-2025
NB240004	Lloyd's of London	04-01-2024 to 04-01-2025
BM6076028407	National Fire Insurance of Hartford	03-18-2024 to 03-18-2025
6610	Texas Municipal League	07-01-2023 to 07-01-2024
6611	Texas Municipal League	07-01-2023 to 07-01-2024
PCFA00023502	Philadelphia Indemnity Insurance Company	06-26-2024 to 06-26-2025
06-989-55-39	National Union Fire Insurance Company of Pittsburgh, PA	05-29-2024 to 05-29-2025
6610	Texas Municipal League	05-15-2024 to 05-15-2024
6611	Texas Municipal League	05-15-2024 to 05-15-2024
6612	Texas Municipal League	05-15-2024 to 05-15-2024
105324683	Travelers Casualty & Surety	12-30-2023 to 12-30-2024
CA00001556814	Admiral Insurance Company	02-26-2024 to 02-26-2025
73652M249ALI	Starstone Specialty Insurance Company	02-26-2024 to 02-26-2025
MKP0000500890200	Markel Insurance Company	07-01-2023 to 07-01-2024
PR00275605	Old Republic Insurance Company, Aerospace	03-15-2024 to 03-15-2025
MKLV4PSM001701	Evanston Insurance Company	10-03-2023 to 10-03-2024



Property at Risk	Type of Coverage	(in thousands) Coverage
City of Houston Public Funds	Public Official Bond, Mayor	\$ 50
City of Houston Public Funds	Public Official Bond, City Controller	50
City of Houston Public Funds	Public Official Bond, Tax Assessor Collector	25
City of Houston Public Funds	Public Official Bond, Finance Director	25
City of Houston Public Funds	Public Official Bond, Asst. Tax Assessor Collector	25
City of Houston Public Funds	Public Official Bond, Treasurer	25
City of Houston Public Funds	Public Official Bond, Deputy City Controller	25
City of Houston Public Funds	Public Official Bond, Chief Clerk	25
City of Houston Public Funds	Public Official Bond, HMEP Treasurer	250
City of Houston Public Funds	Public Employee Dishonesty, Parks Board	10
City of Houston Public Funds	Public Employee Dishonesty, Library Board	10
City of Houston Public Funds	Notary Public Bonds	3
Buildings and Contents	City of Houston Property Insurance *	3,300
Buildings and Contents	City of Houston Property Insurance *	2,500
Buildings and Contents	City of Houston Property Insurance *	2,000
Buildings and Contents	City of Houston Property Insurance *	2,500
Buildings and Contents	City of Houston Property Insurance *	1,250
Buildings and Contents	City of Houston Property Insurance *	22,792
Buildings and Contents	City of Houston Property Insurance *	5,000
Buildings and Contents	City of Houston Property Insurance *	4,000
Buildings and Contents	City of Houston Property Insurance *	10,000
Buildings and Contents	City of Houston Property Insurance *	3,300
Buildings and Contents	City of Houston Property Insurance *	17,500
Buildings and Contents	City of Houston Property Insurance *	11,500
Buildings and Contents	City of Houston Property Insurance *	12,500
Buildings and Contents	City of Houston Property Insurance *	3,750
Buildings and Contents	City of Houston Property Insurance *	5,000
Buildings and Contents	City of Houston Property Insurance *	5,000
Buildings and Contents	City of Houston Property Insurance *	2,500
Buildings and Contents	City of Houston Property Insurance *	19,543
Buildings and Contents	City of Houston Property Insurance *	5,000
Buildings and Contents	City of Houston Property Insurance *	2,250
Buildings and Contents	City of Houston Property Insurance *	5,000
Buildings and Contents	City of Houston Property Insurance *	3,000
Buildings and Contents	City of Houston Property Insurance *	3,000
Buildings and Contents	City of Houston Property Insurance *	22,814
Buildings and Contents	City of Houston Property Insurance *	3,333
Buildings and Contents	City of Houston Property Insurance *	3,750
Buildings and Contents	City of Houston Property Insurance *	3,750
Buildings and Contents	City of Houston Property Insurance *	3,750
Buildings and Contents	City of Houston Property Insurance *	5,000
Buildings and Contents	City of Houston Property Insurance *	1,500
Buildings and Contents	City of Houston Property Insurance *	2,000
Buildings and Contents	City of Houston Property Insurance *	1,917
Buildings and Contents	Terrorism Property Insurance	100,000
Buildings and Contents	Terrorism Property Insurance	150,000
Buildings and Contents	Boiler & Machinery Insurance	125,000
Communication Towers and Radio Equipment	Property Insurance	114,977
Parade Props and Floats	Mobile Equipment	300
Library Fine Arts	Fine Arts	13,533
City of Houston Public Funds	Public Employee Dishonesty	2,000
FEMA funded replacement vehicles	Automobile Catastrophe Damage	9,145
City of Houston Public Funds	Automobile Liability	500
SETRAC AMBUS Fire Dept. Vehicle	Automobile Physical Damage	450
City of Houston Public Funds	Pole Attachment Bond, CenterPoint	250
City of Houston Public Funds	Health Lab Commercial General Liability	1,000
City of Houston Public Funds	Health Lab Commercial General Liability	5,000
City of Houston Public Funds	Special Events Liability, Including Terrorism	1,000
Houston Airport Funds	Ellington Field Fuel Resale, Airport Liability	500
Medical Professional Assets	Medical Professional Liability	1,000

