



# **City of Houston, Texas**

---

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2020**

**Chris B. Brown, City Controller**





OFFICE OF THE CITY CONTROLLER – 117 YEARS OF HOUSTON HISTORY



# CITY OF HOUSTON, TEXAS

Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020

**Prepared by:**

Chris B. Brown, City Controller

Beverly Riggans, Deputy City Controller



**CITY OF HOUSTON, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 For the Year Ended June 30, 2020**

Page

**Part I - Introductory Section**

Office of the City Controller	i
City Controller	ii
Organization Chart for the Office of the City Controller	iii
Elected Officials	iv
Organization Chart for City Government	v
Transmittal Letter	vii
Certificate of Achievement for Excellence in Financial Reporting	xiv

**Part II - Financial Section**

<i>Independent Auditor's Report</i>	1
<i>Management's Discussion and Analysis - (unaudited)</i>	5
<i>Basic Financial Statements:</i>	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance of Governmental Funds to the Statement of Activities	24
Statement of Net Position - Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	30
Statement of Cash Flows - Proprietary Funds	32
Statement of Fiduciary Net Position	36
Statement of Changes in Fiduciary Net Position	37
Component Units (Governmental-type) Combining Statement of Net Position	38
Component Units (Governmental-type) Combining Statement of Activities	40
Component Units (Business-type) Combining Statement of Net Position	43
Component Units (Business-type) Combining Statement of Activities	44
Component Units (Business-type) Combining Statement of Cash flows	46
Notes to the Basic Financial Statements	47
(See this section for Table of Content of the Notes)	
<i>Required Supplementary Information (unaudited):</i>	
Required Supplementary Information - General Operating Fund - Budgeted & Actual (unaudited)	135
Required Supplementary Information (Reconciliation) - General Fund Budget vs. GAAP (unaudited)	139
Required Notes to the Supplementary Information (unaudited)	140
Required Pension System Supplementary Information (unaudited)	142
Required Other Post Employment Benefits Supplementary Information (unaudited)	145

***Individual Fund Statements and Schedules***

<b>Governmental Funds</b>	147
<b>General Fund</b>	
Balance Sheet	148
Statement of Revenues, Expenditures and Changes in Fund Balance	149
<b>Debt Service Fund</b>	
Balance Sheet	150
Schedule of Revenues, Expenditures and Changes in Fund Balance: Budget vs. Actual	151
<b>Capital Projects Fund</b>	
Balance Sheet	152
Statement of Revenues, Expenditures and Changes in Fund Balance	153
<b>CARES ACT Fund</b>	
Balance Sheet	154
Statement of Revenues, Expenditures and Changes in Fund Balance	155
<b>Grants Fund</b>	
Balance Sheet	156
Statement of Revenues, Expenditures and Changes in Fund Balance	157

**CITY OF HOUSTON, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2020**

Page

<b>Nonmajor Governmental Funds</b>	
Combining Balance Sheet	158
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	160
Schedule of Budgeted and Actual Revenues and Expenditures:	
<b>Public Safety Special Fund</b>	
Asset Forfeiture Fund	162
Auto Dealers Fund	163
Child Safety Fund	164
Houston Emergency Center Fund	165
Local Truancy Prevention & Diversion	166
Municipal Courts Technology Fee Fund	167
Police Special Services Fund	168
<b>Public Works Special Fund</b>	
Building Inspection Fund	169
Dedicated Drainage & Street Renewal Fund	170
Historic Preservation Fund	171
Planning & Development Special Fund	172
Recycling Revenue Fund	173
<b>Health and Housing Special Fund</b>	
Essential Public Health Services Fund	174
Health Special Fund	175
Laboratory Services Fund	176
Special Waste Transportation & Inspection Fund	177
Swimming Pool Safety Fund	178
<b>Parks and Recreation Special Fund</b>	
Bayou Greenway 2020	179
Parks Golf Special Fund	180
Parks Special Fund	181
<b>Other Special Revenue Fund</b>	
Cable Television Fund	182
Contractor Responsibility Fund	183
Houston Transtar Fund	184
Park Houston Fund	185
<b>Enterprise Funds</b>	187
<b>Airport System</b>	
Statement of Net Position	188
Statement of Revenues, Expenses and Changes in Net Position	190
Statement of Cash Flows	191
<b>Convention &amp; Entertainment</b>	
Statement of Net Position	192
Statement of Revenues, Expenses and Changes in Net Position	194
Statement of Cash Flows	195
<b>Combined Utility System</b>	
Statement of Net Position	196
Statement of Revenues, Expenses and Changes in Net Position	198
Statement of Cash Flows	199
<b>Internal Service Funds</b>	201
Combining Statement of Net Position	202
Combining Statement of Revenues, Expenses and Changes in Net Position	203
Combining Statement of Cash Flows	204

**CITY OF HOUSTON, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2020**

	Page
<b>Fiduciary Funds</b>	205
<b>Pension Trust Funds</b>	
Combining Statement of Plan Net Position	206
Combining Statement of Changes in Plan Net Position	208
<b>Agency Funds</b>	
Combining Statement of Changes in Assets and Liabilities	210
<b>Non-Major Governmental-type Discretely Presented Component Units</b>	211
Combining Statement of Net Position	213
Combining Statement of Activities	214

**Part III - Statistical Section (unaudited)**

Net Position By Component	218
Changes in Net Position	220
Fund Balances - Governmental Funds	222
General Fund Budget	224
Continuing Debt Disclosure Information	225
Changes in Fund Balances of Governmental Funds	228
Tax Revenue by Source - Governmental Funds	230
Assessed Value and Estimated Value of Taxable Property	231
Direct and Overlapping Property Tax Rates	232
Principal Property Taxpayers	234
Tax Supported Debt Service Funds	235
Ratios of Outstanding Debt by Type	236
Ratios of General Bonded Debt Outstanding	237
Computation of Direct and Overlapping Debt	238
Ad Valorem Tax Levies and Collections	239
Ad Valorem Tax Obligation Percentages	240
Computation of Legal Debt Margin	242
Pledged-Revenue Coverage	244
Demographic and Economic Statistics	245
Principal Employers	246
Employment Statistics	248
City of Houston Employment Information	250
Operating Indicators by Function	252
Capital Asset Statistics by Function	253
Increases/Decreases to Net Position of Pension Plans	254
Principal and Interest Payable from Ad Valorem Taxes	255
Voter-Authorized Obligations	256
Sales and Use Tax and Franchise Charges and Fees	257
Convention and Entertainment Facilities Fund Revenues and Expenses	258
Convention and Entertainment Facilities Statistics	260
Combined Utility System Fund Revenues and Expenses	266
Combined Utility System Revenue Bond Coverage	268
Combined Utility System Statistics	269
Revenues and Expenses of the Water and Sewer System	281
Airport System Fund Revenues and Expenses	282
Airport System Statistics	284
Surety Bond and Insurance Coverage	294
Salaries of Elected Officials	296
Schedule of Credits	297

CITY OF HOUSTON, TEXAS







**Houston Food  
Bank**





**2020 CITY OF HOUSTON  
Comprehensive Annual Financial Report**

## **Office of the City Controller**

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

The Treasury Division is responsible for managing the City’s \$4.8 billion investment portfolio in accordance with state law and the City’s investment policy. Fitch has awarded the City’s general investment its highest portfolio rating, AAA. The Treasury Division is also responsible for overseeing a debt program of approximately \$14 billion. The City has multiple general obligation commercial paper programs with total authorization of \$725 million. The current issuance capacity of the commercial paper programs is \$725 million which is supported by credit facilities or lines of credit. Additionally, the City has two appropriation facilities supported by a forward bond purchase agreement in the amount of \$300 million. The City has four interest rate swaps with a total notional amount of \$902 million. The City’s general obligation debt is rated Aa3 by Moody’s; AA by Standard and Poor’s; and AA by Fitch Ratings.

The Audit Division adheres to recognized professional auditing standards (Government Auditing Standards and International Standards as issued by the Institute of Internal Auditors). During Fiscal Year 2020, the Audit Division engaged in 24 Audits and Special Projects that produced 9 Audit Reports as posted on the Controller’s website. The audits and projects performed 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 (ALGA) 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 (AP), vendor payments and cash disbursement, travel advances, monthly bank account reconciliation, review and approval of City-wide personnel action requests (PAR), payroll payments processing, City-wide contract review, financial and accounting records retention and imaging retrieval, City-wide vendor liaison, and the Controller’s Office information technology (IT) operations. In the coming year, the division’s goals are to continue to coordinate the City’s move to a paperless approval system for invoices and reducing the number of paper checks issued, replace current out of date document retrieval system with an efficient system, and introduce a high-speed engine for server operation.

The Financial Reporting Division is ultimately responsible for the preparation of both the Monthly Financial and Operations Report (MFOR) and the Comprehensive Annual Financial Report (CAFR), although every division of the City Controller’s Office contributes to the CAFR effort. The CAFR is available on the City Controller’s website: [www.houstoncontroller.org](http://www.houstoncontroller.org) and on a USB drive upon request. The division also produces the annual Trends Report.



## 2020 CITY OF HOUSTON Comprehensive Annual Financial Report

### **Chris B. Brown** **Houston City Controller**



Chris B. Brown is a lifelong Houstonian who was sworn into office as City Controller in January 2016 and re-elected to a second term in 2019.

As the Controller of the nation's fourth largest city, Controller Brown oversees a \$5 billion budget, manages the city's \$4.5 billion investment portfolio, superintends its \$14 billion debt portfolio, and through the Controller's Office Audit Division, has generated more than \$10 million in savings via increased efficiencies. As Controller, Chris has also helped save city taxpayers more than \$508 million through refinancing the city's existing debt.

As Controller, Chris has led on the city's most pressing financial issues, playing an instrumental role in solving Houston's pension crisis, addressing billions of dollars in unfunded Other Post-Employment Benefits (OPEB) liability, and championing the city's pursuit of adopting a structurally balanced budget every fiscal year.

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

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

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

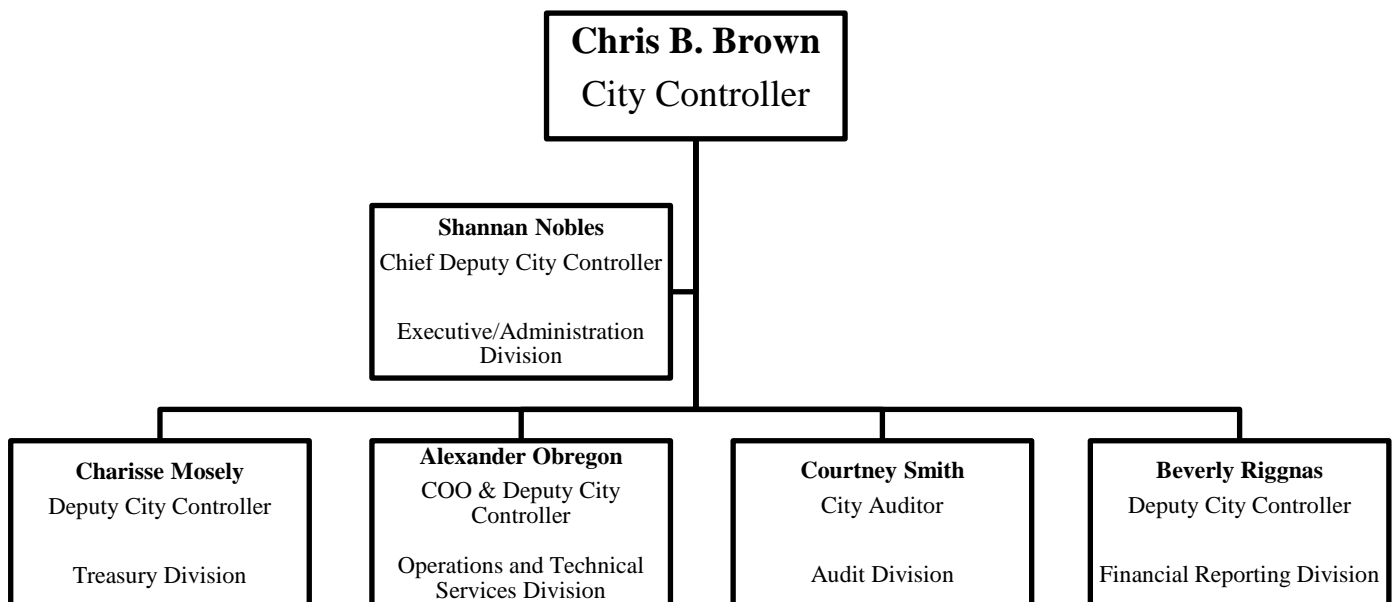
Controller Brown currently serves on the National League of Cities' Finance, Administration & Intergovernmental Relations (FAIR) Committee. He was appointed Chairman of the FAIR committee in 2019, a role in which he plays a key role in developing the organization's policy positions on a range of issues. Chris also serves on the board of the William A. Lawson Institute for Peace & Prosperity (WALIPP), the Asia Society of Texas Advisory Board, and the Texan-French Alliance for the Arts. He is a past board member of the TCU National Alumni and SEARCH Homeless Services.

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



# City of Houston

## The Office of the City Controller





**2020 CITY OF HOUSTON  
Comprehensive Annual Financial Report**

**Elected Officials  
City of Houston, Texas**



**Mayor Sylvester Turner**

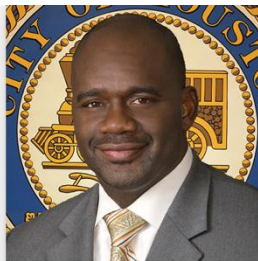


**Controller Chris B. Brown**



**AMY PECK**  
832.393.3010  
districta@houstontx.gov

**DISTRICT A**



**JERRY DAVIS**  
832.393.3009  
districtb@houstontx.gov

**DISTRICT B**



**ABBIE KAMIN**  
832.393.3004  
districtc@houstontx.gov

**DISTRICT C**



**CAROLYN EVANS-SHABAZZ**  
832.393.3001  
districtd@houstontx.gov

**DISTRICT D**



**DAVE MARTIN**  
832.393.3008  
districte@houstontx.gov

**DISTRICT E**



**TIFFANY THOMAS**  
832.393.3002  
districtf@houstontx.gov

**DISTRICT F**



**GREG TRAVIS**

832.393.3007

[districtg@houstontx.gov](mailto:districtg@houstontx.gov)

**DISTRICT G**



**KARLA CISNEROS**

832.393.3003

[districth@houstontx.gov](mailto:districth@houstontx.gov)

**DISTRICT H**



**ROBERT GALLEGOS**

832.393.3011

[districti@houstontx.gov](mailto:districti@houstontx.gov)

**DISTRICT I**



**EDWARD POLLARD**

832.393.3015

[districtj@houstontx.gov](mailto:districtj@houstontx.gov)

**DISTRICT J**



**MARTHA CASTEX-TATUM**

832.393.3016

[districtk@houstontx.gov](mailto:districtk@houstontx.gov)

**DISTRICT K**



**MIKE KNOX**

832.393.3014

[atlarge1@houstontx.gov](mailto:atlarge1@houstontx.gov)

**AT-LARGE POSITION 1**

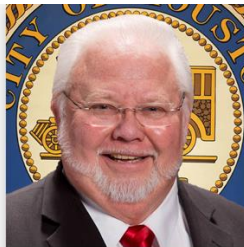


**DAVID ROBINSON**

832.393.3013

[atlarge2@houstontx.gov](mailto:atlarge2@houstontx.gov)

**AT-LARGE POSITION 2**



**MICHAEL KUBOSH**

832.393.3005

[atlarge3@houstontx.gov](mailto:atlarge3@houstontx.gov)

**AT-LARGE POSITION 3**



**LETITIA PLUMMER**

832.393.3012

[atlarge4@houstontx.gov](mailto:atlarge4@houstontx.gov)

**AT-LARGE POSITION 4**



**SALLIE ALCORN**

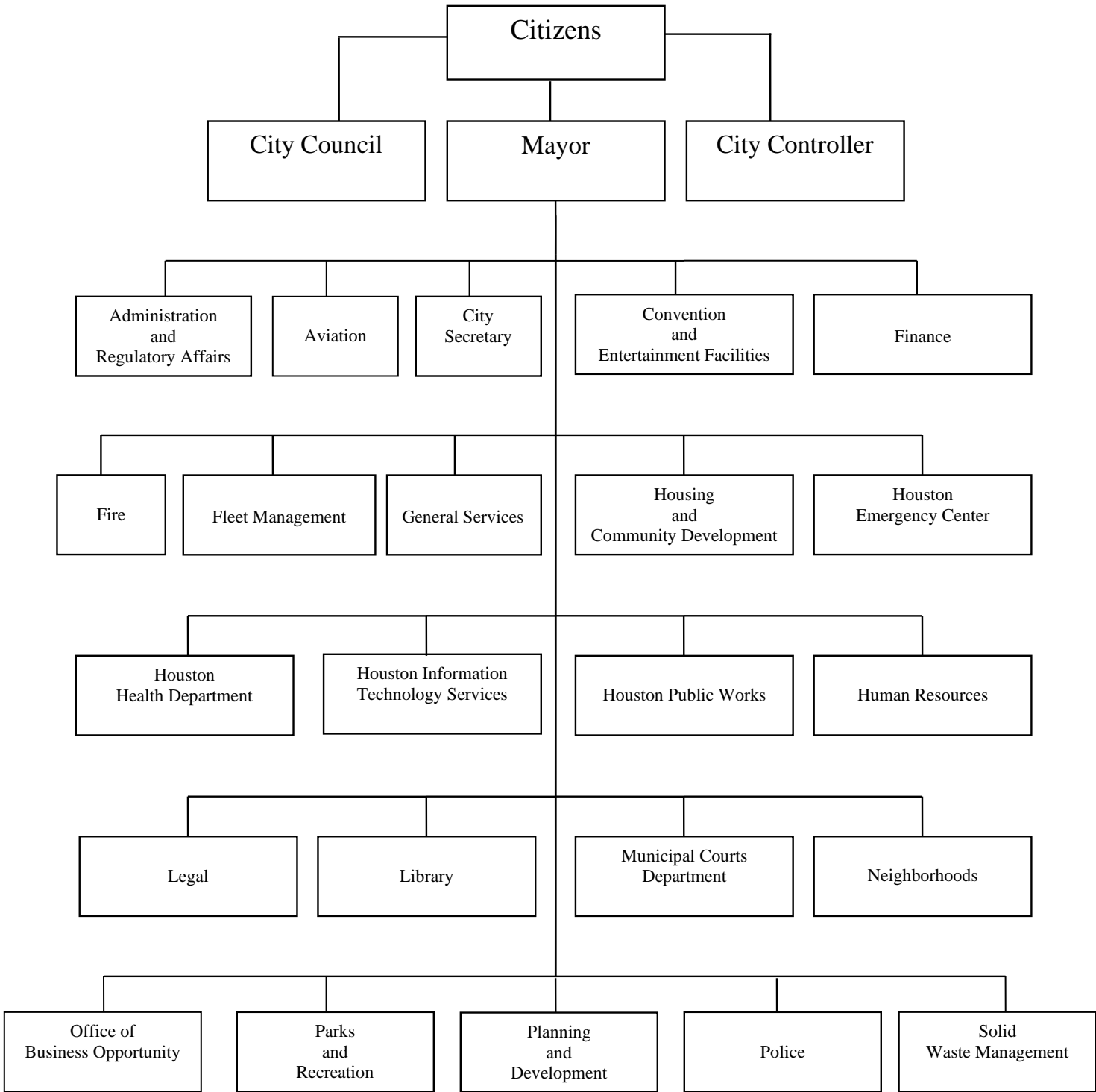
832.393.3017

[atlarge5@houstontx.gov](mailto:atlarge5@houstontx.gov)

**AT-LARGE POSITION 5**



# Organization Chart City Government





Office of the City Controller  
City of Houston, Texas



Chris B. Brown

December 11, 2020

Citizens of Houston, Honorable Mayor and City Council Members:

I am pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the City of Houston, Texas, (the City) for the year ended June 30, 2020, including the independent auditor's report prepared by McConnell & Jones/Banks, Finley, White & Co. The CAFR was prepared by the City Controller's Office and satisfies my responsibilities under the City Charter and State law. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects and is organized in a manner which fairly sets forth the financial position and results of operations of the City as measured by the financial activity of its various funds.

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

The CAFR is presented in three sections. The Introductory Section includes this transmittal letter, a list of elected City officials, and organizational charts for the Office of City Controller and for City government. The Financial Section includes Management's Discussion and Analysis (MD&A), basic financial statements, combined and individual fund statements and schedules, as well as the independent auditor's report on the basic financial statements. The Statistical Section includes selected financial and demographic information generally presented in a multi-year basis.

The Basic Financial Statements of the City include all government activities, organizations and functions, including those legally separate organizations for which the City is financially accountable as defined by the Governmental Accounting Standards Board (GASB).

These financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) for local governments as prescribed by GASB.

### **The Reporting Entity and Its Services**

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

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

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

## **History and Population**

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

At the time of the first census in Texas in 1850, Houston had a population of 2,397 and Galveston, a bustling port 45 miles south of Houston, was the state's largest city. Today, Houston is the largest city in Texas and the fourth largest city in the U.S. In this first decade of the new century, a quarter million people from other U.S. cities and towns have relocated to Houston. Houston, with more than 2.3 million people, is a melting pot of ethnicities and remains the nation's most diverse metro area. The City is the seat of a burgeoning metropolitan area encompassing nine counties with a total population nearing 7.1 million.

## **Budgetary Information**

In accordance with State law and the City Charter, Houston City Council shall, in collaboration with the Mayor and City departments, adopt balanced budgets each year for the General Fund, Debt Service Fund, Special Revenue Funds, Internal Service Funds, and Proprietary Funds. Exceptions are the Grant Revenue, Disaster Recovery, Health Special, and Housing Special Revenue Funds, for which City Council adopts separate operating or program budgets throughout the year. The City also does not budget capital projects and other capital expenditures related to the General Fund. Instead, City Council authorizes these expenditures through individual appropriation ordinances.

Proprietary Fund budgets, also called Enterprise Funds, exclude depreciation and amortization expenses. These Proprietary Fund budgets include debt service and capital equipment costs, but exclude buildings and improvements, with the exception of Aviation, which budgets its current year expenses for these projects. As with the General Fund capital projects, approval of each Proprietary Fund capital project is accomplished through individual appropriation ordinances. No City expenditures may be made without an appropriation. City Council can legally appropriate only those amounts of money that the City Controller has previously certified are, or will be, in the City treasury.

Although the legal level of budgetary control is at the departmental level within a fund, the City maintains internal budgetary control at the expenditure category (i.e., Personnel Services, Supplies, Other Services and Capital Outlay). Budget control is primarily managed using an automated encumbrance and accounts payable system.

The City is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act, the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and

Non-profit Organizations,” and the State of Texas Uniform Grant 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 federal and state financial assistance, findings and recommendations, and auditors’ reports on the internal control structure and compliance with applicable laws and regulations is included in separate Single Audit reports.

### **The Area’s Economy**

Houston experienced significant economic growth in the early ‘10s as the United States climbed out of the Great Recession. With rising energy prices as its catalyst, the local economy became one of the most rapidly growing in the nation, resulting in thousands of new jobs and a population influx that has continued until present day. In 2015, energy prices began to slide, and the region’s economy began to slow, as energy firms began to reduce workforces and cut costs.

During the last quarter of FY 2020, the region – like the rest of the world – was tasked with responding to the COVID-19 pandemic. More than any other event in recent history, the onset of the pandemic had an immediate, and severe economic impact on the region. Between March and April 2020, more than 350,000 Houstonians were either furloughed or permanently laid off, as businesses were shuttered to help slow the spread of COVID-19. At the end of FY 2020, the region regained some of the jobs lost at the outset of the pandemic, but employment levels remained 276,400 jobs short of their pre-COVID level. The impact on businesses across the region has been significant, and the drop in business owners is the largest on record. The impact on minority-owned businesses has been particularly severe and, if the region wants to make a full, expedient recovery, it must make supporting the small business community one of its foremost economic priorities.

For the Houston region, the downturn caused by the pandemic is likely to be particularly pointed as it is exacerbated by historically low energy prices. With Houston’s economy still largely tied to the price of oil, the region is experiencing a ‘double whammy’ scenario in which the COVID-19 pandemic and low oil prices are operating in concert to weigh down the regional economy. At the end of FY 2020, the price per barrel of WTI crude sat at \$32.50, down from above \$57 per barrel at the beginning of calendar year 2020.

The Houston metro area’s 2019 GDP of \$490.1 billion is flat from the year prior and keeps Houston as the seventh largest metro economy in the United States. If the Houston Metropolitan Statistical Area (MSA) were an independent nation, it would rank as the world’s 25th largest economy, behind Belgium (\$517.6 billion) and ahead of Iran (\$458.5 billion) and Austria (\$447.72 billion), per the International Monetary Fund.

While the regional economy has shown resiliency during recent slowdowns, it faces unprecedented economic circumstances at the end of FY 2020. The multifaceted aspect of this downturn will put particularly pronounced pressure on the region’s economy and will require the City to make prudent financial decisions to help weather the recession ahead.

**Employment:** A bright spot for the region is that its economy is far better equipped to weather a downturn than any time in its recent history. Houston’s economy at the end of FY 2020 is more than double what it was in the mid-1980s, and is buoyed by a bustling port, a world-class medical complex, and a vast network of leading institutions of higher education.

In FY 2020, the region’s employment rate continues to be closely tied to the oil industry. Energy employment in Houston peaked at 300,100 jobs in November 2014. Over the next three years, the industry shed nearly 93,000 jobs, or close to 30 percent of its local workforce. Only after exploration activity picked up in late 2016 did hiring resume, and only in services and equipment manufacturing. At the end of FY 2020 the oil industry is facing unprecedented struggles as a global pandemic and supply challenges drive prices down.

How the energy industry fares during this economic slowdown will play a significant role in determining how quickly – and to what extent – the Houston region is able to recover from the current recession.

**Population growth:** The Houston MSA has seen a loss of population just once in the past 40 years, in 1988 following the loss of 220,000 jobs during that recession. In 2019, the City of Houston did see a reduction in population. Typically, Houston has expected to see a population growth of about 125,000 annually, half of that through migration and half through the natural attrition of births over deaths. Over the past two fiscal years, population growth across the region has slowed slightly from the blistering pace set during the most recent oil boom years of the mid '10s.

Even with that, the Greater Houston region has added just under 100,000 people in each of the past two fiscal years, which represents more than 250 new people moving into the region per day. The pace at which this growth will continue will largely depend on the regional economy, continued affordability, and the city's ability to address its structural budget issues, as well as manage investments needed to make Houston more resilient in the face of future storms.

**Housing and real estate:** At the end of FY 2020, the City's real estate market continues to hit all-time highs despite the onset of the pandemic. Indeed, the real estate market has been buoyed by the pandemic and historically low interest rates.

In the last month of FY 2020, the region saw 9,328 single-family homes sold as compared to 8,063 for the same month year prior. Additionally, the single-family home median sales price of \$262,000 represents a 3.6 percent increase from the same month prior year. As in last year's CAFR, sales volume has increased for homes at all price levels, with the homes priced between \$250,000 and \$500,000 leading the way. Both the median and SFH average sales price of homes (\$262,000 and \$319,881, respectively) remain at record levels.

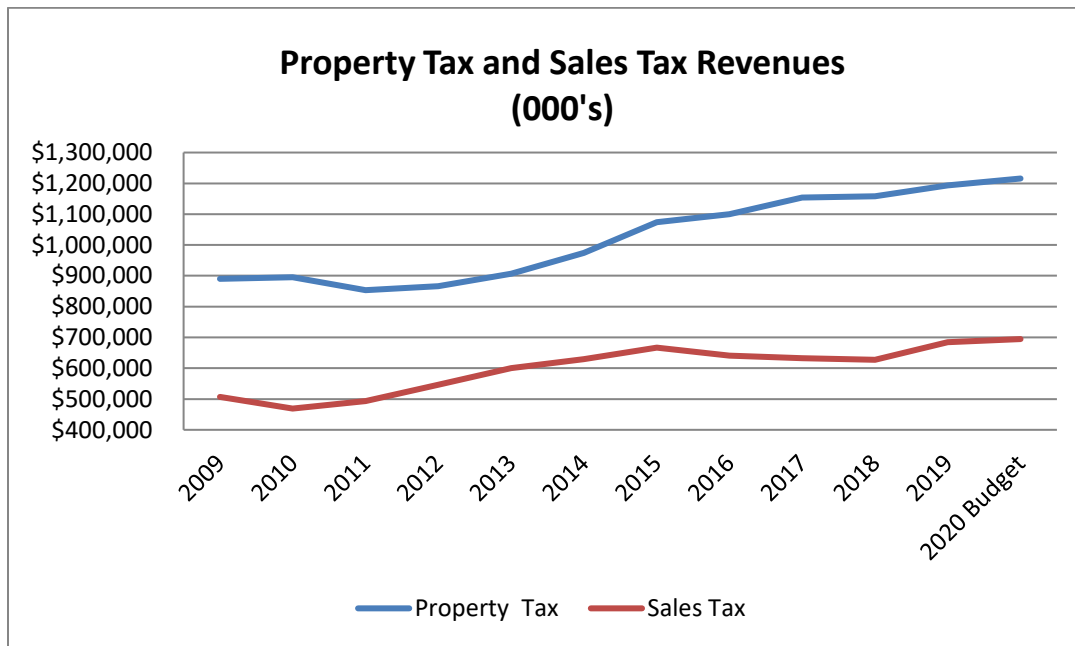
On the heels of shutdowns in response to the COVID-19 pandemic, Houston's real estate market is a bright spot for the regional economy as we enter a new fiscal year. Low interest rates, a desire for more space, and a relatively low cost of living continue to drive the strength of the region's real estate market at the end of FY 2020.

The Houston MSA continues to see a slow rise in the cost of living. While most of those costs remain below the national average – particularly as compared to other major metropolitan regions – that trend is expected to continue. With that, Houston is not as affordable as it once was. Per the Council for Community and Economic Research (C2ER), the cost of living in Houston was 12.3 percent below the national average in '07 but only 2 percent below at the end of FY 20. How the region manages the demands of a growing population – and the rising costs associated with that – will play a pivotal role in future growth.

**Purchasing and income:** The Houston Purchasing Managers Index (PMI), a short-term indicator for regional production, registered in the high 40s at the end of FY 2020. This is a warning sign for the regional economy, as readings below 50 signal economic contraction for the next three to four months.

Although the purchase price of a single-family home in metro Houston has risen 60 percent over the past decade, wages have risen only 27 percent over the same period. This disparity could place a strain on the region's continued growth, as costs continue to trend upward.

**How does the area economy affect City of Houston service delivery?** The graph below illustrates a rebounding economy. Property tax revenue for the City, represented by the top line, has seen sustained growth following the recession of the late 2000s. Sales tax, the lower line, experienced a slowdown during the downturn, but has sustained positive momentum since Hurricane Harvey hit the region in August 2017.



**Property and Sales Taxes:** Property tax is the City’s single largest source of revenue. FY 2020 was the sixth year the City was affected by the Proposition One revenue cap, which resulted in a lowering of the tax rate.

As we ended FY 2015, we had our first month of declining sales tax – a trend that continued into the beginning of FY 2018. As we close out FY 2020, sales tax revenue for the fourth quarter was down 11.3%, resulting in a sales tax revenue decrease of 1.1% for the fiscal year. Driven by the onset of the COVID-19, the downturn in sales tax will likely continue into the future, as the pandemic continues to impact nearly every facet of daily life. As such, the ‘double whammy effect’ of the COVID-19 pandemic and a struggling energy sector will negatively impact sales tax revenue well into next fiscal year.

**Financial Policies and Planning**

The City has had formal financial and budgetary procedures in place since 1987. They require, among other things, a balanced budget, annual review of all fees and charges, funding of employee pensions and other benefits in a manner that systematically funds liabilities and maintenance of an Unassigned Fund Balance in its General Fund of a minimum of 7.5 percent of total expenses less debt service. Any funds in excess of 7.5 percent of total expenses less debt service are available for non-recurring expenses.

A 1983 resolution adopted by City Council requires the Mayor to develop and submit annually to the City Council for approval a continuous five-year Capital Improvement Plan (CIP). Each year, the Mayor must review the CIP, revise it as necessary, and obtain approval and adoption by City Council. The 2020 – 2024 CIP calls for the appropriation of \$9.31 billion over the five-year period for both enterprise and property tax supported projects. About \$7.52 billion of this total will be paid for with income generated by the self-supporting enterprise funds. The rest will be funded with tax-supported public improvement bonds approved by Houston voters.

The City’s financial policies further require that capital projects or equipment purchases funded through the issuance of bonds or other obligations will be financed for a period not to exceed the expected life of the project or equipment. Annual contributions for debt service from the General Fund are limited to 20 percent of total General Fund revenues, excluding state and federal grants. In addition, Texas law mandates that the City’s total tax supported indebtedness shall not exceed 10 percent of the total assessed valuation of property in the City.

As of June 30, 2020, the City's outstanding debt payable from taxes and other revenue sources totaled \$14 billion. This is in compliance with all applicable financial policies and considered manageable.

The City has investments totaling approximately \$4.8 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.

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

The most recent five-year planning scenario available from the City's Finance Department indicates known cost increases continue to put stress on the City budget. The main factors driving increased expenditures are increased costs for employee health insurance benefits and operating costs for new facilities. Various strategies are being used to ensure balanced budgets including cost cutting and productivity improvements, a strong commitment to an affordable CIP, and strict management of employee health care benefits.

### **Retiree & Other-Post Employment Benefits (OPEB)**

The City also provides certain health care benefits for its retired employees, their spouses and survivors. Beginning with Fiscal Year 2018, the City is required by the Government Accounting Standards Board Statement No. 75 (GASB 75) to recognize the full other post-employment benefits (OPEB) liability on the city's balance sheet. The OPEB plan deals with benefits such as health and life insurance for current and future retirees. Almost all city employees become eligible for these benefits after they reach normal retirement age.

As of the last CAFR, the city's unfunded OPEB liability is in excess \$2.5 billion. It has been the City's practice to fund the cost of OPEBs on an annual pay-as-you-go (PAYGO) basis and account for OPEB costs as a current operating expense in the fiscal year in which the OPEB cost is paid. This practice satisfies the obligation to the debt but does not structurally reduce the accrued liability. Based on the five year-average, the city is adding more than \$160 million to the unfunded liability per year. In addition to making only minimum payments – the PAYGO amount – on the debt, it's clear that the approach to addressing the unfunded liability is unsustainable.

At the time of this report, the administration is in the process of developing and implementing a solution to this issue. This much is clear: without a solution in place, the City of Houston could face another financial challenge that will threaten both the health care benefits of its retirees, as well as its overall long-term financial stability.

### **Structural Budget Deficit**

Another critical financial goal the city must work toward – and eventually reach – is achieving a structurally balanced budget every fiscal year.

A structurally balanced budget is achieved when recurring revenues match recurring expenditures and will require the City to take a new approach to its budgeting process. Adopting a structurally balanced budget will require increased transparency in the City's financial reporting to help identify the source of the structural deficiencies in the budget. The curtailing of utilizing one-time, non-recurring funding sources to fill budget "holes" will also be an important step toward this goal. These funding sources are finite – and are often tangible city assets – so are not reliable, structurally sound budgeting tools. Another important note: the indicator that most reflects the city's structural balance is net current activity. However, net current activity is not inclusive of all city obligations because deferred OPEB or deferred maintenance is not reported. As it relates to the city's budgeting process, net current activity is calculated by subtracting the city's total expenditures from its total revenue.

Achieving structural budgetary balance is and must continue to be the foremost financial priority for the City of Houston.

### **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 of Houston for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the 23<sup>rd</sup> 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 comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgements**

The preparation of this report on a timely basis could not have been accomplished without the dedicated services and hard work of a highly qualified staff. The City of Houston has such a staff in the City Controller's Office. Although much time and effort in preparation of this report lies in the Financial Reporting Division, there was support from the other divisions of the Office: Administration, Executive, Operations and Technical Services, and Treasury. I would like to express my appreciation to the entire staff of the City Controller's Office, and to the staffs of the Finance and Administration, Aviation, Houston First (formerly, Convention and Entertainment Facilities), and Public Works and Engineering departments who assisted and contributed to the preparation of this report.

The City Controller's Office also received invaluable assistance and support from many others outside its immediate organization. Within the City of Houston, the accounting staffs of the operating departments and the technical staff of the Information Services Division all played key roles in producing this report. McConnell & Jones/Banks, Finley, White & Co was not only our independent auditor, but also served as an invaluable source of information and ideas for improving the way City finances are reported.

### **Request for Information**

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



Chris B. Brown  
City Controller

#### **Sources:**

*COH 2019 Operating Budget*  
*COH 2020-2024 Capital Improvement Plan*  
*UH Hobby Center for Public Policy*  
*Texas Workforce Commission*  
*The Perryman Group*

*Greater Houston Partnership*  
*Houston Association of Realtors*  
*UH Institute for Regional Forecasting*  
*Rice University Institute for Urban Research*  
*Center for State and Local Government Excellence*



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Houston  
Texas**

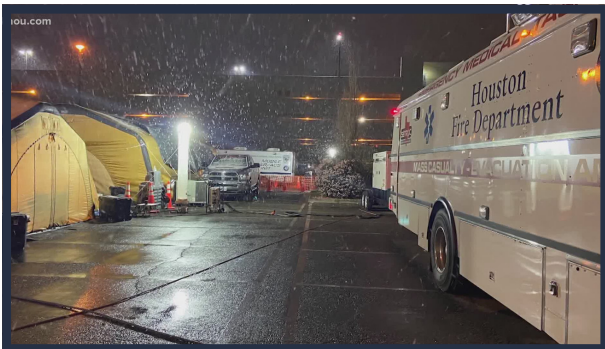
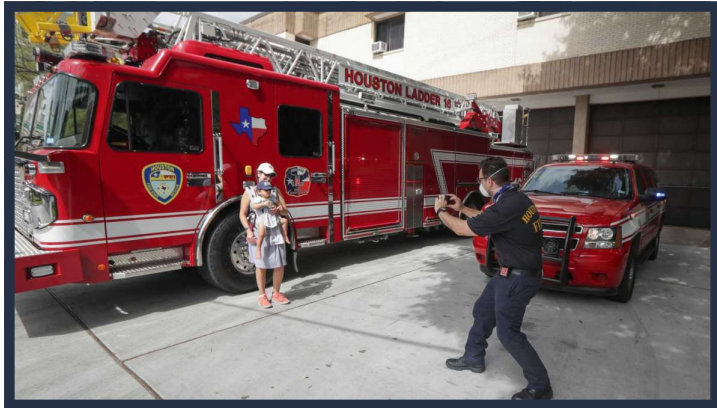
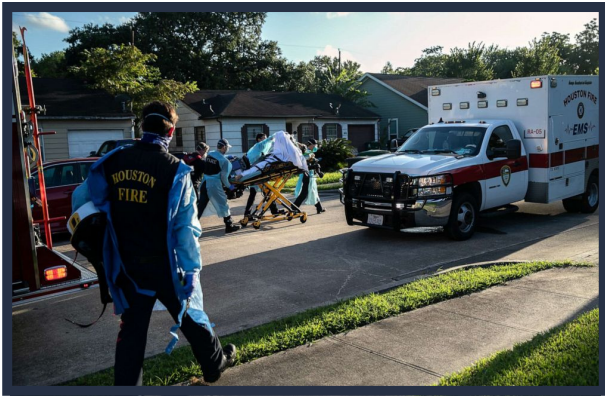
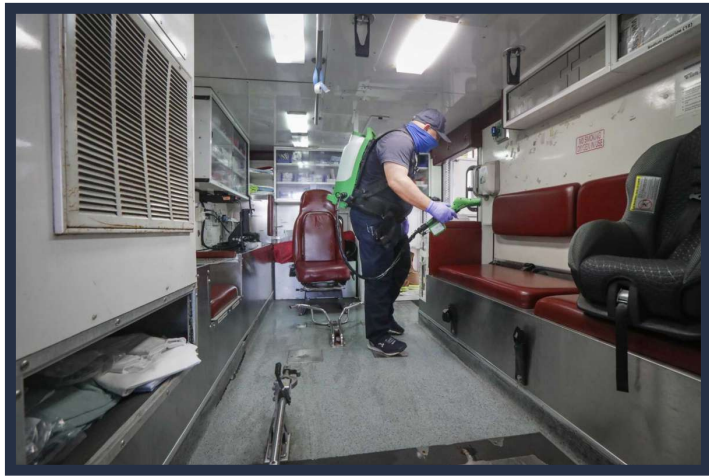
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO





**Houston Fire  
Department**



## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of the City of Houston, Texas (the "City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Firefighter's Relief and Retirement Pension Trust Fund, the Municipal Employees' Pension Trust Fund, and the Police Officer's Pension Trust Fund, blended component units of the City, which, in the aggregate, represent 100% of the assets and net position of the pension trust funds, within the fiduciary funds. Except for Houston Area Library Automated Network, and Lamar Terrace Public Improvement District, we did not audit the financial statements of any governmental discretely presented component units which represent 7.7%, (13%) and 7.8%, respectively, of the assets, net position (deficit), and revenues of the governmental activities or any business-type discretely presented component units which represents 6.3%, 17.6% and 16.2% respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for such pension trust funds, governmental discretely presented component units, and business-type discretely presented component units, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of the City of Houston, Texas, as of June 30, 2020, 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.

### ***Restatement of Prior Period Financial Statements***

As described in Note 16 to the financial statements, certain errors which resulted in the understatement of amounts previously reports for capital assets as of June 30, 2019, were discovered by management of the City during the current fiscal year. Accordingly, amounts reported for capital assets have been restated in the year 2019, and an adjustment has been made to net position as of June 30, 2019, to correct the error. Our opinion is not modified with respect to that matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (page 5 through 15), Schedule of Budgeted and Actual Revenues and Expenditures of the General Operating Fund (pages 135 through 140), Pension System Supplementary Information (pages 142 through 144), and Other Post-Employment Benefits Supplementary Information (pages 144 and 145) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Houston's basic financial statements. The Introductory Section, Individual Fund Statements and Schedules, and the Statistical Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Individual Fund Statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the Individual Fund Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and the Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020, on our consideration of the City of Houston, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Houston, Texas's internal control over financial reporting and compliance.

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

December 11, 2020

**CITY OF HOUSTON, TEXAS**

**This page is left blank intentionally**

**City of Houston, Texas**  
**Management's Discussion and Analysis**  
**June 30, 2020**  
**(Unaudited)**

As management of the City of Houston, we offer readers of this narrative overview and analysis of the financial activities of the City of Houston for the fiscal year ended June 30, 2020. Please read this information in conjunction with the basic financial statements that follow this section. The discussion and analysis includes comparative data for 2019. All amounts, unless otherwise indicated, are expressed in millions of dollars.

The effects of the COVID-19 global pandemic impacted the City's financial position. Our finances were strained by the demands of responding to the pandemic and the resulting revenue loss caused by the economic shut down (see governmental and business type activities). Never has our City, or any other U.S. city, seen such an abrupt halt to economic activity in our history.

To assist the City's response to COVID-19, the United States Congress passed the Coronavirus Aid, Relief, and Economic Security Act, also known as CARES Act. The City received a direct allocation of \$404.8 million in quarter four of the fiscal year. The funds were used for directly responding to the COVID-19 pandemic but could not be used for revenue replacement. As such, the City saw sales tax revenue and other tax revenues precipitously decline in quarter four of the fiscal year. The City spent \$70 million of the CARES Act funds and saw a \$54 million decrease in revenues, which can be attributable to COVID-19'S economic impact.

The Houston Airport System (HAS) was appropriated, through the CARES Act, \$200 million on a reimbursement basis. HAS submitted and received \$8 million in CARES Act reimbursements in fiscal year 2020. There remains great uncertainty as to when economic activity will return to pre-pandemic levels, but we are optimistic by the prospect of a widely distributed COVID-19 vaccine next year.

**Financial Highlights**

Some of the City's financial highlights for the fiscal year ending June 30, 2020 include:

- The assets and deferred outflows of resources of the City of Houston exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1.6 billion. This is a net increase from the prior year of \$583 million and is mainly attributed to a prior period adjustment related to capital assets from Tax Increment Reinvestment Zones (TIRZs). See pages 13-14 for more information.
- The net position of governmental activities increased by \$398 million. The increase is primarily attributed to prior period adjustments related to capital assets as mentioned earlier.
- The City's unrestricted net position is a deficit of \$7.4 billion. The deficit is the result of \$7.7 billion of all pension and OPEB related liabilities and net deferred outflows and inflows that are required to be presented by the Governmental Accounting Standards Board (GASB) pronouncements 68 and 75 in the government-wide financial statements. The implementation of these reporting standards had a significant negative impact upon the net position of the governmental activities beginning in the year 2016.
- The City of Houston's total expenses were \$5.5 billion compared to \$5.3 billion in the prior year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Houston's basic financial statements. The City of Houston's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish between functions of the City of Houston 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 of Houston include general government, public safety, public works, health, housing and community development, parks and recreation, and library. The business-type activities of the City of Houston include the airport system, combined utility system and convention & entertainment facilities.

The government-wide financial statements include not only the City of Houston itself (known as the primary government), but also legally separate component units for which the City of Houston is financially accountable. With the exception of 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 of Houston, 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 of Houston, 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 of Houston can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, 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 the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. 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 of Houston 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 CARES Act fund, the capital projects fund and the grants fund, all of which are considered to be 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).

**Proprietary funds.** The City of Houston 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 government-wide financial statements. The City of Houston uses enterprise funds to account for its aviation system, combined utility system and the convention and entertainment facilities. The City of Houston uses internal service funds to account for health and benefits and long-term disability activities. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.



Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the aviation system, combined utility system and convention and entertainment facilities, all of which are considered to be major funds for the City of Houston. 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 government-wide financial statements because the resources of those funds are not available to support the City of Houston’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 government-wide 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 of Houston’s progress in funding its obligation to provide pension benefits to its employees; and other post-employment benefits.

**Net Position**  
**June 30, 2020**  
**(With comparative totals for 2019)**  
**(in millions)**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 2,110	\$ 1,807	\$ 4,886	\$ 5,081	\$ 6,996	\$ 6,888
Capital assets	8,283	7,554	10,959	10,417	19,242	17,971
Total assets	10,393	9,361	15,845	15,498	26,238	24,859
Deferred outflows of resources	1,043	844	529	441	1,572	1,285
Long-term liabilities	10,253	9,630	12,978	12,826	23,231	22,456
Other liabilities	1,277	992	1,143	1,041	2,420	2,033
Total liabilities	11,530	10,622	14,121	13,867	25,651	24,489
Deferred inflows of resources	506	581	98	102	604	683
Net position						
Net investment in capital assets,	5,993	5,139	1,111	755	7,104	5,894
Restricted	412	367	1,440	1,416	1,852	1,783
Unrestricted (deficit)	(7,005)	(6,504)	(396)	(201)	(7,401)	(6,705)
Total net position (deficit)	\$ (600)	\$ (998)	\$ 2,155	\$ 1,970	\$ 1,555	\$ 972

### 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 of Houston, on a government-wide basis, assets and deferred outflows were higher than liabilities and deferred inflows by \$1.6 billion at the close of the most recent fiscal year.

The largest portion of the City of Houston’s net position is net investment in capital assets of approximately \$7.1 billion (e.g., land, building, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City of Houston uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Houston’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 \$1.9 billion of the City of Houston’s net position.

As previously mentioned, net position increased due to an adjustment from the TIRZs' conveyance of capital assets. The future annual addition of these assets to the City is anticipated to be roughly \$100 million. In addition, if the economy continues to improve and the City maintains its cost-cutting initiatives, net position could improve to pre-COVID-19 levels in a couple of years.

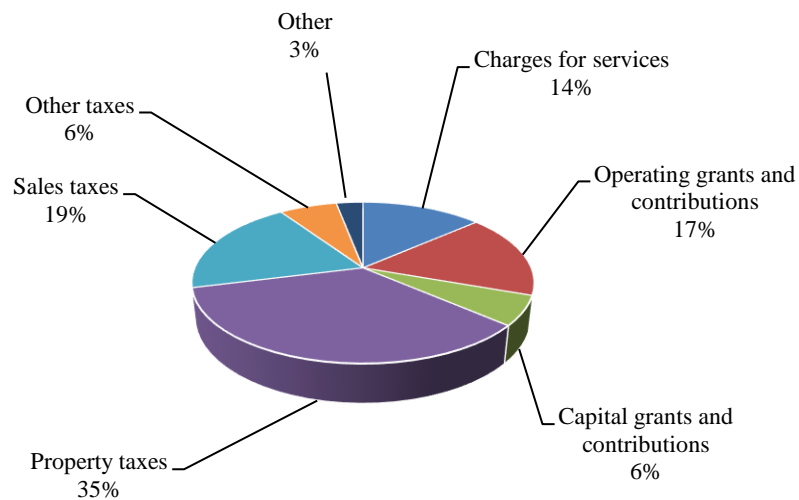
**Change in Net Position**  
**For the Fiscal Year Ended June 30, 2020**  
 With comparative totals for 2019  
 (in millions)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program Revenues:						
Charges for services	\$ 478	\$ 473	\$ 1,673	\$ 1,680	\$ 2,151	\$ 2,153
Operating grants and contributions	592	489	25	27	617	516
Capital grants and contributions	208	217	36	29	244	246
General revenues:						
Property taxes	1,223	1,196	-	-	1,223	1,196
Sales taxes	684	692	-	-	684	692
Other taxes	228	238	67	69	295	307
Other	106	129	172	179	278	308
Gain (loss) on sale of asset	16	13	-	(6)	16	7
Total revenues	<u>3,535</u>	<u>3,447</u>	<u>1,973</u>	<u>1,978</u>	<u>5,508</u>	<u>5,425</u>
Expenses:						
General government	519	412	-	-	519	412
Public safety	2,058	2,034	-	-	2,058	2,034
Public works	408	403	-	-	408	403
Health	172	165	-	-	172	165
Housing and community development	137	92	-	-	137	92
Parks and recreation	112	108	-	-	112	108
Library	55	50	-	-	55	50
Interest on Long-term Debt	143	165	-	-	143	165
Depreciation and amortization	163	156	-	-	163	156
Airport System	-	-	631	596	631	596
Convention & Entertainment Facilities	-	-	90	97	90	97
Combined Utility System	-	-	1,033	1,042	1,033	1,042
Total expenses	<u>3,767</u>	<u>3,585</u>	<u>1,754</u>	<u>1,735</u>	<u>5,521</u>	<u>5,320</u>
Change in net position before contributions, special items and transfers	(232)	(138)	219	243	(13)	105
Contributions	-	(4)	-	-	-	(4)
Transfers	52	59	(52)	(59)	-	-
Change in net position	<u>(180)</u>	<u>(83)</u>	<u>167</u>	<u>184</u>	<u>(13)</u>	<u>101</u>
Net assets, July 1 as previously reported	(998)	(915)	1,970	1,786	972	871
Prior period adjustment	578	-	18	-	596	-
Beginning net position July 1	(420)	(915)	1,988	1,786	1,568	871
Net position (deficit) June 30	<u>\$ (600)</u>	<u>\$ (998)</u>	<u>\$ 2,155</u>	<u>\$ 1,970</u>	<u>\$ 1,555</u>	<u>\$ 972</u>

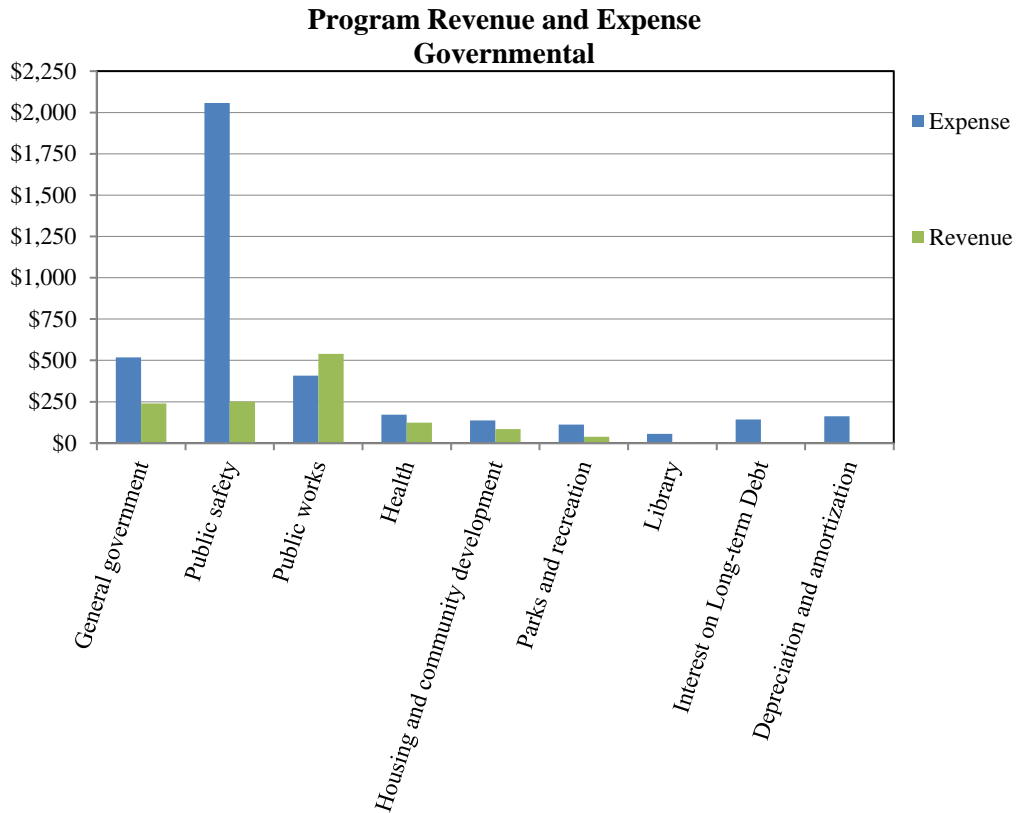
**Governmental activities.** Governmental activities increased the City of Houston’s net position from Fiscal Year 2019 by \$398 million. The key elements of this change are as follows:

- Revenues were up from Fiscal Year 2019, while expenses exceeded revenues in Fiscal Year 2020 by \$232 million.
- The City saw decreases in its primary revenue streams of sales tax, franchise tax, mixed beverage tax, fines and forfeitures, licenses and permits, and other miscellaneous revenues, primarily due to the economic impact of COVID-19.

### Revenue by Source - Governmental Activities



- Charges for services
- Operating grants and contributions
- Capital grants and contributions
- Property taxes
- Sales taxes
- Other taxes
- Other

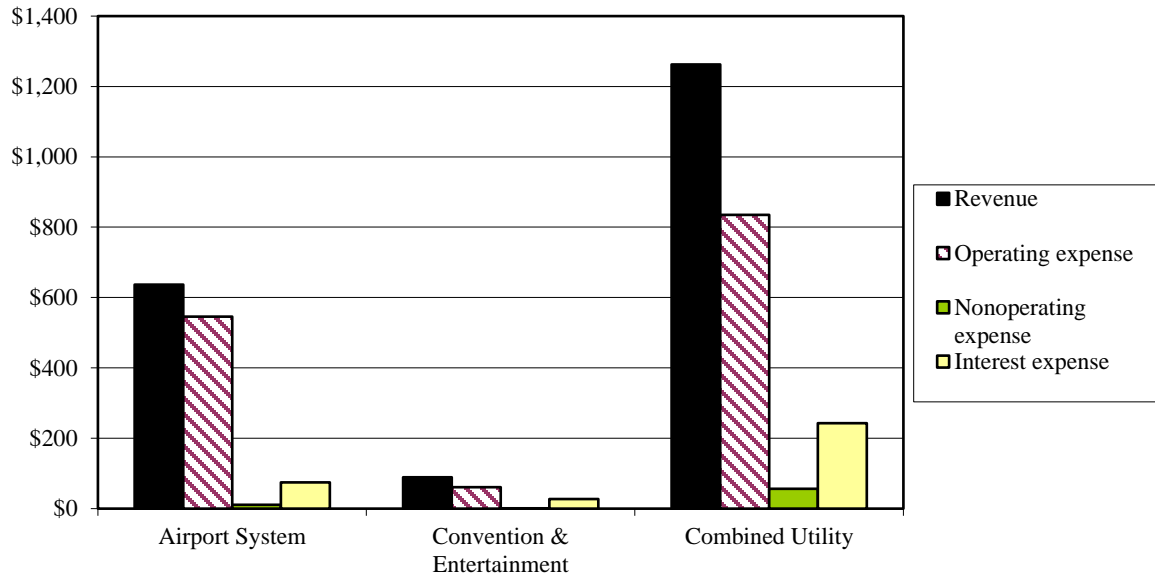


**Business-type activities.** Business-type activities increased the City of Houston’s net position during the year by \$167 million. The cumulative effect of the implementation of a prior period adjustment (see Note 16) increased net position by \$18 million, resulting in a net increase from the prior year of \$185 million.