\* The property insurance is provided by insurance carriers that underwrite varying pro-rata shares of coverage that total to the policy loss limit.

**Schedule of Credits**  
(unaudited)

**Annual Comprehensive Financial Report:****Controller's Office****Executive/Administrative Divisions**

Chris Hollins, City Controller  
 Ethan Eaker, Administrative Associate  
 Aubrey Hooper, Chief Administrative Officer  
 John Seydler, Director of Communication & Public Affairs

**Design Oversight and Writing****Financial Reporting Division**

William Jones, Deputy City Controller  
 Alicia Cai, Assistant City Controller  
 Camille Jones, Assistant City Controller  
 Sylvia Nguyen, Assistant City Controller  
 Chris Okeagu, Assistant City Controller  
 Maria G. Perez, Administrative Specialist  
 Suong (Su) Vu, Assistant City Controller  
 Thy Ruiz, Deputy Director  
 Emad (Ed) Tahir, 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  
 Paul Lord, Administrative Supervisor  
 Daniel Schein, System Support Analyst

**Consulting and General Support****Treasury Division**

Vernon M. Lewis, Deputy City Controller  
 Han Au, Deputy Director  
 Nina Benn, Treasury Analyst  
 Ashlee Brown, Senior Treasury Analyst  
 Sharon Liu, Assistant City Controller  
 Linjie Zhu, Treasury Manager

**Debt and Investment Management Disclosures****Finance Department**

Melissa Dubowski, Finance Director  
 Veda Aaron, Division Manager  
 Kiran Chandu, Assistant Director  
 LaTonia Colter, Division Manager  
 LeAnn Hoang, Division Manager  
 Chau Huynh, Division Manager  
 Clint Joines, Division Manager  
 Robert Martinez, Deputy Assistant Director  
 Sherry Mose, Division Manager  
 Vivien Nguyen, Staff Analyst  
 Arif Rasheed, Deputy Director  
 Lorena Leijia, Division Manager  
 Adela Rice, Senior Division Manager  
 Fazal Syed, Assistant Director  
 Alma Tamborello, Deputy Director

**Preparation, Coordination, Analysis and Documentation**

Schedule of Credits - Continued  
(unaudited)

<b>Administration &amp; Regulatory Affairs Department</b>	<b>Analysis and Supporting Documentation</b>
Tina Paez, Director	
Valerie Berry, Deputy Director	
Chia-Hsuan Chiou, Division Manager	
Vijay Govind, Financial Analyst	
Hannah Hoang, Senior Accountant	
Maria Irshad, Deputy Director	
Bethany Li, Division Manager	
Chris Lutz, Senior Division Manager	
Carlos Medel, Administrative Supervisor	
Tina Paquet, Deputy Director	
Rosalinda Salazar, Division Manager	
Sreng Ung, Senior Division Manager	
Karen Davidson, Assistant Director	
<b>Houston Information Technology Services Department</b>	<b>SAP/ ERP Consulting, Support &amp; Development</b>
Lisa Kent, Director	
<b>Professional Consultants</b>	<b>Project Management and Design</b>
Bayside Printing	
Sherri Tyndall, Lead Customer Service Representative	
<b>McConnell &amp; Jones LLP/Banks, Finley, White &amp; Co.</b>	<b>Independent Auditors</b>

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.