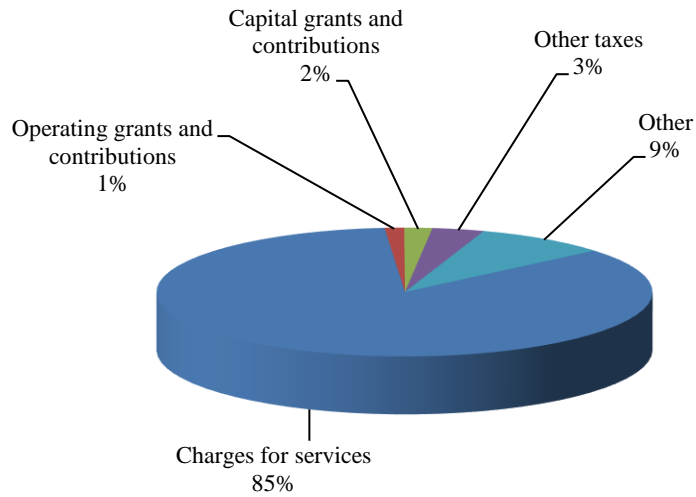
Key elements of this change are as follows:

- Airport systems operating expenses were up by 6.7%, from \$512 million to \$546 million. Operating revenues were down by 5.2% from \$498 million to \$472 million, predominantly due to decreases in parking and concession fees which are partially offset by increases in landing fees and ground rentals. Nonoperating revenues were down 15.9%, from \$174 million to \$146 million due mainly to decreases in passenger facility charges and customer facility charges, partially offset by an increase in other revenue.
- Convention & Entertainment operating expenses were down 7.5% from \$67 million to \$62 million. Operating revenues were down 18% from \$11 million to \$9 million due to decreased parking revenues.
- The Combined Utility System operating expenses increased by 1.3% from \$774 million to \$784 million due predominately to an increase in the depreciation and amortization of assets. Operating revenues increased by 5.5% from \$1.042 billion to \$1.100 billion due to an increase in metered water and sewer revenues.

### Program Revenue & Expense Business-type



### Revenue by Source - Business-type



■ Charges for services ■ Operating grants and contributions ■ Capital grants and contributions ■ Other taxes ■ Other

## Financial Analysis of the Government's Funds

As noted earlier, the City of Houston 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 of Houston'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 of Houston'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 the current fiscal year, the City of Houston's governmental funds reported combined ending fund balances of \$1.040 billion. Approximately 30.41% of this total, or \$316 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, \$111 million; restricted to pay debt service, \$158 million; or a variety of other restricted purposes, \$455 million.

The general fund is the chief operating fund of the City of Houston. At the end of the current fiscal year, unassigned fund balance of the general fund was \$316 million, while the total fund balance reached \$359 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 14.9% of total general fund expenditures, while total fund balance represents 16.9% of that same amount.

Key differences between last year's general fund activity and this year's include:

- \$17 million decrease in total revenues – primarily increased property tax by \$32 million and industrial assessments by \$5 million. Decreases were primarily \$8 million in sales tax, \$13 million in franchise tax, \$2 million in mixed beverage tax, \$3 million in licenses and permits, \$16 million in intergovernmental grants, \$5 million in fines and forfeitures, and \$7 million in other revenue.
- \$17 million decrease in expenditures – reduction in general government, parks and recreation, and capital outlay while increases in public safety, public works, and retiree benefit costs.

Debt service principal expenditures for the debt service fund increased by \$12 million. Debt service interest decreased \$12 million while net proceeds from issuance of refunding debt increased \$492 million. Fund balance increased by \$870 thousand.

The CARES Act Fund is used to account for the approximately \$405 million received from the federal governments pursuant to the Coronavirus Aid Relief & Economic Security Act (CARES Act). Of the \$70 million spent, approximately 20% was spent for public health expenses such as contact tracing and testing, 22% was spent for rent relief for vulnerable populations, and 58% was spent for public health and safety programs such as telehealth, COVID-19 call centers, supporting social distancing and CDC guidelines, and other programs to respond to the SARS-CoV-2 pandemic.

The capital projects fund, which is used for the acquisition and/or construction of capital facilities by the City (except those financed by Enterprise Funds), has a fund balance of \$169 million. The net increase in fund balance during the current fiscal year was 24%.

The grants fund, which is used to account for grant resources received from various local, state and national agencies and organizations, has a fund balance of \$83 million. The net decrease in fund balance was 7%. Although intergovernmental grants increased by \$30 million, expenditures increased by \$107 million.

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

At the end of the year, the Airport System had an unrestricted net deficit of \$133 million, Convention and Entertainment had an unrestricted net position of \$26 million and the Combined Utility System had an unrestricted net deficit of \$289 million. The increase in net position for the Airport System for the fiscal year was \$6 million. The Convention and Entertainment fund experienced a decrease in net position during the fiscal

year of \$2 million. The Combined Utility System fund experienced an increase of \$163 million in net position during the fiscal year. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Houston’s business-type activities.

### General Fund Budgetary Highlights

Total revenues were below the final budget by \$5 million. The details of the more significant variances are highlighted below:

- \$6 million above budget in property tax
- \$5 million above budget in industrial assessments
- \$10 million below budget in sales taxes
- \$10 million above budget in franchise fees
- \$3 million below budget in mixed beverage tax
- \$7 million above budget in ambulance services
- \$4 million below budget in direct interfund services
- \$16 million below budget in intergovernmental grants
- \$6 million below budget in fines and forfeits

Total expenditures for the General Fund were \$91 million below the final expenditure budget. The details of the more significant variances are highlighted below:

- \$13 million under budget in general government
- \$29 million under budget in public safety
- \$2 million under budget in public works
- \$3 million under budget in health
- \$9 million under budget in parks
- \$2 million under budget in library
- \$17 million under budget in retiree benefits
- \$13 million under budget in current expenditures
- \$1 million under budget in debt service interest

### Capital Asset and Debt Administration

**Capital assets.** The City of Houston’s investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$19 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, equipment, storm drainage, streets and bridges. The City of Houston’s net investment in capital assets was relatively stable.

**Capital Assets**  
**June 30, 2020**  
 (With comparative totals for 2019)  
 (net of accumulated depreciation in millions)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and right of way	\$ 2,318	\$ 2,247	\$ 492	\$ 472	\$ 2,810	\$ 2,719
Buildings, improvements and equipment	2,817	2,695	5,979	5,885	8,796	8,580
Construction in progress	567	521	1,556	1,054	2,123	1,575
Water rights	-	-	847	847	847	847
Runway rights	-	-	18	17	18	17
Garage rights	-	-	13	13	13	13
Infrastructure Assets	7,934	7,153	11,898	11,560	19,832	18,713
Less accumulated depreciation	(5,354)	(5,062)	(9,844)	(9,432)	(15,198)	(14,494)
<b>Total</b>	<b>\$ 8,282</b>	<b>\$ 7,554</b>	<b>\$ 10,959</b>	<b>\$ 10,416</b>	<b>\$ 19,241</b>	<b>\$ 17,970</b>

More detailed information regarding capital assets can be found in Note 6 and Note 16 to the financial statements.

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

- Governmental fund activities recorded a \$728 million increase in capital assets for the current year. Buildings, improvements and equipment increased \$122 million, infrastructure assets increased \$781 million, while depreciation increased \$292 million. This increase includes a prior period adjustment of \$578 million in governmental type activities and \$17 million in business type activities from the conveyance of assets from TIRZs.

**Long-term debt:** At the end of the current fiscal year, the City of Houston had total bonded debt outstanding of \$15 billion. The two largest portions of this total are made up of \$2.7 billion comprising debt backed by the full faith and credit of the government and \$9.3 billion comprising various enterprise fund revenue bonds which are payable from future revenues of the various operations of those enterprise funds. The remainder of the City of Houston's debt represents various long-term contracts and \$1.5 billion in pension bonds.

**Outstanding Debt**

**June 30, 2020**

(With comparative totals for 2019)

(in millions)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds and commercial paper	\$ 2,310	\$ 2,455	\$ 408	\$ 233	\$ 2,718	\$ 2,688
Pension bonds	1,422	1,434	101	102	1,523	1,536
Special facility bonds	-	-	74	80	74	80
Revenue bonds	-	-	9,275	9,447	9,275	9,447
Other borrowings	19	5	891	910	910	915
<b>Total</b>	<b>\$ 3,751</b>	<b>\$ 3,894</b>	<b>\$ 10,749</b>	<b>\$ 10,772</b>	<b>\$ 14,500</b>	<b>\$ 14,666</b>

The City's total debt remained stable during the current fiscal year.

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

Standard & Poor's, Moody's and Fitch's underlying ratings of the City's obligations as of June 30, 2020 are as follows:

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



State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City of Houston is \$26.3 billion, which is significantly in excess of the City of Houston's outstanding general obligation debt.

### **Next Year's Budget and Rates**

Highlights of the fiscal year 2021 budget are as follows:

- The property tax rate was decreased to 56.184 cents per \$100 of valuation.
- The general fund budget will decrease spending by 0.9% from the fiscal 2020 budget. The change is primarily driven by the loss of sales tax revenue due to the COVID-19 pandemic. This unprecedented public health crisis, along with the plunge of oil prices, severely impacted the economy and the City's budget.
- Pre COVID-19, the City experienced modest growth in sales tax revenue. However, as a result of COVID-19, the City's FY2020 year-over-year sales tax revenue ended slightly negative. The City expects sales tax revenue to pick up in the second half of FY2021. The cumulative loss in sales tax revenue for both FY2020 and FY2021 is estimated to be \$100 million.
- The city has made difficult decisions involving public safety, city services, and cost of items associated with city services. The budget also includes \$14.5 million in new revenue sources resulting from the City's need to re-assess the cost burden of goods and services provided to Houstonians.

### **Request for Information**

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

**CITY OF HOUSTON, TEXAS  
STATEMENT OF NET POSITION**

June 30, 2020  
(amounts expressed in thousands)

	<b>Primary Government</b>			<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Governmental</b>	<b>Business-type</b>
<b>Assets</b>					
Cash and cash equivalents (Note 3A)	\$ 804,134	\$ 857,583	\$ 1,661,717	\$ 136,062	\$ 104,743
Investments (Note 3A)	772,906	1,409,613	2,182,519	241,676	23,641
Receivables, net of allowances					
Accounts receivable	244,611	250,979	495,590	74,531	27,875
Hotel occupancy tax receivable	-	5,693	5,693	553	-
Property taxes receivable	35,609	-	35,609	76,733	-
Sales taxes receivable	109,521	-	109,521	-	-
Mixed beverage taxes receivable	1,758	-	1,758	-	-
Franchise taxes receivable	10,812	-	10,812	-	-
Special assessments receivable	8,426	93	8,519	26	-
Accrued interest and other	-	-	-	-	339
Due from component units	-	57,711	57,711	-	-
Internal balances	2,090	(2,090)	-	-	-
Due from other governments	72,152	12,113	84,265	634	2,023
Inventory	22,708	13,903	36,611	-	-
Other receivables	-	-	-	-	65,148
Prepaid items	3,265	13,788	17,053	2,011	8,198
Notes receivable	21,400	-	21,400	-	-
Restricted					
Cash and cash equivalents (Note 3A)	-	54,608	54,608	-	24,861
Investments (Note 3A)	-	1,164,231	1,164,231	6,100	72,024
Due from component units	-	313,880	313,880	-	-
Receivables and deposits	-	533	533	2,144	77,322
Due from other governments	-	719,931	719,931	-	-
Property held for sale	-	-	-	46,774	-
Amounts held by other governments	-	12,318	12,318	-	-
Due from primary government	-	-	-	14,012	-
Capital Assets					
Land and right-of-way	2,304,319	492,255	2,796,574	150,340	38,430
Buildings	1,394,254	3,824,982	5,219,236	169,003	880,744
Improvements and equipment	1,423,221	2,154,179	3,577,400	-	-
Construction in progress	566,784	1,556,029	2,122,813	58,530	13,164
Runway rights	-	18,091	18,091	-	-
Water rights	-	847,398	847,398	-	-
Garage rights	-	13,144	13,144	-	-
Rights & Intangibles	14,400	-	14,400	-	-
Infrastructure assets	7,933,747	11,897,530	19,831,277	-	-
Less accumulated depreciation and amortization	(5,354,132)	(9,844,250)	(15,198,382)	(29,300)	(235,014)
<b>Total assets</b>	<b>\$ 10,391,985</b>	<b>\$ 15,844,245</b>	<b>\$ 26,236,230</b>	<b>\$ 949,829</b>	<b>\$ 1,103,498</b>
<b>Deferred outflows of resources</b>					
Deferred outflows of resources	1,043,353	529,562	1,572,915	2,566	4,409
<b>Total deferred outflows of resources</b>	<b>\$ 1,043,353</b>	<b>\$ 529,562</b>	<b>\$ 1,572,915</b>	<b>\$ 2,566</b>	<b>\$ 4,409</b>

(Continued)

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

**CITY OF HOUSTON, TEXAS  
STATEMENT OF NET POSITION**

**June 30, 2020**  
*(amounts expressed in thousands)*

	<b>Primary Government</b>		<b>Total</b>	<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Business-type Activities</b>		<b>Governmental</b>	<b>Business-type</b>
<b>Liabilities</b>					
Accounts payable and accrued expenditures	\$ 164,022	251,962	\$ 415,984	\$ 45,092	\$ 46,971
Accrued payroll liabilities	83,480	10,340	93,820	155	1,602
Cost of issuance	-	1,387	1,387	-	-
Accrued interest payable	54,114	86,104	140,218	8,218	4,605
Due to other governments	26,523	1,060	27,583	30,480	-
Other liabilities	-	-	-	27,647	958
Advances and deposits	7,422	48,192	55,614	33	-
Unearned revenue	494,464	8,267	502,731	2,876	847
Due to component units	-	28,557	28,557	-	-
Due to primary government	-	-	-	11,081	33,643
Contracts and retainages payable	-	40,085	40,085	6,024	5,314
Contracts payable - debt current maturities	-	19,527	19,527	-	-
<b>Non-current liabilities</b>					
Due within one year					
Notes payable	189	-	189	9,107	45,360
Bonds payable	189,380	342,244	531,624	31,574	-
Claims and judgments	36,741	1,888	38,629	-	-
Compensated absences	158,405	16,155	174,560	-	-
Special facility bonds payable	-	6,240	6,240	-	-
Commercial paper	40,000	275,000	315,000	-	-
Arbitrage rebate liability	-	197	197	-	-
Other liabilities	-	2,965	2,965	-	-
Pension bonds payable	22,279	3,311	25,590	-	-
Due in more than one year					
Notes payable	19,165	-	19,165	129,051	477,379
Bonds payable	1,988,504	8,933,363	10,921,867	547,298	-
Claims and judgments	141,131	2,335	143,466	-	-
Compensated absences	330,113	17,972	348,085	1,147	-
Contracts payable	-	870,593	870,593	-	-
Special facility bonds payable	-	68,185	68,185	-	-
Commercial paper	91,900	132,973	224,873	-	-
Other long-term liabilities	-	324	324	33,311	-
Unearned revenue	-	1,626,748	1,626,748	-	11,095
Arbitrage rebate liability	605	7,775	8,380	-	-
Accrued interest payable	-	41,291	41,291	-	-
SWAP liability	-	282,004	282,004	-	-
Pension obligation bonds payable	1,400,128	97,503	1,497,631	-	-
Other post employment benefits liability	2,013,883	219,741	2,233,624	-	-
Municipal net pension liability	1,774,145	676,932	2,451,077	-	-
Police officers' net pension liability	1,511,485	-	1,511,485	-	-
Firefighter's net pension liability	981,781	-	981,781	-	-
<b>Total liabilities</b>	<b>\$ 11,529,859</b>	<b>\$ 14,121,220</b>	<b>\$ 25,651,079</b>	<b>\$ 883,094</b>	<b>\$ 627,774</b>
<b>Deferred inflows of resources</b>					
Deferred inflows of resources	505,620	97,731	603,351	-	19,203
<b>Total deferred inflows of resources</b>	<b>\$ 505,620</b>	<b>\$ 97,731</b>	<b>\$ 603,351</b>	<b>\$ -</b>	<b>\$ 19,203</b>
<b>Net position</b>					
Net investment in capital assets	5,992,469	1,111,081	7,103,550	257,448	141,566
Restricted net position					
Restricted for debt service	116,656	579,523	696,179	90,317	3,944
Restricted for renewal and replacement	-	10,000	10,000	-	-
Restricted for maintenance and operations	-	165,284	165,284	3,086	-
Restricted for others' capital improvement	-	61,735	61,735	-	-
Restricted for capital improvement	237,008	623,701	860,709	20,501	-
Other restricted	58,520	-	58,520	104,139	78,576
Unrestricted (deficit)	(7,004,794)	(396,468)	(7,401,262)	(406,190)	236,844
<b>Total net position (deficit)</b>	<b>\$ (600,141)</b>	<b>\$ 2,154,856</b>	<b>\$ 1,554,715</b>	<b>\$ 69,301</b>	<b>\$ 460,930</b>

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

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

**For the Fiscal Year Ended June 30, 2020**  
*(amounts expressed in thousands)*

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government	519,746	64,160	176,247	-
Public safety	2,057,684	153,159	86,888	11,256
Public works	407,569	232,059	131,827	174,977
Health	171,950	21,062	102,510	-
Housing and community development	137,035	-	84,219	-
Parks and recreation	112,225	6,210	10,221	21,979
Library	54,956	1,421	572	-
Interest on long-term debt	142,711	-	-	-
Unallocated depreciation expense	163,454	-	-	-
Total governmental activities	3,767,330	478,071	592,484	208,212
Business-type activities				
Airport System	631,435	563,650	-	18,984
Convention & Entertainment facilities	89,737	9,486	-	-
Combined Utility System	1,032,629	1,100,092	24,810	16,691
Total business-type activities	1,753,801	1,673,228	24,810	35,675
<b>Total primary government</b>	<b>5,521,131</b>	<b>2,151,299</b>	<b>617,294</b>	<b>243,887</b>
<b>Component Units</b>				
Governmental	309,455	49,365	33,489	13,088
Business-type	269,685	172,123	186,411	-
<b>Total component units activities</b>	<b>579,140</b>	<b>221,488</b>	<b>219,900</b>	<b>13,088</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 earnings
Other
Gain (loss) on disposal of asset
Transfers
Total general revenues and transfers
Change in net position
Net position beginning, as previously reported
Prior period adjustment
Cumulative effect of prior period adjustment
Beginning net position, July 1
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
(279,339)	-	(279,339)	\$ -	\$ -
(1,806,381)	-	(1,806,381)	-	-
131,294	-	131,294	-	-
(48,378)	-	(48,378)	-	-
(52,816)	-	(52,816)	-	-
(73,815)	-	(73,815)	-	-
(52,963)	-	(52,963)	-	-
(142,711)	-	(142,711)	-	-
(163,454)	-	(163,454)	-	-
<u>(2,488,563)</u>	<u>-</u>	<u>(2,488,563)</u>	<u>-</u>	<u>-</u>
-	(48,801)	(48,801)	-	-
-	(80,251)	(80,251)	-	-
-	108,964	108,964	-	-
-	(20,088)	(20,088)	-	-
<u>(2,488,563)</u>	<u>(20,088)</u>	<u>(2,508,651)</u>	<u>-</u>	<u>-</u>
-	-	-	(213,513)	-
-	-	-	-	88,849
-	-	-	<u>(213,513)</u>	<u>88,849</u>
870,371	-	870,371	192,222	750
352,475	-	352,475	-	-
24,797	-	24,797	-	-
684,425	-	684,425	-	-
169,725	-	169,725	-	-
15,379	-	15,379	-	-
16,922	67,348	84,270	5,268	-
48,795	113,944	162,739	5,070	5,494
57,019	58,128	115,147	6,063	6,570
15,753	-	15,753	-	-
52,370	(52,370)	-	-	-
<u>2,308,031</u>	<u>187,050</u>	<u>2,495,081</u>	<u>208,623</u>	<u>12,814</u>
(180,532)	166,962	(13,570)	(4,890)	101,663
(997,859)	1,970,206	972,347	52,824	359,267
578,250	17,688	595,938	21,367	-
(419,609)	1,987,894	1,568,285	-	-
(419,609)	1,987,894	1,568,285	74,191	359,267
<u>(600,141)</u>	<u>2,154,856</u>	<u>1,554,715</u>	<u>\$ 69,301</u>	<u>\$ 460,930</u>

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

CITY OF HOUSTON, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2020

(amounts expressed in thousands)

	General	Debt Service	CARES Act	Capital Projects
<b>Assets</b>				
Cash and cash equivalents	\$ 166,829	\$ 90,576	365,927	\$ 69,776
Investments	120,467	67,694	-	202,542
Receivables, net of allowances				
Accounts receivable	114,407	-	-	1
Property taxes receivable	35,609	-	-	-
Sales taxes receivable	109,521	-	-	-
Mixed beverage taxes receivable	1,758	-	-	-
Franchise taxes receivable	10,812	-	-	-
Special assessments receivable	8,426	-	-	-
Due from other funds	72,027	-	10,060	13,082
Due from other governments	8,208	-	-	12,315
Interfund receivable	-	-	-	21,031
Inventory	20,024	-	-	-
Prepaid items	2,643	-	-	7
Notes receivable	-	-	-	8,900
Total assets	<u>\$ 670,731</u>	<u>\$ 158,270</u>	<u>\$ 375,987</u>	<u>\$ 327,654</u>
<b>Liabilities and fund balance</b>				
<b>Liabilities</b>				
Accounts payable	78,556	-	4,866	37,060
Accrued payroll liabilities	73,280	-	39	-
Due to other funds	17,036	-	36,018	11,526
Due to other governments	9,598	-	231	-
Advances and deposits	1,811	-	-	-
Claims and judgments	2,001	-	-	-
Compensated absences	7,467	-	-	-
Interfund payable	-	-	-	22,033
Unearned revenue	-	-	334,651	87,953
Total liabilities	<u>189,749</u>	<u>-</u>	<u>375,805</u>	<u>158,572</u>
<b>Deferred inflows of resources</b>				
Deferred inflow of resources	122,252	-	-	-
Total deferred inflows of resources	<u>122,252</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>				
<b>Non-Spendable</b>				
Prepays	2,643	-	-	7
Inventory	20,024	-	-	-
Committed	18,792	-	-	-
Restricted	1,044	158,270	182	58,034
Assigned	-	-	-	111,041
Unassigned	316,227	-	-	-
Total fund balance	<u>358,730</u>	<u>158,270</u>	<u>182</u>	<u>169,082</u>
<b>Total liabilities and fund balance</b>	<u>\$ 670,731</u>	<u>\$ 158,270</u>	<u>\$ 375,987</u>	<u>\$ 327,654</u>

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

Revenues earned but not available are not recognized as revenues on the fund financial statements

Deferred inflows and outflows related to pension and debt are not recognized on the fund financial statements

The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

Liabilities, including bonds payable, not due and payable in the current period are not reported in the funds

Net position of governmental activities

(Continued)

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

<u>Grants</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 43,785	\$ 67,241	\$ 804,134
66,408	222,454	679,565
68,200	62,001	244,609
-	-	35,609
-	-	109,521
-	-	1,758
-	-	10,812
-	-	8,426
1,164	2,762	99,095
12,238	39,369	72,130
-	-	21,031
499	2,185	22,708
615	-	3,265
12,500	-	21,400
<u>\$ 205,409</u>	<u>\$ 396,012</u>	<u>\$ 2,134,063</u>
26,788	14,661	161,931
3,046	6,945	83,310
6,083	18,466	89,129
15,761	933	26,523
1,565	4,046	7,422
-	-	2,001
-	39	7,506
-	-	22,033
68,646	-	491,250
<u>121,889</u>	<u>45,090</u>	<u>891,105</u>
-	80,789	203,041
-	80,789	203,041
615	-	3,265
499	2,185	22,708
-	74,219	93,011
82,406	193,729	493,665
-	-	111,041
-	-	316,227
<u>83,520</u>	<u>270,133</u>	<u>1,039,917</u>
<u>\$ 205,409</u>	<u>\$ 396,012</u>	
		8,282,231
		203,041
		537,733
		36,716
		<u>(10,699,779)</u>
		<u>(600,141)</u>

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

**CITY OF HOUSTON, TEXAS**

**STATEMENT OF REVENUES, EXPENDITURES and CHANGES in FUND BALANCES GOVERNMENTAL FUNDS**  
*For the Fiscal Year Ended June 30, 2020*  
*(amounts expressed in thousands)*

	<b>General</b>	<b>Debt Service</b>	<b>CARES Act</b>	<b>Capital Projects</b>
<b>Revenues</b>				
Taxes and assessments	\$ 2,132,981	\$ -	\$ -	\$ -
Licenses and permits	33,314	-	-	-
Charges for services	154,898	-	-	-
Intergovernmental - grants	44,530	-	70,218	64,174
Fines and forfeitures	20,413	-	-	-
Investment income	17,348	6,503	158	7,914
Other	18,187	3,559	-	9,523
<b>Total revenues</b>	<b>2,421,671</b>	<b>10,062</b>	<b>70,376</b>	<b>81,611</b>
<b>Expenditures</b>				
Current				
General government	265,885	-	7,461	-
Public safety	1,435,006	-	36,185	-
Public works	220,894	-	951	-
Health	57,546	-	6,729	-
Housing and community development	560	-	14,851	-
Parks and recreation	69,687	-	3,498	-
Library	39,892	-	519	-
Retiree benefits	14,196	-	-	-
Capital outlay	22,374	-	-	261,051
Debt Service				
Debt service principal	-	228,485	-	-
Debt service interest	2,547	161,730	-	-
Debt service fiscal agent & fees	-	5,370	-	-
<b>Total expenditures</b>	<b>2,128,587</b>	<b>395,585</b>	<b>70,194</b>	<b>261,051</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>293,084</b>	<b>(385,523)</b>	<b>182</b>	<b>(179,440)</b>
<b>Other financing sources (uses)</b>				
Proceeds from issuance of debt	29,000	493,315	-	87,900
Premium on refunding debt	-	61,685	-	-
Sale of capital assets	22,059	-	-	126
Transfers in	64,833	409,327	-	123,793
Transfers out	(438,843)	-	-	(1,003)
Payment to escrow agent for refunded bonds	-	(552,367)	-	-
Contributions out	-	-	-	-
Insurance proceeds	-	-	-	982
<b>Total other financing sources (uses)</b>	<b>(322,951)</b>	<b>411,960</b>	<b>-</b>	<b>211,798</b>
Changes in fund balance	(29,867)	26,437	182	32,358
Fund balances, July 1	388,597	131,833	-	136,724
<b>Fund balances, June 30</b>	<b>\$ 358,730</b>	<b>\$ 158,270</b>	<b>\$ 182</b>	<b>\$ 169,082</b>

(Continued)

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



	<b>Nonmajor Governmental</b>			
<b>Grants</b>	<b>Funds</b>	<b>Total</b>	<b>2019</b>	
\$ -	\$ 421	\$ 2,133,402	\$	2,120,567
-	86,040	119,354		123,255
-	155,797	310,695		311,587
364,841	112,936	656,699		537,402
-	9,251	29,664		36,407
4,914	8,730	45,567		45,008
-	25,125	56,394		79,036
<u>369,755</u>	<u>398,300</u>	<u>3,351,775</u>		<u>3,253,262</u>
123,951	50,473	447,770		355,465
23,744	51,885	1,546,820		1,502,334
20,286	135,263	377,394		383,018
67,131	25,478	156,884		154,884
119,897	111	135,419		90,398
1,808	8,065	83,058		84,539
24	-	40,435		39,839
-	-	14,196		11,123
16,320	38,065	337,810		357,420
183	-	228,668		219,764
516	-	164,793		177,804
-	390	5,760		4,540
<u>373,860</u>	<u>309,730</u>	<u>3,539,007</u>		<u>3,381,128</u>
<u>(4,105)</u>	<u>88,570</u>	<u>(187,232)</u>		<u>(127,866)</u>
14,475	-	624,690		139,065
-	-	61,685		-
-	121	22,306		30,061
-	62,697	660,650		654,394
(16,780)	(151,654)	(608,280)		(595,114)
-	-	(552,367)		-
-	-	-		(4,165)
-	-	982		2,061
<u>(2,305)</u>	<u>(88,836)</u>	<u>209,666</u>		<u>226,302</u>
(6,410)	(266)	22,434		98,436
89,930	270,399	1,017,483		919,047
<u>\$ 83,520</u>	<u>\$ 270,133</u>	<u>\$ 1,039,917</u>	<u>\$</u>	<u>1,017,483</u>

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

**CITY OF HOUSTON, TEXAS**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2020  
(amounts expressed in thousands)**

Net change in fund balances - total governmental funds	\$	22,434
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation of \$291,237 and net disposal of assets of \$6,553 was less than the increase in capital assets of \$448,404 in the current period. For capital outlay, the Statement of Revenues, Expenditures and Changes in Fund Balance is \$337,810. Capital expenditures of \$33,444 are recorded as functional expenses and \$144,038 of donated capital assets is recorded as capital contributions in the Statement of Activities.</p>		150,614
<p>Revenue in the statement of activities that do not provide current financial resources are deferred as revenues in the funds.</p>		203,041
<p>Generally, governmental funds report revenue when cash is actually received, or is expected 60 days after the close of the fiscal year. Cash received during the period relates to prior periods.</p>		(184,389)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report, as expenditures, the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		122,579
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Governmental funds report payments as expenditures in the period of disbursement. The liquidation of long-term liabilities previously accrued should not be reported in the statement of activities.</p>		(497,946)
<p>Internal service funds are used by management to charge the costs of certain activities, such as the cost of health benefits, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.</p>		3,135
Change in net position of governmental activities	\$	(180,532)

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

**CITY OF HOUSTON, TEXAS**

**This page is left blank intentionally**

**CITY OF HOUSTON, TEXAS**  
**PROPRIETARY FUNDS**  
**Statement of Net Position**  
**June 30, 2020**  
*(amounts expressed in thousands)*

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Airport System</b>	<b>Convention &amp; Entertainment</b>	<b>Combined Utility</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 353,289	\$ 20,752	\$ 483,542
Investments	48,187	31,387	1,330,039
Receivables, net of allowances			
Accounts receivable	77,584	15	173,380
Hotel occupancy tax receivable	-	5,693	-
Special assessments receivable	-	-	93
Due from component units	-	57,711	-
Due from other funds	1,746	5	9,518
Due from other governments	4,871	-	7,242
Inventory	2,002	-	11,901
Prepaid items	5,171	-	5,424
Restricted assets			
Cash and cash equivalents	5,736	-	31
Restricted accounts receivable	533	-	-
<b>Total current assets</b>	<b>499,119</b>	<b>115,563</b>	<b>2,021,170</b>
<b>Noncurrent Assets</b>			
Investments	998,851	36,510	128,870
Due from component units	-	313,880	-
Prepaid items	184	-	3,009
Due from other governments	-	-	719,931
Amounts held by other governments	-	-	12,318
Interfund receivable	-	-	22,033
Restricted assets			
Cash and cash equivalents	48,841	-	-
<b>Total noncurrent restricted assets</b>	<b>1,047,876</b>	<b>350,390</b>	<b>886,161</b>
<b>Capital assets</b>			
Land	216,100	95,687	180,468
Buildings	3,076,131	577,527	171,324
Improvements and equipment	1,955,324	8,632	190,223
Infrastructure	587,314	334	11,309,882
Construction in progress	255,070	-	1,300,959
Intangibles	18,091	-	-
Water rights	-	-	847,398
Garage rights	-	13,144	-
Less accumulated depreciation and amortization	(3,376,447)	(324,253)	(6,143,550)
<b>Net capital assets</b>	<b>2,731,583</b>	<b>371,071</b>	<b>7,856,704</b>
<b>Total noncurrent assets</b>	<b>3,779,459</b>	<b>721,461</b>	<b>8,742,865</b>
<b>Total assets</b>	<b>4,278,578</b>	<b>837,024</b>	<b>10,764,035</b>
<b>Deferred outflows of resources</b>			
Deferred outflows	44,870	1,127	483,565
<b>Total deferred outflows of resources</b>	<b>\$ 44,870</b>	<b>\$ 1,127</b>	<b>\$ 483,565</b>

(Continued)

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

<u>Business-type Activities-Enterprise</u>	<u>Governmental Activities Internal Service Funds</u>
<u>Total</u>	
\$ 857,583	\$ -
1,409,613	93,341
250,979	2
5,693	-
93	-
57,711	-
11,269	-
12,113	22
13,903	-
10,595	-
5,767	-
533	-
<u>2,635,852</u>	<u>93,365</u>
1,164,231	-
313,880	-
3,193	-
719,931	-
12,318	-
22,033	-
48,841	-
<u>2,284,427</u>	<u>-</u>
492,255	-
3,824,982	963
2,154,179	-
11,897,530	-
1,556,029	-
18,091	-
847,398	-
13,144	-
(9,844,250)	(601)
<u>10,959,358</u>	<u>362</u>
<u>13,243,785</u>	<u>362</u>
<u>15,879,637</u>	<u>93,727</u>
529,562	-
<u>\$ 529,562</u>	<u>\$ -</u>

(Continued)

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

**CITY OF HOUSTON, TEXAS**  
**PROPRIETARY FUNDS**  
**Statement of Net Position**  
**June 30, 2020**  
*(amounts expressed in thousands)*

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Airport System</b>	<b>Convention &amp; Entertainment</b>	<b>Combined Utility</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 12,191	\$ -	\$ 239,771
Accrued payroll liabilities	3,551	-	6,789
Accrued interest payable	47,201	5,681	33,222
Commercial paper	-	-	275,000
Contracts and retainages payable	40,085	-	-
Due to other funds	646	-	20,563
Due to component units	-	28,557	-
Due to other governments	-	-	1,060
Special facility bonds payable	6,240	-	-
Advances and deposits	1,636	-	46,556
Contracts payable - debt current maturities	-	-	19,527
Cost of issuance payable	-	78	1,309
Claims and judgments	928	-	960
Compensated absences	5,681	274	10,200
Arbitrage rebate	-	-	197
Pension obligation bonds payable	-	185	3,126
Other liabilities	2,965	-	-
Interfund payable	-	-	1,002
Revenue bonds payable	89,090	24,513	228,641
Unearned revenue	8,267	-	-
Total current liabilities	218,481	59,288	887,923
<b>Noncurrent liabilities</b>			
Accrued interest payable	-	-	41,291
Revenue bonds payable	1,928,601	628,374	6,376,388
Special facility bonds payable	68,185	-	-
Claims and judgments	593	-	1,742
Compensated absences	7,612	273	10,087
Contracts payable	-	-	870,593
Interfund payable	-	-	20,029
Commercial paper	132,973	-	-
Arbitrage rebate liability	109	-	7,666
Other long-term liability	324	-	-
Municipal pension trust liability	258,223	6,939	411,770
Other post employment benefits	71,512	2,289	145,940
SWAP liability	-	-	282,004
Unearned revenue	-	6,025	1,620,723
Pension obligation bonds payable	2,006	3,194	92,303
Total noncurrent liabilities	2,470,138	647,094	9,880,536
<b>Total liabilities</b>	2,688,619	706,382	10,768,459
<b>Deferred inflows of resources</b>			
Deferred inflows	30,847	7,690	59,194
Total deferred inflows of resources	30,847	7,690	59,194
<b>Net position (deficit)</b>			
Net investment in capital assets	522,492	49,570	539,019
<b>Restricted net position</b>			
Restricted for debt service	473,008	36,510	70,005
Restricted for renewal and replacement	10,000	-	-
Restricted for maintenance and operations	61,818	11,617	85,001
Restricted for others' capital improvement	46,377	-	15,358
Restricted for capital improvements	623,701	-	-
Unrestricted	(133,414)	26,382	(289,436)
<b>Total net position (deficit)</b>	\$ 1,603,982	\$ 124,079	\$ 419,947

Cumulative asset resulting from internal service funds overcharging proprietary funds  
Net position of business-type activities

(Continued)

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

<u>Business-type Activities-Enterprise</u>		<u>Governmental Activities Internal Service Funds</u>	
<u>Total</u>			
\$	251,962	\$	2,091
	10,340		170
	86,104		-
	275,000		-
	40,085		-
	21,209		26
	28,557		-
	1,060		-
	6,240		-
	48,192		-
	19,527		-
	1,387		-
	1,888		29,350
	16,155		312
	197		-
	3,311		-
	2,965		-
	1,002		-
	342,244		-
	8,267		3,214
	<u>1,165,692</u>		<u>35,163</u>
	41,291		-
	8,933,363		-
	68,185		-
	2,335		15,000
	17,972		-
	870,593		-
	20,029		-
	132,973		-
	7,775		-
	324		-
	676,932		-
	219,741		-
	282,004		-
	1,626,748		-
	97,503		-
	<u>12,997,768</u>		<u>15,000</u>
	<u>14,163,460</u>		<u>50,163</u>
	97,731		-
	<u>97,731</u>		<u>-</u>
	1,111,081		362
	579,523		-
	10,000		-
	158,436		-
	61,735		-
	623,701		-
	(396,468)		43,202
	<u>2,148,008</u>		<u>\$ 43,564</u>
	6,848		
\$	<u>2,154,856</u>		

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

**CITY OF HOUSTON, TEXAS**  
**PROPRIETARY FUNDS**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Fiscal Year Ended June 30, 2020**  
*(amounts expressed in thousands)*

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Airport System</b>	<b>Convention &amp; Entertainment</b>	<b>Combined Utility</b>
<b>Operating Revenues</b>			
Landing area fees	\$ 95,862	\$ -	\$ -
Terminal space rentals	223,301	-	-
Parking	81,173	8,037	-
Concession	65,737	-	-
Other	5,839	-	-
Rental	-	1,449	-
Water/Sewer billing	-	-	1,100,092
Health benefit premiums	-	-	-
Total operating revenue	<u>471,912</u>	<u>9,486</u>	<u>1,100,092</u>
<b>Operating Expenses</b>			
Administrative costs	-	-	-
Claims costs	-	-	-
Maintenance and operating	370,430	48,935	518,591
Depreciation and amortization	175,573	13,480	265,306
Total operating expenses	<u>546,003</u>	<u>62,415</u>	<u>783,897</u>
Operating income (loss)	<u>(74,091)</u>	<u>(52,929)</u>	<u>316,195</u>
<b>Nonoperating revenues (expenses)</b>			
Investment income	43,701	12,000	58,243
Hotel occupancy tax	-	67,348	-
Other revenue	10,820	292	47,016
Gain (loss) on disposal of assets	(10,856)	-	(1,280)
Cost of issuance	-	(1)	(4,526)
Passenger facility charges	78,418	-	-
Interest expense on long-term debt	(74,533)	(27,321)	(242,914)
Contributions	-	-	24,810
Customer facility charges	13,320	-	-
Special facility cost	(37)	-	-
Total nonoperating revenues (expenses)	<u>60,833</u>	<u>52,318</u>	<u>(118,651)</u>
Income (loss) before capital contributions and transfers	<u>(13,258)</u>	<u>(611)</u>	<u>197,544</u>
Capital contributions	18,984	-	16,691
Transfers out	-	(1,449)	(50,921)
Total transfers	<u>-</u>	<u>(1,449)</u>	<u>(50,921)</u>
Change in net position	5,726	(2,060)	163,314
Beginning Net Position as previously reported	1,598,256	126,139	238,945
Prior period adjustment	-	-	17,688
Cumulative effect of prior period adjustment	-	-	256,633
Total net position, July 1,	<u>1,598,256</u>	<u>126,139</u>	<u>256,633</u>
<b>Total net position, June 30</b>	<u>\$ 1,603,982</u>	<u>\$ 124,079</u>	<u>\$ 419,947</u>

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

Total change in net position business-type activities

(Continued)

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



<u>Business-type Activities</u> <u>Enterprise Funds</u>	<u>Governmental</u> <u>Activities</u> <u>Internal</u> <u>Service</u> <u>Funds</u>
<u>Total</u>	
\$ 95,862	\$ -
223,301	-
89,210	-
65,737	-
5,839	1,330
1,449	-
1,100,092	-
-	374,950
<u>1,581,490</u>	<u>376,280</u>
-	6,329
-	370,016
937,956	-
454,359	46
<u>1,392,315</u>	<u>376,391</u>
<u>189,175</u>	<u>(111)</u>
113,944	3,228
67,348	-
58,128	-
(12,136)	-
(4,527)	-
78,418	-
(344,768)	-
24,810	-
13,320	-
(37)	-
<u>(5,500)</u>	<u>3,228</u>
<u>183,675</u>	<u>3,117</u>
<u>35,675</u>	<u>-</u>
<u>(52,370)</u>	<u>-</u>
<u>(52,370)</u>	<u>-</u>
166,980	3,117
	-
	80
	-
	40,447
	<u>\$ 43,564</u>
<u>(18)</u>	
<u>\$ 166,962</u>	

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

**CITY OF HOUSTON, TEXAS**  
**PROPRIETARY FUNDS**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2020**  
*(amounts expressed in thousands)*

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Airport System</b>	<b>Convention &amp; Entertainment</b>	<b>Combined Utility</b>
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 413,848	\$ 8,087	\$ 1,097,371
Payments to employees	(102,726)	(217)	(188,765)
Payments to suppliers	(147,288)	(23)	(235,516)
Internal activity-payments (to) from other funds	(70,069)	(5)	(35,541)
Claims paid	(928)	-	(1,867)
Due to(from) other governments	-	-	-
Other receipts (payments)	10,820	-	45,943
Other payments	-	(49,147)	-
Receipts from component units	-	1,449	-
Receipts from other governments	-	-	(3,651)
Net cash provided by (used in) operating activities	<u>103,657</u>	<u>(39,856)</u>	<u>677,974</u>
<b>Cash flows from investing activities</b>			
Interest income on investments	43,701	12,000	58,242
Purchases of investments	(1,739,595)	(92,187)	(2,362,736)
Sales of investments	1,954,537	111,424	2,580,361
Net cash provided by (used in) investing activities	<u>258,643</u>	<u>31,237</u>	<u>275,867</u>
<b>Cash flows from capital and related financing activities</b>			
Retirement of revenue bonds	(80,110)	(99,735)	(199,720)
Retirement of special facility bonds	(5,960)	-	-
Proceeds from issuance of special facility bonds	324	-	-
Refunding of revenue bonds	-	-	(498,615)
Retirement of commercial paper	-	-	(185,000)
Proceeds (uses of cash) from issuance of revenue bonds	-	20,000	771,076
Proceeds from issuance of commercial paper	84,500	-	275,000
Passenger facilities charges	92,773	-	-
Customer facilities charges	14,281	-	-
Retirement of Junior Lien bonds	-	-	(23,520)
Interest expense on debt	(100,186)	(17,525)	(314,170)
Proceeds from disposition of assets	-	-	679
Grant receipts	31,933	-	-
Retirement of contracts payable	-	-	(19,099)
Acquisition of property, plant and equipment	(186,582)	-	(767,440)
Due from other governments	-	-	384,965
Cost of issuance on debt	-	(629)	(4,527)
Net cash provided by (used in) capital and related financing activities	<u>(149,027)</u>	<u>(97,889)</u>	<u>(580,371)</u>

(Continued)

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

<b>Business-type Activities Enterprise Funds</b>		<b>Governmental Activities Internal Service Funds</b>	
<b>Total</b>			
\$	1,519,306	\$	374,988
	(291,708)		(2,642)
	(382,827)		(1,737)
	(105,615)		385
	(2,795)		(370,378)
	-		(12)
	56,763		1,330
	(49,147)		-
	1,449		-
	(3,651)		-
	<u>741,775</u>		<u>1,934</u>
	113,943		3,227
	(4,194,518)		(113,539)
	<u>4,646,322</u>		<u>127,747</u>
	<u>565,747</u>		<u>17,435</u>
	(379,565)		-
	(5,960)		-
	324		-
	(498,615)		-
	(185,000)		-
	791,076		-
	359,500		-
	92,773		-
	14,281		-
	(23,520)		-
	(431,881)		-
	679		-
	31,933		-
	(19,099)		-
	(954,022)		(5)
	384,965		-
	(5,156)		-
	<u>(827,287)</u>		<u>(5)</u>

(Continued)

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

**CITY OF HOUSTON, TEXAS**  
**PROPRIETARY FUNDS**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2020**  
*(amounts expressed in thousands)*

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Airport System</b>	<b>Convention &amp; Entertainment</b>	<b>Combined Utility</b>
<b>Cash flows from noncapital financing activities</b>			
Interest expense on pension obligation bonds	(106)	(203)	(5,050)
Retirement of Pension bonds	-	(90)	(1,547)
Payments from component unit	-	34,828	-
Hotel occupancy tax revenue	-	84,440	-
Retirement of interfund payable	-	-	(1,002)
Transfers to debt service fund	-	-	(5,577)
Transfers to other funds	-	-	(45,344)
Net cash provided by (used in) noncapital financing activities	<u>(106)</u>	<u>118,975</u>	<u>(58,520)</u>
Net increase (decrease) in cash and cash equivalents	213,167	12,467	314,950
Cash and cash equivalents, July 1	<u>194,699</u>	<u>8,285</u>	<u>168,623</u>
<b>Cash and cash equivalents, June 30</b>	<u>\$ 407,866</u>	<u>\$ 20,752</u>	<u>\$ 483,573</u>
<b>Cash and cash equivalents</b>			
Pooled cash and cash equivalents (Note 3A)	\$ 353,289	\$ 20,752	\$ 483,542
Current restricted cash and cash equivalents (Note 3A)	5,736	-	31
Non-pooled restricted cash and cash equivalents (Note 3A)	48,841	-	-
<b>Total cash and cash equivalents, June 30</b>	<u>\$ 407,866</u>	<u>\$ 20,752</u>	<u>\$ 483,573</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>			
Operating income (loss)	\$ (74,090)	\$ (52,929)	\$ 316,195
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	175,573	13,480	265,306
Other post employment benefits	(2,891)	(89)	(5,993)
Other revenues (expenses)	10,820	292	42,292
Terminal space revenue bond	-	(1,449)	-
Capital improvement plan expense	36,556	-	-
Changes in assets and liabilities			
Accounts receivable	(61,182)	50	(26,977)
Due from other funds	(1,260)	-	(4,051)
Inventory and prepaid insurance	(552)	-	1,052
Accounts payable	(3,384)	-	16,806
Accrued payroll liabilities	384	-	1,090
Due to (from) other funds	400	(5)	10,325
Advances and deposits	3,116	-	1,018
Due from other governments	-	-	2,396
Claims and judgments-workers' compensation	(286)	-	971
Compensated absences	684	547	929
Other current liabilities	1,833	-	-
Pension obligation payable	17,936	538	37,106
Deferred revenue	-	(291)	-
Other long-term liabilities	-	-	19,509
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 103,657</u>	<u>\$ (39,856)</u>	<u>\$ 677,974</u>
<b>Non cash transactions</b>			
Receivable from component unit	\$ -	\$ (20,000)	\$ -
Addition of Subordinate Lien Flexible Rate Notes	-	20,000	-
Bond amortization expense	14,581	-	-
Grants included in receivables	(12,949)	-	-
Unrealized gain on investments	-	859	-
Capital additions included in liabilities	(6,434)	-	(19,407)
Donated capital	-	-	(16,566)
Capitalized interest expense	9,150	-	21,668
CAB accretion interest	-	-	9,268
Gain (loss) on disposal of assets	(10,861)	-	1,280
<b>Total non cash transactions</b>	<u>\$ (6,513)</u>	<u>\$ 859</u>	<u>\$ (3,757)</u>

(Continued)

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

<b>Business-type Activities Enterprise Funds</b>	<b>Governmental Activities Internal Service Funds</b>
<b>Total</b>	
(5,359)	-
(1,637)	-
34,828	-
84,440	-
(1,002)	-
(5,577)	-
(45,344)	-
<u>60,349</u>	<u>-</u>
540,584	19,364
<u>371,607</u>	<u>7,799</u>
<u>\$ 912,191</u>	<u>\$ 27,163</u>
\$ 857,583	\$ 27,163
5,767	-
48,841	-
<u>\$ 912,191</u>	<u>\$ 27,163</u>
\$ 189,176	\$ (112)
454,359	46
(8,973)	-
53,404	-
(1,449)	-
36,556	-
(88,109)	2
(5,311)	629
500	-
13,422	1,755
1,474	32
10,720	(159)
4,134	-
2,396	(12)
685	(324)
2,160	41
1,833	-
55,580	-
(291)	36
19,509	-
<u>\$ 741,775</u>	<u>\$ 1,934</u>
\$ (20,000)	\$ -
20,000	-
14,581	-
(12,949)	-
859	-
(25,841)	-
(16,566)	-
30,818	-
9,268	-
(9,581)	-
<u>\$ (9,411)</u>	<u>\$ -</u>

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

**CITY OF HOUSTON, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2020**  
*(amounts expressed in thousands)*

	<b>Pension Trust Funds</b>	<b>Private Trust Funds</b>	<b>Agency Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 19,669	\$ 244	\$ 3,992
Investments			
Investments held by trust	-	5,726	-
U.S. government and agency securities	46,657	-	-
Corporate bonds	211,421	-	-
Other fixed income securities	1,665,193	-	-
Commingled equity funds	608,648	-	-
Common and preferred stock	4,214,532	-	-
Real estate, partnerships and alternatives	4,637,032	-	-
Short-term investment funds	1,107,695	-	11,695
Invested securities lending collateral	101,674	-	-
Receivables, net of allowances			
Accounts receivable	9,030	-	243,936
Contributions	24,853	-	-
Accrued interest and other	19,477	-	-
Other	16,681	-	-
Other Assets	10,489	-	-
Land	483	-	-
Building	3,705	-	-
Total assets	<u>12,697,239</u>	<u>5,970</u>	<u>259,623</u>
<b>Liabilities</b>			
Accounts payable	25,992	-	259,491
Advances and deposits	-	-	132
Security lending collateral	101,674	-	-
Foreign funds contracts payable	6,905	-	-
Other liabilities	5,473	-	-
Total liabilities	<u>140,044</u>	<u>-</u>	<u>259,623</u>
<b>Net position</b>			
Net position held in trust for pension benefits and other purposes	<u>\$ 12,557,195</u>	<u>\$ 5,970</u>	<u>\$ -</u>

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

**CITY OF HOUSTON, TEXAS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2020**  
*(amounts expressed in thousands)*

	<u>Pension Trust</u>	<u>Private Purpose Trust</u>
<b>Additions</b>		
Contributions:		
City of Houston	\$ 409,345	\$ -
Plan members	115,085	-
Total contributions	<u>524,430</u>	<u>-</u>
Investment earnings		
Interest and dividends	132,338	-
Net decrease in the fair value of investments	<u>(78,180)</u>	<u>-</u>
Total investment income	<u>54,158</u>	<u>-</u>
Less investment expense	<u>(23,531)</u>	<u>-</u>
Net investment income	<u>30,627</u>	<u>115</u>
Total additions	<u>555,057</u>	<u>115</u>
<b>Deductions</b>		
Benefits	990,699	-
Refund of contributions	5,858	-
Administrative expense	14,643	-
Total deductions	<u>1,011,200</u>	<u>-</u>
Change in net position	<u>(456,143)</u>	<u>-</u>
Total net position restricted, July 1	<u>13,013,338</u>	<u>5,855</u>
Total net position restricted, June 30	<u>\$12,557,195</u>	<u>\$ 5,970</u>

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

**CITY OF HOUSTON, TEXAS**  
**DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL**  
**Combining Statement of Net Position**  
**June 30, 2020**  
*amounts expressed in thousands*

	<b>Greater Greenspoint Redevelopment Authority</b>	<b>Houston Forensic Science, LGC</b>	<b>Lake Houston Redevelopment Authority</b>	<b>Main Street Market Square Redevelopment Authority</b>	<b>Memorial City Redevelopment Authority</b>
<b>Assets</b>					
<b>Current Assets</b>					
Cash	\$ 13,386	\$ 1,932	\$ 18,852	2,861	\$ 10,684
Equity in pooled cash and investments	15,248	-	-	25,102	19,332
Receivables, net of allowances					
Accounts receivable	-	38	5,425	391	-
Hotel occupancy receivable	-	-	-	-	-
Property taxes receivable, net	12,592	-	-	15,054	16,021
Special assessments receivable	-	-	-	-	-
Due from primary government	-	136	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	-	215	-	505	291
Restricted assets					
Investments	-	-	-	-	-
Other receivables	-	-	-	-	1
Total current assets	<u>41,226</u>	<u>2,321</u>	<u>24,277</u>	<u>43,913</u>	<u>46,329</u>
<b>Noncurrent Assets</b>					
<b>Restricted assets</b>					
Investments	-	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other assets, net of depreciation</b>					
Other long-term receivables	-	-	-	-	-
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Capital assets</b>					
Land	5,506	-	-	-	9,186
Buildings, improvements and equipment	34,978	38,250	-	-	-
Construction in progress	-	-	-	-	-
Less accumulated depreciation and amortization	(6,083)	(3,920)	-	-	-
Total capital assets	<u>34,401</u>	<u>34,330</u>	<u>-</u>	<u>-</u>	<u>9,186</u>
<b>Total assets</b>	<u>75,627</u>	<u>36,651</u>	<u>24,277</u>	<u>43,913</u>	<u>55,515</u>
<b>Deferred outflows of resources</b>					
Deferred outflows of resources	-	-	-	-	-
<b>Total deferred outflows of resources</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts payable	2,618	1,787	931	7,497	105
Accrued payroll liabilities	-	-	-	-	-
Accrued interest payable	449	-	19	718	765
Contracts and retainages payable	-	-	68	320	817
Notes payable	-	-	-	-	-
Due to other governments	-	-	-	-	15,196
Advances and deposits	-	-	-	-	-
Other liabilities	-	494	-	-	19,231
Deferred Revenue	-	-	-	-	-
Current liabilities payable from restricted assets					
Bonds payable	1,420	-	-	2,145	5,115
Construction billings and retainages	-	-	-	-	-
Total current liabilities	<u>4,487</u>	<u>2,281</u>	<u>1,018</u>	<u>10,680</u>	<u>41,229</u>
<b>Noncurrent liabilities</b>					
Due to primary government	-	-	10,500	-	-
Notes payable	-	-	23,814	-	-
Bonds payable	32,131	-	-	49,859	55,063
Compensated absences	-	1,147	-	-	-
Other long-term liabilities	-	31,758	-	-	-
Total Noncurrent liabilities	<u>32,131</u>	<u>32,905</u>	<u>34,314</u>	<u>49,859</u>	<u>55,063</u>
<b>Total liabilities</b>	<u>36,618</u>	<u>35,186</u>	<u>35,332</u>	<u>60,539</u>	<u>96,292</u>
<b>Net position</b>					
Net investment in capital assets	22,446	2,077	-	-	9,185
Restricted net position					
Restricted for debt service	2,731	-	-	8,638	23,083
Restricted for maintenance and operations	-	-	-	-	-
Restricted for capital improvements	-	-	-	-	-
Other restricted	-	-	-	-	-
Unrestricted (deficit)	13,832	(612)	(11,055)	(25,264)	(73,045)
<b>Total net position (deficit)</b>	<u>\$ 39,009</u>	<u>\$ 1,465</u>	<u>\$ (11,055)</u>	<u>\$ (16,626)</u>	<u>\$ (40,777)</u>



Midtown Redevelopment Authority	OST/Alameda Corridors Redevelopment Authority	Southwest Houston Redevelopment Authority	Upper Kirby Redevelopment Authority	Uptown Development Authority	Nonmajor Component Units	Total
\$ 14,602	\$ 6	\$ 3,433	\$ 71	\$ 29,673	\$ 40,562	\$ 136,062
20,283	68,273	4,840	14,543	-	74,055	241,676
-	-	-	14,569	27,864	26,244	74,531
-	-	-	-	-	553	553
12,105	8,334	-	-	-	12,627	76,733
-	-	-	-	-	26	26
-	-	8,733	-	-	5,143	14,012
-	157	-	-	123	354	634
-	-	253	-	-	747	2,011
-	-	-	-	-	5,018	5,018
481	-	-	-	-	1,662	2,144
<u>47,471</u>	<u>76,770</u>	<u>17,259</u>	<u>29,183</u>	<u>57,660</u>	<u>166,991</u>	<u>553,400</u>
-	-	-	-	-	1,082	1,082
-	-	-	-	-	1,082	1,082
46,774	-	-	-	-	-	46,774
<u>46,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,774</u>
14,945	3,155	3,873	13,509	17,101	83,065	150,340
57,736	35	-	-	30,568	7,436	169,003
16,819	-	-	-	-	41,711	58,530
(9,101)	(35)	-	-	(5,628)	(4,533)	(29,300)
<u>80,399</u>	<u>3,155</u>	<u>3,873</u>	<u>13,509</u>	<u>42,041</u>	<u>127,679</u>	<u>348,573</u>
<u>174,644</u>	<u>79,925</u>	<u>21,132</u>	<u>42,692</u>	<u>99,701</u>	<u>295,752</u>	<u>949,829</u>
-	-	202	-	2,364	-	2,566
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202</u>	<u>\$ -</u>	<u>\$ 2,364</u>	<u>\$ -</u>	<u>\$ 2,566</u>
3,574	609	2,783	3,505	10,935	10,748	45,092
-	-	-	-	-	155	155
1,846	818	576	87	2,467	473	8,218
1,623	-	-	37	-	2,224	5,089
2,593	-	-	3,000	814	2,700	9,107
-	-	-	-	14,700	584	30,480
-	-	-	33	-	-	33
-	-	-	-	-	7,922	27,647
-	-	-	-	-	2,876	2,876
3,620	2,225	1,500	-	15,549	-	31,574
-	935	-	-	-	-	935
<u>13,256</u>	<u>4,587</u>	<u>4,859</u>	<u>6,662</u>	<u>44,465</u>	<u>27,682</u>	<u>161,206</u>
-	-	-	-	-	581	11,081
16,981	-	-	33,000	9,875	45,381	129,051
85,590	64,299	44,810	-	195,987	19,559	547,298
-	-	-	-	-	-	1,147
-	-	-	-	-	1,553	33,311
<u>102,571</u>	<u>64,299</u>	<u>44,810</u>	<u>33,000</u>	<u>205,862</u>	<u>67,074</u>	<u>721,888</u>
<u>115,827</u>	<u>68,886</u>	<u>49,669</u>	<u>39,662</u>	<u>250,327</u>	<u>94,756</u>	<u>883,094</u>
53,310	3,154	3,873	13,509	25,988	123,906	257,448
14,844	4,542	1,574	3,281	31,858	(234)	90,317
-	-	-	-	-	3,086	3,086
5,071	-	109	-	-	15,321	20,501
55,828	-	-	-	-	48,311	104,139
(70,236)	3,343	(33,891)	(13,760)	(206,108)	10,606	(406,190)
<u>\$ 58,817</u>	<u>\$ 11,039</u>	<u>\$ (28,335)</u>	<u>\$ 3,030</u>	<u>\$ (148,262)</u>	<u>\$ 200,996</u>	<u>\$ 69,301</u>

CITY OF HOUSTON, TEXAS  
DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL  
Combining Statement of Activities  
For the Year Ended June 30, 2020  
amounts expressed in thousands

Net (Expense) Revenue and Change in Net Position

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Greater Greenspoint Redevelopment Authority	Houston Forensic Science LGC	Lake Houston Redevelopment Authority
<b>Component Units</b>							
Greater Greenspoint Redevelopment Authority	7,900	-	-	-	(7,900)	-	-
Houston Forensic Science LGC, Inc.	29,392	25,620	1,555	-	-	(2,217)	-
Lake Houston Redevelopment Authority	19,480	-	-	-	-	-	(19,480)
Main Street Market Square Redevelopment Authority	22,991	-	-	-	-	-	-
Memorial City Redevelopment Authority	48,719	-	-	96	-	-	-
Midtown Redevelopment Authority	15,892	-	-	-	-	-	-
OST/Almeda Corridors Redevelopment Authority	8,062	-	129	-	-	-	-
Southwest Houston Redevelopment Authority	8,801	-	-	-	-	-	-
Upper Kirby Redevelopment Authority	5,163	1,277	-	-	-	-	-
Uptown Development Authority	61,720	4,718	-	-	-	-	-
Nonmajor component units	81,335	17,750	31,805	12,992	-	-	-
<b>Total component units</b>	<u>309,455</u>	<u>49,365</u>	<u>33,489</u>	<u>13,088</u>	<u>(7,900)</u>	<u>(2,217)</u>	<u>(19,480)</u>
<b>General Revenues:</b>							
Taxes							
Property Taxes - general purposes / tax increments					12,591	-	17,489
Hotel occupancy tax					-	-	-
Unrestricted investment earnings (loss)					-	-	167
Other					589	45	-
Special Items - Loss on sale of assets					-	-	-
Contributions					-	-	-
Other sources and uses (do not use)					-	-	-
<b>Total general revenues and transfers</b>					<u>13,180</u>	<u>45</u>	<u>17,656</u>
Change in net position					5,280	(2,172)	(1,824)
Net Position (deficit) beginning					33,729	3,637	(9,231)
Prior period adjustment					-	-	-
Net Position (deficit) ending					<u>\$ 39,009</u>	<u>\$ 1,465</u>	<u>\$ (11,055)</u>

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

<b>Main Street Market Square Redevelopment Authority</b>	<b>Memorial City Redevelopment Authority</b>	<b>Midtown Redevelopment Authority</b>	<b>OST/Alameda Corridors Redevelopment Authority</b>	<b>Southwest Houston Redevelopment Authority</b>	<b>Upper Kirby Redevelopment Authority</b>	<b>Uptown Development Authority</b>	<b>Nonmajor Component Units</b>	<b>Total</b>
-	-	-	-	-	-	-	-	(7,900)
-	-	-	-	-	-	-	-	(2,217)
-	-	-	-	-	-	-	-	(19,480)
(22,991)	-	-	-	-	-	-	-	(22,991)
-	(48,623)	-	-	-	-	-	-	(48,623)
-	-	(15,892)	-	-	-	-	-	(15,892)
-	-	-	(7,933)	-	-	-	-	(7,933)
-	-	-	-	(8,801)	-	-	-	(8,801)
-	-	-	-	-	(3,886)	-	-	(3,886)
-	-	-	-	-	-	(57,002)	-	(57,002)
							(18,788)	(18,788)
<u>(22,991)</u>	<u>(48,623)</u>	<u>(15,892)</u>	<u>(7,933)</u>	<u>(8,801)</u>	<u>(3,886)</u>	<u>(57,002)</u>	<u>(18,788)</u>	<u>(213,513)</u>
17,616	16,864	23,978	10,925	8,733	11,515	46,207	26,304	192,222
-	-	-	-	-	-	-	5,268	5,268
676	195	389	682	183	268	705	1,805	5,070
-	-	786	10	-	-	-	4,633	6,063
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>18,292</u>	<u>17,059</u>	<u>25,153</u>	<u>11,617</u>	<u>8,916</u>	<u>11,783</u>	<u>46,912</u>	<u>38,010</u>	<u>208,623</u>
(4,699)	(31,564)	9,261	3,684	115	7,897	(10,090)	19,222	(4,890)
(11,927)	(9,213)	49,556	7,355	(28,450)	(4,867)	(161,335)	183,570	52,824
-	-	-	-	-	-	23,163	(1,796)	21,367
<u>\$ (16,626)</u>	<u>\$ (40,777)</u>	<u>\$ 58,817</u>	<u>\$ 11,039</u>	<u>\$ (28,335)</u>	<u>\$ 3,030</u>	<u>\$ (148,262)</u>	<u>\$ 200,996</u>	<u>\$ 69,301</u>

**CITY OF HOUSTON, TEXAS**

**This page is left blank intentionally**

**CITY OF HOUSTON, TEXAS**  
**DISCRETELY PRESENTED COMPONENT UNITS - BUSINESS-TYPE**  
**Combining Statement of Net Position**  
**June 30, 2020**  
*amounts expressed in thousands*

	<b>Houston First Corporation</b>	<b>Houston Housing Finance Corp</b>	<b>Houston Zoo, Inc</b>	<b>Total Component Units</b>
<b>ASSETS</b>				
Cash	\$ 65,260	\$ 34,361	\$ 5,122	\$ 104,743
Investments	-	-	23,641	23,641
Receivables, net of allowances				
Accounts receivable	11,828	11,870	4,177	27,875
Accrued interest and other	-	339	-	339
Prepaid items	7,011	10	1,177	8,198
Restricted assets				
Investments	48,829	-	-	48,829
Other receivables	8,946	159	56,043	65,148
Due from other governments - grants	-	2,023	-	2,023
Total current assets	<u>141,874</u>	<u>48,762</u>	<u>90,160</u>	<u>280,796</u>
Noncurrent Assets				
Restricted cash and cash equivalents	-	383	24,478	24,861
Investments	22,946	249	-	23,195
Receivable and deposits	73,063	4,259	-	77,322
Total noncurrent assets	<u>96,009</u>	<u>4,891</u>	<u>24,478</u>	<u>125,378</u>
Property, plant & equipment				
Land	14,824	23,606	-	38,430
Buildings, improvements and equipment	622,990	52,485	205,269	880,744
Construction in progress	13,164	-	-	13,164
Less accumulated depreciation and amortization	(167,527)	(988)	(66,499)	(235,014)
Total property, plant & equipment	<u>483,451</u>	<u>75,103</u>	<u>138,770</u>	<u>697,324</u>
Total assets	<u>721,334</u>	<u>128,756</u>	<u>253,408</u>	<u>1,103,498</u>
<b>Deferred Outflow of Resources</b>				
Deferred outflow of resources	4,409	-	-	4,409
Total deferred outflow of resources	<u>4,409</u>	<u>-</u>	<u>-</u>	<u>4,409</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	\$ 39,973	\$ 4,980	\$ 2,018	\$ 46,971
Accrued payroll liabilities	-	-	1,602	1,602
Accrued interest payable	4,605	-	-	4,605
Contracts and retainages payable	-	-	5,314	5,314
Due to primary government	33,643	-	-	33,643
Notes payable	45,360	-	-	45,360
Other liabilities - current	850	-	108	958
Deferred revenue	416	-	431	847
Total current liabilities	<u>124,847</u>	<u>4,980</u>	<u>9,473</u>	<u>139,300</u>
Long-term liabilities				
Notes payable	430,828	45,719	832	477,379
Deferred revenue	7,387	-	3,708	11,095
Total noncurrent liabilities	<u>438,215</u>	<u>45,719</u>	<u>4,540</u>	<u>488,474</u>
Total liabilities	<u>563,062</u>	<u>50,699</u>	<u>14,013</u>	<u>627,774</u>
<b>Deferred Inflow of Resources</b>				
Deferred inflow of resources	-	19,203	-	19,203
Total deferred inflow of resources	<u>-</u>	<u>19,203</u>	<u>-</u>	<u>19,203</u>
<b>Net assets</b>				
Investment in capital assets, net of related debt	140,129	1,437	-	141,566
Restricted net assets				
Restricted for debt service	3,944	-	-	3,944
Other restricted	218	-	78,358	78,576
Unrestricted (deficit)	18,390	57,417	161,037	236,844
Total equity and other credits	<u>162,681</u>	<u>58,854</u>	<u>239,395</u>	<u>460,930</u>
Total liabilities, equity and other credits	<u>\$ 725,743</u>	<u>\$ 128,756</u>	<u>\$ 253,408</u>	<u>\$ 1,107,907</u>

**CITY OF HOUSTON, TEXAS**  
**DISCRETELY PRESENTED COMPONENT UNITS - BUSINESS-TYPE**  
**Combining Statement of Activities**  
**For the Year Ended June 30, 2020**  
*amounts expressed in thousands*

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>
<b>Component Units</b>			
Houston First Corporation	212,234	130,343	154,618
Houston Housing Finance Corp.	4,660	456	616
Houston Zoo Inc.	52,791	41,324	31,177
Totals	<u>\$ 269,685</u>	<u>\$ 172,123</u>	<u>\$ 186,411</u>

**General Revenues:**

Taxes

Property Taxes levied for general purposes/tax increments

Unrestricted investment earnings

Other

**Total general revenues and transfers**

Change in net position

Net Position (deficit) beginning

Net Position (deficit) ending

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

<b>Houston First Corporation</b>	<b>Houston Housing Finance Corp.</b>	<b>Houston Zoo, Inc.</b>	<b>Total</b>
72,727	-	-	72,727
-	(3,588)	-	(3,588)
-	-	19,710	19,710
<u>72,727</u>	<u>(3,588)</u>	<u>19,710</u>	<u>88,849</u>
-	750	-	750
2,119	747	2,628	5,494
4,182	2,282	106	6,570
<u>6,301</u>	<u>3,779</u>	<u>2,734</u>	<u>12,814</u>
79,028	191	22,444	101,663
83,653	58,663	216,951	359,267
<u>\$ 162,681</u>	<u>\$ 58,854</u>	<u>\$ 239,395</u>	<u>\$ 460,930</u>

**CITY OF HOUSTON, TEXAS**

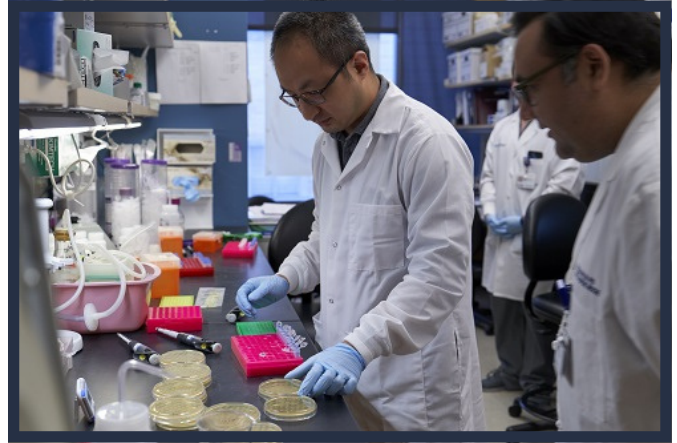
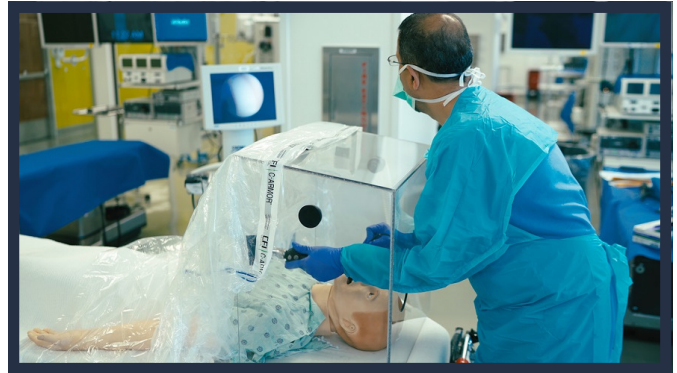
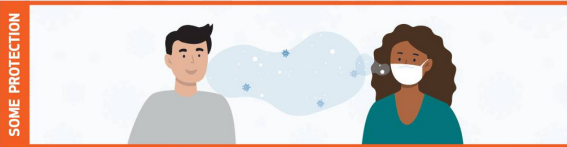
**This page is left blank intentionally**



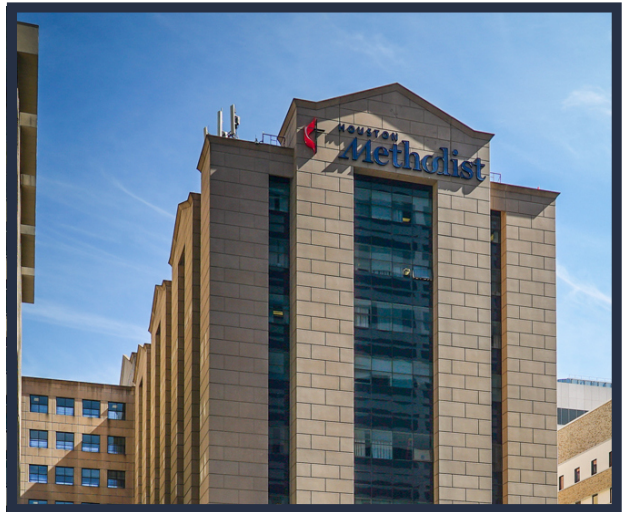
Why you should always  
**WEAR A MASK**

HOUSTON  
**Methodist**  
LEADING MEDICINE

Remember to **wash your hands**, **stay six feet apart** and **wear a mask** that covers your nose and mouth.



**Houston Methodist  
Hospital**





**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

Note 1:	Summary of Significant Accounting Policies .....	49
Note 2:	Reconciliation of Government – Wide and Fund Financial Statements.....	66
Note 3:	Deposits and Investments.....	68
Note 4:	Accounts Receivable.....	87
Note 5:	Property Tax.....	88
Note 6:	Capital Assets.....	92
Note 7:	Short-Term Debt – Tax and Revenue Anticipation Notes .....	94
Note 8:	Long-Term Liabilities .....	95
Note 9:	Leases.....	113
Note 10:	Pension Plans .....	114
Note 11:	Other Employee Benefits .....	120
Note 12:	Interfund Transactions .....	125
Note 13:	Commitments and Contingencies .....	127
Note 14:	Related Organization Transactions .....	130
Note 15:	Conduit Debt Obligations .....	132
Note 16:	Prior Period Adjustment.....	133
Note 17:	Subsequent Events .....	134

CITY OF HOUSTON, TEXAS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020



**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Houston, Texas (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.

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 financial statements for related organizations in accordance with generally accepted accounting principles. 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 Comprehensive Annual Financial Report "(CAFR)". 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 the CAFR. Additional information is available by contacting the entities at the addresses shown herein.

Blended component units are incorporated into the financial reports of the City.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

Following are the City's blended component units:

**Blended Component Units Reported with  
the Primary Government**

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

*Houston Firefighters' Relief and  
Retirement Fund  
4225 Interwood North Parkway  
Houston, TX 77032*

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

**Reporting Fund:** Houston Firefighters' Relief and Retirement Pension Trust Fund.

*Houston Municipal Employees  
Pension System  
1201 Louisiana, Suite 900  
Houston, TX 77002*

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

**Reporting Fund:** Houston Municipal Employee's Pension Trust Fund.

*Houston Police Officers' Pension  
System  
602 Sawyer, Suite 300  
Houston, TX 77007*

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

**Reporting Fund:** Houston Police Officer's Pension Trust Fund.

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

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

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

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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

<b>Discretely Reported Component Units</b>	<b>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</b>
<i>*Houston First Corporation</i> <i>701 Avenida de las Americas</i> <i>Houston, TX 77010</i>	On June 1, 2011, City of Houston City Council approved the consolidation of the City's Convention & Entertainment Facilities Department (Department) operations into the Hotel Corporation (Consolidation), effective July 1, 2011, in order to bring various entities responsible for generating and spending City hotel occupancy tax (HOT) revenues under one governing body. In connection with the Consolidation, the Hotel Corporation reconstituted and renamed itself as "Houston First Corporation," and Houston First Corporation (HFC) assumed the primary roles and responsibilities of the Department. To accomplish this, the Hotel Corporation amended its bylaws and articles of incorporation to broaden its authority to accomplish its expanded duties and responsibilities. The City appoints a voting majority of HFC's board. There is a fiscal dependency on the City, as well as a financial burden on the City, and there is the potential that exclusion would result in misleading financial reporting.
<i>*Houston Housing Finance Corporation</i> <i>9545 Katy Freeway, Suite 105</i> <i>Houston, TX 77024</i>	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.
<i>*Houston Zoo, Inc</i> <i>1513 Cambridge Street</i> <i>Houston, TX 77030</i>	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.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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

<u>Discretely Reported Component Units</u>	<u>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</u>
<p><b><i>City Park Redevelopment Authority</i></b>  <i>c/o TIFWorks, LLC</i>  <i>P.O. Box 10330</i>  <i>Houston, TX 77002</i></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the 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</i></b>  <i>c/o Bracewell &amp; Giuliani, LLP</i>  <i>711 Louisiana Street, Suite 2300</i>  <i>Houston, TX 77002</i></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the 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</i></b>  <i>c/o Fifth Ward Community Redevelopment Corporation</i>  <i>4300 Lyons Avenue, Suite 300</i>  <i>Houston, TX 77020</i></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Fifth Ward Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood adjacent to Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will. The City has investment authority for the Zone's assets.</p>
<p><b><i>Fourth Ward Redevelopment Authority</i></b>  <i>410 Pierce Street, Suite 355</i>  <i>Houston, TX 77002</i></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Fourth Ward Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood adjacent to Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will. The City has investment authority for the Zone's assets.</p>
<p><b><i>*Greater Greenspoint Redevelopment Authority</i></b>  <i>16800 Greenspoint Park Drive, #160S</i>  <i>Houston, TX 77060</i></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Greater Greenspoint Tax Increment Reinvestment Zone Board in the redevelopment of the Greenspoint Mall and a blighted adjacent neighborhood in North Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will.</p>
<p><b><i>Greater Houston Convention and Visitors Bureau</i></b>  <i>701 Avenida De Las Americas</i>  <i>Houston, TX 77010</i></p>	<p>A non-profit organization established in 1963. Prior to July 1, 2014 the organization was funded by both private sector memberships and a portion of the hotel occupancy tax. Subsequent to July 1, 2014 it is funded by only private sector memberships. Their mission is to improve the economy of Greater Houston by attracting conventions, tourists and film projects to the area through sales and marketing efforts. The City has financial accountability because there is a fiscal dependence on the City and a financial benefit/burden relationship exists, allowing the City to impose its will.</p>
<p><b><i>Gulfgate Redevelopment Authority</i></b>  <i>c/o Bracewell &amp; Giuliani, LLP</i>  <i>711 Louisiana Street, Suite 2300</i>  <i>Houston, TX 77002</i></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Gulfgate Tax Increment Reinvestment Zone Board in the redevelopment of the Gulfgate Mall and a blighted adjacent neighborhood southeast of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists allowing the City to impose its will.</p>



**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**Discretely Reported Component Units**

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

***Hardy/Near Northside Redevelopment Authority***  
*c/o Bracewell & Giuliani, LLP*  
*711 Louisiana Street, Suite 2300*  
*Houston, TX 77002*

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.

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

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

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

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

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

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

***Houston Arts Alliance***  
*3201 Allen Parkway, Suite 250*  
*Houston, TX 77019*

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

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

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

***Houston Civic Events, Inc***  
*c/o City of Houston, Mayor's Office of Special Events*  
*901 Bagby Street, 1<sup>st</sup> Floor*  
*Houston, TX 77002*

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

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**Discretely Reported Component Units**

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

***\*Houston Forensic Science Center, Inc***  
***500 Jefferson Street, 13<sup>th</sup> Floor***  
***Houston, TX 77002***

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

***Houston Media Source***  
***410 Roberts Street***  
***Houston, TX 77003***

***Houston Museum District***  
***Association***  
***1300 McGowen Street, Suite 120***  
***Houston, TX 77004***

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

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

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to 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.

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

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

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

A 501(c)(3) non-profit corporation with a mission to making cultural arts accessible to all and creating unparalleled opportunities for education, inspiration and recreation. The Association allocates funding, holds free events and conducts marketing. 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.

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.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**Discretely Reported Component Units**

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

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

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.

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

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.

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

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.

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

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

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

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

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

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

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

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

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

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

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**Discretely Reported Component Units**

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

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

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

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

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

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

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

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

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.

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

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the OST/Alameda 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.

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

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the 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.

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

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.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**Discretely Reported Component Units**

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

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

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the 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.

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

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to enhance the various corridors around the NRG Reliant complex park with general improvements in the form of landscaping and street improvement such as lighting, signage, and way-finding graphics. Private funds will be actively sought and interlocal agreements entered into with other governmental agencies as needed. The Authority will serve as a catalyst to encourage adjacent property owners and/or institutions to improve their properties. 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.

*Theater District Improvement, Inc*  
*c/o Houston Downtown Alliance*  
*912 Prairie Street, Suite 250*  
*Houston, TX 77002*

A 501(c)(3) non-profit corporation with a mission to enhance the quality of life and tourism in the Houston region and beyond by supporting and promoting the Theater District programs, initiatives and communication efforts. Theater District Improvement distributes grants, holds an annual open house and conducts marketing. 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.

*\*Upper Kirby Redevelopment Authority*  
*3120 Southwest Freeway, Suite 102*  
*Houston, TX 77098*

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.

*\*Uptown Development Authority*  
*1980 Post Oak Boulevard, Suite 1700*  
*Houston, TX 77056*

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.

**2. Related Organizations**

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

**C. Basis of Presentation – Government-wide and Fund Financial Statements**

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

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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 is described below.

**Fund Accounting**

**1. The City reports the following major governmental funds:**

- (a) **General Fund** - is the principal operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.
- (b) **Debt Service Fund** - is used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of tax supported debt.
- (c) **CARES Act Fund** - is used to account for sources and uses of funds received from the Federal and State Governments or other sources related to aid in the economic relief pertaining to the COVID-19 pandemic.
- (d) **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.
- (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** - 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** - is used to account for the operations of the City's major entertainment facilities, outdoor venues, and parking garages and surface lots. These assets include, but are not limited to, the following: George R. Brown Convention Center, Gus S. Wortham Center, Jesse H. Jones Hall, Houston Center for the Arts, Talento Bilingue de Houston, Jones Plaza, and Theater District parking garages.
- (c) **Combined Utility System Fund** - 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 or as an agent for individuals, private organizations, other governmental units and other funds. These include the following:
  - (1) **Pension Trust Funds** - are used to account for the assets held in trust for the members and beneficiaries of the City's three defined benefit pension plans.
  - (2) **Agency Funds** - are custodial in nature and do not involve measurement of results of operations. They are relative to the City's payroll revolving and deposit funds, and activity relating to receipt and disbursement of taxes collected for entities outside of the City government.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**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 Statement of Government Accounting Standards No. 33, "Accounting and Financial Reporting for Non-exchange Transactions". Program revenues include (1) amounts received from those who purchase, use, or directly benefit from a program, (2) amounts received from parties outside the City of Houston's citizenry that are restricted to one or more specific programs and (3) earnings on investments that are legally restricted for a specific program. Program revenue is divided into three categories: (1) charges for services, (2) operating grants and contributions and (3) capital grants and contributions.

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

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

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

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

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

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

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

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

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

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**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 72 "Fair Value Measurement and Application". Consistent with GASB Statement 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.13 to the financial statements. The blended 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 at their fair values.

"Cash and cash equivalents" and "Investments" are further split into current and non-current in accordance with GASB Statement 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements".

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

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

**2. Inventories of Materials and Supplies**

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

**3. Capital Assets**

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

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

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

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

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



**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<b>Assets</b>	<b>Useful Life</b>
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. Interest costs on funds borrowed to finance the construction of property, plant and equipment of the enterprise funds are capitalized when the interest costs materially exceed interest earnings on related revenue bond proceeds. For fiscal year 2020, the capitalized interest cost for the Airport System Facilities was \$9.2 million and Combined Utility System Fund was \$21.7 million. 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>Years</u>
Airport System Facilities	3-50
Convention & Entertainment Facilities	5-45
Combined Utility System Facilities	5-50

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

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

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

**5. Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**F. Deferred Outflows and Inflows of Resources**

In accordance with Government Accounting Standards Board 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.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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

	<u>Governmental</u> <u>Activities</u>	<u>Business Type Activities</u>			<u>Total</u>
		<u>Aviation</u>	<u>Convention &amp;</u> <u>Entertainment</u>	<u>Combined Utility</u> <u>System</u>	
<b>Deferred Outflows of Resources from:</b>					
Municipal pension activities	\$ 172,757	\$ 25,876	\$ 902	\$ 39,353	\$ 238,888
Police pension activities	364,610	-	-	-	364,610
Firefighter's municipal pension activities	470,940	-	-	-	470,940
Deferred Outflows of Resources for pensions	<u>1,008,307</u>	<u>25,876</u>	<u>902</u>	<u>39,353</u>	<u>1,074,438</u>
OPEB activities - long-term disability	2,647	239	-	457	3,343
OPEB activities - health benefits	11,938	1,492	45	3,088	16,563
Unamortized bond refunding costs/SWAP liability	20,461	17,263	180	440,667	478,571
<b>Total Deferred Outflows of Resources</b>	<u><u>1,043,353</u></u>	<u><u>44,870</u></u>	<u><u>1,127</u></u>	<u><u>483,565</u></u>	<u><u>1,572,915</u></u>
<b>Deferred Inflows of Resources from:</b>					
Municipal pension activities	(16,194)	(3,425)	(144)	(2,446)	(22,209)
OPEB activities - health benefits	(488,625)	(27,422)	(824)	(56,748)	(573,619)
Unearned revenues	(801)	-	-	-	(801)
Unamortized cost on refunded debt	-	-	(6,722)	-	(6,722)
<b>Total Deferred Inflows of Resources</b>	<u><u>\$ (505,620)</u></u>	<u><u>\$ (30,847)</u></u>	<u><u>\$ (7,690)</u></u>	<u><u>\$ (59,194)</u></u>	<u><u>\$ (603,351)</u></u>

In the fund financials, 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" financials, the unamortized loss on refunding has been reclassified from long-term debt to deferred outflows.

**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.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**2. Fund Balance Summary**

A summary of the nature and purpose of governmental fund balances at June 30, 2020 is as follows (in thousands):

	General	Debt Service	Capital Projects	Grant	CARES ACT	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	20,024	-	-	499	-	-	2,185	-	-	-	2,185	22,708
Prepaid items	2,643	-	7	615	-	-	-	-	-	-	-	3,265
<b>Total non-spendable</b>	<b>22,667</b>	<b>-</b>	<b>7</b>	<b>1,114</b>	<b>-</b>	<b>-</b>	<b>2,185</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,185</b>	<b>25,973</b>
<b>Restricted for:</b>												
Grants and other purposes	-	-	-	-	-	-	-	-	-	4,760	4,760	4,760
Police special purpose	420	-	-	-	-	9,773	-	-	-	-	9,773	10,193
Public transit operations	-	-	-	-	-	-	-	-	-	3,321	3,321	3,321
Affordable housing programs	-	-	-	-	-	-	-	9,849	-	-	9,849	9,849
Health services	624	-	-	82,406	182	-	-	-	-	60,208	60,208	143,420
Community development	-	-	-	-	-	-	-	-	163	888	1,051	1,051
Capital construction	-	-	58,034	-	-	-	93,041	-	-	11,726	104,767	162,801
Debt service	-	158,270	-	-	-	-	-	-	-	-	-	158,270
<b>Total restricted</b>	<b>1,044</b>	<b>158,270</b>	<b>58,034</b>	<b>82,406</b>	<b>182</b>	<b>9,773</b>	<b>93,041</b>	<b>9,849</b>	<b>163</b>	<b>80,903</b>	<b>193,729</b>	<b>493,665</b>
<b>Committed to:</b>												
Community development	2,568	-	-	-	-	6	-	-	1,185	421	1,612	4,180
Economic development	-	-	-	-	-	-	-	-	-	2,337	2,337	2,337
Court operations	-	-	-	-	-	977	-	-	-	-	977	977
Police special purpose	-	-	-	-	-	8,910	(4)	-	-	-	8,906	8,906
Emergency services	-	-	-	-	-	5,017	-	-	-	-	5,017	5,017
Capital construction	2,963	-	-	-	-	-	-	-	-	-	-	2,963
Public parks and preserves	13,261	-	-	-	-	-	1,873	-	1,597	-	3,470	16,731
Recycling programs	-	-	-	-	-	-	1,035	-	-	-	1,035	1,035
Development services	-	-	-	-	-	-	42,884	-	-	-	42,884	42,884
Health services	-	-	-	-	-	-	-	7,334	-	-	7,334	7,334
Affordable housing programs	-	-	-	-	-	-	-	-	-	99	99	99
Public transit operations	-	-	-	-	-	-	-	-	-	548	548	548
<b>Total committed</b>	<b>18,792</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,910</b>	<b>45,788</b>	<b>7,334</b>	<b>2,782</b>	<b>3,405</b>	<b>74,219</b>	<b>93,011</b>
<b>Assigned:</b>												
Capital construction	-	-	111,041	-	-	-	-	-	-	-	-	111,041
<b>Total assigned</b>	<b>-</b>	<b>-</b>	<b>111,041</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>111,041</b>
<b>Unassigned:</b>	<b>316,227</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>316,227</b>
<b>Total</b>	<b>358,730</b>	<b>158,270</b>	<b>169,082</b>	<b>83,520</b>	<b>182</b>	<b>24,683</b>	<b>141,014</b>	<b>17,183</b>	<b>2,945</b>	<b>84,308</b>	<b>270,133</b>	<b>1,039,917</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.

**3. Budget Stabilization Arrangements**

In accordance with the City's Financial Policies (as amended by Ordinance 2018-390), 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 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 pay-as-you-go (PAYGO) capital expenditures. These amounts are included in the General Fund's Unassigned Fund balance. On August 30, 2017, Ordinance 2017-667 was passed authorizing the appropriation of \$20 million from the Budget Stabilization Fund to the Disaster Recovery Fund for immediate relief during the Hurricane Harvey disaster. As of June 30, 2020, \$20 million has been replenished to the Budget Stabilization Fund. On April 1, 2020, Ordinance 2020-276 was passed authorizing the appropriation of \$5 million from the Budget Stabilization Fund to the "COVID-19 Disaster" Fund for expenditures related to the public health emergency response efforts for COVID-19.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**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 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 (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 (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 of additional hours 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. As noted above, classified police officers are covered by a paid time off plan.

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.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**I. Estimates**

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

**J. 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.

**K. New Accounting Pronouncements**

In June 2017, the GASB issued Statement No. 87, "Leases". This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019 (FY2021). The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2018, the GASB issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and will simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption. This statement has been postponed due to GASB 95.

In August 2018, the GASB issued Statement No. 90, "Majority Equity Interests". This statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. The City has determined that GASB No. 90 is not applicable to its CAFR.

In May 2019, the GASB issued Statement No. 91, "Conduit Debt Obligations". This statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In January 2020, the GASB issued Statement No. 92, "Omnibus 2020". This statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this statement are effective for reporting periods beginning after June 15, 2020. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In March 2020, the GASB issued Statement No. 93, "Replacement of Interbank Offered Rates". This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this statement are effective for reporting periods ending after December 31, 2021. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In March 2020, the GASB issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". This Statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In May 2020, the GASB issued Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance". This Statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 or later.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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

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

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

Balances at June 30, 2020 were (in thousands):

Deferred outflows of resources	\$	1,043,353
Deferred inflows of resources		<u>(505,620)</u>
		<u>\$ 537,733</u>
Internal Service Fund total assets	\$	93,727
Internal Service Fund liabilities		(50,163)
Allocation to Proprietary Funds		<u>(6,848)</u>
		<u>\$ 36,716</u>
Bonds and notes payable	\$	(3,751,545)
Arbitrage rebate payable		(605)
Accrued interest		(54,114)
Compensated absences not reported at the fund level		(480,700)
Claims and judgments not reported at the fund level		(131,521)
Net pension liability		(4,267,411)
Other post employment benefits obligation		<u>(2,013,883)</u>
		<u>\$ (10,699,779)</u>

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

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

Balances at June 30, 2020 were (in thousands):

Debt issued:		
Public Improvement Bonds	\$	(493,315)
Commercial paper	\$	(116,900)
Section 108 loans		(14,475)
		<u>\$ (624,690)</u>
Principal payments	\$	228,668
Payment to escrow		552,367
Premium on refunding		(61,685)
		<u>\$ 719,350</u>
Amortization of:		
Premium	\$	17,077
Deferred loss		10,842
Net adjustment		<u>\$ 27,919</u>
Total	\$	<u>122,579</u>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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	\$	26,411
Ambulance fees earned but not available		80,510
Fines and forfeits earned but not available		2,926
Other (primarily storm water drainage fees) earned but not available		<u>93,194</u>
Total revenue not reported at fund level	<u>\$</u>	<u>203,041</u>
Property taxes for prior periods	\$	(25,720)
Ambulance fees for prior periods		(72,666)
Fines and forfeits for prior periods		(3,430)
Other (primarily storm water drainage fees) earned but not available		<u>(82,573)</u>
Total revenue for prior period transactions	<u>\$</u>	<u>(184,389)</u>
Accrued interest	\$	159
Municipal Employees pension		(227,732)
Police Officers' pension		(265,585)
Firefighters' pension		(290,664)
Claims and judgments		(19,191)
Deferred inflow from pensions		135,719
Deferred outflow from pensions		205,938
Compensated absences		(15,898)
Arbitrage		(235)
Other post employment benefits		<u>(20,457)</u>
Total differences in accrued expenses	<u>\$</u>	<u>(497,946)</u>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 3: DEPOSITS AND INVESTMENTS**

**A. Deposits**

The City's 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 and 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 follows.

	Pooled Cash and Cash Equivalents	Pooled Investments	Total Pooled Cash and Investments	Non-Pooled Cash	Non-Pooled Investments	Total Cash and Investments
<b>Governmental Funds:</b>						
General	\$ 166,736,231	\$ 120,467,320	\$ 287,203,551	\$92,361	\$ -	\$ 287,295,912
Debt Service	90,545,970	62,473,036	153,019,006	29,607	5,220,580	158,269,193
CARES Act Fund	365,927,438	-	365,927,438	-	-	365,927,438
Capital Projects	69,776,137	202,541,801	272,317,938	-	-	272,317,938
Grants	43,784,417	66,407,881	110,192,298	1,000	-	110,193,298
Non-major:						
Health and Housing	5,210,260	12,701,153	17,911,413	-	-	17,911,413
Other Special Revenue	21,928,970	62,211,212	84,140,182	-	-	84,140,182
Parks and Recreation	1,365,846	2,774,160	4,140,006	4,650	-	4,144,656
Public Safety	8,145,904	20,150,771	28,296,675	-	-	28,296,675
Public Works	30,583,191	124,617,069	155,200,260	2,100	-	155,202,360
<b>Enterprise Funds:</b>						
Airport System	353,283,655	1,047,037,571	1,400,321,226	54,582,024	-	1,454,903,250
Convention & Entertainment	20,751,588	67,897,519	88,649,107	-	-	88,649,107
Combined Utility	483,896,032	1,458,555,637	1,942,451,669	30,603	-	1,942,482,272
<b>Internal Service:</b>						
Health Benefits	24,725,230	58,756,275	83,481,505	-	-	83,481,505
Long-term Disability	2,438,432	7,420,383	9,858,815	-	-	9,858,815
<b>Agency:</b>						
City Deposits	32,530	99,625	132,155	-	-	132,155
TIRZ Deposits	3,960,073	11,594,431	15,554,504	-	-	15,554,504
Trust Fund	-	-	-	244,195	5,726,318	5,970,513
Total	<u>\$ 1,693,091,904</u>	<u>\$ 3,325,705,844</u>	<u>\$ 5,018,797,748</u>	<u>\$ 54,986,540</u>	<u>\$ 10,946,898</u>	<u>\$ 5,084,731,186</u>

**B. Investments and Risk Disclosures**

The following describes the investment positions of the City's operating funds as of June 30, 2020. The City held \$4.8 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 City's Investment Policy, which dictates the following objectives, in order of priority:

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



**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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

**1. General Investment Pool**

The General Investment Pool consists of all working capital, construction, and debt service funds not subject to yield restriction under 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 98.5% of the City's total pooled investable funds are held in this portfolio.

<b>City of Houston Investments As of June 30, 2020</b>	<b>Credit Quality Ratings (1)(2)</b>	<b>Fair Value (\$ in millions)</b>	<b>WAM* (years)</b>
U.S. Treasury Securities	AAA	\$ 1,715.83	1.121
Govt. Agency Securities (3)	AAA	874.98	2.473
Govt. Agency Securities (State of Israel Bond)	AA	10.00	1.088
Govt. Agency Securities (3) (4)	Not Rated	498.28	2.706
Govt. Mortgaged Backed Securities (3) (4)	Not Rated	3.40	1.251
MMF - TexSTAR Cash Reserves	AAA Short Term	681.39	0.085
Commercial Paper	A-1/P-1 Short Term	619.50	0.260
Municipal Securities	AAA Long Term	199.70	1.861
Municipal Securities	AA Long Term	192.08	1.824
Total Investments		<u>\$ 4,795.16</u>	

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

- (1) Fitch Ratings Inc. has assigned an AAA credit quality rating and S1 volatility rating to the City's General Investment Pool. The AAA signifies the highest level of credit protection, and the S1 rating signifies volatility consistent with a portfolio of government securities maturing from one to three years.
- (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.
- (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 City's investment policy limits this investment portfolio's dollar-weighted average maturity to 2.5 years maximum. As of June 30, 2020, this investment portfolio's dollar-weighted average maturity was 1.33 years. Modified duration was 1.23 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 1.23 years would experience approximately a 1.23% 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 City's 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 with the exception of 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 15%.

*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, 2020 there were no securities lending agreements outstanding.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

*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, 2020, none of the City's investments in the General Investment Pool 9900 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 pool investments are limited by policy to US dollar denominated investments and not subject to this risk.

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

	<b>Fair Value Measurements Using (\$ in millions)</b>			
	<b>Quoted prices</b>	<b>Other significant observable inputs</b>	<b>Significant observable inputs</b>	
	<b>6/30/20</b>	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
<b>Investments by fair value level</b>				
U.S. Treasury Securities	\$ 1,715.83	\$ 1,715.83	\$ -	\$ -
Govt. Agency Securities	1,373.26	-	1,373.26	-
Govt. Agency Securities (Sate of Israel bd)	10.00	-	-	10.00
Govt. Mortgage Backed Securities	3.40	-	3.40	-
Municipal Securities	391.78	-	391.78	-
Commercial Paper	619.50	-	619.50	-
<b>Total Investment by Fair Value Level</b>	<b>\$ 4,113.77</b>	<b>\$ 1,715.83</b>	<b>\$ 2,387.94</b>	<b>\$ 10.00</b>
<b>Investments measured at the net asset value (NAV)</b>				
MMF - TexSTAR Cash Reserves	\$ 681.39	\$ -	\$ 681.39	\$ -
<b>Total investments measured at the net asset value (NAV)</b>	<b>\$ 681.39</b>	<b>\$ -</b>	<b>\$ 681.39</b>	<b>\$ -</b>
<b>Total investments measured at fair value and NAV</b>	<b>\$ 4,795.16</b>	<b>\$ 1,715.83</b>	<b>\$ 3,069.33</b>	<b>\$ 10.00</b>

**Security Valuation Disclosure:**

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 & 3 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Pricing Sources: IDC for municipal securities and Reuters for all else.

TexSTAR uses the fair value method to report its investments. 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.

**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.

<b>City of Houston</b>	<b>Credit Quality</b>	<b>Fair Value</b>	<b>WAM</b>
<b>Investments As of June 30, 2020</b>	<b>Ratings</b>	<b>(\$ in millions)</b>	
Municipal Securities	AAA Long Term	\$ 7.80	522 days

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**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 City's investment policy limits this pool's dollar-weighted average maturity to 1.5 years. As of June 30, 2020, the pool's dollar-weighted average maturity was 522 days or 1.431 years. Modified duration was 1.343 years.

*Credit Risk.* The City's 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, 2020, 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 US dollar denominated and not subject to foreign currency risk.

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

	<b>Fair Value Measurements Using (\$ in millions)</b>			
	<b>6/30/20</b>	<b>Quoted prices (Level 1)</b>	<b>Other significant observable inputs (Level 2)</b>	<b>Significant observable inputs (Level 3)</b>
<b>Investments by fair value level</b>				
Municipal Securities	\$ 7.80	\$ -	\$ 7.80	\$ -
<b>Total Investment by Fair Value Level</b>	<b>\$ 7.80</b>	<b>\$ -</b>	<b>\$ 7.80</b>	<b>\$ -</b>

**Security Valuation Disclosure:**

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Pricing Sources: IDC for municipal securities and Reutoers for all else.

**3. Housing Department Section 108 Pool**

The Housing Department Pool was created to comply with rules of the US 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.

<b>City of Houston Investments As of June 30, 2020</b>	<b>Credit Quality Ratings</b>	<b>Fair Value (\$ in millions)</b>	<b>WAM</b>
U.S. Treasury Bills	F1+	\$ 8.00	11 days

**Risk Disclosures:**

*Interest Rate Risk.* In order to ensure the ability of the City to meet obligations and to minimize potential fair value losses arising from rising interest rate environments, the City's investment policy limits this investment portfolio's dollar-weighted average stated maturity to six months maximum. As of June 30, 2020, this investment portfolio's dollar-weighted average stated maturity was 11 days. Modified duration was 0.031 years.

*Credit Risk.* The HUD Pool consists only of U.S. Treasury Bills with maturities less than six months. HUD requires that investment of these funds must be in direct obligations of the United States Government. The City's investment policy limits investments in the HUD Pool to high quality U.S. Treasury Bill Securities, with maximum maturity of six months.

*Custodial Credit Risk.* As of June 30, 2020 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 US dollar denominated and not subject to foreign currency risk.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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

	<u>Fair Value Measurements Using (\$ in millions)</u>			
	<u>6/30/20</u>	<u>Quoted prices (Level 1)</u>	<u>Other significant observable inputs (Level 2)</u>	<u>Significant observable inputs (Level 3)</u>
<b>Investments by fair value level</b>				
Debt Securities				
U.S. Treasury Bills	\$ 8.00	\$ 8.00	\$ -	\$ -
<b>Total Investment by Fair Value Level</b>	<b><u>\$ 8.00</u></b>	<b><u>\$ 8.00</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

**Security Valuation Disclosure:**

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Pricing Sources: IDC for municipal securities and Reutoers for all else.

**4. Miscellaneous Money Market Accounts**

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

<u>City of Houston Investments As of June 30, 2020</u>	<u>Credit Quality Ratings</u>	<u>Fair Value (\$ in millions)</u>	<u>WAM</u>
BlackRock Institutional Temporary Liquidity Fund: Balances held for Consolidated Rental Car Facility operations, improvements, debt service	AAA	\$ 54.572	40 days
JP Morgan US Treasury Securities Money Market Fund: Balances held for auction bonds debt service	AAA	-	0 days
First American US Treasury Money Market Fund: Balances held for commercial paper debt service	AAA	0.190	48 days
Total Miscellaneous Money Market Funds		<u>\$ 54.762</u>	

**Risk Disclosures:**

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

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

*Custodial Credit Risk.* As of June 30, 2020, 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 US dollar denominated and not subject to foreign currency risk.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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

	<b>Fair Value Measurements Using (\$ in millions)</b>			
		<b>Quoted prices (Level 1)</b>	<b>Other significant observable inputs (Level 2)</b>	<b>Significant observable inputs (Level 3)</b>
	<b>6/30/20</b>	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
<b>Investments measured at the net asset value (NAV)</b>				
BlackRock FedFund-Institutional	\$ 54.572	\$ -	\$ 54.572	\$ -
First American US Treasury MMF	0.190	-	0.190	-
<b>Total investment measured at the net asset value (NAV)</b>	<b>\$ 54.762</b>	<b>\$ -</b>	<b>\$ 54.762</b>	<b>\$ -</b>

**Security Valuation Disclosure:**

Security fair value levels are established on a security by security basis. Matrix pricing, market corroborated pricing inputs such as yield curve and indices; often includes fixed income bonds, over the counter swaps, and other derivatives. These can also include securities priced using quoted prices for similar assets or liabilities in active markets and quoted prices for similar assets or liabilities in markets that are not active.

**5. Houston Foundation**

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

<b>Investments As of June 30, 2020</b>	<b>Ratings</b>	<b>(\$ in millions)</b>	<b>(years)</b>
Cash and Equivalents	Not rated	\$ 0.087	N/A
Fixed Income	Not rated	0.746	2.11
Equities	N/A	3.276	N/A
Tangible Assets	N/A	0.025	N/A
Total Assets		\$ 4.134	

**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 average maturities equal to or less than 11.37 years. The weighted average maturity for the fixed income portfolio is 2.11 years, and the weighted average duration is 1.57 years.

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

*Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City of Houston 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, 2020 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 Houston Foundation are subject to this risk to the extent that the corporations held have not fully hedged their foreign currency dealings.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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

	<b>Fair Value Measurements Using (\$ in millions)</b>			
	<b>6/30/20</b>	<b>Quoted prices (Level 1)</b>	<b>Other significant observable inputs (Level 2)</b>	<b>Significant observable inputs (Level 3)</b>
<b>Investments by fair value level</b>				
Cash and Equivalents	\$ 0.0868	\$ 0.0868	\$ -	\$ -
Fixed Income	0.7462	0.2878	0.4584	-
Equities	3.2760	1.4931	1.7829	-
Tangible Assets	0.0247	-	-	0.0247
<b>Total Investment by Fair Value Level</b>	<b>\$ 4.134</b>	<b>\$ 1.868</b>	<b>\$ 2.241</b>	<b>\$ 0.025</b>

**Security Valuation Disclosure:**

Domestic equity securities and investment companies are valued at the last sale price on the principal exchange on which they trade, except for securities traded on the NASDAQ, which are valued at the NASDAQ official close price. Unlisted securities or listed securities for which there were no sales during the day are valued at the closing bid price on such exchanges or over-the-counter markets.

Foreign securities are generally valued at last price on the foreign exchange or market on which they trade. If any foreign share prices are not readily available as a result of limited share activity, the securities are valued at the last sale price of local shares in the principal market in which such securities are normally traded.

Securities, if any, for which market quotations are not readily available, or that have quotations which the Trustee believes are not reliable, are valued at fair value as determined in good faith by procedures approved by the Trustee. If a security is valued at fair value, such value is likely to be different from the last quoted market price for the security. The determination of fair value often requires significant judgment. To determine fair value, the Trustee may use assumptions including but not limited to future cash flows and estimated risk premiums. Multiple inputs from various sources may be used to determine value.

**6. Investments – Houston Municipal Employees Pension System (the System)**

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

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

The Board shall manage the investment program of the System in compliance with all applicable Federal and State statutes and regulations concerning the investment of pension assets. The Board has adopted an Investment Policy Statement to set forth the factors involved in the management of investment assets for the System and which is made part of every investment management agreement.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

The fair values of the System's investments at June 30, 2020, are presented by type, as follows:

Short-term investment funds	\$ 34,311,312
Government securities	46,656,593
Corporate bonds	211,420,667
Capital stocks	602,367,728
Commingled funds	608,647,710
Real estate	322,647,945
Alternative investments	<u>1,034,098,032</u>
Total investments	<u>\$ 2,860,149,987</u>

*Custodial Credit Risk.* For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the System 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 risk if the securities are uninsured, are not registered in the name of the System, and are held by either the counterparty or the counterparty's trust department or agent but not in the System's name.

*Concentration Risk.* The allocation of assets among various asset classes is set by the Board. For major asset classes (e.g., global equity, fixed income, real estate, private equity, inflation-linked, absolute return and private credit), the System 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 Policy Statement of the System provides that no public market investment manager shall have more than 20.0% (at fair value) of the System's assets.

Representative guidelines by type of investment are disclosed in the System's separately issued financial statements.

As of June 30, 2020, across all asset classes, the System held two securities with a market value over 5.0% of the System's fiduciary net position. One security, BlackRock MSCI ACWI Minimum Volatility Index, had a fair value of \$219 million, representing 7.6% of the System's portfolio as of June 30, 2020. This investment also exceeded the 5% threshold last year. The second security, Blackrock Equity Index Fund A, had a fair value of \$153 million, representing 5.4% of the portfolio.

At June 30, 2020, the following table shows the System's investments by type, amount and the effective duration rate.

	<u>Effective Duration</u>	<u>Domestic</u>	<u>International</u>	<u>Fair Value</u>
Collateralized mortgage obligations	9.1	\$ 10,527,588	\$ -	\$ 10,527,588
Convertible bonds	5.4	2,230,968	-	2,230,968
Corporate bonds	5.9	138,082,395	18,616,354	156,698,749
GNMA/FNMA/FHLMC	1.6	27,662,017	-	27,662,017
Municipal	7.1	800,995	-	800,995
Government issues	10.7	18,193,581	-	18,193,581
Misc. receivable (auto/credit card)	1.3	8,116,379	-	8,116,379
Other ABS	4.4	2,120,881	-	2,120,881
Bank Loan <sup>1</sup>	N/A	<u>31,726,102</u>	-	<u>31,726,102</u>
Total		<u>\$ 239,460,906</u>	<u>\$ 18,616,354</u>	<u>\$ 258,077,260</u>

<sup>1</sup> The bank loan market, or "leveraged loan" market as it is sometimes known, comprises debt with below investment grade credit ratings. Bank loans generally rank senior to the company's other debt, and offer higher credit ratings, and less risk than high yield bonds. Bank loans typically use floating rather than fixed interest rates. Companies often access this market to fund leveraged buyouts.

*Credit Risk.* The quality ratings of investments in fixed income securities are set forth in the Investment Policy Statement.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at June 30, 2020 are as follows:

Quality Rating	Asset Backed Securities	Corp Bonds & Bank Loans	CMO	US Gov't Agencies	Gov't Issues	Municipals	TOTAL	% of Holdings
AAA	7,213,355	-	22,930	-	-	459,985	\$ 7,696,270	0.27%
AA	-	-	-	-	-	341,010	341,010	0.01%
A	-	10,357,024	-	-	-	-	10,357,024	0.36%
BBB	-	38,023,606	-	-	-	-	38,023,606	1.33%
BB	-	40,825,151	-	-	-	-	40,825,151	1.43%
B	-	38,178,487	-	-	-	-	38,178,487	1.33%
CCC	-	22,543,574	-	-	-	-	22,543,574	0.79%
CC	-	1,586,875	-	-	-	-	1,586,875	0.06%
C	-	220,575	-	-	-	-	220,575	0.01%
D	-	180,909	-	-	-	-	180,909	0.01%
NA*	3,023,906	38,739,617	10,504,658	27,662,017	18,193,581	-	98,123,779	3.43%
Total Fixed Securities	\$ 10,237,261	\$ 190,655,818	\$ 10,527,588	\$ 27,662,017	\$ 18,193,581	\$ 800,995	\$ 258,077,260	9.03%
Other Investments							2,602,072,727	90.97%
Total Investments							\$ 2,860,149,987	100.00%

\*NA = Not Available

*Foreign Currency Risk.* International securities investment managers are expected to maintain diversified portfolios by sector and by issuer using the System's 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.

The System has an indirect exposure to foreign currency fluctuation as of June 30, 2020 as follows:

	Fair Value
Australian Dollar	\$ 9,521,947
Brazilian Real	1,362,131
Canadian Dollar	9,064,015
Chilean Peso	332,605
Danish Krone	2,857,447
Euro Currency	102,018,566
Hong Kong Dollar	16,091,743
Hungarian Forint	141,587
Indonesian Rupiah	1,523,531
Japanese Yen	43,308,014
Malaysian Ringgit	-
Mexican Peso	828,308
New Israeli Sheqel	58,909
New Taiwan Dollar	5,614,730
Norwegian Krone	219,468
Philippine Peso	298,614
Polish Zloty	435,129
Pound Sterling	28,527,832
Singapore Dollar	1,662,459
South African Rand	4,292,229
South Korean Won	4,813,875
Swedish Krona	12,047,706
Swiss Franc	15,392,412
Thailand Baht	(1,656)
Turkish Lira	1,098,216
	<u>\$ 261,509,817</u>



**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

The System has adopted the provisions of GASB Statement 72 and fully disclosed in the notes to the financial statements the fair value hierarchy and the methods of valuing the related investments as required under the generally accepted accounting principles. A summary of the hierarchy is as follows:

Houston Municipal Employees Pension System had some of their short term investments measured at cost. For fiscal year 2020, the amount was \$34,311,000.00.

Level 1 inputs are quoted prices in active markets for identical assets	\$ 599,033
Level 2 inputs are significant other observable inputs	250,419
Level 3 inputs are significant unobservable inputs	10,724
Short Term Investments at cost	34,311
Investments measured at net asset value	<u>1,965,394</u>
Total Investments	<u>\$ 2,859,881</u>

*Alternative Investments* – As of June 30, 2020, the System was invested in commingled funds, limited partnerships, real estate trusts, and loans and mortgage funds.

**7. Investments – Houston Firefighters’ Relief and Retirement Fund (the Fund)**

Statutes of the State of Texas authorize the Fund 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. The Board seeks to produce a return on investments that is based on prudent and reasonable investment risk and the cash flow requirements of the Fund given prevailing economic and capital market conditions. While the 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.

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

The fair values of the Fund’s investments as of June 30, 2020 by type are as follows:

Short-Term Investment Funds	\$ 135,286,804
Fixed Income-Government Securities	189,341,116
Fixed Income-Corporate Bonds	808,094,245
Fixed Income-Convertibles	1,565,388
Common Equity	1,577,160,302
Preferred Equity	588,527
Hedge Funds:	
Equity Hedge Funds	10,264,136
Global Macro Hedge Fund	177,992,085
Multi-Strategy FOHFs	835,416
Private Equity:	
Buyout Partnerships/Funds	445,851,886
Co-Investments	33,082,319
Credit Partnerships/Funds	59,407,632
Distressed Debt Partnerships/Funds	89,476,008
Direct Investments	1,075,000
Infrastructure Partnerships/Funds	39,194,195
Secondary Partnerships/Funds	142,547,205
Special Situations Investments	46,460,188
Venture Capital Partnerships/Funds	95,831,164
Real Estate	230,010,788
Total Investments	<u>\$ 4,084,064,404</u>

*Custodial credit risk.* Portions of the Fund’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.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

Custodial credit risk disclosures relate to securities. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are (i) uninsured, (ii) not registered in the name of the Fund, and (iii) are held by either the counterparty or the counterparty's trust department or agent but not in the Fund's name. At June 30, 2020 and 2019 the Fund'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 the Fund's investment in a single issue. The allocation of assets among various asset classes is set by the Board with the objective of optimizing the investment return of the Fund 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), the Fund 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 are disclosed in the Fund's separately issued financial statements.

As of June 30, 2020, more than 5% of the Fund's net assets are in the Mellon Dynamic U.S. Equity Fund (8.36%), Mellon ACWI Ex-U.S. Fund (7.73%), KKR Global Credit Opportunities Fund (7.45%), Mellon Dynamic ex-U.S. Equity Fund (7.14%), BlackRock Russell 3000 Fund (6.41%), and Mellon Broad Market Stock Index Fund (5.46%). As of June 30, 2019, more than 5% of the Fund's net assets were in the MCM ACWI Ex-U.S. Fund (12.85%), MCM Broad Market Stock Index Fund (8.92%), MCM Dynamic U.S. Equity Fund (8.07%), KKR Global Credit Opportunities Fund (7.37%), and BlackRock Russell 3000 Fund (5.83%).

*Interest rate risk.* The Fund 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 the Fund's Investment Policy.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Interest rate risk is the greatest risk faced by an investor in the fixed income market. The price of a fixed income security typically moves in the opposite direction of the change in interest rates. The weighted average maturity expresses investment time horizons (when the investment comes due and payable) in years, weighted to reflect the dollar size of individual investments within the investment type. The Fund 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, 2020, the following table shows the Fund's investments by type, with weighted average maturity and fair value:

	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
Commingled Funds	3.80	\$ 305,622,282
Non-U.S. Collateralized	20.39	409,210
Non-U.S. Convertibles	29.52	398,054
Non-U.S. Corporate	6.67	76,999,214
Taxable Municipals	19.33	21,886,475
TIPS	8.05	10,022,697
U.S. Agencies	27.68	55,664,963
U.S. Collateralized	24.13	13,865,108
U.S. Convertibles	8.63	1,167,334
U.S. Corporate	8.24	411,198,431
U.S. Treasuries	9.18	101,766,981
Total Fixed Income Securities		<u>\$ 999,000,749</u>

*Credit risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund 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.

*Foreign currency risk.* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Realized and unrealized gains and losses on investments which result from changes in foreign currency exchange rates have been included in the net appreciation (depreciation) in fair value of investments. The Fund'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 the Fund's Investment Policy Statement.

The Fund's exposure to foreign currency fluctuation as of June 30, 2020 is as follows:

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

	<u>Fair Value</u>	<u>Percentage of Holdings</u>
Euro Currency Unit	\$ 89,364,373	2.19%
Swiss Franc	92,934	0.00%
Norwegian Krone	444	0.00%
Japanese Yen	236	0.00%
New Zealand Dollar	-	-
Canadian Dollar	-	-
Total securities subject to foreign currency risk	<u>\$ 89,457,987</u>	<u>2.19%</u>

The Fund's exposure to investment credit risk in fixed income securities (which includes government securities, corporate bonds, convertibles) as of June 30, 2020 is as follows:

<u>Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Holdings</u>
AGY	\$ 55,664,963	1.36%
AAA	36,098,928	0.88%
AA1	13,339,391	0.33%
AA2	911,594	0.02%
AA3	16,756,859	0.41%
A1	38,767,876	0.95%
A2	56,276,665	1.37%
A3	78,654,418	1.92%
BAA1	93,867,048	2.29%
BAA2	51,391,013	1.25%
BAA3	39,459,068	0.96%
BA1	4,451,340	0.11%
BA2	6,106,544	0.15%
BA3	3,816,118	0.09%
B1	2,232,064	0.05%
B2	3,345,505	0.08%
B3	2,468,501	0.06%
B	305,622,282	7.46%
CAA1	2,620,178	0.06%
CAA2	568,267	0.01%
CAA3	-	0.00%
CA	67,175	0.00%
C	19,073	0.00%
DEF	2,506	0.00%
Not rated	74,703,696	1.82%
Total credit risk debt securities*	<u>\$ 887,211,072</u>	<u>21.63%</u>

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

The provisions of GASB Statement 72 and fully disclosed in the notes to the financial statements the fair value hierarchy and the methods of valuing the related investments as required under the generally accepted accounting principles. A summary of the hierarchy is as follows:

Level 1 inputs are quoted prices in active markets for identical assets	\$ 271,360,801
Level 2 inputs are significant other observable inputs	509,057,597
Level 3 inputs are significant unobservable inputs	2,245,000
Investments measured at net asset value	<u>3,301,401,006</u>
Total Investments	<u>\$ 4,084,064,404</u>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

*Alternative Investments* – As of June 30, 2020, the System was invested in various private equity funds and hedge funds as detailed in the table below.

<u>Investment Type</u>	<u>Fair Value (\$000's)</u>
Private Equity	\$ 952,925,597
Hedge Funds	189,091,637
Total	<u>\$ 1,142,017,234</u>

**8. Investments – Houston Police Officers’ Pension (the System)**

**Summary of Significant Accounting Policies**

Statutes of the State of Texas authorize the System 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 the System is responsible for the management and administration of the funds of the System and shall determine the procedure it finds most efficient and beneficial for the management of the reserve fund of the System. The governing body may directly manage the investments of the System or may choose and contract for professional investment management services. Investments are reported at fair value in accordance with GASB 72, Fair Value Measurement and Application, which defines fair value, establishes a framework for measuring fair value, and establishes disclosures about fair value measurements.

*Custodial Credit Risk for Deposits and Investments.* Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the System will not be able to recover the value of the investment or collateral in possession of the counterparty. The System does not have an investment policy regarding custodial credit risk. The System considers only demand deposits as cash. As of June 30, 2020 and June 30, 2019, the System had a balance of \$482 thousand and \$239 thousand, respectively, on deposit at a financial institution. The Federal Depository Insurance Corporation (FDIC) covered cash on deposit up to \$250 thousand at this financial institution. Therefore, as of June 30, 2020, \$232 thousand of the System’s bank balance of \$482 thousand was exposed to custodial credit risk. At June 30, 2020, the System did not have any other investments with other financial institutions subject to custodial credit risk.

*Credit Risk.* As of June 30, 2020 and 2019, the System’s fixed income assets that are not U.S. government guaranteed represented 96.2% and 94.2%, respectively, of the System’s fixed income plus short term investments portfolio. The tables below and on the following page summarize the System’s fixed income portfolio and short term investment exposure levels and credit qualities as of June 30, 2020 and 2019.

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

<u>Fixed Income Security Type</u>	<u>Fair Value (\$000's)</u>	<u>Percent of Total</u>	<u>Weighted Average Credit Quality</u>
Corporate Bonds	\$ 211,321	13.7 %	BB
Mutual Bond Funds	454,871	29.5	Not Rated
Short Term Investment Funds	876,504	56.8	Not Rated
Total	<u>\$ 1,542,696</u>	<u>100.0 %</u>	

**Ratings Dispersion Detail  
(\$000's)**

<u>Credit Rating Level</u>	<u>Corporate Bonds</u>	<u>Mutual Bond Funds</u>	<u>Short Term Investment Funds</u>
BBB	\$ 12,966	\$ -	\$ -
BB	123,621	-	-
B	63,015	-	-
CCC	8,954	-	-
D	232		
NR	2,533	454,871	876,504
Total	<u>\$ 211,321</u>	<u>\$ 454,871</u>	<u>\$ 876,504</u>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

The System's 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 System staff.

Credit risk for derivative instruments held by the System results from counterparty risk, which is essentially that the counterparty will be unable to fulfill its obligations, which are then assumed by the System. Information regarding the System's credit risk related to derivatives is found under the derivatives disclosures.

Policies regarding credit risk pertaining to credit risk associated with the System's securities lending program are found under the securities lending disclosures.

*Concentration of Credit Risk.* The System's 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 both June 30, 2020 and 2019, the System did not have any single investment in any one organization which represented greater than 5% of plan net position.

*Interest Rate Risk.* Interest rate risk is managed within the portfolio using the modified duration methodology. It is widely used in the management of fixed income portfolios and estimates the sensitivity of a bond's price to interest rate changes. The System's 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 the System's 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, 2020, found in the tables below quantify the interest rate risk of the System's fixed income and short term investments.

**Modified Duration by Security Type**

<u>Security Type</u>	<u>Fair Value (\$000's)</u>	<u>Percent of Total</u>	<u>Weighted Average Modified Duration (years)</u>
US Treasuries	\$ 61,593	3.8%	0.1
Corporate Bonds	211,321	13.2	4.3
Mutual Bond Funds	454,871	28.4	8.5
<u>Short Term Investment Funds</u>	<u>876,504</u>	<u>54.6</u>	<u>0.1</u>
Total	<u>\$ 1,604,289</u>	<u>100.0%</u>	

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**Modified Duration Analysis by Security Type**

<u>U.S. Treasuries</u>	<u>Fair Value (\$000's)</u>	<u>Average Modified Duration</u>	<u>Contribution to Modified Duration</u>
Less than 1 year	\$ 61,593	0.1	0.1
<u>Corporate Bonds</u>			
Less than 1 year	\$ 5,523	0.7	0.0
1 to 5 years maturities	126,349	3.4	2.0
5 to 10 years maturities	67,082	5.5	1.7
Greater than 10 years maturities	12,367	9.9	0.6
<u>Total</u>	<u>\$ 211,321</u>		
<u>Mutual Bond Funds</u>			
Less than 1 year	\$ 30,247	8.5	0.6
1 to 5 years maturities	213,434	8.5	2.0
5 to 10 years maturities	106,847	8.5	1.7
Greater than 10 years maturities	104,343	8.5	0.6
<u>Total</u>	<u>\$ 454,871</u>		
<u>Short Term Investment Funds</u>			
Less than 1 year	\$ 840,011	0.1	0.1
1 to 5 years maturities	36,493	0.1	0.0
<u>Total</u>	<u>\$ 876,504</u>		

*Foreign Currency Risk.* The books and records of the System are maintained in US dollars. Foreign currencies and non-US dollar denominated investments are translated into US dollars at the bid prices of such currencies against US 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 the System 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, 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.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

The System's exposure to foreign currency risk in U.S. dollars as of June 30, 2020, is shown in the table below.

**Foreign Currency Exposure by Asset Class (\$000's)**

Currency	Investments	Fixed Income	Equities	Investments	Total
Japanese yen	\$ -	\$ -	\$ 172,656	\$ -	\$ 172,656
Chinese yuan renminbi	-	-	121,308	-	121,308
Euro	(108,737)	-	218,414	2,756	112,433
Canadian dollar	36,514	-	68,413	-	104,927
Swiss franc	-	-	69,935	-	69,935
Australian dollar	-	-	45,692	6,855	52,547
British pound sterling	(49,975)	-	95,730	-	45,755
New Taiwan dollar	-	-	36,365	-	36,365
South Korean won	-	-	34,306	-	34,306
Indian rupee	-	-	23,800	-	23,800
Hong Kong dollar	-	-	23,274	-	23,274
Swedish krona	-	-	20,744	-	20,744
Danish krone	-	-	15,905	-	15,905
Brazilian real	-	-	15,211	-	15,211
South African rand	-	-	11,085	-	11,085
Russian ruble	-	-	9,490	-	9,490
Saudi riyal	-	-	7,968	-	7,968
Singapore dollar	-	-	7,596	-	7,596
Thai baht	-	-	6,772	-	6,772
Malaysian ringgit	-	-	5,257	-	5,257
Mexican peso	-	-	5,096	-	5,096
Indonesian rupiah	-	-	4,348	-	4,348
New Israeli shekel	-	-	4,254	-	4,254
Norwegian krone	-	-	3,499	-	3,499
Phillipine peso	-	-	2,569	-	2,569
Qatari riyal	-	-	2,469	-	2,469
New Zealand dollar	-	-	2,273	-	2,273
Polish zloty	-	-	2,151	-	2,151
Chilean peso	-	-	1,687	-	1,687
United Arab Emirates dirham	-	-	1,530	-	1,530
Turkish lira	-	-	1,403	-	1,403
Peruvian nuevo sol	-	-	732	-	732
Hungarian forint	-	-	652	-	652
Colombian peso	-	-	541	-	541
Argentine austral	-	-	399	-	399
Egyptian pound	-	-	334	-	334
Czech koruna	-	-	318	-	318
Pakistan rupee	-	-	31	-	31
Total	<u>\$ (122,198)</u>	<u>\$ -</u>	<u>\$ 1,044,207</u>	<u>\$ 9,611</u>	<u>\$ 931,620</u>

*Securities Lending Program.* The System's Board of Trustees' policies permit the System to lend securities (domestic and international equities and fixed income) to securities firms on a temporary basis through its custodian bank. The System 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. The System's bank pools all collateral received from securities lending transactions and invests any cash collateral. The System holds an undivided share of the collateral provided by the borrowers of the securities. At June 30, 2020 the weighted-average maturity of the collateral pool was 31 days. The relationship between the maturities of the collateral pool and the System's loans has not been determined. Cash collateral invested in the custodian bank collateral pool at June 30, 2020 and 2019, was \$34,741 thousand and \$64,316 thousand, respectively. The System also had non-cash collateral at June 30, 2020 and 2019, of \$722 thousand and \$6,096 thousand respectively, consisting of treasury securities and letters of credit. The System cannot sell or pledge the collateral unless the borrower fails to return the securities borrowed.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

The fair value of securities on loan at June 30, 2020 and 2019 was \$34,933 thousand and \$69,133 thousand, respectively. At June 30, 2020, the System had no credit risk exposure to borrowers because the amounts the System owes the borrowers, \$35,463 thousand, exceeds the amounts the borrowers owe the System, \$34,933 thousand.

*Derivatives.* The System's investment managers may invest in derivatives if permitted by the guidelines established by the System's Board of Trustees. The System's staff monitors guidelines and compliance. From time to time the System's 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.

The fair value balance of posted margin and collateral and notional amounts of derivative instruments outstanding at June 30, 2020, classified by type, and the changes in fair value of such derivative instruments for the year then ended is shown in the table below. The Change in Fair Value figures are reported as a component of net appreciation (depreciation) in the Statement of Changes in Fiduciary Net Position.

**Fair Value (\$000's) at June 30, 2020**

(\$000's)	Year ending June 30, 2020		As of June 30, 2020		
	Changes in Fair Value	Posted Margin	Collateral Held at Custodian Bank	Collateral Held at Broker	Notional Value
Equity Futures	\$ (73,422)	\$ 94,788	\$ 592,396	\$ -	\$ 1,009,647
Currency Futures	3,617	(477)	62,305	-	(124,185)
Fixed Income Futures	1,473	-	-	-	-
Equity Options	(36,787)	-	-	-	-

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* – Custodial credit risk for derivative instruments is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of the derivative instruments or collateral securities that are in the possession of an outside party. Consistent with the System's investment policy, the System's derivative instruments were held by the counterparty that was acting as the System's agent.
- *Credit Risk* – Credit risk is the risk that the counterparty will not fulfill its obligations. The System does not have an investment policy specifically regarding credit risk for derivative instruments. The System's investment policy allows investment managers full discretion in adopting investment strategies to deal with this risk. The System's 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 System's derivative instruments.
- *Foreign Currency Risk* – Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of derivative instruments. The System's 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. The System 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.



**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

The System's derivative instruments exposure to foreign currency risk in U.S. dollars as of June 30, 2020, is shown in the table below (\$000's).

<u>Currency</u>	<u>Equity Derivatives</u>	<u>Currency Derivatives</u>	<u>Total</u>
Japanese yen	90,388	-	90,388
Canadian dollar	35,995	34,528	70,523
Chinese yuan renminbi	62,716	-	62,716
Swiss franc	36,618	-	36,618
Australian dollar	23,914	-	23,914
New Taiwan dollar	18,783	-	18,783
South Korean won	17,772	-	17,772
Indian rupee	12,262	-	12,262
Hong Kong dollar	12,135	-	12,135
Swedish krona	10,854	-	10,854
Danish krone	8,363	-	8,363
Brazilian real	7,868	-	7,868
South African rand	5,740	-	5,740
Euro	114,318	(108,737)	5,581
Russian ruble	4,944	-	4,944
Saudi riyal	4,072	-	4,072
Singapore dollar	3,950	-	3,950
Thai baht	3,475	-	3,475
Malaysian ringgit	2,709	-	2,709
Mexican peso	2,648	-	2,648
Indonesian rupiah	2,250	-	2,250
New Israeli shekel	2,206	-	2,206
Norwegian krone	1,850	-	1,850
Phillippine peso	1,271	-	1,271
Qatari riyal	1,271	-	1,271
New Zealand dollar	1,174	-	1,174
Polish zloty	1,102	-	1,102
Chilean peso	888	-	888
United Arab Emirates dirham	781	-	781
Turkish lira	704	-	704
Peruvian nuevo sol	383	-	383
Hungarian forint	352	-	352
Colombian peso	291	-	291
British pound sterling	50,176	(49,975)	201
Argentine austral	199	-	199
Egyptian pound	184	-	184
Czech koruna	168	-	168
Pakistan rupee	31	-	31
<u>Total</u>	<u>\$ 544,805</u>	<u>\$ (124,184)</u>	<u>\$ 420,621</u>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

*Alternative Investments* – As of June 30, 2020, the System was invested in various partnerships, separate accounts and commingled funds across various types of alternative investments as detailed in the table below.

<u>Investment Type</u>	<u>Fair Value (\$000's)</u>
<i>Private Equity</i>	
Leveraged Buyouts	\$ 500,430
Energy	107,130
Special Situations	130,175
Private Equity Secondaries	89,503
Venture Capital	17,905
<i>Other Alternatives</i>	
Real Estate	457,430
Private Credit	308,483
<i>Hedge Funds</i>	
Global macro hedge funds	108,035
Multi-strategy hedge funds	141,718
Long/short credit hedge funds	15,495
Long/short equity hedge funds	31,953
Multi-strategy commingled funds	-
<b>Total</b>	<b>\$ 1,908,257</b>

The provisions of GASB Statement 72 and fully disclosed in the notes to the financial statements the fair value hierarchy and the methods of valuing the related investments as required under the generally accepted accounting principles. A summary of the hierarchy is as follows (in thousands):

Level 1 inputs are quoted prices in active markets for identical assets	\$ 61,602
Level 2 inputs are significant other observable inputs	1,210,784
Level 3 inputs are significant unobservable inputs	1,585,482
Investments measured at net asset value (NAV)	<u>2,689,093</u>
Total Investments	<u>\$ 5,546,961</u>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 4: ACCOUNTS RECEIVABLE**

The following were the accounts receivable by fund as of June 30, 2020 (\$000's):

**GOVERNMENTAL FUNDS**

	<b>General</b>	<b>Capital Projects</b>	<b>Nonmajor</b>	<b>Grants</b>	<b>Internal Service Fund</b>	<b>Total Governmental Activities</b>
Receivables:						
Accounts	\$ 731,597	\$ 1	\$ 198,663	\$ 90,821	\$ 79	1,021,161
Property tax	69,994	-	-	-	-	69,994
Sales tax	109,521	-	-	-	-	109,521
Mixed beverage	1,758	-	-	-	-	1,758
Franchise	10,812	-	-	-	-	10,812
Special assessment	8,425	-	-	-	-	8,425
Due from other governments	8,208	12,315	39,369	12,238	22	72,152
Gross receivables	940,315	12,316	238,032	103,059	101	1,293,823
Less allowance for doubtful accounts	(651,574)	-	(136,662)	(22,621)	(77)	(810,934)
Net total receivables	<u>\$ 288,741</u>	<u>\$ 12,316</u>	<u>\$ 101,370</u>	<u>\$ 80,438</u>	<u>\$ 24</u>	<u>\$ 482,889</u>

**ENTERPRISE FUNDS**

	<b>Airport</b>	<b>Convention and Entertainment</b>	<b>Combined Utility</b>	<b>Total Enterprise Activities</b>
Receivables:				
Accounts	\$ 80,824	\$ 533	\$ 377,464	\$ 458,821
Hotel occupancy tax	-	5,693	-	5,693
Special assessment	-	-	93	93
Due from other governments	4,871	-	7,242	12,113
Gross receivables	85,695	6,226	384,799	476,720
Less allowance for doubtful accounts	(2,707)	(518)	(204,084)	(207,309)
Net total receivables	<u>\$ 82,988</u>	<u>\$ 5,708</u>	<u>\$ 180,715</u>	<u>\$ 269,411</u>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**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 2019 tax year was \$0.567920 per \$100 of assessed value with \$0.404129 for operations and \$0.163791 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 ("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 (TIRZs)**

The City of Houston has 26 active Tax Increment Reinvestment Zones (TIRZs) currently, including 1 County-led TIRZ, as listed below.

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

The TIRZ's were created pursuant to Chapter 311 of the Texas Tax Code to aid in financing the development or redevelopment of unproductive, underdeveloped or blighted areas.

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

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

In fiscal year 2020, the City of Houston contributed \$142.2 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 \$70 million to the TIRZs. The City-led TIRZ budgets totaled \$390.6 million in expenditures for fiscal year 2020.

<b>City of Houston TIRZ Interlocal Participation Agreements</b>	
<b>Taxing Jurisdiction</b>	<b>TIRZ Number</b>
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>	2, 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>Houston Independent School District no longer participates in TIRZ No. 5 and 19

**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. In fiscal year 2020, the total amount abated was \$542,862, to seven businesses.

<b>Company Name</b>	<b>Abatement Project Information</b>	<b>Investment Requirement</b>	<b>City's Abatement Commitments</b>	<b>Amount Eligible for Abatement (HCAD Value)</b>	<b>Tax Abatement for Tax Year 2019 (COH tax rate-0.0056792)</b>
<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.	\$9,833,016	\$55,844
<b>Emerson Process LLLP</b>	Company will construct and install the Improvements in the Zone by the Effective Date of Abatement.	\$13,850,000	City agrees to grant the Owner a 50% abatement of the ad valorem taxes on the improvements in the Zone.	\$7,733,411	\$43,920
<b>CyrusOne</b>	CyrusOne will invest a minimum of \$10,000,000.00 in constructing and installing the improvements in the Zone by Effective date of Abatement and \$90,000,000.00 by the end of 2017. If, at the end of 2017, CyrusOne has not invested at least 70% of the \$90,000,000 investment commitment or \$63,000,000 the City will reduce the tax abatement percentage to 40%.	\$90,000,000	City agrees to grant CyrusOne a fifty percent (50%) abatement of the ad valorem taxes on the Improvements in the Zone during the abatement period. The tax abatement will apply to the appraised value up to \$72,000,000.00 and is capped at that value. Any value in excess of \$72,000,000.00 will not be subject to the abatement.	\$20,004,249	\$113,608

(Continued)

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

<b>Company Name</b>	<b>Abatement Project Information</b>	<b>Investment Requirement</b>	<b>City's Abatement Commitments</b>	<b>Amount Eligible for Abatement (HCAD Value)</b>	<b>Tax Abatement for Tax Year 2018 (COH tax rate- 0.00588310)</b>
<b>Halliburton</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.	\$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.	\$5,159,459	\$29,302
<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.	\$41,000,000	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.	\$3,460,860	\$19,655
<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	\$2,732,058	\$15,516
<b>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.	\$46,664,745	\$265,018

**CITY OF HOUSTON, TEXAS**

**This page is left blank intentionally**

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 6: CAPITAL ASSETS**

**A. Governmental Activities of the Primary Government**

A summary of changes in capital assets for the year ended June 30, 2020 follows (in thousands):

	Balance July 1, 2019	Prior year adjustment to beginning balance	Balance July 1, 2019 (restated)	Additions	Retirements	Transfers	Balance June 30, 2020
<b>Governmental Activities</b>							
Capital assets not being depreciated:							
Land	\$ 470,939	\$ 45,394	\$ 516,333	\$ 19,568	\$ (686)	\$ 258	\$ 535,473
Right of way	1,766,096	-	1,766,096	2,257	(3,705)	4,198	1,768,846
Construction Work in Progress	520,722	128,154	648,876	256,884	-	(338,976)	566,784
Total capital assets not being depreciated	<u>2,757,757</u>	<u>173,548</u>	<u>2,931,305</u>	<u>278,709</u>	<u>(4,391)</u>	<u>(334,520)</u>	<u>2,871,103</u>
Depreciable capital assets:							
Buildings	1,336,784	24,810	1,361,594	11,764	(1,757)	22,653	1,394,254
Rights & Intangibles - Amortizable	10,272	-	10,272	572	-	3,556	14,400
Improvements and Equipment	1,358,677	9,366	1,368,043	65,432	(29,301)	19,047	1,423,221
Infrastructure	7,152,741	422,404	7,575,145	91,887	(22,549)	289,264	7,933,747
Total other capital assets	<u>9,858,474</u>	<u>456,580</u>	<u>10,315,054</u>	<u>169,655</u>	<u>(53,607)</u>	<u>334,520</u>	<u>10,765,622</u>
Less accumulated depreciation for:							
Buildings	(512,110)	(2,055)	(514,165)	(36,474)	807	-	(549,832)
Rights and Intangibles	(8,827)	-	(8,827)	(1,485)	-	-	(10,312)
Improvements and Equipment	(933,194)	(3,021)	(936,215)	(89,824)	28,571	-	(997,468)
Infrastructure	(3,608,331)	(46,802)	(3,655,133)	(163,454)	22,067	-	(3,796,520)
Total accumulated depreciation	<u>(5,062,462)</u>	<u>(51,878)</u>	<u>(5,114,340)</u>	<u>(291,237)</u>	<u>51,445</u>	<u>-</u>	<u>(5,354,132)</u>
Depreciable capital assets, net	<u>4,796,012</u>	<u>404,702</u>	<u>5,200,714</u>	<u>(121,582)</u>	<u>(2,162)</u>	<u>334,520</u>	<u>5,411,490</u>
Governmental Activities capital assets, net	<u>\$ 7,553,769</u>	<u>\$ 578,250</u>	<u>\$ 8,132,019</u>	<u>\$ 157,127</u>	<u>\$ (6,553)</u>	<u>\$ -</u>	<u>\$ 8,282,593</u>

**B. Business-type Activities**

	Balance July 1, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
<b>Airport System</b>					
Capital assets not being depreciated:					
Land	\$ 216,100	\$ -	\$ -	\$ -	\$ 216,100
Rights & Intangibles- Non Amortizable	12,774	-	-	620	13,394
Construction Work in Progress	206,687	146,824	-	(98,441)	255,070
Total capital assets not being depreciated	<u>435,561</u>	<u>146,824</u>	<u>-</u>	<u>(97,821)</u>	<u>484,564</u>
Depreciable capital assets:					
Buildings	3,066,213	281	-	9,637	3,076,131
Improvements and equipment	1,897,017	5,633	(17,712)	70,386	1,955,324
Infrastructure	569,516	-	-	17,798	587,314
Rights & Intangibles- Amortizable	4,697	-	-	-	4,697
Total other capital assets	<u>5,537,443</u>	<u>5,914</u>	<u>(17,712)</u>	<u>97,821</u>	<u>5,623,466</u>
Less accumulated depreciation for:					
Buildings	(1,523,601)	(99,319)	-	(460)	(1,623,380)
Improvements and equipment	(1,308,326)	(65,592)	6,822	460	(1,366,636)
Infrastructure	(371,225)	(10,521)	-	-	(381,746)
Rights & Intangibles	(4,544)	(141)	-	-	(4,685)
Total accumulated depreciation	<u>(3,207,696)</u>	<u>(175,573)</u>	<u>6,822</u>	<u>-</u>	<u>(3,376,447)</u>
Depreciable capital assets, net	<u>2,329,747</u>	<u>(169,659)</u>	<u>(10,890)</u>	<u>97,821</u>	<u>2,247,019</u>
Airport System capital assets, net	<u>\$ 2,765,308</u>	<u>\$ (22,835)</u>	<u>\$ (10,890)</u>	<u>\$ -</u>	<u>\$ 2,731,583</u>



**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

	<b>Balance July 1, 2019</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Balance June 30, 2020</b>
<b>Convention and Entertainment Facilities</b>					
Capital assets not being depreciated:					
Land	\$ 95,687	\$ -	\$ -	\$ -	\$ 95,687
Total capital assets not being depreciated	95,687	-	-	-	95,687
Depreciable capital assets:					
Buildings	577,527	-	-	-	577,527
Garage Rights	13,144	-	-	-	13,144
Improvements and equipment	8,632	-	-	-	8,632
Infrastructure	334	-	-	-	334
Total other capital assets	599,637	-	-	-	599,637
Less accumulated depreciation/amortization for:					
Buildings	(299,012)	(13,087)	-	-	(312,099)
Garage Rights	(5,421)	(343)	-	-	(5,764)
Improvements and equipment	(6,183)	(35)	-	-	(6,218)
Infrastructure	(157)	(15)	-	-	(172)
Total accumulated depreciation/amortization	(310,773)	(13,480)	-	-	(324,253)
Depreciable capital assets, net	288,864	(13,480)	-	-	275,384
Convention and Entertainment Facilities capital assets, net	\$ 384,551	\$ (13,480)	\$ -	\$ -	\$ 371,071

	<b>Balance July 1, 2019</b>	<b>Prior year adjustment to beginning balance</b>	<b>Balance July 1, 2019 (restated)</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Balance June 30, 2020</b>
<b>Combined Utility System</b>							
Capital assets not being depreciated:							
Land	\$ 159,527	\$ -	\$ 159,527	\$ 4,310	\$ (296)	\$ 16,004	\$ 179,545
Right of way	878	-	878	-	-	45	923
Rights and Intangibles - Non-depreciable	845,785	-	845,785	-	-	-	845,785
Construction Work in Progress	847,450	-	847,450	792,640	-	(339,131)	1,300,959
Total capital assets not being depreciated	1,853,640	-	1,853,640	796,950	(296)	(323,082)	2,327,212
Depreciable capital assets:							
Buildings	154,284	-	154,284	-	(251)	17,291	171,324
Improvements and equipment	181,581	-	181,581	14,272	(6,102)	472	190,223
Infrastructure	10,990,194	19,407	11,009,601	27,375	(32,413)	305,319	11,309,882
Rights & Intangibles - depreciable	728	-	728	885	-	-	1,613
Total depreciable capital assets	11,326,787	19,407	11,346,194	42,532	(38,766)	323,082	11,673,042
Less accumulated depreciation/amortization for:							
Buildings	(85,085)	-	(85,085)	(3,500)	66	-	(88,519)
Improvements and equipment	(132,861)	-	(132,861)	(13,892)	6,055	-	(140,698)
Infrastructure	(5,695,576)	(1,719)	(5,697,295)	(247,740)	30,982	-	(5,914,053)
Rights & Intangibles	(106)	-	(106)	(174)	-	-	(280)
Total accumulated depreciation/amortization	(5,913,628)	(1,719)	(5,915,347)	(265,306)	37,103	-	(6,143,550)
Depreciable capital assets, net	5,413,159	17,688	5,430,847	(222,774)	(1,663)	323,082	5,529,492
Combined Utility System capital assets, net	7,266,799	17,688	7,284,487	574,176	(1,959)	-	7,856,704
Business-type activities capital assets, net	\$ 10,416,658	\$ 17,688	\$ 10,434,346	\$ 537,861	\$ (12,849)	\$ -	\$ 10,959,358

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**C. Depreciation Expense**

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

<b>Governmental activities</b>		
General government	\$	44,032
Public safety		36,280
Public works		15,836
Health		4,888
Housing		1,567
Parks and recreation		19,009
Library		6,171
Infrastructure		<u>163,454</u>
Total depreciation expense - governmental activities	\$	<u>291,237</u>
<b>Business-type activities</b>		
Airport System	\$	175,573
Convention & Entertainment Facilities		13,480
Combined Utility System		<u>265,306</u>
Total depreciation expense - business-type activities	\$	<u>454,359</u>

**D. Pension Trust Funds**

In February 1998, the Firefighters' Relief and Retirement Fund purchased land in the amount of \$483,325 for use in the construction of a new office building for its operations and its members. In April of 2001, the construction of the new building was completed. The building's capitalized cost of \$9,911,015 is being depreciated over 30 years. The accumulated depreciation for the building as of June 30, 2020 amounted to \$6,206,041.

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

Short-term debt activity for the year ended June 30, 2020, was as follows (in thousands):

	<b>Balance</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Balance</b>
	<b>July 1, 2019</b>			<b>June 30, 2020</b>
Tax and Revenue				
Anticipation Notes	\$ -	\$ 200,000	\$ 200,000	\$ -

On July 26, 2019, the City closed on the sale of \$200,000,000 Tax and Revenue Anticipation Notes (TRANS), Series 2019. The proceeds of the TRANS were used to pay working capital expenditures until tax revenues were received. The stated rate was 3.27%, and the average yield 1.16%. The notes matured on June 26, 2020.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 8: LONG-TERM LIABILITIES**

**A. General Long-Term Liabilities**

Changes in General Long-Term Liabilities for the year ended June 30, 2020 are summarized as follows (in thousands):

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due within One Year</u>
<b>Governmental Activities</b>					
Bonds and notes payable:					
General tax obligation debt	\$ 3,603,875	\$ 610,215	\$ (759,008)	\$ 3,455,082	\$ 251,659
HUD Section 108 Loans	5,062	14,475	(183)	19,354	189
Plus premium (discount) on bonds	285,226	61,685	(69,802)	277,109	-
Total bonds and notes payable	<u>3,894,163</u>	<u>686,375</u>	<u>(828,993)</u>	<u>3,751,545</u>	<u>251,848</u>
Other liabilities:					
Claims and judgments	159,065	330,001	(311,194)	177,872	36,741
Compensated absences	472,332	77,774	(61,588)	488,518	158,405
Arbitrage rebate	370	235	-	605	-
Other Post Employment Benefit obligation	2,039,993	2,124	(28,234)	2,013,883	-
Net Pension liability	3,483,430	783,981	-	4,267,411	-
Total other liabilities	<u>6,155,190</u>	<u>1,194,115</u>	<u>(401,016)</u>	<u>6,948,289</u>	<u>195,146</u>
<b>Governmental Activities Long-Term Liabilities</b>	<u>\$ 10,049,353</u>	<u>\$ 1,880,490</u>	<u>\$ (1,230,009)</u>	<u>\$ 10,699,834</u>	<u>\$ 446,994</u>
<b>Discretely Presented Component Units:</b>					
Notes payable	\$ 610,643	\$ 65,886	\$ (15,632)	\$ 660,897	\$ 54,467
Bonds payable	502,609	159,653	(83,390)	578,872	31,574
<b>Discretely Presented Component Units Long-Term Liabilities</b>	<u>\$ 1,113,252</u>	<u>\$ 225,539</u>	<u>\$ (99,022)</u>	<u>\$ 1,239,769</u>	<u>\$ 86,041</u>

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

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due within One Year</u>
<b>Business-type activities</b>					
Bonds and notes payable:					
Airport System debt	\$ 2,066,314	\$ 84,824	\$ (86,070)	2,065,068	\$ 95,330
Convention and Entertainment debt	522,564	20,000	(89,052)	453,512	24,698
Combined Utility System debt	6,309,645	1,012,030	(892,272)	6,429,403	506,767
Long-term contracts - Combined Utility	902,820	-	(19,099)	883,721	19,527
Premiums, discounts amount	971,861	57,212	(111,514)	917,559	-
Total bonds and notes payable	<u>10,773,204</u>	<u>1,174,066</u>	<u>(1,198,007)</u>	<u>10,749,263</u>	<u>646,322</u>
Other liabilities:					
Claims and judgments	3,538	2,573	(1,888)	4,223	1,888
Compensated absences	31,967	18,632	(16,472)	34,127	16,155
Arbitrage rebate liability	3,886	4,463	(377)	7,972	197
Other Post Employment Benefit obligation	227,088	551	(7,898)	219,741	-
Net Pension liability	588,721	88,211	-	676,932	-
Total other liabilities	<u>855,200</u>	<u>114,430</u>	<u>(26,635)</u>	<u>942,995</u>	<u>18,240</u>
<b>Business-type activities Long-Term Liabilities</b>	<u>\$ 11,628,404</u>	<u>\$ 1,288,496</u>	<u>\$ (1,224,642)</u>	<u>\$ 11,692,258</u>	<u>\$ 664,562</u>
<b>Total Reporting Entity Long-Term Liabilities</b>	<u>\$ 22,791,009</u>	<u>\$ 3,394,525</u>	<u>\$ (2,553,673)</u>	<u>\$ 23,631,861</u>	<u>\$ 1,197,597</u>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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

	<b>Stated Interest Rate Range, %</b>	<b>Face Value Outstanding 6/30/2019</b>	<b>FY20 Issued/ Increased</b>
<b>General Tax Obligation Debt</b>			
Public improvement bonds	0.25 to 6.32	\$ 1,990,860	\$ 493,315
Pension obligations	5.31 to 6.29	1,434,480	-
Commercial paper	0.12 to 10.00	165,000	116,900
Tax and revenue certificates of obligation	4.00 to 5.00	13,535	-
<b>Total General Tax Obligation Debt</b>		<b>\$ 3,603,875</b>	<b>\$ 610,215</b>
<b>HUD Section 108 Loans</b>		<b>\$ 5,062</b>	<b>\$ 14,475</b>
<b>Revenue Bonded Debt</b>			
<b>Airport System Bonds</b>			
Subordinate lien revenue and refunding bonds	0.16 to 5.45	\$ 1,935,450	\$ -
Special facility bonds (Note 1K)	2.99 to 6.88	80,385	-
Pension obligations	5.31	2,006	-
State Energy Conservation (SECO) Loans	2.00	-	324
Commercial paper	0.20 to 8.00	48,473	84,500
		<b>\$ 2,066,314</b>	<b>\$ 84,824</b>
<b>Convention and Entertainment Facilities</b>			
Senior lien hotel occupancy tax/parking facilities	1.12 to 5.75	\$ 519,095	\$ 20,000
Pension obligations	5.31 to 6.29	3,469	-
		<b>\$ 522,564</b>	<b>\$ 20,000</b>
<b>Combined Utility System</b>			
Combined Utility System first lien bonds	0.02 to 6.00	\$ 5,970,330	\$ 737,030
Water and Sewer System junior lien revenue bond	1.25 to 6.90	57,339	-
Combined Utility System commercial paper	0.12 to 10.00	185,000	275,000
Pension obligations	5.31 to 6.29	96,976	-
		<b>\$ 6,309,645</b>	<b>\$ 1,012,030</b>
<b>Long-Term Contracts-Water and Sewer System</b>			
Coastal Water Authority	2.00 to 7.50	\$ 60,710	\$ -
Other long term contracts	3.22 to 5.85	842,110	-
		<b>\$ 902,820</b>	<b>\$ -</b>
<b>Total Revenue Bonded Debt and Long-Term Contracts, Primary Government</b>		<b>\$ 9,801,343</b>	<b>\$ 1,116,854</b>
<b>Total Bonds and Long-Term Contracts Payable, Primary Government</b>		<b>\$ 13,410,280</b>	<b>\$ 1,741,544</b>

(Continued)

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

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

<b>FY20 Redeemed/ Refunded (2)</b>	<b>Face Value Outstanding 6/30/2020</b>	<b>Adjustments (1)</b>	<b>Net Outstanding 6/30/2020</b>
\$ 595,740	\$ 1,888,435	\$ 276,643	\$ 2,165,078
12,073	1,422,407	-	1,422,407
150,000	131,900	-	131,900
1,195	12,340	466	12,806
<u>\$ 759,008</u>	<u>\$ 3,455,082</u>	<u>\$ 277,109</u>	<u>\$ 3,732,191</u>
<u>\$ 183</u>	<u>\$ 19,354</u>	<u>\$ -</u>	<u>\$ 19,354</u>
\$ 80,110	\$ 1,855,340	\$ 162,351	\$ 2,017,691
5,960	74,425	-	74,425
-	2,006	-	2,006
-	324	-	324
-	132,973	-	132,973
<u>\$ 86,070</u>	<u>\$ 2,065,068</u>	<u>\$ 162,351</u>	<u>\$ 2,227,419</u>
\$ 88,962	\$ 450,133	\$ 202,754	\$ 652,887
90	3,379	-	3,379
<u>\$ 89,052</u>	<u>\$ 453,512</u>	<u>\$ 202,754</u>	<u>\$ 656,266</u>
\$ 698,335	\$ 6,009,025	\$ 430,863	\$ 6,439,888
7,390	49,949	115,192	165,141
185,000	275,000	-	275,000
1,547	95,429	-	95,429
<u>\$ 892,272</u>	<u>\$ 6,429,403</u>	<u>\$ 546,055</u>	<u>\$ 6,975,458</u>
\$ 3,755	\$ 56,955	\$ 4,326	\$ 61,281
15,344	826,766	2,073	828,839
<u>\$ 19,099</u>	<u>\$ 883,721</u>	<u>\$ 6,399</u>	<u>\$ 890,120</u>
<u>\$ 1,086,493</u>	<u>\$ 9,831,704</u>	<u>\$ 917,559</u>	<u>\$ 10,749,263</u>
<u>\$ 1,845,684</u>	<u>\$ 13,306,140</u>	<u>\$ 1,194,668</u>	<u>\$ 14,500,808</u>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**C. Terms of Long-Term Debt**

**1. Public Improvement Bonds**

The City has issued Public Improvement Bonds on numerous occasions. The bonds are payable from ad valorem tax revenues. The proceeds are used for street and bridge improvements, traffic signals, municipal buildings, parks, and other capital improvements. Interest is payable semi-annually; principal is payable in various amounts annually through March 1, 2043.

**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.

**3. General Obligation Commercial Paper**

The City currently multiple General Obligation Commercial Paper Programs with total authorization of \$975 million. The programs' current issuance capacity is \$925 million, of which \$625 million is supported by credit facilities. General Obligation Commercial Paper, \$200 million Series E Program, \$200 million Series G Program, \$100 million Series H-2 Program, \$125 million Series J. The Notes may be issued for a period not to exceed 270 days and will bear interest based upon the specified term of the Notes, but not to exceed 10%. Principal on the Notes is payable from ad valorem tax revenue, the issuance of new commercial paper, bond proceeds and other funds provided under credit lines. Interest is payable from ad valorem tax revenue collected by the City. Proceeds from the Notes are used to finance various capital projects and public improvements for authorized City purposes. Upon maturity, the Notes will be remarketed by the commercial paper dealers or extinguished with long-term debt. At June 30, 2020, \$131.9 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 2020, the average interest rate for the outstanding General Obligation Notes was 0.3635. 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 2019. The average fees related to Series K-1 was 0.13%, K-2 is 0.13% and G-1 is 0.26% without any notes outstanding during fiscal year 2020. The Credit Agreements expire on the following dates: Series E-1 on July 15, 2021, Series E-2 on April 22, 2022, Series G-1 on February 12, 2021, Series G-2 on November 19, 2021, Series H-2 on November 13, 2020, Series J on May 20, 2020, Series K-1 on February 2, 2026, and Series K-2 on February 2, 2026.

**4. Certificates of Obligation**

Since 1988, the City has issued Certificates of Obligation each year to provide for the purchase of equipment utilized in general City operations including, without limitation, police vehicles, maintenance vehicles and equipment, computer equipment, and costs associated with demolishing dangerous structures. Each year the City is obligated to levy, assess, and collect ad valorem taxes sufficient to pay principal and interest on the certificates payable semi-annually until maturity.

**5. HUD Section 108 Loan**

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

**6. Airport System Revenue Bonds**

On June 30, 2020, the Houston Airport System has no senior lien revenue bonds outstanding. Any bonds issued on the senior lien would require net revenues totaling 125% of the debt service requirements for such fiscal year. The Houston Airport System has issued Subordinate Lien 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 bonds for such fiscal year. On June 30, 2020, the subordinate lien bonds have a total \$1,855,340,000 outstanding balance with a final maturity in the year 2048. These bonds have a fixed interest rate except for the Airport System Revenue Refunding Bonds, Variable Rate Demand Obligations (VRDOs) Series 2010, with a 7-day reset, and an outstanding balance of \$92,105,000. The VRDO bonds may be converted to other modes including fixed rate bonds.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

The City has a liquidity facility with Barclays Bank PLC for the Series 2010 bonds, with a termination date of December 22, 2020. If the Remarketing Agent is unable to resell the VRDO bonds, then the liquidity facility will pay the principal to the bondholders and the bonds will become bank bonds, subject to the greater of several options for interest rates. The maximum interest rate permitted under the ordinance is 10%. After 60 days, the bank bonds become a term loan, where the Airport System must pay six semi-annual principal payments over three years to retire the loan. Because the Series 2010 Bonds were issued as multi-modal bonds, the City can elect to convert the Bonds into long-term fixed rate that would not require a letter of credit.

On March 20, 2018, the City issued Airport System Subordinate Lien Revenue and Refunding Bonds, Series 2018A (AMT), and Series 2018B (Non-AMT). Series 2018A was issued in the aggregate principal amount of \$130,550,000 with a final maturity date on July 1, 2041. Series 2018A was issued to buy out the unamortized portion of Southwest Airline's note for the Hobby International Terminal project for \$115,881,553, to refund \$21,112,000 in Commercial Paper Notes, to increase the Subordinate Lien Debt Reserve Fund, and to pay costs of issuance. Series 2018B was issued in the aggregate principal amount of \$285,220,000 with a final maturity date of July 1, 2048. Series 2018B was issued to refund \$62,415,000 in Commercial Paper Notes, to current refund \$261,330,000 of the Airport System Subordinate Lien Revenue Refunding Bonds, Series 2007B (Non-AMT), to increase the Subordinate Lien Debt Reserve Fund, and to pay costs of issuance. The Airport System Revenue and Refunding Bonds, Series 2018A and Series 2018B were issued with a stated rate of 5%, and a yield of 3.0526%. Net present value savings related to the refunding of Series 2007B totaled \$39,634,975, or 15.16% of the refunded bonds. Total debt service was reduced by \$49,510,272.

The Airport System Subordinate Lien Revenue Refunding Bonds, Series 2018C (AMT) and the Airport System Subordinate Lien Revenue Refunding Bonds, Series 2018D (Non-AMT) were issued on August 2, 2018, with a combined par amount of \$552,065,000. The bonds have a coupon rate of 5.0%, a true interest cost of 3.34%, and an arbitrage yield of 2.86%. They mature in varying amounts from 2032 to 2039. Series 2018C was issued with a par amount of \$206,025,000 to current refund the following auction rate bonds: Airport System Subordinate Lien Revenue Bonds, Series 2000P-1 (AMT) \$32,275,000; Airport System Subordinate Lien Revenue Bonds, Series 2000P-2 (AMT) \$32,050,000; Airport System Subordinate Lien Revenue Bonds, Series 2002C (AMT) \$71,175,000; Airport System Subordinate Lien Revenue Bonds, Series 2002D-1 (AMT) \$55,800,000; and Airport System Subordinate Lien Revenue Bonds, Series 2002D-2 (AMT) \$50,975,000, and to pay for costs of issuance. Net present value savings on the refunding were \$12.9 million or 5.3%, with total debt service reduced by \$15.6 million. Series 2018C will reach final maturity on July 1, 2032. Series 2018D was issued with a par amount of \$346,040,000 to current refund \$409,685,000 in outstanding Airport System Senior Lien Revenue and Refunding Bonds Series 2009A (Non-AMT) and to pay costs of issuance. Series 2018D will reach final maturity on July 1, 2039. Net present value savings on the refunding were \$77.4 million or 18.9% of the refunded bonds. Total debt service was reduced by \$107.0 million.

The Fund has purchased Subordinate Lien Debt Service Reserve Fund Surety Policies that unconditionally guarantee the payment of the current principal and interest on all outstanding Airport System subordinate lien issues. The surety policies have termination dates ranging from July 1, 2022 to July 1, 2032. Each of the draws made against the surety policies shall bear interest at the prime rate plus two percent, not to exceed a maximum interest rate of 12%. The repayment provisions require one-twelfth of the policy costs for each draw to be repaid monthly, beginning the first month following the date of each draw. The policies were issued by (1) FGIC in the aggregate maximum amount of \$102,949,865, reinsured by National Public Finance Guarantee Corporation; and (2) Assured Guarantee Municipal Corporation in the aggregate maximum amount of \$31,921,384. The Airport System Fund also has a cash reserve of \$68,960,003 in the Subordinate Lien Bond Reserve Fund.

**7. Airport System Inferior Lien Contract**

On July 1, 2004, the City and United Airlines (formerly Continental Airlines, Inc) entered into a Sublease Agreement associated with the Special Facilities Lease for the Automated People Mover System and the City's Airport System Special Facilities Revenue Bonds (Automated People Mover Project) Series 1997A (1997A Special Facilities Bonds). The City assumed United Airlines' interest in the project upon completion of the expansion of the Automated People Mover System on January 25, 2005. As part of the sublease, the City agreed to make sublease payments that include amounts equal to the debt service on the 1997A Special Facilities Bonds. The payments were payable from Airport System net revenues on the same priority as inferior lien bonds. Accordingly, the principal amount remaining on the 1997A Special Facilities Bonds, totaling \$6,240,000 as of June 30, 2017, was recorded as an Inferior Lien Contract. The Series 1997A Bonds reached final maturity on July 15, 2017.

**8. Airport System Special Facility Bonds**

The Airport System Special Facilities Taxable Revenue Bonds, (Consolidated Rental Car Facility Project), Series 2001, and the Airport System Special Facilities Taxable Revenue Refunding Bonds (Consolidated Rental Car Facility Project), Series 2014, financed the design and construction at Intercontinental 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. The City holds legal title to the completed Consolidated Rental Car Facility ("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 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, 2020, the daily usage charge per customer is set at \$4.00. The trust indenture determines when and how

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

the City is responsible for changing the rate. The bonds are limited special obligations of the City, payable solely from and secured by pledged customer facility charges. These bonds do not constitute a debt or pledge of the faith or credit of the City or the Airport System Fund. At June 30, 2020, Special Facilities Taxable Revenue and Refunding Bonds (CRCF) outstanding totaled \$74,425,000.

**9. Airport System Commercial Paper Notes**

On November 20, 2013, the Airport System Senior Lien Commercial Paper Notes Series A and B (the Notes) were re-authorized for \$150 million to establish, improve, enlarge, extend and repair the City's Airport System, acquire land, and pay interest and cost of issuance of the Notes. The notes were collateralized by a direct pay letter of credit issued by the Royal Bank of Canada on December 18, 2013, terminating on December 16, 2016. A new letter of credit was issued on December 15, 2016 by Sumitomo Mitsui Banking Corp. for \$150 million plus \$11.1 million in respect of 270 days accrued interest computed at 10%. This letter of credit will expire on December 15, 2021. On March 11, 2020 the City adopted and amended the Prior Ordinance to increase the maximum principal amount of the Notes at any time outstanding to \$350,000,000 from the original \$150,000,000. The Notes are authorized pursuant to Chapters 1371 and 1503, Texas Government Code as amended, a master ordinance adopted by the City of November 9, 2016. There are \$132,973,000 million in outstanding commercial paper notes as of June 30, 2020. The City's outstanding notes from credit agreements contain a two – three-year repayment provision in the event of default or material adverse change.

**10. Airport System Inferior Lien Forward Delivery Bond Purchase Agreement**

On October 21, 2015, the City authorized the issuance of \$450 million in Airport System Inferior Lien Revenue Bonds in one or more series. The City also authorized the execution of a forward delivery bond purchase agreement. This authorization was valid until October 4, 2019 unless extended by a separate City Council action. On January 29, 2020, The City executed a forward delivery bond purchase agreement for the issuance of up to \$450 million of Airport System Inferior Lien Revenue Bonds with RBC Capital Markets LLC. The agreement expires on February 5, 2027. No bonds have been issued as of June 30, 2020.

**11. Airport System Note Obligation**

In February of 2013, the City entered a contract with Southwest Airlines Co. ("Southwest") under which Southwest would construct five international gates, a Federal Inspection Service Facility, and associated enabling projects (the "Project") at William P. Hobby Airport. Southwest was responsible for the initial funding of all costs of the Project including any related financing costs, but title to the Project was passed to the City at each point in construction. The new gates and facility opened on October 15, 2015.

At any time after completion of the Project, the City had the right to buy out Southwest's investment for the unamortized costs of the Project, calculated at an annual amortization rate equal to 2.19% over a 25-year period, with final maturity at June 30, 2040. The Airport Fund recorded the initial note payable on October 15, 2015 as \$123,785,000. On November 15, 2017, the City Council authorized the issuance of Airport System Revenue Bonds to buy out Southwest's investment, the unamortized value of which was calculated to be \$115,881,553. This amount was delivered to Southwest Airlines on March 20, 2018 from the proceeds of Airport System Subordinate Lien Revenue and Refunding Bonds, Series 2018A. After November 15, 2017, Southwest Airlines was billed for its use of International Terminal facility to recover both operating costs and the cost of capital for the City.

**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 a Hotel Occupancy Tax at a rate not less than 7%. The City currently levies a Hotel Occupancy Tax at the rate of 7%. Final maturity of the bonds is September 1, 2044.

Flexible Rate Notes from direct borrowings are paid from a lien on the pledged receipts of the Hotel Occupancy Tax (HOT). As of June 30, 2020, Flexible Rate Notes totaled \$20 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. Combined Utility System First Lien Revenue Bonds**

On September 3, 2003, City Council authorized creation of the Combined Utility System ("the System"). The Combined Utility System, established under the Master Ordinance, currently consists of the City's Water and Sewer Facilities, and from time to time, may include such other utility systems, that the City elects to combine with the Combined Utility System, as permitted by the Master Ordinance. The System's First Lien Revenue Bonds are special obligations of the City, payable from and secured by a pledge on Net Revenues of the System, after payment of all required payments, including and not limited to, those defined as maintenance and operation expenses under Previous Ordinance, and debt service on Water and Sewer Junior Lien bonds.



**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

Therefore, the lien on Net Revenues securing these bonds is subordinate to the lien securing Junior Lien Bonds. For any bonds outstanding on First Lien, the Master Ordinance requires the System to generate Net Revenues at least equal to the greater of 120% of the combined debt service on all Previous Ordinance and First Lien Revenue Bonds outstanding, or 110% of the combined debt service on all Previous Ordinance, First Lien and Second Lien Revenue Bonds outstanding, in such fiscal year.

In May 2004, the System issued First Lien Revenue Refunding Bonds, Series 2004B and 2004C bonds, in the form of auction rate securities. In 2008, Series 2004B auction rate securities were converted to variable rate demand bonds, while Series 2004C auction rate securities were refunded by First Lien Revenue Refunding, Series 2008A and 2008D bonds, in the par amounts of \$249.08 million and \$200.43 million, respectively. Series 2004B-1 bonds were later refunded by First Lien Revenue Refunding Bonds, Series 2012A and 2012B bonds, in the par amount of \$125 million and \$100 million, respectively. The refunding bonds were issued as SIFMA index floating rate notes. In 2010, Series 2008A bonds were refunded by First Lien Revenue Refunding Bonds, Series 2010B, effectively converting the bonds into floating rate notes. The bonds were subsequently refunded by Series 2012C, Series 2016C and recently by Series 2018C bonds on August 1, 2018. The refunding bonds were issued as LIBOR index floating rate bonds. In June 2018 and most recently in April 2020, Series 2012B and 2012A bonds, were remarketed and effectively converted back to variable rate demand bonds.

**14. Combined Utility System Commercial Paper**

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

A portion of the Series B Notes, in the amount of \$375 million, is secured by credit facilities from Bank of America (Series B-1 and Series B-6) with an expiration date of October 22, 2021, Sumitomo Mitsui Banking Corporation, acting through its New York Branch (Series B-3) with an expiration date of January 15, 2021, and PNC Bank, N.A (Series B-4) with an expiration date of July 12, 2022. As of June 30, 2020, the System has \$275 million outstanding in Series B commercial paper notes.

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

**15. Combined Utility System SWAP Agreements**

In accordance with the Government Accounting Standards Board Statement No. 72 – Fair Value Measurement and Application, the City has determined the swap liability to be a level 2 measurement. The fair market 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:

<u>Change in Fair Value</u>	<u>Fair Value at June 30, 2020</u>	<u>Notional Amount</u>
\$208,580,237 (Deferred Outflow)	\$282,003,510 (Reported in SWAP Liability)	\$902,400,000

**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”.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

Hedging Relationship (GASB 53): Hedge accounting can be applied for derivatives 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, 2020, the City was not exposed to credit risk because the Swaps had a negative fair market value. However, should interest rates change and the fair market value of the Swaps become positive, then the City will be exposed to credit risk in the amount of the fair market 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 market value of the Swaps. No collateral has been required to date.

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

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

Hedged Debt (GASB 53, para. 74): As of June 30, 2020, debt service requirements for the swap agreements are reported in Note 8D as if the swap was in effect, assuming current interest rates remain the same. As rates vary, variable rate bond interest payments and net swap payments will vary. Expected debt service payments on the associated bonds are included with other Combined Utility System Bonds on Note 8D.

**a. Combined Utility System Synthetic Fixed Rate Swap Agreements**

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

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

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

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

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

At June 30, 2020, the effective rate on the 2004B Bonds associated with the swap was computed as follows:

	<b>Amended Terms</b>	<b>RATE(%) Received (Paid)</b>
Variable rate payment from counterparties	58.55% 10Y CMS	0.8482
Swap Receipt		0.8482
Fixed rate paid to counterparties		(3.7784)
Net rate (paid)/received for swap		(2.9302)
Average variable rate on 2004B bonds, year-end		(1.1606)
Plus: dealer and credit fees on 2004B bonds		(0.5723)
Effective rate of 2004B bonds		(4.6631)

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 \$216,835,571 on June 30, 2020. After adjustment for the refunded portion, the value reported in the financial statements is negative \$206,832,660. 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 System in the SWAP liability. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

<b>Counterparty</b>	<b>Notional Amount</b>	<b>Fair Value</b>	<b>Counterparty Rating (Moody's/S&amp;P/Fitch)</b>
Goldman Sachs	\$ 353,325,000	\$ (117,266,947)	A1/A+/A+
JP Morgan Chase	150,000,000	(49,784,312)	Aa2/A+/AA
Wells Fargo	150,000,000	(49,764,312)	Aa2/A+/AA-
<b>TOTAL</b>	<b>\$ 653,325,000</b>	<b>\$ (216,815,571)</b>	

**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 Royal Bank of Canada ("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 \$249,075,000, and it will receive variable payments based on 70% of One-Month US Dollar LIBOR. The City's scheduled net swap payments are insured by Ambac Assurance Corporation.

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

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

At June 30, 2020, the effective rate on the 2018C Bonds associated with the swap was computed as follows:

	<u>Initial Terms</u>	<u>Amended Terms</u>	RATE (%) <u>Received (Paid)</u>
Variable rate payment from counterparties		58.55% 10Y CMS	0.8482
Swap Receipt			
Fixed rate paid to counterparties	Fixed		<u>(3.7610)</u>
Net rate (paid)/received for swap			(2.9128)
Year-end variable rate on 2018C bonds			<u>(1.3529)</u>
Effective rate of 2018C bonds			<u>(4.2657)</u>

Fair value. The swap had a fair value of negative \$82,204,501 on June 30, 2020. After adjustment for the refunded portion, the value reported in the financial statements is negative \$78,170,581. The fair value is recorded on the balance sheet of the Combined Utility System in the SWAP liability. This value was calculated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

<u>Counterparty</u>	<u>Notional Amount</u>	<u>Fair Value</u>	<u>Counterparty Rating (Moody's/S&amp;P/Fitch)</u>
Wells Fargo	\$ 249,075,000	\$ (82,204,501)	Aa2/A+/AA-

**16. Water and Sewer System Junior Lien Revenue Bonds**

The City's Water and Sewer System Junior Lien Revenue Bonds are all bonds outstanding under the Previous Ordinance. On June 10, 2004, as part of the restructuring to the new Combined Utility System, the City refunded a substantial portion of its outstanding junior lien bonds and reissued bonds as Combined Utility System bonds. Debt service payments on remaining Water and Sewer Junior Lien Revenue Bonds ("Junior Lien Bonds") will be made after payment of operating expenses and prior to any debt service payments on the Combined Utility System bonds. The final maturity date for the remaining junior lien bonds is December 1, 2028. No additional Junior Lien Bonds may be issued. As of June 30, 2020, the current principal balance outstanding is \$49.95 million.

**17. Coastal Water Authority ("CWA")**

The contract payable relating to CWA represents the outstanding balance of \$56,955,000 at June 30, 2020 for Series 2010 and Series 2014 (both refunding) issued by CWA, a governmental agency of the State of Texas, to finance the construction of a water conveyance system. Pursuant to a series of exchange agreements with CWA, the City issued the Certificate and endorsed the bonds and is unconditionally obligated to pay from the gross revenues of the City's Combined Utility System all debt service payments on these Certificates and Bonds, as well as amounts necessary to restore deficiencies in funds required to be accumulated under the CWA bond resolutions. The outstanding bonds mature on December 15, 2025 and December 15, 2034, respectively.

**Luce Bayou**

In January 2009, the City entered into a contract with CWA for the project design, property acquisition, construction and financing of the Luce Bayou Inter-basin 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 Texas Water Development Board (TWDB) financing program. The WIF Bonds are secured by the City's pledged revenues to pay debt service. The City's Water Authority partners are billed their share of the debt service annually. The current contract payable out of the General Purpose Fund relating to Luce Bayou as of June 30, 2020 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 \$25,500,000 as of June 30, 2020 ) and \$5,115,000 of Series 2010 WIF Loan (maturing in 2030), outstanding principal of \$4,700,000 as of June 30, 2020). The annual debt service payments for the State Participation Loan started in FY 2015, Series 2009 started in FY 2019 and Series 2010 WIF Loan started in FY 2020. In FY 2017, two new State Water Implementation Revenue Fund for Texas (SWIRFT) bonds were issued in relation to Luce Bayou, in November 2015 and December 2016 for \$66,565,000 and \$136,460,000, respectively. The annual debt service payments for these bonds started in FY

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

2019 and their maturity is in 2050 and 2051, respectively. Additionally, in FY 2018, two new State Water Implementation Revenue Fund for Texas (SWIRFT) bonds were issued in relation to Luce Bayou in November 2017 for \$24,180,000 and \$72,795,000, respectively. The annual debt service payments for the \$24.1 million bond started in FY 2018 with a current outstanding principal balance of \$22,355,000 as of June 30, 2020. This bond matures in 2047. The annual debt service payments for the \$72.8 million bond started in FY 2019. This bond matures in 2052.

**Luce Bayou & 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 was deferred until 2019, with the accrued interests during 2009-2020 rolled into principal to be amortized over the next 20 years. As of June 30, 2020, the current principal balance outstanding is \$16.47 million.

**SWIFT TWDB Loan**

On December 2015 and December 2016, the City closed on a TWDB subordinate lien State Water Implementation Fund for Texas (SWIFT) Loans of \$25,915,000 and \$63,020,000, respectively. These loans were issued to fund the Northeast Plant Expansion and Northeast Transmission Line. Annual debt service is payable from the Combined Utility System, General Purpose Fund. The annual debt service payments began in May 2016 and May 2017, respectively. As of June 30, 2020, \$2,575,000 and \$5,015,000 of the principal has been paid for the 2015 loan and 2016 loan, respectively. These bonds mature on November 15, 2045 and November 15, 2046, respectively. Two new SWIFT loans were issued in November 2017 (2017C) and June 2018 (2018B) for \$83,170,000 and \$106,910,000, respectively. The annual debt service payments began in May 2018 and November 2018, respectively and the bonds mature in fiscal year 2047. As of June 30, 2020, \$4,260,000 of principal has been paid for 2017C and \$2,650,000 of principal has been made paid for 2018B. Additionally, a new SWIFT loan was issued in November 2018 (2018F) for \$170,265,000. As of June 30, 2020, \$3,975,000 of principal was paid for this bond. This bond matures in fiscal year 2049.

**18. Other Contracts**

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

On June 20, 1967, the City, TRA, and Chambers-Liberty Counties Navigation District contracted with the United States of America to have the U.S. Army Corps of Engineers build a salinity control barrier and recreation facilities at Wallisville Lake. Because of legal actions, construction was blocked for a long period, and the project was not completed until April 2003. The City's share of the project cost was \$10,580,707, which will be paid to the U.S. government over 50 years at 3.222% interest with final payment due January 1, 2053. Current principal balance outstanding as of June 30, 2020 is \$8.4 million.

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

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

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

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

To provide the upfront funding, on October 17, 2017 the Texas Water Development Board (TWDB) approved a loan to the City at zero percent interest for \$43 million dollars. On June 27, 2018, City Council approved an ordinance approving and authorizing the Interlocal Agreement between the City and HCFCD. On August 7, 2018 City Council authorized Texas Public Improvement Bonds, Series 2018A for \$43 million dollars plus cost of issuance fees. The City will be responsible for repayment of the TWDB loan, regardless of the timing or amounts received by the City under the interlocal agreement with HCFCD. The debt service obligation will be shared 50/50 by the General Fund and the Combined Utility System. The General Fund and the Combined Utility System will be reimbursed by HCFCD upon their receipt of reimbursement from USACE. Debt service payments will begin March 2020 and end March 2041. It is anticipated the construction project will be completed in 2021.

As of June 30, 2020, the Combined Utility System is reflecting a long term Other Interfund receivable of \$22,033 as well as a current Other Interfund payable of \$1,002 and a long term Other Interfund payable of \$20,029 in relation to the obligations of this contract.

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

The following debt service schedules have been adjusted to include refundings that occurred subsequent to June 30, 2020.

**1. General Long-Term Tax Obligation Debt:**

Year Ending June 30	Public Improvement Bonds		Pension Obligation Bonds	
	Principal	Interest	Principal	Interest
2021	188,125	83,150	22,279	65,333
2022	196,330	73,963	24,656	64,123
2023	192,000	64,999	27,155	62,800
2024	178,580	57,366	29,829	61,352
2025	143,605	50,457	32,670	59,764
2026-2030	597,620	160,138	228,081	269,259
2031-2035	239,445	55,257	307,120	196,070
2036-2040	103,680	17,121	267,950	126,729
2041-2045	31,690	6,418	326,898	69,903
2046-2050	17,360	1,770	155,769	9,358
Total	\$ 1,888,435	\$ 570,639	\$ 1,422,407	\$ 984,691

Year Ending June 30	General Obligation Commercial Paper		Tax and Revenue Certificates of Obligation	
	Principal	Interest	Principal	Interest
2021	40,000	3,350	1,255	559
2022	91,900	1,285	1,315	496
2023	-	-	1,380	431
2024	-	-	8,390	181
2025	-	-	-	-
2026-2030	-	-	-	-
2031-2035	-	-	-	-
2036-2040	-	-	-	-
2041-2045	-	-	-	-
2046-2050	-	-	-	-
Total	\$ 131,900	\$ 4,635	\$ 12,340	\$ 1,667

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

<b>Year Ending June 30</b>	<b>Total Future Requirements</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total Future Requirements</b>
2021	\$ 251,659	152,392	\$ 404,051
2022	314,201	139,867	454,068
2023	220,535	128,230	348,765
2024	216,799	118,899	335,698
2025	176,275	110,221	286,496
2026-2030	825,701	429,397	1,255,098
2031-2035	546,565	251,327	797,892
2036-2040	371,630	143,850	515,480
2041-2045	358,588	76,321	434,909
2046-2050	173,129	11,128	184,257
Total	<u>\$ 3,455,082</u>	<u>\$ 1,561,632</u>	<u>\$ 5,016,714</u>

**2. HUD Section 108 Loans (in thousands):**

<b>Year Ending June 30</b>	<b>HUD Section 108 Loans (in thousands)</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total Future Requirements</b>
2021	189	391	\$ 580
2022	253	447	700
2023	261	545	806
2024	271	539	810
2025	280	534	814
2026-2030	14,681	1726	16,407
2031-2035	3,137	250	3,387
2036-2040	282	20	302
2041-2045	-	-	-
2046-2050	-	-	-
Total	<u>\$ 19,354</u>	<u>\$ 4,452</u>	<u>\$ 23,806</u>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**3. Enterprise Funds:**

Year Ending June 30	Airport System Senior Lien Commercial Paper		Airport System Subordinate Lien Revenue Bonds	
	Principal	Interest	Principal	Interest
2021	\$ -	\$ 2,349	\$ 89,090	\$ 88,330
2022	-	2,349	94,085	83,743
2023	-	2,349	96,375	78,960
2024	-	2,353	100,730	73,997
2025	132,973	1,763	105,970	68,761
2026-2030	-	-	623,815	258,942
2031-2035	-	-	525,725	102,151
2036-2040	-	-	174,380	33,941
2041-2045	-	-	31,615	6,068
2046-2050	-	-	13,555	1,397
Total	<u>\$ 132,973</u>	<u>\$ 11,163</u>	<u>\$ 1,855,340</u>	<u>\$ 796,290</u>

Year Ending June 30	Airport System Pension Obligations		Airport System Special Facility Bonds- Rental Car Facility	
	Principal	Interest	Principal	Interest
2021	\$ -	\$ 107	\$ 6,240	\$ 4,878
2022	-	107	7,505	4,691
2023	-	106	8,165	4,175
2024	-	106	8,870	3,613
2025	-	107	-	-
2026-2030	601	532	43,645	7,808
2031-2035	1,405	282	-	-
2036-2040	-	20	-	-
2041-2045	-	-	-	-
2046-2050	-	-	-	-
Total	<u>\$ 2,006</u>	<u>\$ 1,367</u>	<u>\$ 74,425</u>	<u>\$ 25,165</u>

Year Ending June 30	SECO Direct Placement		Year Ending June 30	Airport System Total Future Requirements		
	Principal	Interest		Principal	Interest	Total
2021	\$ 32	\$ 3	2021	\$ 95,654	\$ 96,293	\$ 191,947
2022	32	3	2022	101,590	91,520	193,110
2023	32	3	2023	104,540	86,221	190,761
2024	32	4	2024	109,600	80,699	190,299
2025	32	4	2025	238,943	71,261	310,204
2026-2030	164	15	2026-2030	668,061	268,527	936,588
2031-2035	-	-	2031-2035	527,130	102,363	629,493
2036-2040	-	-	2036-2040	174,380	33,941	208,321
2041-2045	-	-	2041-2045	31,615	6,068	37,683
2046-2050	-	-	2046-2050	13,555	1,397	14,952
Total	<u>\$ 324</u>	<u>\$ 32</u>	Total	<u>\$ 2,065,068</u>	<u>\$ 838,290</u>	<u>\$ 2,903,034</u>



**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

<b>Year Ending June 30</b>	<b>Convention and Entertainment Facilities Revenue Bonds</b>		<b>Convention and Entertainment Pension Obligations</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2021	\$ 24,513	\$ 27,283	\$ 185	\$ 211
2022	23,697	30,760	195	199
2023	26,276	30,755	210	187
2024	46,137	30,914	220	174
2025	26,153	30,330	235	160
2026-2030	129,752	153,066	1,492	554
2031-2035	116,075	122,931	842	86
2036-2040	37,535	7,789	-	-
2041-2045	19,995	2,083	-	-
2046-2050	-	-	-	-
<b>Total</b>	<b>\$ 450,133</b>	<b>\$ 435,911</b>	<b>\$ 3,379</b>	<b>\$ 1,571</b>

<b>Year Ending June 30</b>	<b>Convention and Entertainment Total Future Requirements</b>	
	<b>Principal</b>	<b>Interest</b>
2021	\$ 24,698	\$ 27,494
2022	23,892	30,959
2023	26,486	30,942
2024	46,357	31,088
2025	26,388	30,490
2026-2030	131,244	153,620
2031-2035	116,917	123,017
2036-2040	37,535	7,789
2041-2045	19,995	2,083
2046-2050	-	-
<b>Total</b>	<b>\$ 453,512</b>	<b>\$ 437,482</b>

<b>Year Ending June 30</b>	<b>Combined Utility System Revenue Bonds</b>		<b>Combined Utility System Swap Agreement</b>	<b>Combined Utility System Commercial Paper</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Net Swap Payment</b>	<b>Principal</b>	<b>Interest</b>
2021	\$ 221,985	\$ 221,798	23,714	\$ 275,000	\$ -
2022	237,405	213,284	23,825	-	-
2023	245,490	203,973	23,675	-	-
2024	253,510	194,273	23,693	-	-
2025	264,245	183,892	23,658	-	-
2026-2030	1,465,905	744,627	114,877	-	-
2031-2035	1,736,225	468,763	42,247	-	-
2036-2040	939,615	202,439	-	-	-
2041-2045	456,050	75,817	-	-	-
2046-2050	188,595	13,525	-	-	-
<b>Total</b>	<b>\$ 6,009,025</b>	<b>\$ 2,522,391</b>	<b>\$ 275,689</b>	<b>\$ 275,000</b>	<b>\$ -</b>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

<b>Year Ending June 30</b>	<b>Water and Sewer Jr. Lien Revenue Bonds</b>		<b>Combined Utility System Pension Obligations</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2021	\$ 6,656	\$ 15,749	\$ 3,126	\$ 4,959
2022	4,347	11,133	3,370	4,771
2023	4,604	12,741	3,625	4,569
2024	4,766	14,239	3,901	4,353
2025	4,274	13,716	4,195	4,121
2026-2030	25,302	98,573	27,051	16,467
2031-2035	-	-	19,627	8,255
2036-2040	-	-	9,540	5,352
2041-2045	-	-	13,922	3,134
2046-2050	-	-	7,072	425
<b>Total</b>	<b>\$ 49,949</b>	<b>\$ 166,151</b>	<b>\$ 95,429</b>	<b>\$ 56,406</b>

<b>Year Ending June 30</b>	<b>Combined Utility System Total Future Requirements</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Net Swap Payment</b>	<b>Total Future Requirements</b>
2021	\$ 506,767	\$ 242,506	\$ 23,714	\$ 772,987
2022	245,122	229,188	23,825	498,135
2023	253,719	221,283	23,675	498,677
2024	262,177	212,865	23,693	498,735
2025	272,714	201,729	23,658	498,101
2026-2030	1,518,258	859,667	114,877	2,492,802
2031-2035	1,755,852	477,018	42,247	2,275,117
2036-2040	949,155	207,791	-	1,156,946
2041-2045	469,972	78,951	-	548,923
2046-2050	195,667	13,950	-	209,617
<b>Total</b>	<b>\$6,429,403</b>	<b>\$2,744,948</b>	<b>\$ 275,689</b>	<b>\$9,450,040</b>

**4. Long-Term Contracts-Water and Sewer System (in thousands):**

<b>Year Ending June 30</b>	<b>Coastal Water Authority Maintenance and Operation Lien</b>		<b>US Army Corps of Engineers</b>		<b>Texas Water Development Board</b>		<b>Swift Loans</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2021	\$ 3,960	\$ 2,438	\$ 146	\$ 269	\$ -	\$ 1,497	\$ 11,215	\$ 11,311
2022	4,125	2,251	151	265	-	1,497	11,355	11,160
2023	4,300	2,056	155	260	610	819	11,505	10,996
2024	4,515	1,835	160	255	645	783	11,670	10,818
2025	4,735	1,604	166	250	680	746	11,850	10,626
2026-2030	19,970	4,374	911	1,165	4,055	3,086	62,555	49,703
2031-2035	15,350	1,571	1,069	1,009	5,385	1,756	70,130	41,988
2036-2040	-	-	1,252	825	2,625	234	80,575	31,462
2041-2045	-	-	1,467	610	-	-	93,605	18,243
2046-2050	-	-	1,719	358	-	-	66,345	3,698
2051-2055	-	-	1,170	76	-	-	-	-
<b>Total</b>	<b>\$ 56,955</b>	<b>\$ 16,129</b>	<b>\$ 8,365</b>	<b>\$ 5,342</b>	<b>\$ 14,000</b>	<b>\$ 10,418</b>	<b>\$ 430,805</b>	<b>\$ 200,005</b>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

Year Ending June 30	CWA Luce Bayou		CWA Luce Bayou ROW		CWA Luce Bayou SWIRFT		Other Contracts Total Future Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 2,975	\$ 1,805	\$ 596	\$ 645	\$ 635	\$ 3,143	\$ 19,527	\$ 21,108
2022	3,045	1,935	619	621	640	4,039	19,935	21,768
2023	3,120	1,959	644	596	645	5,331	20,980	22,017
2024	3,200	1,878	670	570	655	6,815	21,515	22,954
2025	3,280	2,325	697	542	660	8,367	22,067	24,460
2026-2030	14,580	12,910	3,923	2,263	3,470	62,265	109,464	135,766
2031-2035	4,310	7,988	4,771	1,398	3,880	98,626	104,894	154,336
2036-2040	8,595	4,746	4,549	372	63,160	59,063	160,755	96,702
2041-2045	10,790	2,498	-	-	92,510	35,628	198,372	56,979
2046-2050	5,059	240	-	-	108,070	16,671	181,193	20,967
2051-2055	-	-	-	-	23,850	1,114	25,020	1,190
Total	<u>\$ 58,954</u>	<u>\$ 38,284</u>	<u>\$ 16,469</u>	<u>\$ 7,007</u>	<u>\$ 298,175</u>	<u>\$ 301,062</u>	<u>\$ 883,721</u>	<u>\$ 578,247</u>

**E. Debt Issuances and Refundings**

Public Improvement and Refunding Bonds

On September 10, 2019, the City issued \$470,010,000 of Public Improvement Refunding Bonds, Series A and Series B (Taxable) with coupons ranging from 4.00% 5.00%. The proceeds were placed in Escrow for the purpose of generating resources for future debt service payments of the refunded portions of the PIB 2009A, 2009B, 2010B, 2011A, 2012A, 2013A, and \$150,000,000 of General Obligation Commercial Paper Notes and to pay costs of issuance of the Bonds. The True Interest Cost of the 2019A&B Bonds was 2.17%. The Bonds mature in varying amounts from 2021 – 2039. Net present value savings related to the Bonds totaled \$35,362,846.59 and reduced debt service by \$36,610,255.53.

On December 4, 2019, the City issued \$23,305,000 of Public Improvement Refunding Bonds, Series C (Forward Delivery) with a coupon at 5.00%. The proceeds were placed in Escrow for the purpose of generating resources for future debt service payments of the refunded portions of the PIB 2010A Bonds and to pay costs of issuance of the Bonds. The True Interest Cost of the 2019C Bonds was 1.46%. The Bonds mature in 2022. Net present value savings related to the Bonds totaled \$1,588,320.93 and reduced debt service by \$1,685,397.92.

Combined Utility System Revenue and Refunding Bonds

On September 17, 2019, the City issued \$690,845,000 in Combined Utility First Lien Revenue Refunding Bonds Series 2019B and 2019C (Taxable) with coupons at 1.662% to 5%. The proceeds were placed in Escrow for the purpose of generating resources for debt service payments of the refunded portions of CUS 2011D, 2011F, 2012D, 2012F; to refund \$185,000,000 of Combined Utility System Commercial Paper Notes; and to pay costs of issuance of the Bonds. The true interest cost of the 2019B Bonds is 3.011% and 2019C Bonds is 2.663%. The Bonds mature in varying amounts from 2020 to 2049. Net present Value savings related to the bonds totaled \$94,963,546 and reduced debt service by \$126,733,755.

On March 5, 2020, the City issued \$46,185,000 of Combined Utility System, First Lien Revenue Bonds, Series 2020B, as a private placement with Texas Water Development Board, with coupons ranging from 0.04% - 0.37%. Proceeds will be used to pay for projects, a debt service reserve fund and to pay costs of issuance of the Bonds. The Bonds mature in varying amounts from 2020 to 2049.

On April 21, 2020, the City remarketed \$125,000,000 of Combined Utility System, First Lien Revenue Refunding Bonds, Series 2012A Bonds to variable rate demand bonds.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

Prior Year Defeased Debt

In fiscal year 2017, the City defeased \$70,570,000 of the Series 2011D Combined Utility System First Lien Revenue Refunding Bonds by placing new bond proceeds in an escrow to provide for 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. At June 30, 2020, \$70,570,000 of defeased bonds are still outstanding.

In fiscal year 2018, the City defeased \$313,730,000 of the 2007A, 2009A, 2009B, 2010A, 2010B, 2011A and 2012A Public Improvement Refunding Bonds by placing new bond proceeds in an escrow to provide for 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, 2020, \$66,565,000 of defeased bonds are still outstanding.

In fiscal year 2019, the City defeased \$337,525,000 of Combined Utility System Bonds by placing new bond proceeds in an escrow to provide for the future debt payments on the defeased bonds. Accordingly, the escrowed assets and the liability for the defeased bonds are not included in the government section of the financial statements. As of June 30, 2020, \$332,640,000 of defeased bonds are still outstanding.

In fiscal year 2020, the City defeased \$498,615,000 of Combined Utility System Bonds by placing new bond proceeds in an escrow to provide for the future debt payments on the defeased bonds. Accordingly, the escrowed assets and the liability for the defeased bonds are not included in the government section of the financial statements. As of June 30, 2020, \$498,615,000 of defeased bonds are still outstanding.

**F. Bond Compliance Requirements**

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

The City is generally required to make a monthly transfer to debt service funds equal to one-sixth of the next interest payment and one-twelfth of the next principal payment. Certain bond ordinances have additional requirements for the establishment of rates and the accumulation of principal and interest repayment amounts from surplus operating funds. Generally, the bonds may be redeemed prior to their maturities in accordance with the bond ordinances and at various premiums equal to or less than 2%. During fiscal year 2020 the City has complied with the requirements of all revenue bond ordinances and related bond restrictions.

**G. Voter Authorized Obligations**

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

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

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

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

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

**H. Legal Debt Margin**

At June 30, 2020, the City's legal debt limit was 10% of assessed property valuation totaling \$320,305,470,129. The City's legal debt margin less applicable outstanding debt was \$26,254,265,000.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 9: LEASES**

**Operating Leases**

**A. City as Lessee**

The City has obtained office space, data processing and other equipment through long-term operating leases. The total cost for such leases was \$13,022,142 for the year ended June 30, 2020. The cost is \$9,080,922 for the General Fund, \$1,403,598 for the Grant Funds, \$1,223,429 for the Non-Major Governmental Funds, \$979,204 for the Combined Utility System Funds, \$300,376 for the Airport System Funds, \$0 for the Convention and Entertainment Facilities Funds and \$34,613 for the Internal Service Funds.

The future minimum payments under these agreements are as follows (in thousands):

<u>Year ended</u> <u>June 30</u>	<u>Operating</u> <u>Lease Payments</u>
2021	7,533
2022	4,322
2023	2,778
2024	2,339
2025	2,191
2026 - 2030	8,596
2031 - 2035	1,408
2036 - 2040	1,865
2041 - 2045	1,865
2046 - 2050	1,865
2051 - 2055	1,865
2056 - 2060	801
2061 - 2065	801
2066 - 2070	457
Total	\$ 38,686

**B. City as Lessor**

The Convention and Entertainment Facilities Department is the lessor of all of their capital assets to Houston First Corporation, a component unit. The agreement is a cancellable operating lease, and the capital assets have a cost of \$695,324,435, accumulated depreciation of \$324,254,581; and a carrying value of \$371,069,854. All the capital assets are used for performance and entertainment purposes.

The Airport System is the lessor of approximately ten percent of its land and substantially all of its buildings and improvements. These lease agreements are non-cancelable operating leases with fixed minimum rentals and non-cancelable operating use and lease agreements with annually adjusted rates. Rental income is earned from leasing various parcels of land with asset costs of \$21,609,968 to airlines, fixed base operators and various corporations for hangars, aircraft maintenance facilities, flight kitchens and cargo buildings; to auto rental companies for their service facilities and storage lots; and to a variety of other entities for buildings and other permanent improvements. Airlines and airport concessionaires lease various sections of City owned airport buildings and improvements for ticket counters, passenger hold rooms, baggage carousels, restaurants, retail stores and other facilities. Leased buildings, improvements and equipment have asset costs of \$5,618,769,676 and carrying costs of \$2,247,007,623. Accumulated depreciation on all these assets is \$3,371,762,053.

Minimum guaranteed income on all City non-cancelable operating leases is as follows (in thousands):

<u>Year ended</u> <u>June 30</u>	<u>Operating Leases</u> <u>Minimum Rental Income</u>
2021	57,335
2022	53,781
2023	53,240
2024	51,455
2025	48,045
2026 - 2030	121,568
2031 - 2035	65,449
2036 - 2040	61,648
2041 - 2045	55,183
2046 - 2050	50,573
2051 - 2055	29,411
2056 - 2058	1,317
Total	\$ 649,005

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

Contingent income associated with the Airport System non-cancelable operating leases was approximately \$3,779,466 for the year ended June 30, 2020. Contingent income is earned when a concessionaire's payment, based on a percentage of sales, is higher than the minimum amount guaranteed to the Airport System under the terms of the lease. In addition, income is earned from certain non-cancelable operating use and lease agreements for landing fees and terminal building rentals. Such income is adjusted annually based on a compensatory formula to recover certain operating and capital costs of the related facilities. Compensatory income for the year ended June 30, 2020 was \$286,113,591.

**NOTE 10: PENSION PLANS**

**A. General Information**

Plan Descriptions

The City has three single employer defined benefit pension plans (Municipal Employees' Pension System, Firefighters' Relief and Retirement Fund, and the Police Officers' Pension System) 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, 6243g-4, respectively), 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, 2020. The specific summary plan description for each Plan and the financial statements are available at the plan offices (see Note 1(B) (1)).

Benefits Provided

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

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 Deferred Retirement Option Plan (DROP) is available to eligible members with 20 or more years of service that were hired prior to July 1, 2017.

Houston Police Officers' Pension System (HPOPS). Retirement benefits for police officers are equal to 2.75% of the member's pensionable pay for each of the member's first 20 years of service plus 2% of pensionable pay for each year in excess of 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 Deferred Retirement Option Plan (DROP) is available, generally, to members hired before October 9, 2004 for eligible members with at least 20 years of service.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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:

	Houston Firefighters' Pension	Houston Municipal Employees' Pension	Houston Police Officers' Pension
Retirees and beneficiaries currently receiving benefits	3,569	11,110	4,622
Former members - entitled to but not receiving benefits	19	6,652	49
Active members:			
Vested	2,524	7,590	1,673
Non-vested	1,169	3,917	3,646
Total participants	<u>7,281</u>	<u>29,269</u>	<u>9,990</u>

On November 10, 2004, the City issued a \$300,000,000 collateralized note (The Collateralized Note) to HMEPS as part of the meet and confer agreement with HMEPS to fund part of the unfunded accrued actuarial liability of its pension plan. This note was paid in January 2009 with proceeds from City of Houston, Texas Taxable Pension Obligation Refunding Bonds, Series 2008. (See "Long-Term Liabilities" Note 8-C for further Pension Obligation Bond information).

**B. Net Pension Liability**

The "Net Pension Liability" (NPL) is the difference between the "Total Pension Liability" (TPL) and the plan's "Fiduciary Net Position" (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service, and automatic cost of living adjustments (COLA's). In addition, ad hoc COLA's are also included in the TPL to the extent they are substantively automatic. The FNP is determined on the same basis used by the pension plans. The City's total pension liability, net pension liability and certain sensitivity information are based on an actuarial valuation performed as of July 1, 2019. The total pension liability was rolled forward from the valuation date to the measurement date of June 30, 2020 using generally accepted actuarial principles.

Net Pension Liability (in thousands)	Houston Firefighters' Pension	Houston Municipal Employees' Pension	Houston Police Officers' Pension
Measurement Date	June 30, 2020	June 30, 2020	June 30, 2020
Total Pension Liability	\$ 5,084,713	\$ 5,332,865	\$ 7,083,961
Less: Fiduciary Net Position	(4,102,932)	(2,881,788)	(5,572,476)
Net Pension Liability	<u>\$ 981,781</u>	<u>\$ 2,451,077</u>	<u>\$ 1,511,485</u>

A schedule of Net Pension Liability, in addition to the information above, includes multi-year trend information (beginning with FY 2015) and is presented in the Required Supplementary Information section on pages 142 and 143.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**C. Schedule of Changes in Net Pension Liability**

Changes in the City's net pension liability presented below are calculated on the same basis as each of the plans. The Change in Net Pension Liability for Fire, Municipal, and Police pension plans for the Fiscal Year ended June 30, 2020 are as follows:

**Houston Firefighters' Relief and Retirement Fund**

Change in Net Pension Liability (in thousands)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	\$ 57,743	\$ -	\$ 57,743
Interest on the Total Pension Liability	349,760	-	349,760
Difference between Expected and Actual Experience	78,724	-	78,724
Employer Contributions	-	83,837	(83,837)
Employees Contributions	-	33,441	(33,441)
Pension Plan Net Investment Income	-	84,115	(84,115)
Assumptions Changes	-	-	-
Benefit Payments	(330,323)	(330,323)	-
Administrative Expense	-	(4,516)	4,516
Other	-	(1,314)	1,314
Net Change	155,904	(134,760)	290,664
Net Pension Liability Beginning	4,928,809	4,237,692	691,117
Net Pension Liability Ending	<u>\$ 5,084,713</u>	<u>\$ 4,102,932</u>	<u>\$ 981,781</u>

**Houston Municipal Employees' Pension System**

Change in Net Pension Liability (in thousands)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	\$ 77,819	\$ -	\$ 77,819
Interest on the Total Pension Liability	356,430	-	356,430
Difference between Expected and Actual Experience	(28,865)	-	(28,865)
Employer Contributions	-	176,430	(176,430)
Employees Contributions	-	32,582	(32,582)
Pension Plan Net Investment Income	-	(115,165)	115,165
Benefit Payments	(308,002)	(308,002)	-
Refunds	(650)	(650)	-
Administrative Expense	-	(4,891)	4,891
Other	-	485	(485)
Net Change	96,732	(219,211)	315,943
Net Pension Liability Beginning	5,236,133	3,100,999	2,135,134
Net Pension Liability Ending	<u>\$ 5,332,865</u>	<u>\$ 2,881,788</u>	<u>\$ 2,451,077</u>



**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**Houston Police Officers' Pension System**

Change in Net Pension Liability (in thousands)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	\$ 70,081	\$ -	\$ 70,081
Interest on the Total Pension Liability	474,376	-	474,376
Difference between Expected and Actual Experience	(23,461)	-	(23,461)
Employer Contributions	-	149,078	(149,078)
Employees Contributions	-	49,062	(49,062)
Pension Plan Net Investment Income	-	61,193	(61,193)
Assumptions Changes	-	-	-
Benefit Payments	(355,373)	(355,373)	-
Refunds	(2,209)	(2,209)	-
Administrative Expense	-	(3,922)	3,922
Net Change	163,414	(102,171)	265,585
Net Pension Liability Beginning	6,920,547	5,674,647	1,245,900
Net Pension Liability Ending	<u>\$ 7,083,961</u>	<u>\$ 5,572,476</u>	<u>\$ 1,511,485</u>

**D. Pension Expense**

For the year ended June 30, 2020, the City recognized total pension expense of \$912,470,070. Pension expense recognized by plan is as follows (in thousands):

Amounts Recognized in Pension Expense	Houston Firefighters' Pension	Houston Municipal Employees' Pension	Houston Police Officers' Pension
Changes for the year:			
Service Cost	\$ 57,743	\$ 77,819	\$ 70,081
Interest	349,760	356,430	474,376
Difference between Expected and Actual Experience	4,010	124,325	124,930
Differences between Projected and Actual Earnings on plan investments	91,907	65,914	64,455
Member Contributions	(33,441)	(32,582)	(49,062)
Net Investment Income	(299,437)	(213,428)	(391,508)
Administrative Expense	4,516	4,891	3,922
Assumption Changes	56,019	-	-
Other	1,314	(484)	-
Total Pension Expense	<u>\$ 232,391</u>	<u>\$ 382,885</u>	<u>\$ 297,194</u>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**E. Schedule of Deferred Outflows and Inflows of Resources**

Deferred outflows of resources reported \$7,388,176 related to the Houston Municipal Employee's Pension resulting from the City's contributions subsequent to the measurement date that will be recognized as a reduction in net pension liability in the year ending June 30, 2020.

Deferred outflows of resources and deferred inflows of resources by source reported by the City at June 30, 2020 for each plan are as follows (in thousands):

	HFRRF		HMEPS			HPOPS		Total Deferred Outflows of Resources	Total Deferred Inflows of Resources	Total Deferred Inflow and Outflow of Resources
	Deferred Outflows of Resources	Total HFRRF	Deferred Outflows of Resources	Deferred Inflows of Resources	Total HMEPS	Deferred Outflows of Resources	Net HPOPS			
Differences between expected actual experience	\$ 65,194	\$ 65,194	\$ -	\$ 22,209	\$ (22,209)	\$ 29,975	\$ 29,975	\$ 95,169	\$ (22,209)	\$ 72,960
Changes of assumptions	236,432	236,432	8,104	-	8,104	178,146	178,146	422,682	-	422,682
Net difference between projected and actual earnings on pension plan investments	169,314	169,314	223,396	-	223,396	156,489	156,489	549,199	-	549,199
City contributions after measurement date	-	-	7,388	-	7,388	-	-	7,388	-	7,388
Total	<u>\$ 470,940</u>	<u>\$ 470,940</u>	<u>\$ 238,888</u>	<u>\$ 22,209</u>	<u>\$ 216,679</u>	<u>\$ 364,610</u>	<u>\$ 364,610</u>	<u>\$ 1,074,438</u>	<u>\$ (22,209)</u>	<u>\$ 1,052,229</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2020 will be recognized in pension expense as follows (in thousands):

Year ended June 30:	Houston Firefighters' Relief and Retirement	Houston Municipal Employees' Pension	Houston Police Officers' Pension	Pension Total
2021	\$ 77,364	\$ 34,193	\$ 44,880	\$ 156,437
2022	111,178	47,499	184,346	343,023
2023	121,647	61,880	80,797	264,324
2024	113,902	65,719	59,628	239,249
2025	35,951	-	(3,996)	31,955
Thereafter	13,063	-	(1,045)	12,018
Total	<u>\$ 473,105</u>	<u>\$ 209,291</u>	<u>\$ 364,610</u>	<u>\$ 1,047,006</u>

A single discount rate of 7.00% was used to measure the total pension liability 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 (RSVS) which would become effective in the fiscal year beginning one year after the study date. Additionally, the first year of contributions includes an expected \$750 million in Pension Obligation Bonds (POB) for the HPOPS and \$250 million for the HMEPS. 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, 2019 measurement date, the single discount rate used was 7.00% for each of the plans.

The discount rate used to measure the HFRRF total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will continue to follow the current funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all future years. Therefore, a single discount rate of 7.25% was applied to all periods of projected benefit payments to determine the total pension liability. For the June 30, 2019 measurement date, the single discount rate of 7.25% was used.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**F. Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability for each of the City's plans, calculated using the discount rate, as well as what the City's net pension liability 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):

<b>Sensitivity</b>	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b><u>6.25%</u></b>	<b><u>7.25%</u></b>	<b><u>8.25%</u></b>
Houston Firefighters' Pension - Net Pension Liability	\$ 1,507,571	\$ 981,781	\$ 549,950
	<b><u>6.00%</u></b>	<b><u>7.00%</u></b>	<b><u>8.00%</u></b>
Houston Municipal Employees' Pension	\$ 3,016,679	\$ 2,451,078	\$ 1,977,637
	<b><u>6.00%</u></b>	<b><u>7.00%</u></b>	<b><u>8.00%</u></b>
Houston Police Officers' Pension	\$ 2,278,134	\$ 1,511,485	\$ 884,675

**G. Assumptions**

<u>Schedule of Assumptions</u>	<u>Houston Firefighters' Pension</u>	<u>Houston Municipal Employees' Pension</u>	<u>Houston Police Officers' Pension</u>
Inflation	3%	2.25%	2.75%
Salary Changes	3%	3.00% to 5.25%	0% to 20%, plus a 2.75% inflation and productivity component
Investment Rate of Return	7.25%	7.00%	7.00%
Valuation Date	7/1/2019	7/1/2019	7/1/2020
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	Level Percent of Payroll, 30 year closed laddered bases
Amortization Period	30 Years	28 Years	27 Years
Asset Valuation Method	Market value	5 Year smoothed, 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.
Ad hoc OPEB and Ad hoc COLA	2.25% Annually	3% - 6%	4%
Mortality Assumption	RP-2014 Table Scale MP-2018	RP-2000 Table scaled by 125% for males and 112% for females	RP-2014 Table combined healthy mortality tables with blue collar adjustment for males and no collar adjustment for females.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 11: OTHER EMPLOYEE BENEFITS**

The City of Houston OPEB 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 of the City's employees become eligible for these benefits if they reach normal retirement age while working for the City.

Contributions are recognized in the year paid. The cost of retiree health care premiums and claim liability incurred by the City (employer and subscriber) amounted to \$89,617,202 for the year ended June 30, 2020. Retiree health care is accounted for in the Health Benefits Fund, an Internal Service Fund. At June 30, 2020 there were 11,663 retirees including active survivors eligible to receive benefits. Effective August 1, 2011 all Medicare Eligible Retirees must enroll in an insured Medicare Advantage Program Plan.

**Actuarially Determined Contribution and Total OPEB Liability**

The Annual OPEB cost associated with the City's retiree health care costs for the current year is as follows (in thousands):

Actuarially Determined Contribution before Timing Adjustment	\$ 204,585
Expected net benefits payments	-
Actuarially Determined Contribution	<u>204,585</u>
 Contribution made	 45,811
 Net OPEB liability, beginning	 2,254,189
Change in Net OPEB liability	<u>(36,132)</u>
Net OPEB liability, end of year	<u><u>\$2,218,057</u></u>

**A. Post-Retirement Health Insurance Benefits**

1. Membership

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

Retirees and beneficiaries currently receiving	10,053
Active members	<u>21,696</u>
Total participants	<u><u>31,749</u></u>

2. Net OPEB Liability

The Net OPEB liability was measured as of June 30, 2019. The Total OPEB Liability was determined from an actuarial valuation as of June 30, 2019. 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.

<u>Net OPEB Liability (in thousands)</u>	
Measurement Date	<u>June 30, 2019</u>
Reporting Date	<u>June 30, 2020</u>
 Total OPEB Liability	 \$ 2,218,057
Less: Fiduciary Net Position	<u>-</u>
Net Pension Liability	<u><u>\$ 2,218,057</u></u>

A schedule of Net OPEB Liability, in addition to the information above, includes multi-year trend information (beginning with Fiscal year 2018) and is presented in the Required Supplementary Information section on page 145.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

3. Schedule of Changes in Net OPEB Liability

Change in Net OPEB Liability (in thousands)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Service Cost	\$ 118,901	\$ 45,811	\$ 73,090
Interest	90,952	-	90,952
Change of benefit terms	(17,819)	-	(17,819)
Difference between Expected and Actual Experience	(17,602)	-	(17,602)
Assumptions Changes	(164,752)	-	(164,752)
Benefit Payments	(45,811)	(45,811)	-
Net Change	(36,131)	-	(36,131)
Beginning Net OPEB Liability	2,254,189	-	2,254,189
Ending Net OPEB Liability	<u>\$ 2,218,058</u>	<u>\$ -</u>	<u>\$ 2,218,058</u>

4. OPEB Expense

For the reporting year ended June 30, 2020, the City recognized OPEB expense of \$73,202. OPEB expense recognized is as follows (in thousands):

Amounts Recognized in OPEB Expense (in thousands)	
<b>Components of OPEB Expense:</b>	
Service Cost	\$ 118,901
Interest	90,952
Current-period benefit changes	(17,819)
Difference between Expected and Actual Experience	(2,514)
Recognition Deferred	(92,782)
Expensed Portion of Current Period Changes in Assumptions	(23,536)
OPEB Expense	<u>\$ 73,202</u>

5. Schedule of Deferred Outflows and Inflows of Resources

Deferred outflows of resources and deferred inflows of resources are differences between actual and expected experience that are not reflected in the current year's expenses. Deferred outflows of resources reported \$16,562,290 related to OPEB resulting from the City's contributions subsequent to the measurement date that will be recognized as a reduction in net OPEB liability in the year ending June 30, 2020.

Deferred inflows and outflows of resources related to OPEB reported by the City at June 30, 2020 is as follows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ (478,720)
Net difference between projected and and actual earnings on investments	-	-
Difference between expected and actual earnings in the Total OPEB Liability	-	(94,899)
City of Houston contributions subsequent to the measurement date	16,562	-
Total	<u>\$ 16,562</u>	<u>\$ (573,619)</u>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Net OPEB Liability at June 30, 2020 will be recognized in OPEB expense as follows (in thousands):

Year Ended June 30:	Deferred Outflows and Inflows of
2020	N/A
2021	(118,832)
2022	(118,832)
2023	(118,832)
2024	(118,832)
2025	(72,238)
2026	(26,053)
Total	(\$573,619)

6. Sensitivity of the Net OPEB Liability to changes in the discount rate

The following presents the Net OPEB Liability, calculated using the discount rate, as well as what the City's Net OPEB Liability 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):

1% Decrease 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
\$ 2,581,029	\$ 2,218,057	\$ 1,927,613

7. Schedule of Assumptions

The total OPEB liability was rolled forward from an actuarial valuation as of June 30, 2018 using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Schedule of Assumptions

Inflation	2.25%
Salary Increases	2.75% to 22.75%, varies by employee class and service/age
Discount Rate	3.50%
Measurement Date	June 30, 2019
Healthcare costs trends rates	
Medical	6.19% trending down to 4.5%
Prescription drug	6.83% trending down to 4.5%
Medicare Advantage	-1.00% trending down to 4.5%
Medicare Supplement	2.70% trending down to 4.5%
Administrative costs	3.00%
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**

Effective May 1, 2011, the City elected to be substantially self-insured and on May 1, 2019 once again awarded CIGNA a five-year contract with two (2) one-year renewal options for 3 new health plans. All have a heavy emphasis on a wellness component, and include; 1) a limited network HMO-type plan, 2) an open access PPO-type plan with out-of-network coverage, 3) a consumer driven high deductible health plan, partnered with a health reimbursement account. Previously Texas Option Plan as terminated on April 30, 2019. Effective May 1, 2013, the City will no longer purchase individual and aggregate stop-loss coverage. The City will assume the financial risk of catastrophic and overall claim liability.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

Premiums paid (employer and subscriber) for current employees to third party administrators including claim liability totaled \$251,979,327 for the year ended June 30, 2020.

<b>CIGNA</b>		
<b>Schedule of Changes in Liability</b>		
<b>(in thousands)</b>		
	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Beginning actuarial estimate of claims liability reserve, July 1	\$ 22,950	\$ 23,067
Catastrophic claims reserve, July 1	15,000	15,000
Incurred claims for fiscal year	304,635	312,477
Payments on claims - net of RX rebates and refunds	(306,335)	(312,710)
Actuarial adjustment	850	116
	<u>850</u>	<u>116</u>
Ending actuarial estimate of claims liability including catastrophic claims liability, June 30	<u>\$ 37,100</u>	<u>\$ 37,950</u>

The City also provides 1 times the salary of basic life insurance, with a minimum of \$15,000, at no cost to the employee. The employee, at no cost to the City, may then obtain additional life insurance up to four times their annual salary. The current costs for active employees for both basic and voluntary life insurance totaled \$6,356,473 for the year ended June 30, 2020.

**C. Incurred for Catastrophic claims**

In addition to the IBNR, to mitigate claim volatility, the city has funded a catastrophic claim liability of \$15 million. This would increase the total liability to \$37 million and designated fund balance of \$38 million for claim volatility.

**D. Long-Term Disability Plan**

The long-term disability plan, accounted for as an internal service fund, is a part of the Income Protection Plan implemented effective September 1, 1985 (renamed the Compensable Sick Leave Plan (CSL) in October, 1996) and is provided at no cost to City employees who are members of CSL. Coverage is effective the later of September 1, 1985 or upon completion of one year of continuous service. When an employee cannot work because of injury or illness, the plan provides income equal to 50% of base pay plus longevity or 70% of base plus longevity when combined with income benefits available from other sources. Plan benefits may be payable after all CSL scheduled sick leave benefits, including frozen sick leave days, have been used, however, not before six months absence from work. The plan is administered by Reed Group (Previously Hewitt Associates LLC), which is reimbursed from the fund for claims as they are paid along with a fee for administrative services. Effective September 1, 2001 the Meet and Confer Agreement establishes Paid Time Off (PTO) for police classified officers. This replaces their participation in the LTD plan.

<b>Schedule of Changes in Liability</b>		
<b>(in thousands)</b>		
	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Beginning actuarial estimate of claims liability, July 1	\$ 6,720	\$ 5,990
Incurred claims for fiscal year	1,200	1,510
Payments on claims	(899)	(957)
Actuarial adjustment	227	177
	<u>227</u>	<u>177</u>
Ending actuarial estimate of claims liability, June 30	<u>\$ 7,248</u>	<u>\$ 6,720</u>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**Actuarially Determined Contribution and Total Claim Liability (in thousands)**

During fiscal year 2020, there was an increase of \$528 million in the amount of disabled life reserves.

Total claim liability at beginning of period	\$	6,720
Changes due to assumption changes		494
Increase attributable to additions		1,354
Decrease attributable to terminations		(379)
Change attributable to passage of time and adjustments		(941)
Net change		<u>528</u>
Total claim liability at end of period	\$	<u>7,248</u>

1. Changes in Net OPEB Liability (in thousands)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (NPL)
Balance at 06/30/2019	\$ 12,902	\$ 10	\$ 12,892
Changes for the year			
Service Cost	719	-	719
Interest	461	-	461
Experience	(1,079)	-	(1,079)
Employer Contributions	-	901	(901)
Benefit Payments	(910)	(910)	-
Assumption Changes	3,476	-	3,476
Net Changes	<u>2,667</u>	<u>(9)</u>	<u>2,676</u>
Balance at 06/30/2020	<u>\$ 15,569</u>	<u>\$ 1</u>	<u>\$ 15,568</u>

2. OPEB Expense Components (in thousands) for the year ended June 30, 2020, the City will recognize OPEB expense of \$1,558,787. At June 30, 2020, the City reports deferred outflows of resources and deferred inflows of resources related to OPEB expense from the following sources:

Service Cost	\$	719
Interest on TOL		461
Differences between expected and actual experience		28
Changes in Assumptions		<u>351</u>
Total OPEB Expense	\$	<u>1,559</u>

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

	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 115
Changes in assumptions	<u>3,228</u>
	<u>\$ 3,343</u>

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

Year Ended June 30:	
2021	379
2022	379
2023	379
2024	379
2025	379
Thereafter	<u>1,448</u>
	<u>\$ 3,343</u>



**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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

The following presents the net OPEB liability, calculated using the discount rate of 2.21%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage-point higher than the current rate:

	1% Decrease 1.21%	Current Discount Rate of 2.21%	1% Decrease 3.21%
City's Net OPEB Liability	\$ 16,253	\$ 15,568	\$ 14,867

**E. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan (Plan), created in accordance with Internal Revenue Code Section 457 as a separately administered trust. The Plan, available to all City employees, permits employees to defer a portion of their salary until future years. 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. Pursuant to tax law changes, the Plan's assets are no longer subject to the City's general creditors and are not included in these financial statements.

**F. Workers' Compensation Self-Insurance Plan**

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

As of June 30, 2020, the City has an accumulated liability in the amount of \$114 million covering estimates for approved but unpaid claims and incurred but not reported claims (calculated on an actuarial basis) recorded in the government-wide Statement of Net Position and Enterprise Funds. The amount of liability is based on an actuarial study.

	<b>Schedule of Changes in Liability</b>	
	<b>(in thousands)</b>	
	<b>June 30, 2020</b>	<b>June 30, 2019</b>
Beginning actuarial estimate of claims liability, July 1	\$ 98,734	\$ 87,502
Incurred claims for fiscal year	23,603	19,984
Payments on claims	(22,501)	(20,387)
Actuarial adjustment	14,380	11,635
Ending actuarial estimate of claims liability, June 30	\$ 114,216	\$ 98,734

**NOTE 12: INTERFUND TRANSACTIONS**

**A. Transfers**

Transfers during the year ended June 30, 2020 were as follows (in thousands):

<b>Transferred from:</b>	<b>Transferred to:</b>				<b>Total Transfers Out</b>
	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
General Fund	\$ -	\$ 62,067	\$ 375,615	\$ 1,161	\$ 438,843
Grants Fund	2,857	-	13,923	-	16,780
Nonmajor Funds	15,223	630	13,209	122,592	151,654
Capital Projects	-	-	1,003	-	1,003
Convention and Entertainment	1,449	-	-	-	1,449
Combined Utility System	45,304	-	5,577	40	50,921
Total transfers in	\$ 64,833	\$ 62,697	\$ 409,327	\$ 123,793	\$ 660,650

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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

**B. Interfund Charges**

The General Fund charges the Airport System, Combined Utility System, Capital Project, Auto Dealer's and Cable Television Funds for services provided by the General Fund on behalf of these funds. Such charges totaled \$83,262,000 for the year ended June 30, 2020 and are recorded as revenue in the General Fund and as expense, expenditure or capital assets in the funds assessed.

Included in the Fiscal Year 2020 total are charges to the funds for direct and indirect expenses as shown below (in thousands):

	<u>Airport System</u>	<u>Combined Utility System</u>	<u>Other Funds</u>	<u>Total</u>
General Services	\$ 3,018	\$ 11,069	\$ 11,333	\$ 25,420
Fire Services	19,593	-	-	19,593
Police Services	32,111	-	-	32,111
Legal	22	5	281	308
Other	266	4,172	1,392	5,830
Total	<u>\$ 55,010</u>	<u>\$ 15,246</u>	<u>\$ 13,006</u>	<u>\$ 83,262</u>

**C. Schedule of Amounts Due To and Due From Other Funds**

The interfund balances are primarily due to charges for services between funds during the fiscal year and settled shortly after year-end. The composition of interfund balances as of June 30, 2020 is as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grants Revenue	\$ 5,800
	CARES ACT Fund	33,522
	Combined Utility System	20,183
	Nonmajor Governmental Funds	429
	Capital Projects Fund	11,421
	Airport System	646
	Internal Service Fund	26
		<u>\$ 72,027</u>
Grants Revenue	General Fund	\$ 214
	Capital Projects Fund	105
	Nonmajor Governmental Funds	18
	CARES ACT Fund	827
	<u>\$ 1,164</u>	
Capital Projects Fund	General Fund	\$ 507
	Nonmajor Governmental Funds	12,342
	Combined Utility System	233
	<u>\$ 13,082</u>	
Airport System	General Fund	\$ 1,746
		<u>\$ 1,746</u>
Combined Utility System	Nonmajor Governmental Funds	\$ 5,615
	General Fund	3,555
	Grants Revenue	171
	CARES ACT Fund	177
	<u>\$ 9,518</u>	
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 62
	General Fund	949
	CARES ACT Fund	1,492
	Grants Revenue	112
	Combined Utility System	147
	<u>\$ 2,762</u>	
CARES ACT Fund	General Fund	\$ 10,060
		<u>\$ 10,060</u>
Convention & Entertainment Facilities	General Fund	\$ 5
		<u>\$ 5</u>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 13: COMMITMENTS AND CONTINGENCIES**

**A. Litigation and Claims**

The City is a defendant in various lawsuits and is aware of pending claims arising in the ordinary course of its municipal and enterprise activities, certain of which seek substantial damages. That litigation includes lawsuits and claims alleging that the City caused personal injuries and wrongful deaths; class actions and other lawsuits and claims alleging discriminatory hiring and promotional practices and certain civil rights violations arising under the Federal Voting Rights Act; various claims from contractors for additional amounts under construction contracts; and claims involving property tax assessments and various other liability claims. Alleged damages in the lawsuits are approximately \$34.8 million. 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. In the Statement of Net Position, the City has recognized a liability of \$21.5 million for potential litigation losses arising from various lawsuits.

In 2004, Houston voters approved two ballot propositions limiting City revenue growth. Proposition 1 generally limits annual growth in property tax revenues to the lesser of the actual revenues in the preceding fiscal year, plus 4.5 percent, or the revenues received in the previous fiscal year, plus the cumulative combined rates of inflation and the City's population growth. With the exception of grant monies, revenue received from other governmental entities and interfund transfers, Proposition 2 caps growth in all City revenues, including the General Fund, Special Revenue Funds and Enterprise Funds (combined revenues). Proposition 2 would require a 60 percent vote at a regular election before the City could increase combined revenues over the combined revenues for the preceding fiscal year as adjusted for rates of change in the consumer price index and population growth. Any combined revenues collected by the City in excess of the Proposition 2 restriction would be placed in a taxpayer relief fund. Although both propositions received a majority of votes in the 2004 election, the City declared that Proposition 2 was not effective because Proposition 1 received the higher number of favorable votes.

Supporters of Proposition 2 filed a lawsuit to declare Proposition 2 effective. After protracted litigation, on August 26, 2011, the Texas Supreme Court vacated the judgment of the trial court (for lack of ripeness) without reference to the merits and dismissed the case for want of jurisdiction. In April 2014, the suit was refiled. The court granted the City Defendant's Motion for Summary Judgment on September 16, 2019 and denied plaintiffs' Motion for Summary Judgment. On October 4, 2019, the trial court held a bench trial on the remaining issues. On October 29, 2019, the trial court held for the City Defendants, ordering that the plaintiffs take nothing. The plaintiff has challenged the trial court's disposition.

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.

In 2013, the City commenced formal negotiations with the Environmental Protection Agency ("EPA") and the Department of Justice ("DOJ") (collectively the "United States") on a draft Clean Water Act consent decree relating to the City's Wastewater Treatment and Collection System ("System") that would contain specific remedial measures to address sanitary sewer overflows ("SSOs") and wastewater treatment plant permit exceedances and mitigate against future occurrences. The State of Texas ("State") has also been a party to the negotiations and resolution of this matter. Before the EPA, DOJ, State and the City could complete the consent decree negotiations, a citizen group called Bayou City Waterkeeper ("BCW") notified the City in July 2018 of BCW's Notice of Intent to Sue ("NOI") the City on the same matters being addressed in the consent decree negotiations with the United States and State. In response to the threatened citizen suit, the United States and the State filed a suit against the City first in the United States District Court for the Southern District of Texas (Civil Action No. 4:18-cv-03368) – on September 20, 2018 – which the City believes precludes BCW under federal law from filing a separate suit on the same matters. The United States also requested that the Court stay the United States' proceeding to allow the parties to complete the settlement negotiations, and the Court granted the motion to stay. BCW also ultimately intervened in the United States' September 20, 2018 lawsuit as allowed by the Clean Water Act. In addition, and notwithstanding the United States' suit, BCW filed a separate action (also in the United States District Court for the Southern District of Texas; Civil Action No. 4:18-cv-03369) on the next day – September 21, 2018 – which the City seeks to dismiss as being barred under law by the first-filed case. That litigation was also stayed to allow settlement negotiations to proceed between the United States, the State and the City.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

Following filing of the lawsuit on September 20, 2018, the United States, State and City continued settlement negotiations, which resulted in an agreement between those parties on a proposed consent decree (the "Consent Decree"). On July 24, 2019, City Council, by ordinance, approved the Consent Decree and payment of \$4.4 million in penalties to the State and EPA, and \$200,000 in attorney fees to the State to resolve all civil claims of the federal government and the State against the City for alleged wastewater violations since 2005. The City signed the Consent Decree on July 26, 2019, and after execution by federal and state officials, the Consent Decree was lodged with the federal District Court on August 27, 2019. Notice of the lodging of the Consent Decree was published in the Federal Register on September 3, 2019 which opened a 30-day period (until October 14, 2019) for the submission of public comments to the United States on the Consent Decree; on October 9, 2019, however, the United States extended the public comment period on the Consent Decree until November 8, 2019. Notice of the Consent Decree was published in the Texas Register on September 13, 2019, which opened a 30-day period (until October 14, 2019) for the submission of public comments to the State of Texas on the Consent Decree. The public comment periods for the State and United States closed on October 14, 2019 and November 8, 2019 respectively. On August 7, 2020, the DOJ and the State filed a motion to enter the Consent Decree with the Court, including the response to comments that were submitted concerning the Consent Decree. After reviewing the motion, comments, and any other pleadings in support of or opposing entry of the Consent Decree, the Court will enter its decision. It is possible that the court's entry of the Consent Decree could be challenged on appeal. The City has posted a copy of the Consent Decree and related documents on its website at <https://www.publicworks.houstontx.gov/>.

While the total amount of the investment to be made in the wastewater system will not be known until the System completes the assessment work to identify the condition and remedial measures needed, it is estimated that the City may be required to invest an additional \$2 billion over 15 years to upgrade the wastewater system pursuant to the Consent Decree. The System has engaged a consultant to perform a water and wastewater study that will take into account this additional investment in wastewater infrastructure in evaluating impacts on future wastewater rates. Other than the costs identified above that would be paid for resolution of all civil claims of the federal government and the State against the City for alleged wastewater violations since 2005, the City cannot predict the 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 receives the aforementioned 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.

In 2011, City Council passed an ordinance that imposed an assessment upon benefitted properties that receive drainage services (the "Drainage Utility Fee") to assist with the provision, maintenance and improvement of the City's drainage and street drainage systems. Certain properties are exempt from the Drainage Utility Fee, including State government agency facilities, public and private institutions of higher education, and churches existing at the time of passage. Exempted properties comprise approximately 2.55% of the drainage service area.

The Drainage Utility Fee is deposited into a segregated drainage account in the "Dedicated Pay-As-You-Go Fund for Drainage and Streets" (the "Pay-As-You-Go Fund"), which also includes ad valorem tax revenue, certain grants, and a developer impact fee. All funding in the Pay-As-You-Go Fund that is not derived from ad valorem taxes is excluded from the revenue limitations in the City Charter.

***Jones v. Turner.*** On October 21, 2019, taxpayers filed suit in state district court alleging miscalculation by the City of required ad valorem tax contributions to Pay-As-You-Go-Fund resulting in alleged underpayments into the fund. The plaintiffs seek declaratory relief, an injunction, mandamus relief, attorneys' fees, and any other relief to which they may be entitled. The trial court denied the City's plea to the jurisdiction in December 2019, but the Fourteenth Texas Court of Appeals reversed and rendered, dismissing all claims.

***Drainage Utility Fee Litigation.*** In 2012, the owners of three apartment complexes filed a lawsuit against the City and the Director of Houston Public Works in their official capacity, challenging the validity of the Drainage Utility Fee and alleging ultra vires actions by the Director. The City filed a plea to the jurisdiction seeking dismissal of the suit. The City's plea was granted in part and denied in part. The apartment complexes' remaining ultra vires claims, declaratory judgment claims, and constitutional challenges to the ordinance remain pending in the district court. The apartment complexes appealed, the court of appeals affirmed the trial court's decision and the Supreme Court denied review.

Three railroad companies had intervened in the lawsuit to challenge the Drainage Utility Fee but, on the City's motion, the court struck the railroad companies' intervention. The railroad companies then filed their own lawsuit challenging the validity of various aspects of the assessment of the Drainage Utility Fee, alleging both ultra vires and constitutional claims, and asking for injunctive relief and attorneys' fees. The City and the Director filed a plea to the jurisdiction on all of the railroads' claims, including the ultra vires claims. The plea was granted by the district court but the portion of the plea on the ultra vires claims was denied on appeal by the Texas Supreme Court. The railroad companies' claims are currently pending in the district court.

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.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

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 plaintiffs have filed a petition for review in the Texas Supreme Court.

**B. Environmental Liabilities**

The City is aware of various sites contaminated by asbestos or other hazardous materials. 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, 2020, the City had appropriated but not yet spent from Capital Projects and Enterprise Funds approximately \$2,799,060,000 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 \$100 million and commercial property insurance with a per occurrence loss limit of \$175 million. The commercial property insurance sublimit for flood is \$175 million. The commercial property insurance provides deductibles as follows: \$2.5 million per occurrence for all perils except; 3% of the damaged insured value for windstorm or hail from a named storm, subject to a \$2.5 million minimum and a \$15 million maximum deductible; and 3% of the damaged insured value for flood, subject to a \$2.5 million minimum and a \$15 million maximum deductible. Should a named storm event occur that involves both perils of windstorm and flood, the maximum deductible is \$15 million.

Self-insured claims are reported as liabilities in the accompanying financial statements when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. This determination is based on reported pending claims, estimates of claims incurred but not yet reported, actuarial reports and historical analysis. All claims are accounted for in the 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.

For unemployment claims, the City pays claims as they are settled. Unemployment claim activity is as follows:

	<b>Unemployment Claim Activity</b>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Unpaid claims, beginning of fiscal year	\$431,385	\$159,930
Incurred claims (including IBNRs)	1,741,934	898,403
Claim payments	<u>(1,422,042)</u>	<u>(626,948)</u>
Unpaid claims, end of fiscal year	<u>\$751,277</u>	<u>\$431,385</u>

**E. Purchase Commitments for Electricity**

On July 1, 2020 the City of Houston entered into an electricity supply agreement with Reliant Energy Retail Services, Inc. for a 5-year term with two 1-year options. The total committed price is approximately \$634 million for expected usage of the potentially 7-year contract. The City of Houston has entered into this agreement with locked rates for the duration of the contract terms.

**F. Federal and State**

Amount received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, could be a liability of the City.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**G. Risk and Uncertainties**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all Texas counties in response to the Pandemic. Pursuant to Chapter 41, Texas Government Code, the Governor has broad authority to respond to disasters, including the authority to suspend any regulatory statute prescribing the procedures for conducting State business or any order or rule of a State agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and to issue executive orders that have the force and effect of law. The Governor has since issued a number of executive orders relating to COVID-19 preparedness and mitigation. Many of the federal and State actions and policies are focused on limiting opportunities for the public to congregate and individuals to interact with each other, which affects the operation of businesses and directly impacts the national, State and local economies.

In addition to actions by State and Federal officials, on March 11, 2020, the Harris County Judge activated the County’s emergency management plan by issuing a Declaration of Local Disaster for Public Health Emergency (the “Declaration”) in order to contain the COVID-19 outbreak and prevent its spread throughout Harris County. Also on March 11, 2020, the Mayor of the City of Houston issued a proclamation declaring a local state of disaster for a public health emergency for the City of Houston resulting from the imminent threat to the public health and the potential for loss of life and property of people and communities of the City caused by the introduction, transmission, or spread (or imminent threat of the same) of the disease known as “coronavirus disease 2019” (“COVID-19”).

On March 17, 2020, the City Council of the City of Houston approved Ordinance No. 2020-212 to authorize the continuation of the local state of disaster for a public health emergency relating to COVID-19. On March 24, 2020, the Harris County Judge issued a "Stay Home, Work Safe" Order (“Stay Home Order”) prohibiting gatherings and providing that residents stay home other than to perform Essential Services as defined in Federal guidance. The Stay Home Order, which lasted until June 10, 2020, provided that in performing or obtaining Essential Services, residents should follow Center for Disease Control and Prevention (“CDC”) guidelines on social distancing.

The Pandemic has negatively affected travel, commerce, and financial markets globally and is widely expected to continue negatively affecting economic growth and financial markets worldwide. The City continues to monitor the Pandemic and work with local, state and national agencies to address its potential impact on the City. The impact of COVID-19 is expected to have a negative financial impact on local, state and national economies, the severity of which is unknown at this time, in a manner that could adversely affect the amount of property and sales and use taxes, franchise charges and fees, and other general revenues received by the City.

The City has identified several funding sources to assist with expenses related to the COVID-19 outbreak. In April 2020, Ordinance 2020-276, authorizing appropriation and transfer of \$5M was approved on April 1, 2020. Refer to footnote 3. The City established the COVID-19 Disaster Fund and transferred \$5 million out of the Budget Stabilization Fund to cover expenditures related to public health emergency response efforts and also received another \$5 million through a CDC grant. Most significantly, in April 2020 the City received \$404.869 million from the U.S. Department of Treasury pursuant to the Coronavirus Aid Relief & Economic Security Act (the “CARES ACT”).

The Houston Airport System is scheduled to receive up to \$200.2 million from the Federal Aviation Administration as part of the CARES Act’s attempt to help offset the negative impact on major airports’ revenue due to the reduction in passenger traffic. In fiscal year 2020 the Fund received and applied \$8.1 million received against its Subordinate Lien Bond debt service. The City’s Administration is currently evaluating how to best utilize the funding, but to date has identified some top priorities including: rental assistance, contact tracing, and funding to cover the redeployment of certain City employees.

Prior to COVID-19, Fiscal Year 2020 sales tax revenues were budgeted at \$695 million, and post-COVID-19, actual sales tax revenues are \$684 million. General Fund expenditures have also been reduced significantly to come in under budget by approximately \$90 million. Coupled with reduced revenues, significant reductions in expenditures for Fiscal Year 2020 were made by utilizing the Coronavirus Relief Fund money made available through the CARES Act to cover costs of redeploying personnel that were previously paid out of the General Fund. Notwithstanding the preceding estimates, the City at this time cannot predict with any certainty the actual impact COVID-19 may have on revenues in the coming Fiscal Year. While the impact on the City is uncertain at this time, the City is monitoring the impact of COVID-19 and will address such impacts, as necessary.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**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, 2020 the City received \$144.148 million from METRO under this contract. The breakout was \$70.393 million to Capital Projects and \$73.755 million to Special Revenues. \$0 of payments were for the prior contract year. In addition, the City did not make any payments to METRO for services performed through the Program.

Consistent with provisions under Chapter 451 of the Texas Transportation Code, the City currently appoints five (5) of the nine (9) members of the METRO Board of Directors; however, the City has no financial accountability for the Authority and the entity is separate from the operating activities of the City.

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

As described in Note 8C, the City and TRA have a long-term contract under which the City is obligated to pay debt service for certain bonds as well as certain maintenance and operating expenses for a TRA dam and reservoir. During the fiscal year ended June 30, 2008, all outstanding long-term debt had been paid off. During the fiscal year ended June 30, 2020 the City paid \$3.9 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, 2020 is \$70.4 million. The current portion of this receivable is \$3.5 million with the remaining \$66.9 million reflected as non-current.

**C. Coastal Water Authority (CWA)**

The City has a long-term contract with Coastal Water Authority (CWA) for water conveyance. During the fiscal year ended June 2020, the City paid CWA \$6.4 million for debt services and \$25.3 million for maintenance and operating expenses.

**D. Component Units**

The City has a number of component units, most of which have fiscal years ended June 30, 2020. Eight discretely presented component units: Greater Houston Convention and Visitors Bureau, Houston Arts Alliance, Houston First Corporation, Houston Housing Finance Corporation, Houston Museum District Association, Houston Zoo, Inc., Miller Theatre Advisory Board, Inc., and Theater District Improvement, Inc. have fiscal years ended December 31, 2019. Subsequent to December 31, 2019, the City received interest payments of \$6,518 thousand from Houston First Corporation.

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 15: CONDUIT DEBT OBLIGATIONS**

The City has authorized various issues of Special Facilities Bonds to enable United Airlines, Inc. (successor to Continental Airlines, Inc.) a private company, to construct facilities at Intercontinental that were deemed to be in the public interest (Special Facilities). 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 Airlines. Collected pledged revenues are remitted directly to a trustee by United Airlines. Under the terms of the related lease agreements, United Airlines operates, maintains, and insures the terminal, 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 private companies through long-term leases, and the Airport System Fund will enjoy no direct financial benefit from these facilities for the term of the lease agreements. Accordingly, the Airport System Fund accounts for the United Airlines' 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>Conduit debt outstanding at June 30, 2020 (in thousands):</b>	<u><b>June 30, 2020</b></u>
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	308,660
Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-1 (AMT), \$176,650,000 original principal, matures in 2035	176,650
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Technical Operations Center), Series 2018 (AMT), \$90,650,000 original principal, matures in 2028	90,650
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2018C (AMT), \$46,425,000 original principal, matures in 2028	46,425
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2020A (AMT), \$34,165,000 original principal, matures in 2027	34,165
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2020B-2 (AMT), \$47,470,000 original principal, matures in 2027	47,470
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2020C (AMT), \$66,890,000 original principal, matures in 2027	66,890
<b>Total conduit debt outstanding</b>	<u><u>\$ 884,215</u></u>

On June 29, 2020, the City issued \$34,165,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2020A (AMT) on behalf of United Airlines, 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 \$47,470,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2020B-2 (AMT) on behalf of United Airlines, to refund certain outstanding Special Facilities Revenue Bonds, and to pay the Series 2020B-2 costs of issuance. The bonds were issued as a 5% Term Bond due July 15, 2027, with a yield of 4.375%.

On June 29, 2020, the City issued \$66,890,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2020C (AMT) on behalf of United Airlines, to refund certain outstanding Special Facilities Revenue Bonds, and to pay the Series 2020C costs of issuance. The bonds were issued as a 5% Term Bond due July 15, 2027, with a yield of 4.625%.

On February 20, 2018, the City issued \$90,650,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Technical Operations Center Project), Series 2018 (AMT) on behalf of United Airlines, to finance the construction of a technical operations center



**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

and related facilities at the George Bush Intercontinental Airport. The bonds were issued as a 5% Term Bond due July 15, 2028, with a yield of 3.60%.

On February 20, 2018, the City issued \$46,425,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2018C (AMT) on behalf of United Airlines, to finance the improvement, renovation, expansion and repair of certain special facilities at George Bush Intercontinental Airport, including improvements to an existing aircraft maintenance hangar facility, construction of an aircraft shops facility, and renovation of a maintenance and parts storage facility. The bonds were issued as a 5% Term Bond due July 15, 2028, with a yield of 3.60%.

On March 16, 2015, the City issued \$176,650,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-1 (AMT) on behalf of United Airlines, 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.

The Airport System Special Facilities Revenue Bonds, (Continental Airlines, Inc., Terminal Improvement Projects) Series 1997B and 1998B financed various leasehold improvements for United Airlines in Terminals B, C and D. On March 16, 2015, the City issued \$47,390,000 in Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-2 (AMT) on behalf of United Airlines, with a 5.00% coupon rate, to mature on July 15, 2027. Proceeds of the bonds were used to refund the outstanding Airport System Special Facilities Revenue Bonds, Series 1997B and 1998B and to pay costs of issuance. Net present value savings for United Airlines related to the refunded bonds totaled \$12,049,244 or 18.36% of the refunded bonds and reduced total debt service by \$45,281,400.

The Airport System Special Facilities Revenue Bonds, (Continental Airlines, Inc. Terminal E Project), Series 2001, financed the construction of international Terminal E and related airport facilities for the exclusive use of United Airlines (Terminal E Special Facilities). On May 8, 2014, the City issued \$308,660,000 in Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal E Project) Series 2014 on behalf of United Airlines, 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. Net present value savings for United Airlines related to the refunded bonds totaled \$40,519,909 or 13.31% of the refunded bonds and reduced total debt service by \$58,675,823.

The Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 2011 (AMT) financed the replacement of two flight stations at Terminal B with a new South Concourse building to serve United Airlines' regional jet operations (Terminal B Special Facilities). The Terminal B Special Facilities went into service in March 2014.

The Airport System Special Facilities Revenue Bonds, (Continental Airlines, Inc., Airport Improvement Projects) Series 1997C and 1998C, financed the construction of an aircraft hangar, maintenance and parts storage facility, mail sort facility, flight simulator, and inflight training facility. On March 26, 2015, the City issued \$65,785,000 in Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2015C, on behalf of United Airlines, with a coupon rate of 5.00%, to mature on July 15, 2020. Proceeds of the bonds were used to refund the outstanding Airport System Special Facilities Revenue Bonds, Series 1997C and 1998C, and to pay costs of issuance. Net present value savings for United Airlines related to the refunded bonds totaled \$14,553,627 or 20.95% of the refunded bonds and reduced total debt service by \$40,135,502. These bonds matured just after the close of this fiscal year, in July 2020.

**NOTE 16: PRIOR PERIOD ADJUSTMENT**

Tax Increment Reinvestment Zones (TIRZs) as described in Note 5, implements projects which include capital infrastructure, facilities, buildings and amenities that are conveyed to the City. In 2019, the City recorded work in progress for one such project under construction and has determined that additional projects, both completed and currently underway, were not recorded as assets in the accounting systems or financial statements of the City. Unrecorded TIRZ capital project activity from periods prior to fiscal year 2020 totals \$595.9 million, including \$521.4 million in completed projects, \$128.1 million for work in progress, and \$53.6 million in accumulated depreciation.

The correction resulted in an increase to net position of \$596 million dollars.

	<u>Governmental Funds</u>	<u>Combined Utility System</u>
July 1, 2019 as previously reported	\$ (997,859)	\$ 145,788
Prior period adjustment	578,250	17,688
July 1, 2019 as restated	<u>\$ (419,609)</u>	<u>\$ 163,476</u>

**CITY OF HOUSTON, TEXAS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2020**

**NOTE 17: SUBSEQUENT EVENTS**

**A. Tax and Revenue Anticipation Notes**

On July 21, 2020, the City closed the sale of \$200,000,000 Tax and Revenue Anticipation Notes (TRANS), Series 2020. The proceeds of the TRANS will be used to pay working capital expenditures until tax revenues are received in early 2021. The stated interest rate was 4.23%. The notes will mature on June 30, 2021.

**B. Combined Utility System First Lien Revenue and Refunding Bonds Series 2020C and Combined Utility System First Lien Revenue Refunding Bonds Taxable Series 2020D**

On July 1, 2020, the City issued \$610,720,000 in Combined Utility First Lien Revenue Refunding Bonds Series 2020C and 2020D (Taxable) with coupons at .455% to 5%. The proceeds were placed in Escrow for the purpose of generating resources for debt service payments of the refunded portions of CUS 2008C, 2011F, 2010A, 2011C, 2012D, 2013B; to refund \$275,000,000 of Combined Utility System Commercial Paper Notes; \$200,000,000 was placed in a Construction Fund for projects; and to pay costs of issuance of the Bonds. The true interest cost of the 2020C Bonds is 2.510 and 2020D Bonds is 2.161%. The Bonds mature in varying amounts from 2020 to 2040. Net Present Value savings related to the bonds totaled \$36,118,143 and reduced debt service by \$45,646,937.

**C. Combined Utility System Subordinate Lien Revenue Bonds, Series 2020E**

On November 17, 2020, the City issued \$38,000,000 in Combined Utility System Subordinate Lien Revenue Bonds Series 2020E, as a private placement with Texas Water Development Board, with coupons ranging from 0.12% - 2.48%. Proceeds will be used to pay for projects and to pay costs of issuance of the Bonds. The Bonds mature in varying amounts from 2021 to 2049.

**D. Houston Airport System Subordinate Lien Revenue Refunding Bonds: Series 2020A (AMT), Series 2020B (NON-AMT) and Series 2020C (Taxable)**

On October 20, 2020, the City issued \$863,676,000 in Houston Airport Subordinate Lien Revenue Refunding Bonds in three series: Series 2020A (AMT), 2020B (NON-AMT) and 2020C (Taxable) with coupons at 4.0% to 5.0%. The proceeds were placed in escrow for the purpose of generating resources for debt service payments of the refunded portions of HAS Series: 2010 (AMT), 2000B (NON-AMT), 2011A (AMT), 2011B (AMT), 2012A (AMT), 2012B (NON-AMT); to refund \$150,973,000 of Houston Airport System Commercial Paper Notes; and to pay costs of issuance of the bonds. The true interest cost of the 2020A Bonds is 3.061%, 2020B is 1.143%, and 2020C is 2.086%. The bonds mature in varying amounts from year 2020 to 2040. Net present value savings related to the bond refundings totaled \$94,799,712.19 and reduced debt service by \$98,213,180.

**E. Approval of Second Passenger Facility Charge Application for George Bush Intercontinental Airport (IAH)**

On September 24, 2020, the Federal Aviation Administration's Southwest Regional Office issued a Final Agency Decision (FAD) approving the Houston Airport System's second Passenger Facility Charge application (20-02-C-00-IAH). The second application is at the same \$4.50 per eligible enplanement level as the current approved application, and is expected to have an effective charge collection date of January 1, 2028. The total amount approved to be collected is approximately \$1.4 billion and is anticipated to be collected over a period of approximately 11 years, ending in April 2039.

**F. CARES Act Federal Assistance**

As of June 30, 2020, the Fund has received \$8.1 million in CARES Act funding from the FAA. Since the fiscal year ended, the Airport System has received \$88.4 million through December 3, 2020. This program seeks to mitigate the economic impact of COVID-19 on the nation's larger airports.

**Required Supplementary Information - (unaudited)**

**CITY OF HOUSTON, TEXAS  
GENERAL OPERATING FUND  
Schedule of Budgeted and Actual Revenues and Expenditures  
For the Year Ended June 30, 2020  
amounts expressed in thousands  
(unaudited)**

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget- Pos (Neg)
	Original	Final		
<b>Revenues</b>				
Taxes and assessments				
Property Taxes	\$ 1,215,687	\$ 1,215,687	\$ 1,222,154	\$ 6,467
Industrial Assessments	19,550	19,550	24,797	5,247
Sales Tax	694,567	694,567	684,425	(10,142)
Franchise Tax	159,169	159,169	169,304	10,135
Mixed Beverage Tax	18,792	18,792	15,379	(3,413)
<b>Total taxes and assessments</b>	<u>2,107,765</u>	<u>2,107,765</u>	<u>2,116,059</u>	<u>8,294</u>
Licenses and permits				
General	26,944	26,944	25,462	(1,482)
Health Permits	7,025	7,025	7,044	19
<b>Total licenses and permits</b>	<u>33,969</u>	<u>33,969</u>	<u>32,506</u>	<u>(1,463)</u>
Charges for services				
Ambulance service	43,000	43,000	50,664	7,664
Library fees	10	10	3	(7)
Parking	315	315	255	(60)
Services performed for other funds				
Direct	63,249	63,249	59,174	(4,075)
Indirect	27,691	27,691	27,789	98
Rents and royalties	1,493	1,493	1,506	13
Others	12,775	12,775	12,244	(531)
<b>Total charges for services</b>	<u>148,533</u>	<u>148,533</u>	<u>151,635</u>	<u>3,102</u>
Intergovernmental - grants	61,052	61,052	44,523	(16,529)
Fines and forfeits				
Municipal Courts	22,572	22,572	16,989	(5,583)
Others	3,965	3,965	3,424	(541)
<b>Total fines and forfeits</b>	<u>26,537</u>	<u>26,537</u>	<u>20,413</u>	<u>(6,124)</u>
Interest	9,011	9,011	15,893	6,882
Other				
Sale of Property	215	215	251	36
Other	13,623	13,623	14,441	818
Total Other	<u>13,838</u>	<u>13,838</u>	<u>14,692</u>	<u>854</u>
<b>Total revenues</b>	<u>2,400,705</u>	<u>2,400,705</u>	<u>2,395,721</u>	<u>(4,984)</u>
<b>Other financing sources (uses)</b>				
Transfers in	15,099	15,099	12,954	(2,145)
Sale of capital assets	2,176	2,176	21,487	19,311
<b>Total other financing sources (uses)</b>	<u>17,275</u>	<u>17,275</u>	<u>34,441</u>	<u>17,166</u>
<b>Total revenues and other financing sources</b>	<u>\$ 2,417,980</u>	<u>\$ 2,417,980</u>	<u>\$ 2,430,162</u>	<u>\$ 12,182</u>

\* See Note to Required Supplementary Information \*

CITY OF HOUSTON, TEXAS  
GENERAL OPERATING FUND  
Schedule of Budgeted and Actual Revenues and Expenditures  
For the Year Ended June 30, 2020  
amounts expressed in thousands  
(unaudited)

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget- Pos (Neg)
	Original	Final		
<b>Expenditures</b>				
<b>General government</b>				
Legislative and executive				
Legislative - Council				
Personnel services	7,457	7,639	6,958	681
Other current expenditures	3,237	3,528	1,618	1,910
Equipment acquisition	-	181	162	19
Total legislative - council	<u>10,694</u>	<u>11,348</u>	<u>8,738</u>	<u>2,610</u>
Legislative - Mayor's Office				
Personnel services	4,906	4,863	4,880	(17)
Other current expenditures	734	785	623	162
Total executive - mayor's office	<u>5,640</u>	<u>5,648</u>	<u>5,503</u>	<u>145</u>
<b>Total legislative and executive</b>	<u>16,334</u>	<u>16,996</u>	<u>14,241</u>	<u>2,755</u>
Office of Business Opportunity				
Personnel services	3,185	3,239	3,040	199
Other current expenditures	377	377	295	82
<b>Total office of business opportunity</b>	<u>3,562</u>	<u>3,616</u>	<u>3,335</u>	<u>281</u>
Municipal Courts Administration				
Municipal Courts				
Personnel services	23,342	23,342	22,431	911
Other current expenditures	6,349	6,311	5,306	1,005
Equipment acquisition	10	13	3	10
<b>Total municipal courts</b>	<u>29,701</u>	<u>29,666</u>	<u>27,740</u>	<u>1,926</u>
Elections	<u>2,500</u>	<u>2,500</u>	<u>2,480</u>	<u>20</u>
Finance administration				
Controller				
Personnel services	7,284	7,284	6,802	482
Other current expenditures	1,183	1,183	908	275
Total controller	<u>8,467</u>	<u>8,467</u>	<u>7,710</u>	<u>757</u>
Finance				
Personnel services	13,963	14,057	12,502	1,555
Other current expenditures	4,918	4,825	4,247	578
Equipment acquisition	-	6	6	-
Total finance	<u>18,881</u>	<u>18,888</u>	<u>16,755</u>	<u>2,133</u>
Administrative and Regulatory Affairs				
Personnel services	15,761	15,761	14,941	820
Other current expenditures	4,373	4,313	3,338	975
Equipment acquisition	13	18	13	5
Total administrative and regulatory affairs	<u>20,147</u>	<u>20,092</u>	<u>18,292</u>	<u>1,800</u>
Information Technology				
Personnel services	3,329	3,329	2,851	478
Other current expenditures	3,450	3,299	3,144	155
Equipment acquisition	-	86	86	-
Total information technology	<u>6,779</u>	<u>6,714</u>	<u>6,081</u>	<u>633</u>
Bond and Legal				
	<u>1,585</u>	<u>1,585</u>	<u>689</u>	<u>896</u>
<b>Total finance administration</b>	<u>55,859</u>	<u>55,746</u>	<u>49,527</u>	<u>6,219</u>

\* See Note to Required Supplementary Information \*

**CITY OF HOUSTON, TEXAS**  
**GENERAL OPERATING FUND**  
**Schedule of Budgeted and Actual Revenues and Expenditures**  
**For the Year Ended June 30, 2020**  
*amounts expressed in thousands*  
*(unaudited)*

	<b>Budgeted Amounts</b>		<b>Actual Budget Basis</b>	<b>Variance with Final Budget- Pos (Neg)</b>
	<b>Original</b>	<b>Final</b>		
Legal				
Personnel services	14,052	13,991	13,626	365
Other current expenditures	1,387	1,540	1,114	426
Equipment acquisition	16	10	8	2
<b>Total legal</b>	<b>15,455</b>	<b>15,541</b>	<b>14,748</b>	<b>793</b>
City Secretary				
Personnel services	818	1,061	986	75
Other current expenditures	139	192	128	64
<b>Total city secretary</b>	<b>957</b>	<b>1,253</b>	<b>1,114</b>	<b>139</b>
Planning and Development				
Personnel services	3,027	2,551	2,402	149
Other current expenditures	1,310	1,784	1,464	320
<b>Total planning and development</b>	<b>4,337</b>	<b>4,335</b>	<b>3,866</b>	<b>469</b>
Human Resources				
Personnel services	2,234	2,234	2,074	160
Other current expenditures	330	315	298	17
Equipment acquisition	2	15	11	4
<b>Total human resources</b>	<b>2,566</b>	<b>2,564</b>	<b>2,383</b>	<b>181</b>
<b>Total general government</b>	<b>131,271</b>	<b>132,217</b>	<b>119,434</b>	<b>12,783</b>
Public safety				
Police				
Personnel services	836,651	843,145	829,742	13,403
Other current expenditures	62,928	67,362	67,155	207
Equipment acquisition	300	732	788	(56)
<b>Total police</b>	<b>899,879</b>	<b>911,239</b>	<b>897,685</b>	<b>13,554</b>
Fire				
Personnel services	453,025	453,025	441,499	11,526
Other current expenditures	54,028	54,785	51,046	3,739
Equipment acquisition	23	193	138	55
<b>Total fire</b>	<b>507,076</b>	<b>508,003</b>	<b>492,683</b>	<b>15,320</b>
<b>Total public safety</b>	<b>1,406,955</b>	<b>1,419,242</b>	<b>1,390,368</b>	<b>28,874</b>
Public Works				
Administration				
Personnel services	895	895	726	169
Other current expenditures	29,663	29,251	25,408	3,843
<b>Total administration</b>	<b>30,558</b>	<b>30,146</b>	<b>26,134</b>	<b>4,012</b>
General Services				
Personnel services	13,186	12,185	11,641	544
Other current expenditures	28,869	28,272	27,170	1,102
Equipment acquisition	-	17	-	17
<b>Total general services</b>	<b>42,055</b>	<b>40,474</b>	<b>38,811</b>	<b>1,663</b>

\* See Note to Required Supplementary Information \*

CITY OF HOUSTON, TEXAS  
GENERAL OPERATING FUND  
Schedule of Budgeted and Actual Revenues and Expenditures  
For the Year Ended June 30, 2020  
amounts expressed in thousands  
(unaudited)

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget- Pos (Neg)
	Original	Final		
Solid Waste				
Personnel services	34,787	37,722	39,588	(1,866)
Other current expenditures	45,257	49,911	51,840	(1,929)
Equipment acquisition	1,000	1,891	1,873	18
Total solid waste	81,044	89,524	93,301	(3,777)
<b>Total public works</b>	153,657	160,144	158,246	1,898
Department of Neighborhoods				
Personnel services	8,394	8,394	7,803	591
Other current expenditures	2,815	2,836	2,566	270
<b>Total department of neighborhoods</b>	11,209	11,230	10,369	861
Health				
Personnel services	39,148	37,816	36,889	927
Other current expenditures	19,334	20,960	18,787	2,173
Equipment acquisition	58	188	74	114
<b>Total health</b>	58,540	58,964	55,750	3,214
Housing				
Personnel services	175	175	176	(1)
Other current expenditures	341	341	384	(43)
<b>Total housing</b>	516	516	560	(44)
Parks and Recreation				
Personnel services	44,310	44,310	36,832	7,478
Other current expenditures	33,165	33,674	31,723	1,951
Equipment acquisition	16	54	52	2
<b>Total parks and recreation</b>	77,491	78,038	68,607	9,431
Library				
Personnel services	31,614	32,075	30,273	1,802
Other current expenditures	6,082	5,979	5,645	334
Equipment acquisition	3,602	3,652	3,653	(1)
<b>Total library</b>	41,298	41,706	39,571	2,135
Retiree Benefits				
Hospital and life insurance	31,532	31,532	14,196	17,336
<b>Total retiree benefits</b>	31,532	31,532	14,196	17,336
<b>Other current expenditures</b>				
Tax appraisal fees	10,430	10,430	10,180	250
Limited-purpose Annexation Districts	62,192	62,192	58,525	3,667
Capital outlay equipment	-	316	247	69
Claims and judgments	12,609	12,609	12,509	100
Membership dues	453	453	365	88
Advertising and promotion	529	529	453	76
Consultants	1,660	1,660	1,724	(64)
Miscellaneous support services	69,344	69,192	60,731	8,461
<b>Total other current expenditures</b>	157,217	157,381	144,734	12,647
<b>Debt service</b>				
Debt service interest	3,943	3,943	2,547	1,396
<b>Total debt service</b>	3,943	3,943	2,547	1,396
<b>Total expenditures</b>	2,073,629	2,094,913	2,004,382	90,531
<b>Other financing sources (uses)</b>				
Transfers out	457,465	458,359	458,357	2
<b>Total other financing sources (uses)</b>	457,465	458,359	458,357	2
<b>Total expenditures and other financing uses</b>	\$ 2,531,094	\$ 2,553,272	\$ 2,462,739	\$ 90,533

\* See Note to Required Supplementary Information \*

**CITY OF HOUSTON, TEXAS**  
**REQUIRED RECONCILIATION FOR GENERAL FUND**  
**BUDGET vs. GAAP PRESENTATION**

**For the Year Ended June 30, 2020**  
*amounts expressed in thousands*  
*(unaudited)*

**Revenues**

Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 2,395,721
Revenues of non-budgeted funds	
Equipment Acquisition	1,012
Revolving Funds	1,499
Building Security	459
Grant Matching Fund	7
Storm Water	2,019
Bureau of Animal Regulation and Care	1,798
Forensic Transition	680
Civic Events	16,956
Renewal and Replacement	41
Health and Environmental	<u>25</u>
Total revenues of non-budgeted funds	<u>24,496</u>
Interest on pooled investments from non-budgeted revenues	<u>1,454</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances	<u>\$ 2,421,671</u>

**Expenditures**

Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules	\$ 2,004,382
Expenditures of non-budgeted funds	
Equipment Acquisition	29,640
Revolving Funds	1,499
Building Security	364
Grant Matching Fund	136
Storm Water	41,734
Bureau of Animal Regulation and Care	11,782
Fleet maintenance	436
Forensic Transition	684
Civic Events	18,008
Renewal and Replacement	19,832
Health and Environmental	<u>90</u>
Total expenditures of non-budgeted funds	<u>124,205</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances	<u>\$ 2,128,587</u>

**Other financing sources (uses)**

Actual amounts (budgetary basis) "other financing sources and uses" from the budgetary comparison schedules	\$ (423,916)
Proceeds from Issuance of Debt	29,000
Sale of Assets	572
Transfers of Non Budgeted Funds	<u>71,393</u>
Total other financing sources and uses as reported on the statement of revenues, expenditures, and changes in fund balances-government funds	<u>\$ (322,951)</u>

**CITY OF HOUSTON, TEXAS**  
**REQUIRED NOTES TO THE SUPPLEMENTARY INFORMATION**  
**June 30, 2020**  
*(Unaudited)*

**1. General Budget Policies**

During January of each year, the Mayor, with City Council input, establishes budget guidelines. All departments of the City submit requests for appropriations to the Mayor and the City's Department of Finance so that a budget may be prepared. Typically during June, the City Controller certifies that funds are available for a continuing appropriation and the budget is proposed to City Council. City Council holds public hearings and a final budget is normally adopted by June 30th. A final appropriation ordinance is adopted later in the fiscal year and may include budget revisions or amendments.

The legal level of budgetary control is the departmental level within each fund, even though the budget is prepared by fund, department, and expenditure category. The Mayor is authorized to transfer unlimited budgeted amounts within departments and amounts between departments, provided such transfers do not exceed 5% of an expenditure category. Expenditure categories are personnel services, other current expenditures and capital outlay. Appropriations related to funds with annual budgets lapse at year-end except for Capital Outlay appropriations, which cover multiple years.

On April 9, 2020, City Council approved the fiscal year 2020 general appropriation ordinance in the amount of \$2.553 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 2020 results for both budgeted and non-budgeted Special Revenue Funds (in thousands):

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Sources (Uses)</u>
Budgeted Special Revenue Funds	\$ 387,692	\$ 274,807	\$ (89,357)
Non-budgeted Disaster Recovery Fund	-	-	-
Non-budgeted Grants Revenue Fund	369,755	373,860	(2,305)
Non-budgeted Health and Housing	1,530	384	-
Non-budgeted Other Funds	9,203	34,538	400
Total Special Revenue Funds - Actual	<u>\$ 768,180</u>	<u>\$ 683,589</u>	<u>\$ (91,262)</u>

**2. General Fund Budgetary Highlights**

Revenues were \$12 million above budget. This increase was mainly evident in taxes and assessments of \$8.2 million. Additional increases were in charges for services of \$3 million, interest income of \$7 million and other financing sources of \$17.1 million were offset by decreases in licenses and permits \$2 million, intergovernmental – grants of \$17 million and fines and forfeits of \$6 million).

Significant differences between budgeted and actual taxes and assessments include:

- \$6.4 million increase in property taxes
- \$5.2 million increase in industrial assessments
- \$10 million increase in franchise tax
- \$10 million decrease in sales tax
- \$3.4 million decrease in mixed beverage tax



**CITY OF HOUSTON, TEXAS**

**This page is left blank intentionally**

**CITY OF HOUSTON, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2020**  
*(unaudited)*

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
**Last 6 Fiscal Years**  
**(in thousands)**

	<b>Fire</b>					
	2020	2019	2018	2017	2016	2015 (1)
<b>Total Pension Liability</b>						
Service Cost	\$57,743	\$55,532	\$52,579	\$80,002	\$76,407	\$68,145
Interest	349,760	343,416	332,357	389,938	369,708	353,405
Changes of benefit terms	-	-	-	(645,971)	-	-
Differences between expected and actual experience	78,724	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	(330,323)	(272,398)	(289,108)	(249,394)	(211,673)	(196,362)
Refunds	-	-	-	-	-	-
Net change in total pension liability	155,904	113,755	141,373	44,027	174,313	199,453
Total pension liability - beginning	4,928,809	4,815,054	4,673,681	4,629,654	4,455,341	4,255,888
Total pension liability - ending (a)	5,084,713	4,928,809	4,815,054	4,673,681	4,629,654	4,455,341
<b>Plan fiduciary net position</b>						
Contributions-employer	83,837	89,897	83,010	93,658	94,279	92,610
Contributions-employee	33,441	34,281	35,622	25,404	25,511	25,092
Net investment income	84,115	221,775	322,306	432,948	(47,437)	51,801
Benefit payments, including refunds of employee contributions	(330,323)	(272,398)	(289,108)	(249,394)	(211,673)	(196,362)
Administrative expense	(4,516)	(4,952)	(4,890)	(4,898)	(6,771)	(6,640)
Refunds	-	-	-	-	-	-
Other	(1,314)	(1,265)	(1,676)	(2,298)	(1,890)	(1,676)
Net change in plan fiduciary net position	(134,760)	67,338	145,264	295,420	(147,981)	(35,175)
Plan fiduciary net position-beginning	4,237,692	4,170,354	4,025,090	3,729,670	3,877,651	3,912,826
Plan fiduciary net position-ending (b)	4,102,932	4,237,692	4,170,354	4,025,090	3,729,670	3,877,651
<b>City's net pension liability-ending (a)-(b)</b>	<u>\$981,781</u>	<u>\$691,117</u>	<u>\$644,700</u>	<u>\$648,591</u>	<u>\$899,984</u>	<u>\$577,690</u>
Plan fiduciary net position as percentage of the total pension liability	<u>80.69%</u>	<u>85.98%</u>	<u>86.61%</u>	<u>86.12%</u>	<u>80.56%</u>	<u>87.03%</u>
Covered payroll	\$259,235	\$272,498	\$260,345	\$289,947	\$280,436	\$277,745
Net position liability as a percentage of covered payroll	<u>378.72%</u>	<u>253.62%</u>	<u>247.63%</u>	<u>223.69%</u>	<u>320.92%</u>	<u>207.99%</u>

The schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

(1) The 2015 amounts are based on 8.0% per City actuary.

**CITY OF HOUSTON, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2020**  
*(unaudited)*

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

Last 6 Fiscal Years  
(in thousands)

Municipal						Police					
2020	2019	2018	2017	2016	2015 (1)	2020	2019	2018	2017	2016	2015 (1)
\$77,819	\$77,175	\$78,149	\$75,961	\$68,968	\$65,810	\$70,081	\$66,750	\$63,633	\$60,930	\$66,098	\$56,062
356,430	349,592	341,276	331,166	379,781	361,007	474,376	462,691	445,113	433,598	488,223	473,065
-	-	-	(724,683)	-	-	-	-	-	(1,006,000)	-	-
(28,865)	(11,538)	19,158	(38,387)	(16,194)	(23,380)	(23,461)	(16,454)	69,534	80,023	10,390	26,705
-	-	-	562,237	91,248	-	-	-	21,399	778,710	(676,151)	664,974
(308,002)	(291,060)	(283,928)	(280,456)	(253,178)	(234,955)	(355,373)	(335,600)	(361,033)	(458,733)	(259,076)	(225,656)
(650)	(1,394)	(807)	(718)	(1,105)	(1,549)	(2,209)	(2,278)	(1,329)	(1,696)	(978)	(945)
96,732	122,775	153,848	(74,880)	269,520	166,933	163,414	175,109	237,317	(113,168)	(371,494)	994,205
5,236,133	5,113,358	4,959,510	5,034,390	4,764,870	4,597,937	6,920,547	6,745,438	6,508,121	6,621,289	6,992,783	5,998,578
5,332,865	5,236,133	5,113,358	4,959,510	5,034,390	4,764,870	7,083,961	6,920,547	6,745,438	6,508,121	6,621,289	6,992,783
176,430	176,261	421,562	182,558	159,958	145,007	149,078	142,429	887,143	133,805	137,392	113,665
32,582	32,536	27,905	15,902	15,874	16,198	49,062	46,896	45,254	40,104	39,017	37,719
(115,165)	200,445	231,815	290,911	27,639	73,370	61,193	340,167	463,079	667,476	(135,833)	35,341
(308,002)	(291,060)	(283,928)	(280,456)	(253,178)	(234,955)	(355,373)	(335,600)	(361,033)	(458,733)	(259,076)	(225,656)
(4,891)	(1,394)	(807)	(718)	(1,105)	(1,549)	(2,209)	(2,278)	(1,329)	(1,696)	(978)	(945)
(650)	(5,363)	(6,442)	(6,827)	(7,360)	(7,007)	(3,922)	(3,580)	(3,679)	(4,238)	(4,585)	(3,478)
484	710	(3,905)	1,272	1,651	1,041	-	-	-	-	-	-
(219,212)	112,135	386,200	202,642	(56,521)	(7,895)	(102,171)	188,034	1,029,435	376,718	(224,063)	(43,354)
3,101,000	2,988,865	2,602,665	2,400,023	2,456,544	2,464,439	5,674,647	5,486,613	4,457,178	4,080,460	4,304,523	4,347,877
2,881,788	3,101,000	2,988,865	2,602,665	2,400,023	2,456,544	5,572,476	5,674,647	5,486,613	4,457,178	4,080,460	4,304,523
<u>\$2,451,077</u>	<u>\$2,135,133</u>	<u>\$2,124,493</u>	<u>\$2,356,845</u>	<u>\$2,634,367</u>	<u>\$2,308,326</u>	<u>\$1,511,485</u>	<u>\$1,245,900</u>	<u>\$1,258,825</u>	<u>\$2,050,943</u>	<u>\$2,540,829</u>	<u>\$2,688,260</u>
54.04%	59.22%	58.45%	52.48%	47.67%	51.56%	78.66%	82.00%	81.34%	68.49%	61.63%	61.56%
\$625,056	\$614,451	\$611,493	\$604,895	\$640,529	\$624,205	\$464,301	\$444,871	\$412,786	\$424,300	\$407,058	\$395,360
<u>392.14%</u>	<u>347.49%</u>	<u>347.43%</u>	<u>389.63%</u>	<u>411.28%</u>	<u>369.80%</u>	<u>325.54%</u>	<u>280.06%</u>	<u>304.96%</u>	<u>483.37%</u>	<u>624.19%</u>	<u>679.95%</u>

**CITY OF HOUSTON, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2020**  
*(unaudited)*

**Schedule of City Contributions for Pension Plans  
for the Fiscal Years ended June 30, (in thousands)**

	2020	2019	2018	2017	2016	2015
<b>Fire (1)</b>						
Actuarially determined contribution	\$ 96,332	\$ 99,676	\$ 96,530	\$ 88,745	\$ 87,464	N/A
Contributions in relation to the actuarially determined contribution	83,837	89,897	83,010	93,658	94,279	92,610
Contribution deficiency (excess)	\$ 12,495	\$ 9,779	\$ 13,520	\$ (4,913)	\$ (6,815)	\$ 92,610
Covered payroll	\$ 259,235	\$ 272,498	\$ 260,345	\$ 289,947	\$ 280,436	\$ 277,745
Contributions as a percentage of covered payroll	32.3%	33.0%	31.88%	32.3%	33.6%	33.3%
<b>Municipal</b>						
Actuarially determined contribution	\$ 182,950	\$ 178,256	\$ 423,989	\$ 184,733	\$ 162,230	\$ 155,299
Contributions in relation to the actuarially determined contribution	176,430	176,261	421,562	182,558	159,959	145,007
Contribution deficiency (excess)	\$ 6,520	\$ 1,995	\$ 2,427	\$ 2,175	\$ 2,271	\$ 10,292
Covered payroll	\$ 625,056	\$ 614,451	\$ 611,493	\$ 604,895	\$ 640,529	\$ 624,205
Contributions as a percentage of covered payroll	28.2%	28.7%	68.9%	30.2%	25.0%	23.2%
<b>Police</b>						
Actuarially determined contribution	\$ 146,626	\$ 141,202	\$ 131,142	\$ 167,980	\$ 161,154	\$ 150,949
Contributions in relation to the actuarially determined contribution	149,078	142,429	887,143	133,805	137,392	113,665
Contribution deficiency (excess)	\$ (2,452)	\$ (1,227)	\$ (756,001)	\$ 34,175	\$ 23,762	\$ 37,284
Covered payroll	\$ 464,301	\$ 444,871	\$ 412,786	\$ 424,300	\$ 407,058	\$ 395,360
Contributions as a percentage of covered payroll	32.1%	32.0%	214.9%	31.5%	33.8%	28.7%

A funding valuation for Fire Pension was not performed as of July 1, 2014; therefore, no actuarially determined contribution was calculated for the period July 1, 2014 to June 30, 2015 although the City did make contributions.

The schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

**Schedule of OPEB Contributions (in thousands)**

	<u>Health Benefits</u>			<u>Long-Term Disability</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 133,961	\$ 133,961	\$ 194,236	\$ 7,248	\$ 6,720	\$ 5,990
Contributions in relation to the actuarially determined contribution	(45,811)	(57,100)	(39,820)	(899)	(947)	(975)
Contribution deficiency (excess)	\$ 88,150	\$ 76,861	\$ 154,416	\$ 6,349	\$ 5,773	\$ 5,015
Covered payroll	\$ 1,332,000	\$ 1,285,000	\$ 1,234,545	\$ 625,056	\$ 614,451	\$ 611,493
Contribution as a percentage of covered payroll	10.06%	10.42%	15.73%	1.16%	1.09%	0.98%

The schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

**CITY OF HOUSTON, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2020**  
*(unaudited)*

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**  
(in thousands)

	Health Benefits			Long-Term Disability		
	2020	2019	2018	2020	2019	2018
<b>Total OPEB Liability</b>						
Service Cost	\$118,901	\$110,793	\$139,332	\$719	\$776	\$730
Interest	90,952	90,245	73,306	461	409	379
Changes of benefit terms	(17,819)	(5,007)	-	-	-	-
Differences between expected and actual experience	(17,603)	(99,153)	(15,727)	(1,079)	1,369	(14)
Changes of assumptions	(164,752)	(224,161)	(310,431)	3,476	255	(158)
Benefit payments including refunds of employee contributions	(45,811)	(57,100)	(39,820)	(901)	(957)	(975)
Net change OPEB liability	(36,132)	(184,383)	(153,340)	2,676	1,862	(38)
Net OPEB liability - beginning	2,254,189	2,438,572	2,591,912	12,892	11,030	11,068
Net OPEB liability - ending (a)	2,218,057	2,254,189	2,438,572	15,568	12,892	11,030
<b>Plan fiduciary net position</b>						
Service Cost	45,811	57,100	39,820	-	-	-
Employer contributions	-	-	-	(901)	(975)	(975)
Benefit payments including refunds of employee contributions	(45,811)	(57,100)	(39,820)	901	975	975
Net change in plan fiduciary net position	-	-	-	-	-	-
Net OPEB liability - beginning	-	-	-	-	-	-
Net OPEB liability - ending (b)	-	-	-	-	-	-
<b>City's net OPEB liability-ending (a)-(b)</b>	\$2,218,057	\$2,254,189	\$2,438,572	\$15,568	\$12,892	\$11,030
Plan fiduciary net position as percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$1,332,000	\$1,285,000	\$1,235,000	\$625,056	\$614,451	\$611,493
Net OPEB liability as a percentage of covered payroll	166.52%	175.42%	197.46%	2.49%	2.10%	1.80%

The schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

**CITY OF HOUSTON, TEXAS**

**This page is left blank intentionally**



**Solid Waste  
Management  
Division**







# 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.

**CARES Act Fund** - The CARES Act Fund is used to account for sources and uses of funds received from the Federal, State Governments or other sources related to aid in the economic relief pertaining to the COVID-19 pandemic.

**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.

**Grants Fund** - The Grants Fund is used to account for grant resources received from various local, state and national agencies and organizations. The use of these resources is restricted to a particular function of the city by the grantor.

**Nonmajor Funds** - Nonmajor Funds did not meet the established criteria for major fund status. They are used to account for the proceeds of specific revenue sources (other than capital projects) that are restricted to expenditures for special purposes. All Nonmajor Funds have been presented; however only certain sub-funds have legally adopted budgets. Nonmajor funds are:

- Public Safety Special Fund
  - Budgeted: Asset Forfeiture, Auto Dealers, Child Safety, Houston Emergency Center, Local Truancy Prevention & Diversion, Municipal Courts Technology Fee, and Police Special Services
  - Not budgeted: Helmets for Bicycle Safety, Nuisance Abatement, FTA Special
- Public Works Special Fund
  - Budgeted: Building Inspection, Dedicated Drainage and Street Renewal, Historic Preservation, Planning and Development Special, and Recycling Expansion Program
  - Not budgeted: Mobility Response Team
- Health and Housing Special Fund
  - Budgeted: Essential Public Health Services, Health Special, Laboratory Services, Special Waste, and Swimming Pool Safety
  - Not budgeted: Housing Special, and HJTPC Self Insurance
- Parks and Recreation Special Fund
  - Budgeted: Bayou Greenway 2020, Parks Golf Special, Parks Special
  - Not budgeted: MacGregor Parks Endowment, Planting Tree
- Other Special Revenue Fund
  - Budgeted: Cable Television, Contractor Responsibility, Houston Transtar, and Park Houston
  - Not budgeted: Disaster Recovery, MNC Memorial City Way, W.A.T.E.R., John Battaglia Trust, Inc. Fund, and Houston Foundation

**CITY OF HOUSTON, TEXAS**  
**GENERAL FUND**  
**Balance Sheet**  
**June 30, 2020**  
*(With comparative amounts for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 166,829	\$ 154,560
Investments	120,467	165,064
Receivables, net of allowances		
Accounts receivable	114,407	125,668
Property taxes receivable, net	35,609	28,544
Sales taxes receivable	109,521	119,710
Mixed beverage taxes receivable	1,758	4,751
Franchise taxes receivable	10,812	16,296
Special assessments receivable	8,426	7,991
Due from other funds	72,027	44,213
Due from other governments	8,208	1,642
Inventory	20,024	17,808
Prepaid items	2,643	2,579
Total assets	\$ 670,731	\$ 688,826
<b>Liabilities and fund balance</b>		
<b>Liabilities</b>		
Accounts payable	78,556	84,874
Accrued payroll liabilities	73,280	61,877
Due to other funds	17,036	22,138
Due to other governments	9,598	4,257
Advances and deposits	1,811	4,160
Claims and judgments	2,001	2,061
Compensated absences	7,467	7,054
Total liabilities	189,749	186,421
<b>Deferred inflows of resources</b>		
Deferred inflow of resources	122,252	113,808
Total deferred inflows of resources	122,252	113,808
<b>Fund balance</b>		
<b>Non-Spendable</b>		
Prepays	2,643	2,579
Inventory	20,024	17,808
Restricted	1,044	1,092
Committed	18,792	17,942
Unassigned	316,227	349,176
Total fund balance	358,730	388,597
Total liabilities and fund balance	\$ 670,731	\$ 688,826

**CITY OF HOUSTON, TEXAS**  
**GENERAL FUND**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2020**  
*(With comparative amounts for 2019)*  
*amounts expressed in thousands*

	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Taxes and assessments		
Property Taxes	\$ 1,222,154	\$ 1,190,243
Industrial Assessments	24,797	19,755
Sales Tax	684,425	692,271
Franchise Tax	169,304	182,417
Mixed Beverage Tax	15,379	18,026
Bingo Tax	-	222
Hotel Occupancy Tax	16,922	17,180
Licenses and permits	33,314	36,192
Charges for services	154,898	154,381
Intergovernmental - grants	44,530	60,426
Fines and forfeits	20,413	25,635
Investment income	17,348	16,571
Other	18,187	25,404
Total revenues	<u>2,421,671</u>	<u>2,438,723</u>
<b>Expenditures</b>		
Current		
General government	265,885	281,700
Public safety	1,435,006	1,430,600
Public works	220,894	213,356
Health	57,546	58,516
Housing and community development	560	612
Parks and recreation	69,687	75,203
Library	39,892	39,780
Retiree benefits	14,196	11,123
Capital outlay	22,374	30,999
Debt Service		
Debt service interest	2,547	3,818
Total expenditures	<u>2,128,587</u>	<u>2,145,707</u>
<b>Other financing sources (uses)</b>		
Proceeds from issuance of debt	29,000	28,500
Sale of capital assets	22,059	26,763
Transfers in	64,833	76,206
Transfers out	(438,843)	(430,363)
Total other financing sources (uses)	<u>(322,951)</u>	<u>(298,894)</u>
Change in fund balance	(29,867)	(5,878)
Fund balances, July 1	388,597	394,475
Fund balances, June 30	<u>\$ 358,730</u>	<u>\$ 388,597</u>

**CITY OF HOUSTON, TEXAS**  
**DEBT SERVICE FUND**  
**Balance Sheet**  
**June 30, 2020**  
*(With comparative amounts for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 90,576	\$ 27,016
Investments	67,694	104,335
Due from other funds	-	550
<b>Total assets</b>	<b>\$ 158,270</b>	<b>\$ 131,901</b>
 <b>Liabilities and fund balance</b>		
<b>Liabilities</b>		
Accounts payable	-	68
<b>Total liabilities</b>	<b>-</b>	<b>68</b>
Restricted	158,270	131,833
<b>Total fund balance</b>	<b>158,270</b>	<b>131,833</b>
<b>Total liabilities and fund balance</b>	<b>\$ 158,270</b>	<b>\$ 131,901</b>

**CITY OF HOUSTON, TEXAS**  
**DEBT SERVICE FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance: Budget vs. Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative amounts for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Investment income	\$ 3,342	\$ 3,342	\$ 6,503	\$ 3,161	\$ 4,478
Other	-	-	3,559	3,559	2,913
Total revenues	<u>3,342</u>	<u>3,342</u>	<u>10,062</u>	<u>6,720</u>	<u>7,391</u>
<b>Expenditures</b>					
Current					
Debt service principal	234,848	234,848	228,485	6,363	216,600
Debt service interest	243,504	243,504	161,730	81,774	173,669
Debt service fiscal agent & fees	9,468	9,468	5,370	4,098	3,774
Total expenditures	<u>487,820</u>	<u>487,820</u>	<u>395,585</u>	<u>92,235</u>	<u>394,043</u>
<b>Other financing sources (uses)</b>					
Net proceeds from issuance of refunding debt	493,315	493,315	493,315	-	1,065
Premium on refunding debt	61,685	61,685	61,685	-	-
Transfers in	496,418	496,418	409,327	(87,091)	384,717
Payment to escrow agent for refunded bonds	(552,367)	(552,367)	(552,367)	-	-
Total other financing sources (uses)	<u>499,051</u>	<u>499,051</u>	<u>411,960</u>	<u>(87,091)</u>	<u>385,782</u>
Change in fund balance	14,573	14,573	26,437	11,864	(870)
Fund balances, July 1	<u>131,833</u>	<u>131,833</u>	<u>131,833</u>	<u>-</u>	<u>132,703</u>
Fund balances, June 30	<u>\$ 146,406</u>	<u>\$ 146,406</u>	<u>\$ 158,270</u>	<u>\$ 11,864</u>	<u>\$ 131,833</u>

**CITY OF HOUSTON, TEXAS**  
**CAPITAL PROJECTS FUND**  
**Balance Sheet**  
**June 30, 2020**  
*(With comparative amounts for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 69,776	\$ 59,827
Investments	202,542	202,842
Receivables, net of allowances		
Accounts receivable	1	1
Due from other funds	13,082	13,758
Due from other governments	12,315	37,965
Interfund receivable	21,031	22,033
Prepaid items - Construction materials	7	229
Notes receivable	8,900	-
Total assets	\$ 327,654	\$ 336,655
<b>Liabilities and fund balance</b>		
Accounts payable	37,060	52,713
Due to other funds	11,526	13,251
Interfund payable	22,033	22,033
Unearned revenue	87,953	111,934
Total liabilities	158,572	199,931
Fund balance		
Prepays	7	229
Restricted	58,034	64,673
Assigned	111,041	71,822
Total fund balance	169,082	136,724
Total liabilities and fund balance	\$ 327,654	\$ 336,655

**CITY OF HOUSTON, TEXAS**  
**CAPITAL PROJECTS FUND**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2020**  
*(With comparative amounts for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Intergovernmental - grants	\$ 64,174	\$ 48,810
Investment income	7,914	7,552
Other	9,523	9,110
Total revenues	81,611	65,472
 <b>Expenditures</b>		
Current		
Capital outlay	261,051	266,396
Total expenditures	261,051	266,396
 <b>Other financing sources (uses)</b>		
Proceeds from issuance of debt	87,900	109,500
Sale of capital assets	126	-
Transfers in	123,793	124,908
Insurance proceeds	982	-
Transfers out	(1,003)	(91)
Total other financing sources (uses)	211,798	234,317
 Change in fund balance	32,358	33,393
Fund balances, July 1	136,724	103,331
 Fund balances, June 30	\$ 169,082	\$ 136,724

**CITY OF HOUSTON, TEXAS**  
**CARES ACT FUND**  
**Balance Sheet**  
**June 30, 2020**  
*(With comparative amounts for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 365,927	\$ -
Receivables, net of allowances		
Due from other funds	10,060	-
Total assets	\$ 375,987	\$ -
<b>Liabilities and fund balance</b>		
<b>Liabilities</b>		
Accounts payable	4,866	-
Accrued payroll liabilities	39	-
Due to other funds	36,018	-
Due to other governments	231	-
Unearned revenue	334,651	-
Total liabilities	375,805	-
<b>Fund balance</b>		
Non-Spendable		
Restricted	182	-
Total fund balance	182	-
Total liabilities and fund balance	\$ 375,987	\$ -



**CITY OF HOUSTON, TEXAS**  
**CARES ACT FUND**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2020**  
*(With comparative amounts for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
Intergovernmental - grants	\$ 70,218	\$ -
Investment income	158	-
Total revenues	70,376	-
<b>Expenditures</b>		
Current		
General government	7,461	-
Public safety	36,185	-
Public works	951	-
Health	6,729	-
Housing and community development	14,851	-
Parks and recreation	3,498	-
Library	519	-
Total expenditures	70,194	-
Change in fund balance	182	-
Fund balances, July 1	-	-
Fund balances, June 30	\$ 182	\$ -

**CITY OF HOUSTON, TEXAS**  
**GRANTS FUND**  
**Balance Sheet**  
**June 30, 2020**  
*(With comparative amounts for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 43,785	\$ 34,716
Investments	66,408	115,763
Receivables, net of allowances		
Accounts receivable	68,200	48,089
Due from other funds	1,164	9,839
Due from other governments	12,238	53,010
Inventory	499	524
Prepaid items	615	575
Notes receivable	12,500	12,500
Total assets	\$ 205,409	\$ 275,016
 <b>Liabilities and fund balance</b>		
<b>Liabilities</b>		
Accounts payable	26,788	27,622
Accrued payroll liabilities	3,046	2,448
Due to other funds	6,083	19,393
Due to other governments	15,761	6,009
Advances and deposits	1,565	3,007
Unearned revenue	68,646	126,607
Total liabilities	121,889	185,086
<b>Fund balance</b>		
Non-Spendable		
Prepays	615	575
Inventory	499	524
Restricted	82,406	88,831
Total fund balance	83,520	89,930
Total liabilities and fund balance	\$ 205,409	\$ 275,016

**CITY OF HOUSTON, TEXAS**  
**GRANTS FUND**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2020**  
*(With comparative amounts for 2019)*  
*amounts expressed in thousands*

	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Intergovernmental - grants	\$ 364,841	\$ 334,391
Investment income	4,914	6,930
Total revenues	<u>369,755</u>	<u>341,321</u>
<b>Expenditures</b>		
Current		
General government	123,951	34,673
Public safety	23,744	22,606
Public works	20,286	34,999
Health	67,131	63,002
Housing and community development	119,897	89,557
Parks and recreation	1,808	1,798
Library	24	59
Capital outlay	16,320	16,707
Debt service principal	183	3,164
Debt service interest	516	317
Total expenditures	<u>373,860</u>	<u>266,882</u>
<b>Other financing sources (uses)</b>		
Net proceeds from issuance of debt	14,475	-
Sale of capital assets	-	3,263
Transfers in	-	5,118
Insurance proceeds	-	2,061
Transfers out	(16,780)	(3,152)
Total other financing sources (uses)	<u>(2,305)</u>	<u>7,290</u>
Change in fund balance	(6,410)	81,729
Fund balances, July 1	<u>89,930</u>	<u>8,201</u>
Fund balances, June 30	<u>\$ 83,520</u>	<u>\$ 89,930</u>

**CITY OF HOUSTON, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Combining Balance Sheet**  
**June 30, 2020**  
*(With comparative amounts for 2019)*  
*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	\$ 8,146	\$ 30,585	\$ 5,210
Investments	20,151	124,617	12,701
Receivables, net of allowances			
Accounts receivable	2,133	56,503	205
Due from other funds	389	1,105	755
Due from other governments	2,308	33,923	-
Inventory	-	2,185	-
Prepaid items	-	-	-
Total assets	<u>\$ 33,127</u>	<u>\$ 248,918</u>	<u>\$ 18,871</u>
<b>Liabilities and fund balance</b>			
<b>Liabilities</b>			
Accounts payable	3,675	6,157	720
Accrued payroll liabilities	2,033	3,715	728
Due to other funds	129	18,015	185
Due to other governments	1	-	-
Advances and deposits	1,060	2,095	10
Compensated absences	16	23	-
Total liabilities	<u>6,914</u>	<u>30,005</u>	<u>1,643</u>
<b>Deferred inflows of resources</b>			
Deferred inflow of resources	1,530	77,899	45
Total deferred inflows of resources	<u>1,530</u>	<u>77,899</u>	<u>45</u>
<b>Fund balance</b>			
<b>Non-Spendable</b>			
Imprest cash and prepaids	-	-	-
Inventory	-	2,185	-
Committed	14,910	45,788	7,334
Restricted	9,773	93,041	9,849
Total fund balance	<u>24,683</u>	<u>141,014</u>	<u>17,183</u>
Total liabilities and fund balance	<u>\$ 33,127</u>	<u>\$ 248,918</u>	<u>\$ 18,871</u>

(Continued)

***Nonmajor Funds***

<b>Parks &amp; Recreation Special Fund</b>		<b>Other Special Revenue Fund</b>		<b>2020</b>	<b>2019</b>
\$	1,371	\$	21,929	\$	67,241
	2,774		62,211		222,454
	230		2,930		62,001
	11		502		2,762
	-		3,138		39,369
	-		-		2,185
	-		-		-
	-		-		50
<b>\$</b>	<b>4,386</b>	<b>\$</b>	<b>90,710</b>	<b>\$</b>	<b>396,012</b>
	541		3,568		14,661
	175		294		6,945
	1		136		18,466
	10		922		933
	640		241		4,046
	-		-		39
	1,367		5,161		45,090
	74		1,241		80,789
	74		1,241		80,789
	-		-		-
	-		-		2,185
	2,782		3,405		74,219
	163		80,903		193,729
	2,945		84,308		270,133
<b>\$</b>	<b>4,386</b>	<b>\$</b>	<b>90,710</b>	<b>\$</b>	<b>396,012</b>
					41,650
					255,717
					54,301
					16,331
					19,435
					1,906
					50
					389,390

**CITY OF HOUSTON, TEXAS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended June 30, 2020**  
*(With comparative amounts for 2019)*  
*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	\$ -	\$ 421	\$ -
Licenses and permits	2,944	78,214	4,518
Charges for services	5,250	130,941	4,521
Intergovernmental - grants	15,755	73,755	16,293
Fines and forfeits	787	10	-
Investment income	846	4,166	630
Other	16,587	2,349	97
Total revenues	<u>42,169</u>	<u>289,856</u>	<u>26,059</u>
<b>Expenditures</b>			
Current			
General government	-	-	-
Public safety	51,885	-	-
Public works	-	135,263	-
Health	-	-	25,478
Housing and community development	-	-	111
Parks and recreation	-	-	-
Capital outlay	822	35,601	199
Debt service fiscal agent & fees	-	390	-
Total expenditures	<u>52,707</u>	<u>171,254</u>	<u>25,788</u>
<b>Other financing sources (uses)</b>			
Sale of capital assets	52	69	-
Transfers in	10,827	50,270	400
Transfers out	(1,648)	(140,838)	-
Contributions out	-	-	-
Total other financing sources (uses)	<u>9,231</u>	<u>(90,499)</u>	<u>400</u>
Change in fund balance	(1,307)	28,103	671
Fund balances, July 1	<u>\$ 25,990</u>	<u>\$ 112,911</u>	<u>\$ 16,512</u>
Fund balances, June 30	<u>\$ 24,683</u>	<u>\$ 141,014</u>	<u>\$ 17,183</u>

(Continued)

<i>Nonmajor Funds</i>			
<b>Parks &amp; Recreation Special Fund</b>	<b>Other Special Revenue Fund</b>	<b>2020</b>	<b>2019</b>
\$ -	\$ -	\$ 421	\$ 453
124	240	86,040	87,063
5,889	9,196	155,797	157,206
-	7,133	112,936	93,775
-	8,454	9,251	10,772
152	2,936	8,730	9,477
68	6,024	25,125	41,609
<u>6,233</u>	<u>33,983</u>	<u>398,300</u>	<u>400,355</u>
-	50,473	50,473	39,092
-	-	51,885	49,128
-	-	135,263	134,663
-	-	25,478	33,366
-	-	111	229
8,065	-	8,065	7,538
23	1,420	38,065	43,318
-	-	390	766
<u>8,088</u>	<u>51,893</u>	<u>309,730</u>	<u>308,100</u>
-	-	121	35
-	1,200	62,697	63,445
(302)	(8,866)	(151,654)	(161,508)
-	-	-	(4,165)
<u>(302)</u>	<u>(7,666)</u>	<u>(88,836)</u>	<u>(102,193)</u>
(2,157)	(25,576)	(266)	(9,938)
<u>\$ 5,102</u>	<u>\$ 109,884</u>	<u>\$ 270,399</u>	<u>\$ 280,337</u>
<u>\$ 2,945</u>	<u>\$ 84,308</u>	<u>\$ 270,133</u>	<u>\$ 270,399</u>

**CITY OF HOUSTON, TEXAS**  
**PUBLIC SAFETY SPECIAL FUND - ASSET FORFEITURE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Confiscations	\$ 4,890	\$ 4,890	\$ 7,478	\$ 2,588	\$ 6,964
Investment income	14	14	298	284	244
Other	-	-	185	185	-
Total revenues	<u>4,904</u>	<u>4,904</u>	<u>7,961</u>	<u>3,057</u>	<u>7,208</u>
<b>Expenditures</b>					
Current					
Public safety	8,950	8,093	7,445	648	5,465
Capital outlay	-	881	568	313	413
Total expenditures	<u>8,950</u>	<u>8,974</u>	<u>8,013</u>	<u>961</u>	<u>5,878</u>
Change in fund balance	(4,046)	(4,070)	(52)	4,018	1,330
Fund balances, July 1	<u>7,581</u>	<u>7,581</u>	<u>7,581</u>	<u>-</u>	<u>6,251</u>
Fund balances, June 30	<u>\$ 3,535</u>	<u>\$ 3,511</u>	<u>\$ 7,529</u>	<u>\$ 4,018</u>	<u>\$ 7,581</u>



**CITY OF HOUSTON, TEXAS**  
**PUBLIC SAFETY SPECIAL FUND - AUTO DEALERS**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Licenses and permits	\$ 2,718	\$ 2,718	\$ 2,647	\$ (71)	\$ 2,840
Charges for services	790	790	688	(102)	716
Investment income	45	45	84	39	99
Other	4,100	4,100	4,110	10	4,403
Total revenues	<u>7,653</u>	<u>7,653</u>	<u>7,529</u>	<u>(124)</u>	<u>8,058</u>
<b>Expenditures</b>					
Current					
Public safety	6,719	6,720	6,201	519	5,941
Capital outlay	245	244	9	235	394
Total expenditures	<u>6,964</u>	<u>6,964</u>	<u>6,210</u>	<u>754</u>	<u>6,335</u>
<b>Other financing sources (uses)</b>					
Transfers out	(1,650)	(1,650)	(1,648)	2	(1,650)
Total other financing sources (uses)	<u>(1,650)</u>	<u>(1,650)</u>	<u>(1,648)</u>	<u>2</u>	<u>(1,650)</u>
Change in fund balance	(961)	(961)	(329)	632	73
Fund balances, July 1	<u>2,117</u>	<u>2,117</u>	<u>2,117</u>	<u>-</u>	<u>2,044</u>
Fund balances, June 30	<u>\$ 1,156</u>	<u>\$ 1,156</u>	<u>\$ 1,788</u>	<u>\$ 632</u>	<u>\$ 2,117</u>

**CITY OF HOUSTON, TEXAS**  
**PUBLIC SAFETY SPECIAL FUND - CHILD SAFETY**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Fines and forfeits	\$ 800	\$ 800	\$ 659	\$ (141)	\$ 838
Interest	20	20	72	52	57
Other	2,600	2,600	2,416	(184)	2,640
Total revenues	<u>3,420</u>	<u>3,420</u>	<u>3,147</u>	<u>(273)</u>	<u>3,535</u>
<b>Expenditures</b>					
Current					
Public safety	3,420	3,545	3,191	354	3,556
Total expenditures	<u>3,420</u>	<u>3,545</u>	<u>3,191</u>	<u>354</u>	<u>3,556</u>
Change in fund balance	-	(125)	(44)	81	(21)
Fund balances, July 1	<u>91</u>	<u>91</u>	<u>91</u>	<u>-</u>	<u>112</u>
Fund balances, June 30	<u>\$ 91</u>	<u>\$ (34)</u>	<u>\$ 47</u>	<u>\$ 81</u>	<u>\$ 91</u>

**CITY OF HOUSTON, TEXAS**  
**PUBLIC SAFETY SPECIAL FUND - HOUSTON EMERGENCY CENTER**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Charges for services	\$ 190	\$ 190	\$ 281	\$ 91	\$ 276
Intergovernmental - grants	16,768	16,768	15,399	(1,369)	15,292
Investment income	-	-	55	55	95
Total revenues	<u>16,958</u>	<u>16,958</u>	<u>15,735</u>	<u>(1,223)</u>	<u>15,663</u>
<b>Expenditures</b>					
Current					
Public safety	29,449	29,449	25,821	3,628	25,118
Total expenditures	<u>29,449</u>	<u>29,449</u>	<u>25,821</u>	<u>3,628</u>	<u>25,118</u>
<b>Other financing sources (uses)</b>					
Transfers in	9,617	9,617	9,617	-	9,762
Total other financing sources (uses)	<u>9,617</u>	<u>9,617</u>	<u>9,617</u>	<u>-</u>	<u>9,762</u>
Change in fund balance	(2,874)	(2,874)	(469)	2,405	307
Fund balances, July 1	<u>5,486</u>	<u>5,486</u>	<u>5,486</u>	<u>-</u>	<u>5,179</u>
Fund balances, June 30	<u>\$ 2,612</u>	<u>\$ 2,612</u>	<u>\$ 5,017</u>	<u>\$ 2,405</u>	<u>\$ 5,486</u>

**CITY OF HOUSTON, TEXAS**  
**PUBLIC SAFETY SPECIAL FUND - LOCAL TRUANCY PREVENTION AND DIVERSION**  
**(formerly JUVENILE CASE MANAGER FEE FUND)**

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Charges for services	\$ 1,168	\$ 1,168	\$ 657	\$ (511)	\$ 1,104
Fines and forfeits	-	-	125	125	-
Interest	12	12	32	20	26
Total revenues	<u>1,180</u>	<u>1,180</u>	<u>814</u>	<u>(366)</u>	<u>1,130</u>
<b>Expenditures</b>					
Current					
Public safety	1,473	1,473	802	671	824
Total expenditures	<u>1,473</u>	<u>1,473</u>	<u>802</u>	<u>671</u>	<u>824</u>
Change in fund balance	(293)	(293)	12	305	306
Fund balances, July 1	<u>962</u>	<u>962</u>	<u>962</u>	<u>-</u>	<u>656</u>
Fund balances, June 30	<u>\$ 669</u>	<u>\$ 669</u>	<u>\$ 974</u>	<u>\$ 305</u>	<u>\$ 962</u>

**CITY OF HOUSTON, TEXAS**  
**PUBLIC SAFETY SPECIAL FUND - MUNICIPAL COURTS TECHNOLOGY FEE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Interest	\$ 33	\$ 33	\$ 64	\$ 31	\$ 67
Other	1,094	1,094	849	(245)	1,049
Total revenues	<u>1,127</u>	<u>1,127</u>	<u>913</u>	<u>(214)</u>	<u>1,116</u>
<b>Expenditures</b>					
Current					
Public safety	1,104	1,104	1,058	46	764
Capital outlay	115	115	-	115	-
Total expenditures	<u>1,219</u>	<u>1,219</u>	<u>1,058</u>	<u>161</u>	<u>764</u>
Change in fund balance	(92)	(92)	(145)	(53)	352
Fund balances, July 1	<u>2,340</u>	<u>2,340</u>	<u>2,340</u>	<u>-</u>	<u>1,988</u>
Fund balances, June 30	<u>\$ 2,248</u>	<u>\$ 2,248</u>	<u>\$ 2,195</u>	<u>\$ (53)</u>	<u>\$ 2,340</u>

**CITY OF HOUSTON, TEXAS**  
**PUBLIC SAFETY SPECIAL FUND - POLICE SPECIAL SERVICES**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2019</b>		<b>Actual</b>	<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>				
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Licenses and permits	\$ 300	\$ 300	\$ 297	\$ (3)	\$ 208
Charges for services	3,626	3,626	3,392	(234)	2,577
Intergovernmental - grants	349	349	356	7	349
Investment income	110	110	208	98	203
Other	2,111	2,111	1,549	(562)	5,067
Total revenues	<u>6,496</u>	<u>6,496</u>	<u>5,802</u>	<u>(694)</u>	<u>8,404</u>
<b>Expenditures</b>					
Current					
Public safety	12,293	12,056	7,256	4,800	7,394
Capital outlay	-	237	255	(18)	496
Total expenditures	<u>12,293</u>	<u>12,293</u>	<u>7,511</u>	<u>4,782</u>	<u>7,890</u>
<b>Other financing sources (uses)</b>					
Sale of assets	-	-	52	52	-
Transfers in	1,210	1,210	1,210	-	1,210
Total other financing sources (uses)	<u>1,210</u>	<u>1,210</u>	<u>1,262</u>	<u>52</u>	<u>1,210</u>
Change in fund balance	(4,587)	(4,587)	(447)	4,140	1,724
Fund balances, July 1	<u>6,465</u>	<u>6,465</u>	<u>6,465</u>	<u>-</u>	<u>4,741</u>
Fund balances, June 30	<u>\$ 1,878</u>	<u>\$ 1,878</u>	<u>\$ 6,018</u>	<u>\$ 4,140</u>	<u>\$ 6,465</u>

**CITY OF HOUSTON, TEXAS**  
**PUBLIC WORKS SPECIAL FUND - BUILDING INSPECTION**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Taxes and assessments					
Franchise Tax	\$ 408	\$ 408	\$ 421	\$ 13	\$ 453
Licenses and permits	73,729	73,729	75,900	2,171	76,701
Charges for services	12,278	12,278	10,103	(2,175)	10,703
Fines and forfeits	7	7	10	3	10
Investment income	727	727	1,384	657	1,367
Other	504	504	425	(79)	636
Total revenues	<u>87,653</u>	<u>87,653</u>	<u>88,243</u>	<u>590</u>	<u>89,870</u>
<b>Expenditures</b>					
Current					
Public works	87,110	89,086	76,527	12,559	73,227
Capital outlay	18,400	11,192	1,587	9,605	5,838
Total expenditures	<u>105,510</u>	<u>100,278</u>	<u>78,114</u>	<u>22,164</u>	<u>79,065</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	57
Sale of capital assets	64	64	69	5	27
Transfers out	(4,655)	(9,887)	(9,373)	(514)	(9,315)
Total other financing sources (uses)	<u>(4,591)</u>	<u>(9,823)</u>	<u>(9,304)</u>	<u>(509)</u>	<u>(9,231)</u>
Change in fund balance	(22,448)	(22,448)	825	23,273	1,574
Fund balances, July 1	<u>34,916</u>	<u>34,916</u>	<u>34,916</u>	<u>-</u>	<u>33,342</u>
Fund balances, June 30	<u>\$ 12,468</u>	<u>\$ 12,468</u>	<u>\$ 35,741</u>	<u>\$ 23,273</u>	<u>\$ 34,916</u>

**CITY OF HOUSTON, TEXAS**  
**PUBLIC WORKS SPECIAL FUND - DEDICATED DRAINAGE & STREET RENEWAL**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>		<b>Actual</b>	<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>				
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Charges for services	\$ 111,787	\$ 111,787	\$ 112,602	\$ 815	\$ 111,540
Licenses & Permits	2,003	2,003	1,863	(140)	1,345
Intergovernmental Revenue	58,079	58,079	73,755	15,676	55,202
Miscellaneous/Other	800	800	1,539	739	1,217
Investment income	1,337	1,337	2,433	1,096	2,427
Total revenues	<u>174,006</u>	<u>174,006</u>	<u>192,192</u>	<u>18,186</u>	<u>171,731</u>
<b>Expenditures</b>					
Current					
Public works	90,380	93,381	50,212	43,169	52,925
Capital outlay	14,980	14,470	33,895	(19,425)	33,107
Debt service fiscal agent & fees	811	811	390	421	766
Total expenditures	<u>106,171</u>	<u>108,662</u>	<u>84,497</u>	<u>24,165</u>	<u>86,798</u>
<b>Other financing sources (uses)</b>					
Transfers in	47,103	47,103	46,509	(594)	47,422
Sale of capital assets	-	-	-	-	8
Transfers out	(152,349)	(149,858)	(128,126)	(21,732)	(127,967)
Total other financing sources (uses)	<u>(105,246)</u>	<u>(102,755)</u>	<u>(81,617)</u>	<u>(22,326)</u>	<u>(80,537)</u>
Change in fund balance	(37,411)	(37,411)	26,078	63,489	4,396
Fund balances, July 1	<u>69,149</u>	<u>69,149</u>	<u>69,149</u>	<u>-</u>	<u>64,753</u>
Fund balances, June 30	<u>\$ 31,738</u>	<u>\$ 31,738</u>	<u>\$ 95,227</u>	<u>\$ 63,489</u>	<u>\$ 69,149</u>



**CITY OF HOUSTON, TEXAS**  
**PUBLIC WORKS SPECIAL FUND - HISTORIC PRESERVATION**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Charges for services	\$ 250	\$ 250	\$ 203	\$ (47)	\$ 266
Investment income	36	36	62	26	62
Total revenues	<u>286</u>	<u>286</u>	<u>265</u>	<u>(21)</u>	<u>328</u>
<b>Expenditures</b>					
Current					
Public Works	572	572	168	404	237
Capital outlay	-	-	120	(120)	-
Total expenditures	<u>572</u>	<u>572</u>	<u>288</u>	<u>284</u>	<u>237</u>
Change in fund balance	(286)	(286)	(23)	263	91
Fund balances, July 1	<u>1,896</u>	<u>1,896</u>	<u>1,896</u>	<u>-</u>	<u>1,805</u>
Fund balances, June 30	<u>\$ 1,610</u>	<u>\$ 1,610</u>	<u>\$ 1,873</u>	<u>\$ 263</u>	<u>\$ 1,896</u>

**CITY OF HOUSTON, TEXAS**  
**PUBLIC WORKS SPECIAL FUND - PLANNING & DEVELOPMENT SPECIAL**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Licenses and permits	\$ 350	\$ 350	\$ 380	\$ 30	\$ 413
Charges for services	6,876	6,876	7,434	558	7,405
Investment income	85	85	215	130	155
Other	-	-	61	61	1
Total revenues	<u>7,311</u>	<u>7,311</u>	<u>8,090</u>	<u>779</u>	<u>7,974</u>
<b>Expenditures</b>					
Current					
Public works	9,006	9,006	6,914	2,092	6,068
Total expenditures	<u>9,006</u>	<u>9,006</u>	<u>6,914</u>	<u>2,092</u>	<u>6,068</u>
<b>Other financing sources (uses)</b>					
Transfers out	-	-	-	-	(104)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(104)</u>
Change in fund balance	(1,695)	(1,695)	1,176	2,871	1,802
Fund balances, July 1	<u>5,544</u>	<u>5,544</u>	<u>5,544</u>	<u>-</u>	<u>3,742</u>
Fund balances, June 30	<u>\$ 3,849</u>	<u>\$ 3,849</u>	<u>\$ 6,720</u>	<u>\$ 2,871</u>	<u>\$ 5,544</u>

**CITY OF HOUSTON, TEXAS**  
**PUBLIC WORKS SPECIAL FUND - RECYCLING REVENUE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Licenses and permits	\$ 132	\$ 132	\$ 70	\$ (62)	\$ 73
Investment income	30	30	59	29	51
Other	292	292	325	33	286
Total revenues	<u>454</u>	<u>454</u>	<u>454</u>	<u>-</u>	<u>410</u>
<b>Expenditures</b>					
Current					
Parks and recreation	1,791	1,791	1,441	350	2,205
Total expenditures	<u>1,791</u>	<u>1,791</u>	<u>1,441</u>	<u>350</u>	<u>2,205</u>
<b>Other financing sources (uses)</b>					
Transfers in	3,794	3,794	3,794	-	3,794
Transfers out	(2,643)	(2,643)	(2,643)	-	(2,643)
Total other financing sources (uses)	<u>1,151</u>	<u>1,151</u>	<u>1,151</u>	<u>-</u>	<u>1,151</u>
Change in fund balance	(186)	(186)	164	350	(644)
Fund balances, July 1	870	870	870	-	1,514
Fund balances, June 30	<u>\$ 684</u>	<u>\$ 684</u>	<u>\$ 1,034</u>	<u>\$ 350</u>	<u>\$ 870</u>

**CITY OF HOUSTON, TEXAS**  
**HEALTH & HOUSING SPECIAL FUND - ESSENTIAL PUBLIC HEALTH SERVICES**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Charges for services	\$ 18	\$ 18	\$ 2	\$ (16)	\$ 5
Intergovernmental - grants	12,848	12,848	13,734	886	13,610
Investment income	150	150	319	169	441
Other	-	-	5	5	-
Total revenues	<u>13,016</u>	<u>13,016</u>	<u>14,060</u>	<u>1,044</u>	<u>14,056</u>
<b>Expenditures</b>					
Current					
Health	<u>20,019</u>	<u>20,019</u>	<u>14,435</u>	<u>5,584</u>	<u>22,598</u>
Total expenditures	<u>20,019</u>	<u>20,019</u>	<u>14,435</u>	<u>5,584</u>	<u>22,598</u>
Change in fund balance	(7,003)	(7,003)	(375)	6,628	(8,542)
Fund balances, July 1	<u>7,094</u>	<u>7,094</u>	<u>7,094</u>	<u>-</u>	<u>15,636</u>
Fund balances, June 30	<u>\$ 91</u>	<u>\$ 91</u>	<u>\$ 6,719</u>	<u>\$ 6,628</u>	<u>\$ 7,094</u>

**CITY OF HOUSTON, TEXAS**  
**HEALTH & HOUSING SPECIAL FUND - HEALTH SPECIAL**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Licenses and permits	\$ 668	\$ 668	\$ 448	\$ (220)	\$ 457
Charges for services	1,012	1,012	1,132	120	1,192
Intergovernmental - grants	1,383	1,383	2,559	1,176	1,870
Investment income	54	54	164	110	194
Other	209	209	67	(142)	90
Total revenues	<u>3,326</u>	<u>3,326</u>	<u>4,370</u>	<u>1,044</u>	<u>3,803</u>
<b>Expenditures</b>					
Current					
Health	5,819	5,713	4,886	827	4,223
Capital outlay	<u>570</u>	<u>676</u>	<u>155</u>	<u>521</u>	<u>196</u>
Total expenditures	<u>6,389</u>	<u>6,389</u>	<u>5,041</u>	<u>1,348</u>	<u>4,419</u>
<b>Other financing sources (uses)</b>					
Transfers in	400	400	400	-	400
Transfers out	-	-	-	-	(668)
Total other financing sources (uses)	<u>400</u>	<u>400</u>	<u>400</u>	<u>-</u>	<u>(268)</u>
Change in fund balance	(2,663)	(2,663)	(271)	2,392	(884)
Fund balances, July 1	<u>5,330</u>	<u>5,330</u>	<u>5,330</u>	<u>-</u>	<u>6,214</u>
Fund balances, June 30	<u>\$ 2,667</u>	<u>\$ 2,667</u>	<u>\$ 5,059</u>	<u>\$ 2,392</u>	<u>\$ 5,330</u>

**CITY OF HOUSTON, TEXAS**  
**HEALTH & HOUSING SPECIAL FUND - LABORATORY SERVICES**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Charges for services	\$ 519	\$ 519	\$ 406	\$ (113)	\$ 361
Investment income	5	5	7	2	9
Other	-	-	-	-	50
Total revenues	<u>524</u>	<u>524</u>	<u>413</u>	<u>(111)</u>	<u>420</u>
<b>Expenditures</b>					
Current					
Health	569	569	382	187	465
Capital outlay	-	-	-	-	30
Total expenditures	<u>569</u>	<u>569</u>	<u>382</u>	<u>187</u>	<u>495</u>
Change in fund balance	(45)	(45)	31	76	(75)
Fund balances, July 1	<u>194</u>	<u>194</u>	<u>194</u>	<u>-</u>	<u>269</u>
Fund balances, June 30	<u>\$ 149</u>	<u>\$ 149</u>	<u>\$ 225</u>	<u>\$ 76</u>	<u>\$ 194</u>

**CITY OF HOUSTON, TEXAS**  
**HEALTH & HOUSING SPECIAL FUND - SPECIAL WASTE TRANSPORTATION & INSPECTION FUND**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Licenses and permits	\$ 3,256	\$ 3,256	\$ 2,824	\$ (432)	\$ 3,231
Charges for services	1,200	1,200	1,536	336	1,200
Investment income	40	40	51	11	78
Total revenues	<u>4,496</u>	<u>4,496</u>	<u>4,411</u>	<u>(85)</u>	<u>4,509</u>
<b>Expenditures</b>					
Current					
Health	5,359	5,359	4,440	919	4,767
Capital outlay	-	-	22	(22)	456
Total expenditures	<u>5,359</u>	<u>5,359</u>	<u>4,462</u>	<u>897</u>	<u>5,223</u>
Change in fund balance	(863)	(863)	(51)	812	(714)
Fund balances, July 1	<u>1,968</u>	<u>1,968</u>	<u>1,968</u>	<u>-</u>	<u>2,682</u>
Fund balances, June 30	<u>\$ 1,105</u>	<u>\$ 1,105</u>	<u>\$ 1,917</u>	<u>\$ 812</u>	<u>\$ 1,968</u>

**CITY OF HOUSTON, TEXAS**  
**HEALTH & HOUSING SPECIAL FUND - SWIMMING POOL SAFETY**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Licenses and permits	\$ 1,264	\$ 1,264	\$ 1,246	\$ (18)	\$ 1,310
Investment income	15	15	27	12	27
Total revenues	<u>1,279</u>	<u>1,279</u>	<u>1,273</u>	<u>(6)</u>	<u>1,337</u>
<b>Expenditures</b>					
Current					
Health	1,475	1,475	1,063	412	1,257
Capital outlay	-	-	22	(22)	50
Total expenditures	<u>1,475</u>	<u>1,475</u>	<u>1,085</u>	<u>390</u>	<u>1,307</u>
<b>Other financing sources (uses)</b>					
Transfers out	-	-	-	-	(49)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(49)</u>
Change in fund balance	(196)	(196)	188	384	(19)
Fund balances, July 1	<u>770</u>	<u>770</u>	<u>770</u>	<u>-</u>	<u>789</u>
Fund balances, June 30	<u>\$ 574</u>	<u>\$ 574</u>	<u>\$ 958</u>	<u>\$ 384</u>	<u>\$ 770</u>



**CITY OF HOUSTON, TEXAS**  
**PARKS & RECREATION SPECIAL FUND - BAYOU GREENWAY 2020**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Charges for services	\$ 1,365	\$ 1,365	\$ 1,295	\$ (70)	\$ 1,328
Investment income	16	16	41	25	29
Other	-	-	-	-	88
Total revenues	<u>1,381</u>	<u>1,381</u>	<u>1,336</u>	<u>(45)</u>	<u>1,445</u>
<b>Expenditures</b>					
Current					
Parks and recreation	1,122	1,122	890	232	886
Capital outlay	302	-	-	-	-
Total expenditures	<u>1,424</u>	<u>1,122</u>	<u>890</u>	<u>232</u>	<u>886</u>
<b>Other financing sources (uses)</b>					
Transfers out	-	(302)	(302)	-	(210)
Total other financing sources (uses)	<u>-</u>	<u>(302)</u>	<u>(302)</u>	<u>-</u>	<u>(210)</u>
Change in fund balance	(43)	(43)	144	187	349
Fund balances, July 1	<u>1,041</u>	<u>1,041</u>	<u>1,041</u>	<u>-</u>	<u>692</u>
Fund balances, June 30	<u>\$ 998</u>	<u>\$ 998</u>	<u>\$ 1,185</u>	<u>\$ 187</u>	<u>\$ 1,041</u>

**CITY OF HOUSTON, TEXAS**  
**PARKS & RECREATION SPECIAL FUND - PARKS GOLF**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Charges for services	\$ 5,362	\$ 5,362	\$ 3,181	\$ (2,181)	\$ 4,007
Investment income	17	17	(19)	(36)	41
Other	3	3	2	(1)	202
Total revenues	<u>5,382</u>	<u>5,382</u>	<u>3,164</u>	<u>(2,218)</u>	<u>4,250</u>
<b>Expenditures</b>					
Current					
Parks and recreation	5,634	5,152	4,893	259	4,782
Total expenditures	<u>5,634</u>	<u>5,152</u>	<u>4,893</u>	<u>259</u>	<u>4,782</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	1,200	1,200	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,200</u>	<u>1,200</u>	<u>-</u>
Change in fund balance	(252)	230	(529)	(759)	(532)
Fund balances, July 1	731	731	731	-	1,263
Fund balances, June 30	<u>\$ 479</u>	<u>\$ 961</u>	<u>\$ 202</u>	<u>\$ (759)</u>	<u>\$ 731</u>

**CITY OF HOUSTON, TEXAS**  
**PARKS & RECREATION SPECIAL FUND - PARKS SPECIAL**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Licenses and permits	\$ 184	\$ 184	\$ 124	\$ (60)	\$ 168
Charges for services	1,896	1,896	1,413	(483)	1,800
Investment income	81	81	124	43	216
Other	53	53	65	12	69
Total revenues	<u>2,214</u>	<u>2,214</u>	<u>1,726</u>	<u>(488)</u>	<u>2,253</u>
<b>Expenditures</b>					
Current					
Parks and recreation	2,970	2,970	2,282	688	1,871
Capital outlay	32	32	23	9	165
Total expenditures	<u>3,002</u>	<u>3,002</u>	<u>2,305</u>	<u>697</u>	<u>2,036</u>
<b>Other financing sources (uses)</b>					
Transfers out	-	-	(1,200)	(1,200)	(3,895)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,200)</u>	<u>(1,200)</u>	<u>(3,895)</u>
Change in fund balance	(788)	(788)	(1,779)	(991)	(3,678)
Fund balances, July 1	3,171	3,171	3,171	-	6,849
Fund balances, June 30	<u>\$ 2,383</u>	<u>\$ 2,383</u>	<u>\$ 1,392</u>	<u>\$ (991)</u>	<u>\$ 3,171</u>

**CITY OF HOUSTON, TEXAS**  
**OTHER SPECIAL REVENUE FUND - CABLE TELEVISION**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Investment income	\$ 12	\$ 12	\$ 125	\$ 113	\$ 96
Other	3,837	3,837	3,878	41	4,163
Total revenues	<u>3,849</u>	<u>3,849</u>	<u>4,003</u>	<u>154</u>	<u>4,259</u>
<b>Expenditures</b>					
Current					
General government	3,949	3,949	3,850	99	3,879
Capital outlay	1,000	1,000	134	866	102
Total expenditures	<u>4,949</u>	<u>4,949</u>	<u>3,984</u>	<u>965</u>	<u>3,981</u>
<b>Other financing sources (uses)</b>					
Transfers in	984	984	800	(184)	800
Total other financing sources (uses)	<u>984</u>	<u>984</u>	<u>800</u>	<u>(184)</u>	<u>800</u>
Change in fund balance	(116)	(116)	819	935	1,078
Fund balances, July 1	<u>3,881</u>	<u>3,881</u>	<u>3,881</u>	<u>-</u>	<u>2,803</u>
Fund balances, June 30	<u>\$ 3,765</u>	<u>\$ 3,765</u>	<u>\$ 4,700</u>	<u>\$ 935</u>	<u>\$ 3,881</u>

**CITY OF HOUSTON, TEXAS**  
**OTHER SPECIAL REVENUE FUND - CONTRACTORS RESPONSIBILITY**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Investment income	\$ 43	\$ 43	\$ 85	\$ 42	\$ 100
Other	452	452	629	177	448
Total revenues	<u>495</u>	<u>495</u>	<u>714</u>	<u>219</u>	<u>548</u>
<b>Expenditures</b>					
Current					
General government	1,262	1,262	293	969	482
Total expenditures	<u>1,262</u>	<u>1,262</u>	<u>293</u>	<u>969</u>	<u>482</u>
<b>Other financing sources (uses)</b>					
Transfers out	(630)	(630)	(630)	-	(630)
Total other financing sources (uses)	<u>(630)</u>	<u>(630)</u>	<u>(630)</u>	<u>-</u>	<u>(630)</u>
Change in fund balance	(1,397)	(1,397)	(209)	1,188	(564)
Fund balances, July 1	<u>2,547</u>	<u>2,547</u>	<u>2,547</u>	<u>-</u>	<u>3,111</u>
Fund balances, June 30	<u>\$ 1,150</u>	<u>\$ 1,150</u>	<u>\$ 2,338</u>	<u>\$ 1,188</u>	<u>\$ 2,547</u>

**CITY OF HOUSTON, TEXAS**  
**OTHER SPECIAL REVENUE FUND - HOUSTON TRANSTAR**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>			<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>		<b>Actual</b>		
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Charges for services	\$ 902	\$ 902	\$ 892	\$ (10)	\$ 884
Intergovernmental - grants	2,151	2,151	2,148	(3)	2,255
Investment income	30	30	92	62	69
Total revenues	<u>3,083</u>	<u>3,083</u>	<u>3,132</u>	<u>49</u>	<u>3,208</u>
<b>Expenditures</b>					
Current					
General government	3,261	3,261	2,378	883	2,049
Capital outlay	-	-	247	(247)	-
Total expenditures	<u>3,261</u>	<u>3,261</u>	<u>2,625</u>	<u>636</u>	<u>2,049</u>
Change in fund balance	(178)	(178)	507	685	1,159
Fund balances, July 1	<u>2,720</u>	<u>2,720</u>	<u>2,720</u>	<u>-</u>	<u>1,561</u>
Fund balances, June 30	<u>\$ 2,542</u>	<u>\$ 2,542</u>	<u>\$ 3,227</u>	<u>\$ 685</u>	<u>\$ 2,720</u>

**CITY OF HOUSTON, TEXAS**  
**OTHER SPECIAL REVENUE FUND - PARK HOUSTON**  
**(formerly PARKING MANAGEMENT SPECIAL REVENUE FUND)**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**  
*(With comparative totals for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>		<b>Actual</b>	<b>Variance with Final Budget- Pos (Neg)</b>	<b>2019 Actual</b>
	<b>Budget Amounts</b>				
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Taxes and assessments					
Parking Violations	\$ 9,530	\$ 9,530	\$ 8,454	\$ (1,076)	\$ 9,924
Parking Fees	11,019	11,019	8,293	(2,726)	10,700
Permit Fees	348	348	240	(108)	318
Investment income	68	68	128	60	158
Other	19	19	89	70	12
Total revenues	<u>20,984</u>	<u>20,984</u>	<u>17,204</u>	<u>(3,780)</u>	<u>21,112</u>
<b>Expenditures</b>					
Current					
General government	13,389	11,082	10,433	649	10,499
Capital outlay	482	119	119	-	359
Total expenditures	<u>13,871</u>	<u>11,201</u>	<u>10,552</u>	<u>649</u>	<u>10,858</u>
<b>Other financing sources (uses)</b>					
Transfers out	<u>(8,068)</u>	<u>(8,236)</u>	<u>(8,236)</u>	<u>-</u>	<u>(10,189)</u>
Total other financing sources (uses)	<u>(8,068)</u>	<u>(8,236)</u>	<u>(8,236)</u>	<u>-</u>	<u>(10,189)</u>
Change in fund balance	(955)	1,547	(1,584)	(3,131)	65
Fund balances, July 1	<u>2,132</u>	<u>2,132</u>	<u>2,132</u>	<u>-</u>	<u>2,067</u>
Fund balances, June 30	<u>\$ 1,177</u>	<u>\$ 3,679</u>	<u>\$ 548</u>	<u>\$ (3,131)</u>	<u>\$ 2,132</u>

**CITY OF HOUSTON, TEXAS**

**This page is left blank intentionally**



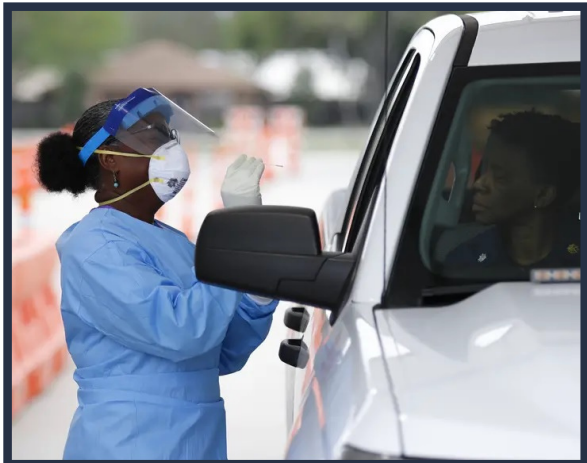


**Houston Health Department**

**Better.  
Together.**

**WASH HANDS. WEAR A MASK.  
SOCIAL DISTANCE. GET TESTED.**

We are better when we all do our part to stop the spread of COVID-19. Together, we can put Houston on the road to recovery. Thank you for making H-Town BETTER. TOGETHER.  
[houstonhealth.org](http://houstonhealth.org)





# Enterprise Funds

Enterprise funds are established to account for City operations that are financed and operated in a manner similar to private business enterprises where the cost of providing goods or services to the general public is financed primarily through user charges.

**Airport System** — This fund is used to account for the operations of the City's Airport System. The system is comprised of George Bush Intercontinental Airport, William P. Hobby Airport and Ellington Airport.

**Convention and Entertainment Facilities** — This fund is used to account for the managements of the City's major convention and entertainment centers, as well as parking facilities and selected downtown parks. These centers include George R. Brown Convention Center, Jones Hall, Wortham Theater Center, Bayou Places, Hobby Center, Talento Bilingue de Houston, and Miller Outdoor Theater. The parking facilities include the Theater District Parking Garage, the Convention District Garages and various surface lots. Downtown parks include Sesquicentennial Park, Jones Plaza, Root Memorial Square, and Sabine Promenade.

**Combined Utility System** — This fund is used to account for the production and transmission of water and the treatment of wastewater for City residents and businesses as well as for other governmental entities located in the Houston area.

**CITY OF HOUSTON, TEXAS**  
**AIRPORT SYSTEM**  
**Statement of Net Position**  
**June 30, 2020**  
*(With comparative amounts for 2019)*  
*amounts expressed in thousands*

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 353,289	\$ 144,076
Investments	48,187	290,965
Receivables, net of allowances		
Accounts receivable	77,584	30,758
Due from other funds	1,746	486
Due from other governments	4,871	18,392
Inventory	2,002	1,739
Prepaid items	5,171	4,882
Restricted assets		
Cash and cash equivalents	5,736	5,593
Restricted accounts receivable	533	1,494
Total current assets	<u>499,119</u>	<u>498,385</u>
Noncurrent Assets		
Investments	998,851	971,015
Prepaid items	184	195
Restricted assets		
Cash and cash equivalents	48,841	45,030
Total noncurrent assets	<u>1,047,876</u>	<u>1,016,240</u>
Capital assets		
Land	216,100	216,100
Buildings	3,076,131	3,066,213
Improvements and equipment	1,955,324	1,897,017
Construction in progress	255,070	206,687
Intangibles	18,091	17,471
Infrastructure	587,314	569,516
Less accumulated depreciation	<u>(3,376,447)</u>	<u>(3,207,696)</u>
Net capital assets	<u>2,731,583</u>	<u>2,765,308</u>
Total noncurrent assets	<u>3,779,459</u>	<u>3,781,548</u>
<b>Total assets</b>	<u>\$ 4,278,578</u>	<u>\$ 4,279,933</u>
<b>Deferred Outflows of Resources</b>		
Unamortized costs on refunded debt	17,263	19,572
Deferred outflows on pension liability	25,876	17,720
Deferred outflow on OPEB liability	1,731	96
<b>Total Deferred Outflows of Resources</b>	<u>44,870</u>	<u>37,388</u>

**CITY OF HOUSTON, TEXAS**  
**AIRPORT SYSTEM**  
**Statement of Net Position**  
**June 30, 2020**  
*(With comparative amounts for 2019)*  
*amounts expressed in thousands*

	<u>2020</u>	<u>2019</u>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	\$ 12,191	\$ 15,575
Accrued payroll liabilities	3,551	3,166
Accrued interest payable	47,201	49,339
Contracts and retainages payable	40,085	46,518
Due to other funds	646	247
Due to other governments	-	571
Advances and deposits	1,636	2,439
Claims and judgments	928	904
Compensated absences	5,681	6,120
Special facility bonds payable	6,240	5,960
Other liabilities	2,965	1,132
Revenue bonds payable	89,090	80,110
Unearned revenue	8,267	4,347
Total current liabilities	<u>218,481</u>	<u>216,428</u>
Noncurrent liabilities		
Revenue bonds payable, net	1,928,601	2,034,592
Special facility bonds payable	68,185	74,425
Claims and judgments	593	902
Compensated absences	7,612	6,489
Commercial paper	132,973	48,473
Arbitrage rebate	109	-
Other long-term liabilities	324	-
Municipal pension trust liability	258,223	229,757
Other post employment benefits	71,512	73,872
Pension obligation bonds payable	2,006	2,006
Total noncurrent liabilities	<u>2,470,138</u>	<u>2,470,516</u>
<b>Total liabilities</b>	<u>2,688,619</u>	<u>2,686,944</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows on pension liability	3,425	5,800
Deferred inflows on OPEB health benefits liability	27,422	26,321
<b>Total Deferred Inflows of Resources</b>	<u>30,847</u>	<u>32,121</u>
<b>Net position</b>		
Net investment in capital assets	522,492	542,125
Restricted net position		
Restricted for debt service	473,008	428,856
Restricted for renewal and replacement	10,000	10,000
Restricted for maintenance and operations	61,818	60,525
Restricted for special facility	46,377	43,442
Restricted for capital improvements	623,701	651,664
Unrestricted (deficit)	(133,414)	(138,356)
<b>Total net position</b>	<u>\$ 1,603,982</u>	<u>\$ 1,598,256</u>

**CITY OF HOUSTON, TEXAS**  
**AIRPORT SYSTEM**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2020**  
*(With comparative amounts for 2019)*  
*amounts expressed in thousands*

	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>		
Landing area fees	\$ 95,862	\$ 87,767
Rentals, building and ground areas	223,301	211,323
Parking	81,173	110,136
Concession	65,737	83,115
Other	5,839	6,123
Total operating revenue	<u>471,912</u>	<u>498,464</u>
<b>Operating Expenses</b>		
Maintenance and operating	370,430	337,477
Depreciation and amortization	175,573	174,266
Total operating expenses	<u>546,003</u>	<u>511,743</u>
Operating income (loss)	<u>(74,091)</u>	<u>(13,279)</u>
<b>Nonoperating revenues (expenses)</b>		
Investment income	43,701	45,067
Customer facility charges	13,320	17,439
Special facility cost	(37)	(43)
Other revenue (expenses)	10,820	221
Gain (Loss) on disposal of assets	(10,856)	119
Passenger facility charges	78,418	111,155
Interest expense on long-term debt	(74,533)	(81,575)
Cost of issuance for debt	-	(2,960)
Total Nonoperating revenues (expenses)	<u>60,833</u>	<u>89,423</u>
Income before contributions and transfers	<u>(13,258)</u>	<u>76,144</u>
Capital contributions	<u>18,984</u>	<u>16,599</u>
Change in net position	5,726	92,743
Total net position, July 1	<u>1,598,256</u>	<u>1,505,513</u>
<b>Total net position, June 30</b>	<u>\$ 1,603,982</u>	<u>\$ 1,598,256</u>

**CITY OF HOUSTON, TEXAS**  
**AIRPORT SYSTEM**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2020**  
*(With comparative amounts for 2019)*  
*amounts expressed in thousands*

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Receipts from customers	\$ 413,848	\$ 511,854
Payments to employees	(102,726)	(103,091)
Payments to suppliers	(147,288)	(145,518)
Internal activity-payments to other funds	(70,069)	(71,263)
Claims paid	(928)	(904)
Other receipts (payments)	10,820	221
Net cash provided by operating activities	<u>103,657</u>	<u>191,299</u>
<b>Cash flows from investing activities</b>		
Interest income on investments	43,701	45,067
Purchase of investments	(1,739,595)	(1,832,687)
Sales of investments	1,954,537	1,754,930
Net cash provided by (used in) capital and related financing activities	<u>258,643</u>	<u>(32,690)</u>
<b>Cash flows from noncapital financing activities</b>		
Proceeds from pension bonds	-	(27,610)
Interest expense pension obligation bonds	(106)	(715)
Net cash provided by (used in) noncapital financing activities	<u>(106)</u>	<u>(28,325)</u>
<b>Cash flows from capital and related financing activities</b>		
Retirement of revenue bonds	(80,110)	(719,586)
Retirement of special facility bonds	(5,960)	(5,715)
Proceeds from SECO Loan	324	-
Proceeds from issuance of commercial paper	84,500	27,000
Interest expense on debt	(100,186)	(97,352)
Passenger facilities charges	92,773	110,892
Customer facilities charges	14,281	17,388
Proceeds from issuance of revenue bonds	-	653,881
Grant receipts	31,933	19,377
Acquisition of property, plant and equipment	(186,582)	(116,566)
Cost of issuance expense for revenue bonds	-	(3,140)
Net cash used in capital and related financing activities	<u>(149,027)</u>	<u>(113,821)</u>
Net increase(decrease) in cash and cash equivalents	213,167	16,463
Cash and cash equivalents, July 1	194,699	178,236
<b>Cash and cash equivalents, June 30</b>	<u>\$ 407,866</u>	<u>\$ 194,699</u>
<b>Cash and cash equivalents</b>		
Pooled cash and cash equivalents (Note 3A)	353,289	144,076
Current restricted cash and cash equivalents (Note 3A)	5,736	5,593
Non-pooled restricted cash and cash equivalents (Note 3A)	48,841	45,030
<b>Total cash and cash equivalents, June 30</b>	<u>\$ 407,866</u>	<u>\$ 194,699</u>
<b>Reconciliation of operating income(loss) to net cash provided by operating activities</b>		
Operating income(loss)	\$ (74,090)	\$ (13,279)
Adjustments to reconcile operating income(loss) to net cash provided by operating activities		
Depreciation and amortization	175,573	174,266
Capital improvement plan expense	36,556	11,541
Other post employment benefits	(2,891)	36
Other revenues(expenses)	10,820	221
Changes in assets and liabilities		
Accounts receivable	(61,182)	19,619
Due from other funds	(1,260)	(210)
Inventory and prepaid insurance	(552)	(246)
Accounts payable	(3,384)	(1,199)
Accrued payroll liabilities	384	140
Due to other funds	400	(147)
Advances and deposits	3,116	(6,227)
Claims and judgments - workers' compensation	(286)	(470)
Compensated absences	684	(450)
Other current liabilities	1,833	(8,868)
Pension Obligation payable	17,936	16,572
Net cash provided by operating activities	<u>\$ 103,657</u>	<u>\$ 191,299</u>
<b>Non cash transactions</b>		
Bond amortization expense	\$ 14,581	\$ 14,868
Capitalized interest expense	9,150	7,500
Grants included in receivables	(12,949)	(4,198)
Capital additions included in liabilities	(6,434)	10,927
Gain (loss) on disposal of assets	(10,861)	220
<b>Total non cash transactions</b>	<u>\$ (6,513)</u>	<u>\$ 29,317</u>

**CITY OF HOUSTON, TEXAS**  
**CONVENTION & ENTERTAINMENT**  
**Statement of Net Position**  
**June 30, 2020**  
*(With comparative amounts for 2019)*  
*amounts expressed in thousands*

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 20,752	\$ 8,097
Investments	31,387	51,014
Receivables, net of allowances		
Accounts receivable	15	62
Hotel occupancy tax receivable	5,693	22,785
Due from component units	57,711	64,138
Due from other funds	5	-
Cash and cash equivalents	-	189
Total current assets	<u>115,563</u>	<u>146,285</u>
Noncurrent Assets		
Investments	36,510	36,120
Due from component units	313,880	340,013
Total noncurrent restricted assets	<u>350,390</u>	<u>376,133</u>
Capital assets		
Land	95,687	95,687
Buildings	577,527	577,527
Improvements and equipment	8,632	8,632
Infrastructure	334	334
Garage rights	13,144	13,144
Less accumulated depreciation and amortization	(324,253)	(310,775)
Net capital assets	<u>371,071</u>	<u>384,549</u>
Total noncurrent assets	<u>721,461</u>	<u>760,682</u>
<b>Total assets</b>	<u>\$ 837,024</u>	<u>\$ 906,967</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflow on pension liability	902	657
Deferred outflow on OPEB liability	45	-
Deferred outflow for unamortized cost on refunded debt	180	193
<b>Total Deferred Outflows of Resources</b>	<u>1,127</u>	<u>850</u>



**CITY OF HOUSTON, TEXAS**  
**CONVENTION & ENTERTAINMENT**  
**Statement of Net Position**  
**June 30, 2020**  
*(With comparative amounts for 2019)*  
*amounts expressed in thousands*

	<b>2020</b>	<b>2019</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	\$ -	\$ 628
Accrued interest payable	5,681	5,796
Due to component units	28,557	26,288
Arbitrage rebate	-	88
Cost of issuance payable	78	79
Compensated absences	274	-
Pension obligation bonds payable	185	90
Revenue bonds payable	24,513	56,752
Total current liabilities	59,288	89,721
Noncurrent liabilities		
Revenue bonds payable	628,374	665,583
Arbitrage rebate	-	9
Compensated absences	273	-
Municipal pension trust liability	6,939	6,086
Other post employment benefits	2,289	2,365
Unearned revenue	6,025	6,317
Pension obligation bonds payable	3,194	3,379
Total noncurrent liabilities	647,094	683,739
<b>Total liabilities</b>	<b>706,382</b>	<b>773,460</b>
<b>Deferred Inflows of Resources</b>		
Deferred inflows on pension liability	144	215
Deferred inflows for unamortized cost on refunded debt	6,722	7,211
Deferred inflows on OPEB health benefits liability	824	792
<b>Total Deferred Inflows of Resources</b>	<b>7,690</b>	<b>\$ 8,218</b>
<b>Net Position</b>		
Net investment in capital assets	49,570	52,693
Restricted net position		
Restricted for debt service	36,510	36,309
Restricted for renewal and replacement	-	6
Restricted for maintenance and operations	11,617	17,707
Unrestricted	26,382	19,424
<b>Total net position</b>	<b>\$ 124,079</b>	<b>\$ 126,139</b>

**CITY OF HOUSTON, TEXAS**  
**CONVENTION & ENTERTAINMENT**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2020**  
*(With comparative amounts for 2019)*  
*amounts expressed in thousands*

	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>		
Parking	\$ 8,037	\$ 9,206
Rental	1,449	1,449
Total operating revenue	<u>9,486</u>	<u>10,655</u>
<b>Operating Expenses</b>		
Maintenance and operating	48,935	53,235
Depreciation and amortization	13,480	13,508
Total operating expenses	<u>62,415</u>	<u>66,743</u>
Operating loss	<u>(52,929)</u>	<u>(56,088)</u>
<b>Nonoperating revenue (expenses)</b>		
Investment income	12,000	13,560
Hotel occupancy tax	67,348	68,898
Other revenue	292	2,082
Interest on long-term debt	(27,321)	(28,417)
Cost of issuance for debt	(1)	(1,330)
Total Nonoperating revenues (expenses)	<u>52,318</u>	<u>54,793</u>
Income before contributions and transfers	<u>(611)</u>	<u>(1,295)</u>
Transfers out	<u>(1,449)</u>	<u>(1,449)</u>
Total transfers	<u>(1,449)</u>	<u>(1,449)</u>
Change in net position	(2,060)	(2,744)
Total net position, July 1	<u>126,139</u>	<u>128,883</u>
<b>Total net position, June 30</b>	<u>\$ 124,079</u>	<u>\$ 126,139</u>

**CITY OF HOUSTON, TEXAS  
CONVENTION & ENTERTAINMENT  
Statement of Cash Flows  
For the Year Ended June 30, 2020  
(With comparative amounts for 2019)  
amounts expressed in thousands**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Receipts from customers	\$ 8,087	\$ 9,144
Payments to employees	(217)	(262)
Payments to suppliers	(23)	(98)
Internal activity-payments (to) from other funds	(5)	2
Other revenues	-	1,792
Other expenses	(49,147)	(54,348)
Receipts from component units	1,449	1,449
Net cash used in operating activities	<u>(39,856)</u>	<u>(42,321)</u>
<b>Cash flows from investing activities</b>		
Interest income on investments	12,000	13,560
Purchase of investments	(92,187)	(105,438)
Proceeds from sale of investments	111,424	99,023
Net cash provided by investing activities	<u>31,237</u>	<u>7,145</u>
<b>Cash flows from capital and related financing activities</b>		
Retirement of revenue bonds	(99,735)	(42,205)
Refunding of revenue bonds	-	(70,150)
Proceeds from issuance of revenue bonds	20,000	122,975
Cost of issuance on debt	(629)	(1,114)
Interest expense on debt	(17,525)	(15,885)
Net cash provided by (used in) capital and related financing activities	<u>(97,889)</u>	<u>(6,379)</u>
<b>Cash flows from noncapital financing activities</b>		
Retirement of pension bonds	(90)	(80)
Payments from component unit	34,828	(24,811)
Hotel occupancy tax revenue	84,440	68,942
Interest expense on pension obligation bonds	(203)	(221)
Net cash provided by noncapital financing activities	<u>118,975</u>	<u>43,830</u>
Net decrease in cash and cash equivalents	12,467	2,275
Cash and cash equivalents, July 1	8,285	6,010
<b>Cash and cash equivalents, June 30</b>	<u>\$ 20,752</u>	<u>\$ 8,285</u>
<b>Cash and cash equivalents</b>		
Pooled cash and cash equivalents (Note 3A)	\$ 20,752	\$ 8,097
Non-pooled cash and cash equivalents (Note 3A)	-	188
<b>Total cash and cash equivalents, June 30</b>	<u>\$ 20,752</u>	<u>\$ 8,285</u>
<b>Reconciliation of operating loss to net cash used in operating activities</b>		
Operating loss	\$ (52,929)	\$ (56,088)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Depreciation and amortization	13,480	13,508
Other post employment benefits	(89)	
Other revenues	292	2,084
Other expenses	(1,449)	(1,449)
Changes in assets and liabilities		
Accounts receivable and prepaids	50	(62)
Accrued payroll liabilities	-	(8)
Due to (from) other funds	(5)	2
Compensated absences	547	(35)
Deferred revenue	(291)	(292)
Pension Obligation payable	538	19
Net cash used in operating activities	<u>(39,856)</u>	<u>(42,321)</u>
<b>Non cash transactions</b>		
Unrealized gain on investments	\$ 859	\$ 1,191
Receivable from component unit	(20,000)	(52,825)
Addition of Subordinate Lien Flexible Rate Notes	20,000	-
Addition of HOT and Special Revenue Series Bonds	-	122,975
Refunding of HOT and Special Revenue Bond Series	-	(70,150)
Total non cash transactions	<u>\$ 859</u>	<u>\$ 1,191</u>

**CITY OF HOUSTON, TEXAS**  
**COMBINED UTILITY SYSTEM**  
**Statement of Net Position**  
**June 30, 2020**  
*(With comparative amounts for 2019)*  
*amounts expressed in thousands*

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 483,542	\$ 168,595
Investments	1,330,039	1,557,211
Receivables, net of allowances		
Accounts receivable	173,380	147,094
Special assessments receivable	93	93
Due from other funds	9,518	5,467
Due from other governments	7,242	7,242
Inventory	11,901	13,289
Prepaid items	5,424	5,088
Restricted assets		
Cash and cash equivalents	31	28
Total current assets	<u>2,021,170</u>	<u>1,904,107</u>
Noncurrent Assets		
Investments	128,870	119,324
Prepays	3,009	3,155
Due from other governments	719,931	1,009,661
Interfund receivable	22,033	22,033
Amounts held by other governments	12,318	11,270
Total noncurrent restricted assets	<u>886,161</u>	<u>1,165,443</u>
Capital assets		
Land	180,468	160,405
Buildings	171,324	154,284
Improvements and equipment	190,223	181,581
Infrastructure	11,309,882	11,009,601
Construction in progress	1,300,959	847,450
Rights and intangibles	847,398	846,513
Less accumulated depreciation and amortization	<u>(6,143,550)</u>	<u>(5,915,347)</u>
Net capital assets	<u>7,856,704</u>	<u>7,284,487</u>
Total noncurrent assets	<u>8,742,865</u>	<u>8,449,930</u>
<b>Total assets</b>	<u>\$ 10,764,035</u>	<u>\$ 10,354,037</u>
<b>Deferred outflows of resources</b>		
Deferred outflow on pension liability	39,353	22,480
Deferred outflow on OPEB liability	3,545	184
SWAP liability/Unamortized cost on refunded debt	440,667	380,563
<b>Total deferred outflows of resources</b>	<u>483,565</u>	<u>403,227</u>

**CITY OF HOUSTON, TEXAS  
COMBINED UTILITY SYSTEM  
Statement of Net Position  
June 30, 2020  
(With comparative amounts for 2019)  
amounts expressed in thousands**

	<u>2020</u>	<u>2019</u>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable	\$ 239,771	\$ 175,671
Accrued payroll liabilities	6,789	5,699
Accrued interest payable	33,222	35,812
Contracts payable	19,527	19,099
Due to other funds	20,563	10,238
Due to other governments	1,060	4,997
Advances and deposits	46,556	45,538
Pension obligation bonds payable ST	3,126	1,547
Cost of issuance payable	1,309	1,310
Claims and judgments	960	582
Compensated absences	10,200	10,811
Commercial paper payable	275,000	185,000
Arbitrage rebate	197	169
Revenue bonds payable	228,641	207,110
Interfund liabilities	1,002	1,002
Total current liabilities	<u>887,923</u>	<u>704,585</u>
Noncurrent liabilities		
Accrued interest payable	41,291	41,286
Revenue bonds payable	6,376,388	6,402,374
Claims and judgments	1,742	1,150
Compensated absences	10,087	8,547
Contracts payable	870,593	891,276
Other interfund liabilities	20,029	21,031
Arbitrage rebate	7,666	3,620
Municipal pension trust liability	411,770	352,878
Other post employment benefits	145,940	150,851
SWAP liability	282,004	223,339
Unearned revenue	1,620,723	1,542,440
Pension obligation bonds payable	92,303	95,429
Total noncurrent liabilities	<u>9,880,536</u>	<u>9,734,221</u>
<b>Total liabilities</b>	<u>10,768,459</u>	<u>10,438,806</u>
<b>Deferred inflows of resources</b>		
Deferred inflows on pension liability	2,446	7,358
Deferred inflows on OPEB liability	56,748	54,467
<b>Total deferred inflows of resources</b>	<u>59,194</u>	<u>61,825</u>
<b>Net Position</b>		
Net investment in capital assets	539,019	177,851
Restricted net position		
Restricted for maintenance and operations	85,001	81,621
Restricted for debt service	70,005	64,346
Restricted for capital improvements	15,358	14,453
Unrestricted	(289,436)	(81,638)
<b>Total net position (deficit)</b>	<u>\$ 419,947</u>	<u>\$ 256,633</u>

**CITY OF HOUSTON, TEXAS**  
**COMBINED UTILITY SYSTEM**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2020**  
*(With comparative amounts for 2019)*  
**amounts expressed in thousands**

	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>		
Water/Sewer billing	\$ 1,100,092	\$ 1,042,442
Total operating revenue	<u>1,100,092</u>	<u>1,042,442</u>
<b>Operating Expenses</b>		
Maintenance and operating	518,591	516,504
Depreciation and amortization	265,306	257,430
Total operating expenses	<u>783,897</u>	<u>773,934</u>
Operating income	<u>316,195</u>	<u>268,508</u>
<b>Nonoperating revenue (expenses)</b>		
Investment income	58,243	55,170
Other revenue	47,016	62,740
Gain (loss) on disposal of assets	(1,280)	(5,783)
Interest on long-term debt	(242,914)	(263,253)
Cost of issuance of debt	(4,526)	(5,455)
Contributions in	24,810	26,731
Total nonoperating revenues (expenses)	<u>(118,651)</u>	<u>(129,850)</u>
Income before contributions and transfers	<u>197,544</u>	<u>138,658</u>
Capital contributions	<u>16,691</u>	<u>12,330</u>
Transfers in	-	72
Transfers out	(50,921)	(57,903)
Total transfers	<u>(50,921)</u>	<u>(57,831)</u>
Change in net position	163,314	93,157
Cumulative effect of prior period adjustment	-	17,688
Beginning position, July 1	<u>256,633</u>	<u>163,476</u>
<b>Total net position, June 30</b>	<u>\$ 419,947</u>	<u>\$ 256,633</u>

**CITY OF HOUSTON, TEXAS  
COMBINED UTILITY SYSTEM  
Statement of Cash Flows  
For the Year Ended June 30, 2020  
(With comparative amounts for 2019)  
amounts expressed in thousands**

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Receipts from customers	\$ 1,097,371	\$ 1,010,612
Payments to employees	(188,765)	(182,931)
Payments to suppliers	(235,516)	(235,016)
Internal activity-payments to other funds	(35,541)	(42,655)
Claims paid	(1,867)	(1,595)
Other receipts	45,943	62,859
Receipts from other governments	(3,651)	72
Net cash provided by operating activities	<u>677,974</u>	<u>611,346</u>
<b>Cash flows from investing activities</b>		
Interest income on investments	58,242	55,170
Purchases of investments	(2,362,736)	(2,422,798)
Sales of investments	2,580,361	2,126,403
Net cash provided by (used in) investing activities	<u>275,867</u>	<u>(241,225)</u>
<b>Cash flows from capital and related financing activities</b>		
Retirement of revenue bonds	(199,720)	(213,810)
Retirement of commercial paper	(185,000)	(220,000)
Refunding of revenue bonds	(498,615)	(586,600)
Retirement of contracts payable	(19,099)	(8,792)
Proceeds from issuance of revenue bonds	771,076	884,026
Proceeds from issuance of commercial paper	275,000	185,000
Proceeds from contracts payable	-	170,265
Retirement of Junior Lien bonds	(23,520)	-
Interest expense on debt	(314,170)	(270,248)
Cost of revenue bond issuance	(4,527)	(5,408)
Proceeds from disposition of assets	679	338
Due from other governments	384,965	181,515
Acquisition of property, plant and equipment	(767,440)	(431,535)
Net cash used for capital and related financing activities	<u>(580,371)</u>	<u>(315,249)</u>
<b>Cash flows from noncapital financing activities</b>		
Interest expense on pension obligation bonds	(5,050)	(5,132)
Retirement of Pension bonds	(1,547)	(1,405)
Retirement of interfund payable	(1,002)	-
Transfers to debt service fund	(5,577)	(7,775)
Transfers to other funds	(45,344)	(50,128)
Net cash used in noncapital financing activities	<u>(58,520)</u>	<u>(64,440)</u>
Net increase(decrease) in cash and cash equivalents	314,950	(9,568)
Cash and cash equivalents, July 1	<u>168,623</u>	<u>178,191</u>
<b>Cash and cash equivalents, June 30</b>	<u>\$ 483,573</u>	<u>\$ 168,623</u>
<b>Cash and cash equivalents:</b>		
Pooled cash and cash equivalents (Note 3A)	\$ 483,542	\$ 168,595
Non-pooled cash and cash equivalents (Note 3A)	31	28
<b>Total cash and cash equivalents, June 30</b>	<u>\$ 483,573</u>	<u>\$ 168,623</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
Operating income	\$ 316,195	\$ 268,509
Depreciation and amortization	265,306	257,430
Other post employment benefits	(5,993)	69
Other revenues	42,292	62,931
Changes in assets and liabilities		
Accounts receivable	(26,977)	(30,978)
Due from other funds	(4,051)	(2,495)
Due from other governments	2,396	5,018
Inventory & prepaid insurance	1,052	1,107
Accounts payable	16,806	23,536
Accrued payroll liabilities	1,090	278
Due to other funds	10,325	(667)
Advances and deposits	1,018	(4,588)
Claims and judgments-workers' compensation	971	(327)
Compensated absences	929	(265)
Pension obligation payable	37,106	33,375
Other long-term liabilities	19,509	(1,587)
Net cash provided by operating activities	<u>\$ 677,974</u>	<u>\$ 611,346</u>
<b>Non cash transactions</b>		
Capital additions included in liabilities	\$ (19,407)	\$ -
CAB accretion interest	9,268	9,461
Donated capital	(16,566)	(12,081)
Capitalized interest	21,668	14,234
Gain (loss) on disposal of assets	1,280	5,783
<b>Total non cash transactions</b>	<u>\$ (3,757)</u>	<u>\$ 17,397</u>

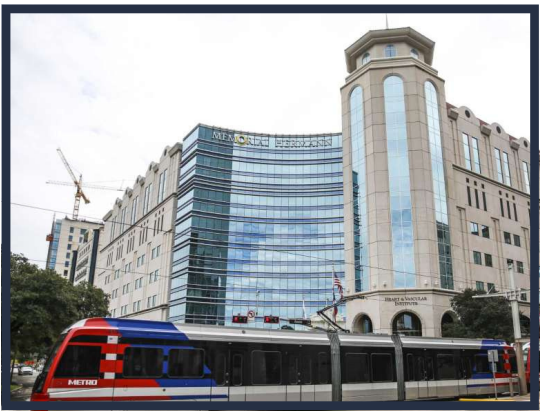
**CITY OF HOUSTON, TEXAS**

**This page is left blank intentionally**





**Memorial Hermann  
Hospital**





# Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one city department to other city departments on a cost reimbursement basis.

**Health Benefits** — This fund is used to account for the costs incurred to provide City employees' health care and life insurance benefits.

**Long-Term Disability** — This fund is used to account for the costs incurred to provide City employees' long-term disability coverage.

CITY OF HOUSTON, TEXAS  
INTERNAL SERVICE FUNDS  
Combining Statement of Net Position  
For the Year Ended June 30, 2020  
(With comparative totals for 2019)  
amounts expressed in thousands

	Health Benefits	Long-term Disability	2020	2019
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 7,799
Investments	83,482	9,859	93,341	86,607
Receivables, net of allowances				
Accounts receivable	2	-	2	4
Due from other funds	-	-	-	629
Due from other governments	22	-	22	10
Total current assets	<u>83,506</u>	<u>9,859</u>	<u>93,365</u>	<u>95,049</u>
Capital assets				
Buildings, improvements and equipment	963	-	963	957
Total capital assets	<u>963</u>	<u>-</u>	<u>963</u>	<u>957</u>
Less accumulated depreciation	(601)	-	(601)	(555)
Net capital assets	<u>362</u>	<u>-</u>	<u>362</u>	<u>402</u>
Total noncurrent assets	<u>362</u>	<u>-</u>	<u>362</u>	<u>402</u>
<b>Total Assets</b>	<u>83,868</u>	<u>9,859</u>	<u>93,727</u>	<u>95,451</u>
<b>Liabilities</b>				
Current Liabilities				
Accounts payable	2,056	35	2,091	337
Accrued payroll liabilities	170	-	170	138
Due to other funds	26	-	26	6,257
Claims and judgments	22,102	7,248	29,350	22,954
Compensated absences	312	-	312	250
Unearned revenue	3,214	-	3,214	3,178
Total current liabilities	<u>27,880</u>	<u>7,283</u>	<u>35,163</u>	<u>33,114</u>
Noncurrent liabilities				
Claims and judgments	15,000	-	15,000	21,720
Compensated absences	-	-	-	170
Total noncurrent liabilities	<u>15,000</u>	<u>-</u>	<u>15,000</u>	<u>21,890</u>
<b>Total liabilities</b>	<u>42,880</u>	<u>7,283</u>	<u>50,163</u>	<u>55,004</u>
<b>Net Position</b>				
Net investment in capital assets	362	-	362	402
Unrestricted	40,626	2,576	43,202	40,045
<b>Total net position</b>	<u>\$ 40,988</u>	<u>\$ 2,576</u>	<u>\$ 43,564</u>	<u>\$ 40,447</u>

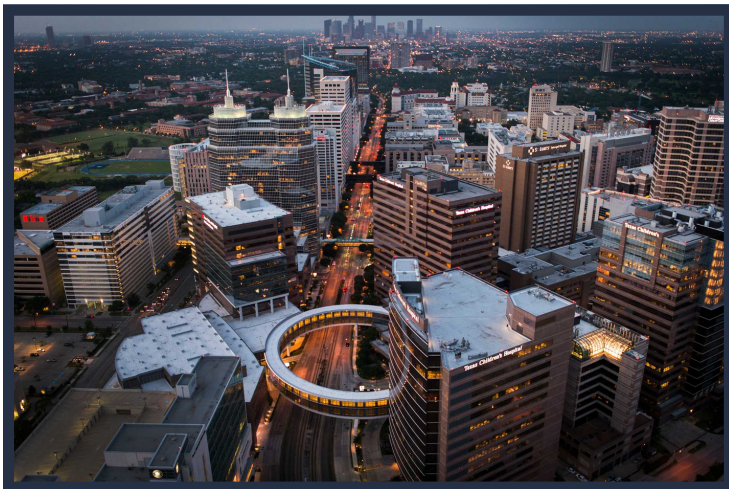
**CITY OF HOUSTON, TEXAS**  
**INTERNAL SERVICE FUNDS**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2020**  
**(With comparative totals for 2019)**  
*amounts expressed in thousands*

	<u>Health Benefits</u>	<u>Long-term Disability</u>	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>				
Other	\$ 1,328	\$ 2	\$ 1,330	\$ 994
Health benefit premiums	373,678	1,272	374,950	390,996
Total operating revenues	<u>375,006</u>	<u>1,274</u>	<u>376,280</u>	<u>391,990</u>
<b>Operating Expenses</b>				
Administrative costs	6,303	26	6,329	6,609
Claims costs	368,470	1,546	370,016	380,553
Depreciation and amortization	46	-	46	54
Total operating expenses	<u>374,819</u>	<u>1,572</u>	<u>376,391</u>	<u>387,216</u>
Operating income (loss)	<u>187</u>	<u>(298)</u>	<u>(111)</u>	<u>4,774</u>
<b>Nonoperating revenues (expenses)</b>				
Investment income	2,930	298	3,228	2,817
Total Nonoperating revenues (expenses)	<u>2,930</u>	<u>298</u>	<u>3,228</u>	<u>2,817</u>
Income (loss) before contributions and transfers	<u>3,117</u>	<u>-</u>	<u>3,117</u>	<u>7,591</u>
Change in net position	3,117	-	3,117	7,591
Total net position, July 1	<u>37,871</u>	<u>2,576</u>	<u>40,447</u>	<u>32,856</u>
<b>Total net position, June 30</b>	<u>\$ 40,988</u>	<u>\$ 2,576</u>	<u>\$ 43,564</u>	<u>\$ 40,447</u>

**CITY OF HOUSTON, TEXAS**  
**INTERNAL SERVICE FUNDS**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2020**  
**(With comparative totals for 2019)**  
*amounts expressed in thousands*

	<u>Health Benefits</u>	<u>Long-term Disability</u>	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 373,716	\$ 1,272	\$ 374,988	\$ 390,999
Payments to employees	(2,642)	-	(2,642)	(4,401)
Payments to suppliers	(1,725)	(12)	(1,737)	(2,182)
Internal activity-payments to other funds	(244)	629	385	(591)
Claims paid	(369,334)	(1,044)	(370,378)	(382,678)
Due from other governments	(12)	-	(12)	14
Other receipts	1,328	2	1,330	995
<b>Net cash provided by (used in) operating activities</b>	<u>1,087</u>	<u>847</u>	<u>1,934</u>	<u>2,156</u>
<b>Cash flows from investing activities</b>				
Interest income on investments	2,929	298	3,227	2,817
Purchase of investments	(107,842)	(5,697)	(113,539)	(122,129)
Proceeds from sale of investments	127,747	-	127,747	113,245
<b>Net cash provided by investing activities</b>	<u>22,834</u>	<u>(5,399)</u>	<u>17,435</u>	<u>(6,067)</u>
Acquisition of property, plant and equipment	(5)	-	(5)	(211)
	<u>(5)</u>	<u>-</u>	<u>(5)</u>	<u>(211)</u>
Net increase in cash and cash equivalents	23,916	(4,552)	19,364	(4,122)
Cash and cash equivalents, July 1	809	6,990	7,799	11,921
<b>Cash and cash equivalents, June 30</b>	<u>\$ 24,725</u>	<u>\$ 2,438</u>	<u>\$ 27,163</u>	<u>\$ 7,799</u>
<b>Cash and cash equivalents</b>				
Pooled cash and cash equivalents (Note 3A)	\$ 24,725	\$ 2,438	\$ 27,163	\$ 7,799
<b>Total cash and cash equivalents, June 30</b>	<u>\$ 24,725</u>	<u>\$ 2,438</u>	<u>\$ 27,163</u>	<u>\$ 7,799</u>
<b>Reconciliation of operating income to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 187	\$ (299)	\$ (112)	\$ 4,775
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	46	-	46	54
Accounts receivable	2	-	2	3
	-	-	-	-
Due from other funds	-	629	629	(629)
Due from other governments	-	-	-	14
Accounts payable	1,767	(12)	1,755	(204)
Accrued payroll liabilities	32	-	32	9
Due to other funds	(159)	-	(159)	171
Due to other governments	(12)	-	(12)	-
Claims for workers' compensation	(853)	529	(324)	(2,085)
Compensated absences	41	-	41	-
Deferred revenue	36	-	36	48
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 1,087</u>	<u>\$ 847</u>	<u>\$ 1,934</u>	<u>\$ 2,156</u>

# Texas Children's Hospital







## **Fiduciary Funds (Trust and Agency Funds)**

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

**Pension trust funds** are used to account for the operation of the employee pension retirement programs. The funds include: Houston Firefighters' Relief and Retirement, Houston Municipal Employees', and Police Officers' funds.

**Agency funds** are custodial in nature, and assets equal liabilities with no measure of the results of operations or financial position. Agency funds include: Payroll Revolving, City Deposits, and Tax Clearing Funds.

**CITY OF HOUSTON, TEXAS**  
**PENSION TRUST FUNDS**  
**Combining Statement of Plan Net Position**  
**June 30, 2020**  
**(With comparative totals for 2019)**  
*amounts expressed in thousands*

		<b>Firefighters' Relief and Retirement Pension Trust Fund</b>
<hr/>		
<b>Assets</b>		
Cash and cash equivalents	\$	14,441
Investments		
U.S. government and agency securities		-
Corporate bonds		-
Other fixed income securities		999,001
Commingled equity funds		-
Common and preferred stock		1,577,749
Real estate, partnerships and alternatives		1,372,029
Short-term investment funds		135,287
Invested securities lending collateral		53,687
Receivables, net of allowances		
Due from broker		-
Contributions		9,108
Accrued interest and dividends		4,052
Other		6,360
Other assets		553
Land		483
Building		3,705
Total assets		<u>4,176,455</u>
<b>Liabilities and plan net position</b>		
Liabilities		
Accounts payable		13,938
Securities lending collateral		53,687
Foreign funds contracts payable		5,898
Other liabilities		-
<b>Total liabilities</b>		<u>73,523</u>
<b>Net position restricted for pensions</b>	<b>\$</b>	<b><u>4,102,932</u></b>

<b>Municipal Employees' Pension Trust Fund</b>		<b>Police Officers' Pension Trust Fund</b>		<b>2020</b>	<b>2019</b>
\$	4,746	\$	482	\$ 19,669	\$ 37,501
	46,657		-	46,657	100,319
	211,421		-	211,421	198,302
	-		666,192	1,665,193	2,141,465
	608,648		-	608,648	646,384
	602,368		2,034,415	4,214,532	4,520,877
	1,356,746		1,908,257	4,637,032	4,288,709
	34,311		938,097	1,107,695	1,037,915
	13,246		34,741	101,674	181,284
	1,006		8,024	9,030	5,064
	13,317		2,428	24,853	20,444
	-		15,425	19,477	13,882
	10,318		3	16,681	73,530
	2,564		7,372	10,489	6,911
	-		-	483	483
	-		-	3,705	4,029
	<u>2,905,348</u>		<u>5,615,436</u>	<u>12,697,239</u>	<u>13,277,099</u>
	4,097		7,957	25,992	77,204
	13,246		34,741	101,674	181,284
	1,007		-	6,905	1,089
	5,211		262	5,473	4,184
	<u>23,561</u>		<u>42,960</u>	<u>140,044</u>	<u>263,761</u>
\$	<u>2,881,787</u>	\$	<u>5,572,476</u>	<u>\$ 12,557,195</u>	<u>\$ 13,013,338</u>

**CITY OF HOUSTON, TEXAS**  
**PENSION TRUST FUNDS**  
**Combining Statement of Changes in Plan Net Position**  
**For the Year Ended June 30, 2020**  
**(With comparative totals for 2019)**  
*amounts expressed in thousands*

	<b>Firefighters' Relief and Retirement Pension Trust Fund</b>
<b>Additions:</b>	
Contributions	
City of Houston	\$ 83,837
Members	33,441
Total Contributions	117,278
Investment income	
Interest	22,496
Net appreciation(depreciation) in fair value of investments	66,753
Dividends	1,006
Income on securities lending	165
Earnings from real estate, limited partnerships real estate investments, and other investments	460
Other income	146
Total investment and other income (loss)	91,026
Less - investment expense	(6,816)
Less - cost of securities lending	(95)
Total additions (reductions)	201,393
<b>Deductions:</b>	
Benefits paid to members	327,324
Refunds to members	2,999
Other	5,830
Total deductions	336,153
<b>Net increase (decrease)</b>	(134,760)
Net position restricted for pensions, beginning of year	4,237,692
Total net position, as restated	4,237,692
<b>Net position restricted for pensions, end of year</b>	\$ 4,102,932

(Continued)

<b>Municipal Employees' Pension Trust Fund</b>	<b>Police Officers' Pension Trust Fund</b>	<b>2020</b>	<b>2019</b>
\$ 176,430	\$ 149,078	\$ 409,345	\$ 408,587
32,582	49,062	115,085	113,714
<u>209,012</u>	<u>198,140</u>	<u>524,430</u>	<u>522,301</u>
14,831	40,219	77,546	88,569
(148,411)	3,478	(78,180)	634,254
26,416	25,220	52,642	63,426
657	-	822	1,817
238	-	698	2,924
484	-	630	1,228
<u>(105,785)</u>	<u>68,917</u>	<u>54,158</u>	<u>792,218</u>
(8,410)	(7,910)	(23,136)	(28,002)
(486)	186	(395)	(1,120)
<u>94,331</u>	<u>259,333</u>	<u>555,057</u>	<u>1,285,397</u>
308,002	355,373	990,699	897,523
650	2,209	5,858	5,208
4,891	3,922	14,643	15,160
<u>313,543</u>	<u>361,504</u>	<u>1,011,200</u>	<u>917,891</u>
(219,212)	(102,171)	(456,143)	367,506
3,100,999	5,674,647	13,013,338	12,645,832
3,100,999	5,674,647	13,013,338	12,645,832
<u>\$ 2,881,787</u>	<u>\$ 5,572,476</u>	<u>\$ 12,557,195</u>	<u>\$ 13,013,338</u>

**CITY OF HOUSTON, TEXAS**  
**AGENCY FUNDS**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Year Ended June 30, 2020**  
*amounts expressed in thousands*

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2020</u>
<b>Payroll Revolving Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 672	\$ -	\$ 672	\$ -
Investments	3,402	-	3,402	-
Accounts receivable	2,318	6,800	-	9,118
Total assets	<u>\$ 6,392</u>	<u>\$ 6,800</u>	<u>\$ 4,074</u>	<u>\$ 9,118</u>
<b>Liabilities</b>				
Accounts payable	\$ 6,392	\$ 2,726	\$ -	\$ 9,118
Total liabilities	<u>\$ 6,392</u>	<u>\$ 2,726</u>	<u>\$ -</u>	<u>\$ 9,118</u>
<b>City Deposit Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 11	\$ 21	\$ -	\$ 32
Investments	120	-	20	100
Total assets	<u>\$ 131</u>	<u>\$ 21</u>	<u>\$ 20</u>	<u>\$ 132</u>
<b>Liabilities</b>				
Advances and deposits	\$ 131	\$ 1	\$ -	\$ 132
Total liabilities	<u>\$ 131</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 132</u>
<b>Tax Clearing Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 21,736	\$ -	\$ 17,776	\$ 3,960
Investments	143,010	-	131,415	11,595
Accounts receivable	6,448	228,370	-	234,818
Total assets	<u>\$ 171,194</u>	<u>\$ 228,370</u>	<u>\$ 149,191</u>	<u>\$ 250,373</u>
<b>Liabilities</b>				
Accounts payable	\$ 171,194	\$ 79,179	\$ -	\$ 250,373
Total liabilities	<u>\$ 171,194</u>	<u>\$ 79,179</u>	<u>\$ -</u>	<u>\$ 250,373</u>
<b>Totals - All Agency Funds</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 22,419	\$ 21	\$ 18,448	\$ 3,992
Investments	146,532	-	134,837	11,695
Accounts receivable	8,766	235,170	-	243,936
Total assets	<u>\$ 177,717</u>	<u>\$ 235,191</u>	<u>\$ 153,285</u>	<u>\$ 259,623</u>
<b>Liabilities</b>				
Accounts payable	\$ 177,586	\$ 81,905	\$ -	\$ 259,491
Advances and deposits	131	1	-	132
Total liabilities	<u>\$ 177,717</u>	<u>\$ 81,906</u>	<u>\$ -</u>	<u>\$ 259,623</u>



# Houston Police Department







# Discretely Presented Component Units (Governmental-type)

Discretely Presented Component Units are legally separate organizations that the City of Houston must include as a part of its financial reporting entity for fair presentation. The City has twenty-two (22) governmental non major component units which are divided into six (6) major categories.

**Redevelopment** – Local government corporations created by the City to redevelop blighted neighborhoods adjacent to Downtown Houston and other areas of the City.

**Arts & Cultural** – Non-profit organizations with a mission to enhance the city’s quality of life through advancing and investing in the arts, diverse cultural programming, library service, tourist and film projects.

**Educational & Research** – Non-profit organizations with a mission to coordinate and develop public and educational cable access activities within the City of Houston.

**Houston BARC Foundation** – A 501(c)(3) non-profit corporation with a mission to enhance the city’s quality of life through advancing and investing in the care and humane treatment of animals.

**Houston Recovery Center LGC, Inc.** – Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to provide management of the Houston Center for Sobriety.

**CITY OF HOUSTON, TEXAS**

**This page is left blank intentionally**

**CITY OF HOUSTON, TEXAS**  
**DISCRETELY PRESENTED NON MAJOR COMPONENT UNITS - GOVERNMENTAL**  
**Combining Statement of Net Position**  
**June 30, 2020**  
*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>Assets</b>						
<b>Current Assets</b>						
Cash	\$ 20,697	\$ 16,137	\$ 2,618	\$ 337	\$ 773	\$ 40,562
Equity in pooled cash and investments	53,485	2,086	18,484	-	-	74,055
Receivables, net of allowances						
Accounts receivable	8,122	18,168	498	9	-	26,797
Property taxes receivable, net	12,627	-	-	-	-	12,627
Special assessments receivable	26	-	-	-	-	26
Due from primary government	2,211	2,932	-	-	-	5,143
Due from other governments	-	-	-	-	354	354
Prepaid items	282	359	9	-	97	747
Restricted assets						
Investments	2,257	2,761	-	-	-	5,018
Other receivables	599	30	1,033	-	-	1,662
Total current assets	<u>100,306</u>	<u>42,473</u>	<u>22,642</u>	<u>346</u>	<u>1,224</u>	<u>166,991</u>
<b>Noncurrent Assets</b>						
<b>Restricted assets</b>						
Investments	-	1,082	-	-	-	1,082
Total noncurrent assets	<u>-</u>	<u>1,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,082</u>
<b>Other assets, net of depreciation</b>						
Other long-term receivables	-	244	-	-	-	244
Total other assets	<u>-</u>	<u>244</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>244</u>
<b>Capital assets</b>						
Land	3,094	79,971	-	-	-	83,065
Buildings, improvements and equipment	1,211	6,052	-	-	173	7,436
Construction in progress	12,436	29,031	-	-	-	41,467
Less accumulated depreciation and amortization	(765)	(3,710)	-	-	(58)	(4,533)
Total capital assets	<u>15,976</u>	<u>111,344</u>	<u>-</u>	<u>-</u>	<u>115</u>	<u>127,435</u>
<b>Total assets</b>	<u>116,282</u>	<u>155,143</u>	<u>22,642</u>	<u>346</u>	<u>1,339</u>	<u>295,752</u>
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Accounts payable	5,563	4,968	47	1	169	10,748
Accrued payroll liabilities	-	-	32	-	123	155
Accrued interest payable	473	-	-	-	-	473
Contracts and retainages payable	1,988	236	-	-	-	2,224
Notes payable	2,150	-	-	-	-	2,150
Due to other governments	-	584	-	-	-	584
Other liabilities	365	7,557	-	-	-	7,922
Deferred Revenue	26	2,850	-	-	-	2,876
Current liabilities payable from restricted assets						
Commercial paper	550	-	-	-	-	550
Total current liabilities	<u>11,115</u>	<u>16,195</u>	<u>79</u>	<u>1</u>	<u>292</u>	<u>27,682</u>
<b>Noncurrent liabilities</b>						
Due to primary government	-	-	581	-	-	581
Notes payable	45,381	-	-	-	-	45,381
Bonds payable	19,559	-	-	-	-	19,559
Other long-term liabilities	1,251	247	55	-	-	1,553
Total Noncurrent liabilities	<u>66,191</u>	<u>247</u>	<u>636</u>	<u>-</u>	<u>-</u>	<u>67,074</u>
<b>Total liabilities</b>	<u>77,306</u>	<u>16,442</u>	<u>715</u>	<u>1</u>	<u>292</u>	<u>94,756</u>
<b>Net position</b>						
Net investment in capital assets	12,924	110,866	-	-	116	123,906
Restricted net position						
Restricted for debt service	(234)	-	-	-	-	(234)
Restricted for maintenance and operations	-	3,086	-	-	-	3,086
Restricted for capital improvements	15,321	-	-	-	-	15,321
Other restricted	19,827	10,818	17,637	12	17	48,311
Unrestricted (deficit)	(8,862)	13,931	4,290	333	914	10,606
<b>Total net position (deficit)</b>	<u>\$ 38,976</u>	<u>\$ 138,701</u>	<u>\$ 21,927</u>	<u>\$ 345</u>	<u>\$ 1,047</u>	<u>\$ 200,996</u>

**CITY OF HOUSTON, TEXAS**  
**DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS - GOVERNMENTAL**  
**Combining Statement of Activities**  
**For the Year Ended June 30, 2020**  
**amounts expressed in thousands**

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

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Redevelopment Authorities	29,255	-	6,147	-
Arts & Cultural Authorities	42,069	17,745	18,298	12,992
Educational & Research Authorities	5,532	-	3,300	-
Houston BARC Foundation	47	5	100	-
Houston Recovery Center LGC, Inc.	4,426	-	3,955	-
<b>Total nonmajor component units</b>	<b>81,329</b>	<b>17,750</b>	<b>31,800</b>	<b>12,992</b>
<b>Total component units</b>	<b>309,454</b>	<b>49,365</b>	<b>33,489</b>	<b>13,088</b>

**General Revenues:**

Taxes
Property Taxes - general purposes / tax increments
Hotel occupancy tax
Unrestricted investment earnings (loss)
Other
<b>Total general revenues and transfers</b>
Change in net position
Net Position (deficit) beginning
Prior period adjustment
Net Position (deficit) ending

**CITY OF HOUSTON, TEXAS**  
**DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS - GOVERNMENTAL**  
**Combining Statement of Activities**  
**For the Year Ended June 30, 2020**  
*amounts expressed in thousands*

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

<b>TIRZ Redevelopment Authorities</b>	<b>CUL 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>
(23,109)	-	-	-	-	(23,109)
-	6,966	-	-	-	6,966
-	-	(2,232)	-	-	(2,232)
-	-	-	58	-	58
-	-	-	-	(471)	(471)
<u>(23,109)</u>	<u>6,966</u>	<u>(2,232)</u>	<u>58</u>	<u>(471)</u>	<u>(18,788)</u>
<u>(23,109)</u>	<u>6,966</u>	<u>(2,232)</u>	<u>58</u>	<u>(471)</u>	<u>(18,788)</u>
26,304	-	-	-	-	26,304
-	5,268	-	-	-	5,268
920	172	713	-	-	1,805
1,458	3,054	89	-	32	4,633
<u>28,682</u>	<u>8,494</u>	<u>802</u>	<u>-</u>	<u>32</u>	<u>38,010</u>
5,573	15,460	(1,430)	58	(439)	19,222
35,199	123,241	23,357	287	1,486	183,570
(1,796)	-	-	-	-	(1,796)
<u>\$ 38,976</u>	<u>\$ 138,701</u>	<u>\$ 21,927</u>	<u>\$ 345</u>	<u>\$ 1,047</u>	<u>\$ 200,996</u>

**CITY OF HOUSTON, TEXAS**

**This page is left blank intentionally**



**Houston Office of  
Emergency  
Management**





# Statistical Section

## (Unaudited)

This part of the City's Statistical comprehensive annual 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>	218
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	230
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	235
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.	
<b>Demographic and Economic Information</b>	245
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information</b>	252
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 3,696,510	\$ 3,783,152	\$ 3,959,260	\$ 4,102,861	\$ 4,250,590	\$ 4,434,420	\$ 4,593,229	\$ 4,865,143	\$ 5,138,847	\$ 5,992,469
Restricted	179,691	182,831	117,949	174,158	192,129	42,240	43,419	186,774	367,538	412,184
Unrestricted	(2,168,298)	(2,343,970)	(2,469,700)	(2,651,151)	(5,487,349)	(5,910,541)	(4,433,681)	(5,966,761)	(6,504,244)	(7,004,794)
<b>Total governmental activities net position</b>	<b>\$ 1,707,903</b>	<b>\$ 1,622,013</b>	<b>\$ 1,607,509</b>	<b>\$ 1,625,868</b>	<b>\$ (1,044,630)</b>	<b>\$ (1,433,881)</b>	<b>\$ 202,967</b>	<b>\$ (914,844)</b>	<b>\$ (997,859)</b>	<b>\$ (600,141)</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 733,936	\$ 666,936	\$ 573,460	\$ 240,888	\$ 546,551	\$ 629,382	\$ 742,298	\$ 823,404	\$ 754,981	\$ 1,111,081
Restricted	850,895	871,409	949,449	1,024,548	1,131,835	1,129,659	1,264,135	1,370,336	1,415,795	1,440,243
Unrestricted	25,183	(25,444)	(6,835)	280,879	(488,671)	(420,196)	(354,001)	(486,875)	(200,570)	(396,468)
<b>Total business-type activities net position</b>	<b>\$ 1,610,014</b>	<b>\$ 1,512,901</b>	<b>\$ 1,516,074</b>	<b>\$ 1,546,315</b>	<b>\$ 1,189,715</b>	<b>\$ 1,338,845</b>	<b>\$ 1,652,432</b>	<b>\$ 1,706,865</b>	<b>\$ 1,970,206</b>	<b>\$ 2,154,856</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 4,430,446	\$ 4,450,088	\$ 4,532,720	\$ 4,343,749	\$ 4,797,141	\$ 5,063,802	\$ 5,335,527	\$ 5,688,547	\$ 5,893,828	\$ 7,103,550
Restricted	1,030,586	1,054,240	1,067,398	1,198,706	1,323,964	1,171,899	1,307,554	1,557,110	1,783,333	1,852,427
Unrestricted	(2,143,115)	(2,369,414)	(2,476,535)	(2,370,272)	(5,976,020)	(6,330,737)	(4,787,682)	(6,453,636)	(6,704,814)	(7,401,262)
<b>Total primary government net position</b>	<b>\$ 3,317,917</b>	<b>\$ 3,134,914</b>	<b>\$ 3,123,583</b>	<b>\$ 3,172,183</b>	<b>\$ 145,085</b>	<b>\$ (95,036)</b>	<b>\$ 1,855,399</b>	<b>\$ 792,021</b>	<b>\$ 972,347</b>	<b>\$ 1,554,715</b>

Source: Comprehensive Financial Annual Report

**This page is left blank intentionally**

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
General government	\$ 230,868	\$ 270,279	\$ 239,586	\$ 247,481	\$ 359,640	\$ 425,707	\$ 297,716	\$ 420,663	\$ 412,427	\$ 519,746
Public safety	1,393,450	1,431,987	1,514,034	1,598,854	1,858,766	1,993,340	229,891	2,137,632	2,034,121	2,057,684
Public works	308,506	289,395	298,462	318,888	336,311	343,657	341,257	423,137	402,857	407,569
Health	128,320	111,891	121,988	133,159	150,931	158,896	148,995	171,802	164,550	171,950
Housing and community development	95,730	71,417	88,143	51,626	65,275	61,707	61,608	53,965	91,997	137,035
Parks and recreation	91,492	89,379	90,261	93,637	112,844	98,994	89,457	126,416	107,788	112,225
Library	44,887	42,455	44,913	48,724	49,374	48,691	34,966	51,312	50,007	54,956
Interest in long-term debt	150,640	157,407	151,893	143,231	158,212	191,025	142,469	160,247	165,573	142,711
Depreciation and amortization	130,111	126,303	130,620	132,817	138,016	143,028	150,196	153,092	156,412	163,454
Total governmental activities expenses	2,574,004	2,590,515	2,679,900	2,768,417	3,229,368	3,465,044	1,496,555	3,698,266	3,585,732	3,767,330
Business-type activities :										
Airport System	537,253	542,387	530,070	561,443	556,844	581,022	526,662	605,653	596,069	631,435
Convention & Entertainment Facilities	107,523	42,387	42,418	113,316	123,371	117,906	110,765	115,255	96,486	89,737
Combined Utility System	866,336	913,503	898,725	919,547	924,793	942,176	850,363	991,167	1,042,141	1,032,629
Total business-type activities expenses	1,511,112	1,498,277	1,471,213	1,594,306	1,605,008	1,641,104	1,487,790	1,712,075	1,734,696	1,753,801
Total primary government expenses	\$ 4,085,116	\$ 4,088,792	\$ 4,151,113	\$ 4,362,723	\$ 4,834,376	\$ 5,106,148	\$ 2,984,345	\$ 5,410,341	\$ 5,320,428	\$ 5,521,131
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	31,831	69,017	34,379	63,338	70,322	68,093	74,887	63,994	58,537	64,160
Public safety	132,220	141,965	139,087	188,521	171,996	181,888	142,052	120,104	152,061	153,159
Public works	45,211	171,177	238,836	266,422	215,038	222,236	215,824	212,743	232,423	232,059
Health	16,968	18,081	18,563	17,710	17,665	18,349	17,491	19,037	20,614	21,062
Parks and recreation	7,796	7,576	8,361	7,475	8,676	8,820	8,902	9,033	7,483	6,210
Library	919	979	1,356	1,681	1,637	1,966	2,040	1,867	2,035	1,421
Operating grants and contributions	293,350	303,085	312,959	277,700	305,363	323,686	346,243	380,094	488,757	592,484
Capital grants and contributions	68,801	-	-	-	67,533	53,860	99,487	83,727	217,280	208,212
Total governmental activities program revenues	597,096	711,880	753,541	822,847	858,230	878,898	906,926	890,599	1,179,190	1,278,767
Business-type activities:										
Charges for services:										
Airport System	410,402	417,550	432,994	452,107	476,282	609,544	609,780	637,259	627,058	563,650
Convention & Entertainment Facilities	25,456	8,934	10,372	11,124	12,390	12,431	12,283	7,883	10,655	9,486
Combined Utility System	879,176	917,238	924,690	953,408	927,424	1,002,582	1,025,795	1,052,549	1,042,442	1,100,092
Operating grants and contributions	22,858	12,014	10,834	10,692	10,768	13,348	20,187	19,346	26,731	24,810
Capital grants and contributions	46,616	22,984	19,800	50,382	46,415	32,906	52,773	23,408	28,929	35,675
Total business-type activities program revenues	1,384,508	1,378,720	1,398,690	1,477,713	1,473,279	1,670,811	1,720,818	1,740,445	1,735,815	1,733,713
Total primary government program revenues	\$ 1,981,604	\$ 2,090,600	\$ 2,152,231	\$ 2,300,560	\$ 2,331,509	\$ 2,549,709	\$ 2,627,744	\$ 2,631,044	\$ 2,915,005	\$ 3,012,480
Net (expense)/revenue										
Governmental activities	\$ (1,976,908)	\$ (1,878,635)	\$ (1,926,359)	\$ (1,945,570)	\$ (2,371,138)	\$ (2,586,146)	\$ (589,629)	\$ (2,807,667)	\$ (2,406,542)	\$ (2,488,563)
Business-type activities	(126,604)	(119,557)	(72,523)	(116,593)	(131,729)	29,707	233,028	28,370	1,119	(20,088)
Total primary government net expense	\$ (2,103,512)	\$ (1,998,192)	\$ (1,998,882)	\$ (2,062,163)	\$ (2,502,867)	\$ (2,556,439)	\$ (356,601)	\$ (2,779,297)	\$ (2,405,423)	\$ (2,508,651)

(Continued)

Source: Comprehensive Financial Annual Report

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

	2011	2012	2013	2014	2015	2016	2017	*2018	*2019	*2020
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes										
Property taxes	\$ 853,277	\$ 866,143	\$ 906,761	\$ 973,902	\$ 1,074,070	\$ 1,099,411	\$ 1,152,420	\$ 1,172,313	\$ 1,195,949	\$ 1,222,846
Industrial assessments tax	14,458	37	29,845	16,534	16,736	19,238	19,291	18,278	19,755	24,797
Sales taxes	492,824	546,543	600,256	629,441	667,061	640,476	631,993	674,279	692,271	684,425
Franchise taxes	190,911	193,153	195,664	190,368	190,245	191,584	191,025	186,206	182,870	169,725
Mixed beverage taxes	10,283	9,525	9,887	13,869	15,784	16,064	16,662	17,296	18,026	15,379
Bingo taxes	167	193	196	187	209	207	234	73	222	-
Hotel occupancy tax	-	-	-	-	-	-	-	17,196	17,180	16,922
Investment earnings	6,666	8,944	1,086	9,737	7,639	11,925	6,181	12,004	47,825	48,795
Insurance proceeds	-	-	-	-	-	-	-	93,778	2,061	-
Other	79,633	67,313	55,737	83,677	74,585	99,567	95,848	116,814	79,349	57,019
Contributions	4,674	12,167	26,767	17,364	30,525	73,412	-	-	(4,165)	-
Gain (loss) on disposal of assets	-	-	-	-	32,525	-	1,752	-	12,904	15,753
Transfers	76,976	75,878	72,807	41,968	49,105	51,139	62,885	64,507	59,280	52,370
Total governmental activities	<u>1,729,869</u>	<u>1,779,896</u>	<u>1,899,006</u>	<u>1,977,047</u>	<u>2,158,484</u>	<u>2,203,023</u>	<u>2,178,291</u>	<u>2,372,744</u>	<u>2,323,527</u>	<u>2,308,031</u>
Business-type activities:										
Hotel occupancy taxes	61,603	68,623	76,325	90,119	90,711	88,632	82,882	72,221	68,898	67,348
Investment earnings	30,303	21,340	6,638	31,491	20,114	38,620	16,448	26,388	113,797	113,944
Other	92,172	98,017	122,755	158,577	170,555	62,682	59,183	61,474	65,043	58,128
Special Items - gain (loss) on sale of assets	-	(89,658)	(61,282)	-	-	-	1,614	11,533	(5,664)	-
Transfers	(81,496)	(75,878)	(55,891)	(41,968)	(49,105)	(51,139)	(62,885)	(64,507)	(59,280)	(52,370)
Total business-type activities	<u>102,582</u>	<u>22,444</u>	<u>88,545</u>	<u>238,219</u>	<u>232,275</u>	<u>138,795</u>	<u>97,242</u>	<u>107,109</u>	<u>182,794</u>	<u>187,050</u>
Total primary government	<u>\$ 1,832,451</u>	<u>\$ 1,802,340</u>	<u>\$ 1,987,551</u>	<u>\$ 2,215,266</u>	<u>\$ 2,390,759</u>	<u>\$ 2,341,818</u>	<u>\$ 2,275,533</u>	<u>\$ 2,479,853</u>	<u>\$ 2,506,321</u>	<u>\$ 2,495,081</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (247,039)	\$ (85,890)	\$ (14,504)	\$ 46,279	\$ (192,559)	\$ (363,751)	\$ 1,605,345	\$ (434,923)	\$ (83,015)	\$ (180,532)
Business-type activities	(24,022)	(97,113)	3,173	106,824	80,431	149,130	313,587	135,479	183,912	166,962
Total primary government	<u>\$ (271,061)</u>	<u>\$ (183,003)</u>	<u>\$ (11,331)</u>	<u>\$ 153,103</u>	<u>\$ (112,128)</u>	<u>\$ (214,621)</u>	<u>\$ 1,918,932</u>	<u>\$ (299,444)</u>	<u>\$ 100,897</u>	<u>\$ (13,570)</u>

\*Beginning in Fiscal Year 2018, the City began reflecting the 19.3% of the hotel occupancy tax that was designated to the General Fund in the General Fund as opposed to the Convention and Entertainment Fund. The amount here represents the 81% available to cover bond covenants.

**CITY OF HOUSTON, TEXAS**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**  
**(unaudited)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund				
Non-spendable	\$ 19,052	\$ 15,687	\$ 14,792	\$ 14,016
Restricted	1,665	35,868	63,696	44,120
Committed	20,698	8,547	6,892	3,407
Assigned	30	-	-	-
Unassigned	127,143	153,125	190,950	200,731
Total general fund	<u>\$ 168,588</u>	<u>\$ 213,227</u>	<u>\$ 276,330</u>	<u>\$ 262,274</u>
All other governmental funds				
Unreserved , reported in:				
Non-spendable	\$ 418	\$ 887	\$ 1,303	\$ 5,290
Restricted	176,457	338,997	350,827	327,576
Committed	73,636	52,351	59,693	71,969
Assigned	32,172	19,873	46,008	106,607
Total all other governmental funds	<u>\$ 282,683</u>	<u>\$ 412,108</u>	<u>\$ 457,831</u>	<u>\$ 511,442</u>

Source: Comprehensive Financial Annual Report

In 2011, the City implemented GASB Statement No. 54, which changed the fund balance classifications.

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 16,450	\$ 15,493	\$ 20,242	\$ 18,881	\$ 20,387	\$ 22,667
27,096	1,232	1,188	1,164	1,092	1,044
6,111	10,922	18,701	16,901	17,942	18,792
-	-	-	-	-	-
301,231	235,405	311,754	375,529	349,176	316,227
<b>\$ 350,888</b>	<b>\$ 263,052</b>	<b>\$ 351,885</b>	<b>\$ 412,475</b>	<b>\$ 388,597</b>	<b>\$ 358,730</b>
\$ 2,436	\$ 2,395	\$ 2,495	\$ 3,138	\$ 15,784	\$ 3,306
266,501	339,991	350,868	362,082	463,700	492,621
87,040	77,709	82,599	78,705	77,580	74,219
125,061	109,131	78,898	80,647	71,822	111,041
<b>\$ 481,038</b>	<b>\$ 529,226</b>	<b>\$ 514,860</b>	<b>\$ 524,572</b>	<b>\$ 628,886</b>	<b>\$ 681,187</b>

**CITY OF HOUSTON**  
**GENERAL FUND BUDGET FOR FISCAL YEAR 2021**  
(amounts expressed in thousands)  
(unaudited)

<b>Budgeted Resources</b>	<b>Amount (in thousands)</b>
Revenues:	
Ad Valorem Taxes (current and delinquent)	\$ 1,233,391
Sales and Use Tax	675,000
Franchise Fees	157,259
Municipal Courts Fines and Forfeits	19,744
Miscellaneous	323,975
Total Current Revenues	2,409,369
Beginning Fund Balance as of July 1, 2020(a)	261,100
Sale of Capital Assets	2,500
Transfers from Other Funds	10,199
<b>Total Budgeted Resources</b>	<b>\$ 2,683,168</b>
<b>Budgeted Expenditures</b>	
Administrative Services and Public Finance	\$ 99,065
Public Safety	1,480,548
Development and Maintenance Services	164,415
Human and Cultural Services	184,702
General Government	186,370
Debt Service and PAYGO Capital Projects	397,644
<b>Total Budgeted Expenditures</b>	2,512,745
Budgeted Ending Fund Balance as of June 30, 2021	170,422
<b>Total Budgeted Expenditures and Reserves</b>	<b>\$ 2,683,168</b>

(a) This amount represents an estimate of the beginning fund balance which was used in preparing the Fiscal Year 2021 Budget.



**CITY OF HOUSTON, TEXAS**  
**June 30, 2020**  
**CONTINUING DEBT DISCLOSURE INFORMATION**  
**(amounts expressed in thousands)**  
**(unaudited)**

**Capital Improvement Plan**

The 2021-2025 CIP consists of the projects and facilities described in the following chart. (The 2021-2025 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> <b>(in thousands)</b>
Streets, Bridges and Traffic Control	\$ 1,011,906
Storm Sewers and Drainage	863,338
Parks and Recreation	111,739
Police Department	98,178
Fire Department	64,841
General Government	70,049
Public Library	34,899
Public Health	44,684
Solid Waste Management	16,119
Homeless and Housing	4,400
Technology	49,266
Fleet	187,022
Total	<u><u>\$ 2,556,441</u></u> (*)

(\*) The tax-supported component of the 2021-2025 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</b> <b>Year</b>	<b>Total Indirect</b> <b>Charges</b> <b>(in thousands)</b>
2020	27,789
2019	26,603
2018	28,910
2017	27,399
2016	26,611
2015	25,328
2014	18,558
2013	16,908
2012	18,255
2011	16,328

**CITY OF HOUSTON**  
**CONTINUING DEBT DISCLOSURE INFORMATION**  
**June 30, 2020**  
**Long Term Disability and Compensated Absence Liability**  
**(unaudited)**

<b>Long-Term Disability Fund</b>	Fiscal Year 2020 (in thousands)
Assets Available for Future Long-Term Disability Obligations	\$ 9,859
Claims Payable on Long-Term Disability Obligations	(7,283)
Unrestricted Net Assets	<u>\$ 2,576</u>

<b>Compensated Absence Liability</b>	Fiscal Year 2020 (in thousands)
Governmental Short-Term Liability	\$ 158,405
Enterprise Funds Liability	34,125
Internal Service Funds Liability	312
Governmental Funds Long-Term Liability	330,113
Total	<u>\$ 522,955</u>

**General Fund Specific Charges to Other City Funds**  
**(unaudited)**

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.

<b>Fiscal Year</b>	<b>Total Direct Charges for Specific Services (in thousands)</b>
2020	59,174
2019	62,214
2018	54,449
2017	53,523
2016	53,934
2015	47,851
2014	43,257
2013	43,519
2012	41,469
2011	46,034

**CITY OF HOUSTON, TEXAS**

**This page is left blank intentionally**

**CITY OF HOUSTON, TEXAS**  
**CHANGES IN FUND BALANCES IN GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**  
**(unaudited)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenues</b>					
Taxes	\$ 1,568,056	\$ 1,615,592	\$ 1,745,882	\$ 1,826,639	\$ 1,964,470
Licenses and permits	61,083	84,786	97,100	111,577	121,636
Intergovernmental	379,065	351,472	366,973	333,832	373,006
Charges for services	132,764	248,083	248,097	267,635	296,694
Fines	55,414	52,250	47,955	46,647	41,350
Investment earnings	6,666	8,944	1,086	9,737	7,639
Contributions	-	20	-	-	-
Other	72,126	72,180	70,001	98,189	95,129
Total revenues	<u>2,275,174</u>	<u>2,433,327</u>	<u>2,577,094</u>	<u>2,694,256</u>	<u>2,899,924</u>
<b>Expenditures</b>					
General Government	198,782	209,318	217,376	233,216	295,439
Public safety	1,230,623	1,212,975	1,267,523	1,355,369	1,374,859
Public Works	288,383	275,260	284,863	304,346	314,313
Health	119,192	102,304	111,986	122,446	139,016
Housing and Community Development	96,792	75,204	88,222	51,252	71,167
Parks and recreation	75,560	73,233	75,430	77,557	101,718
Library	36,715	34,115	35,433	38,421	38,170
Retiree benefits	15,996	10,360	11,907	10,920	11,059
*Capital Outlay	309,315	272,161	245,410	289,026	358,969
Principal	192,000	346,600	138,875	176,205	191,355
Interest	154,083	161,086	158,322	154,327	153,972
Fiscal agent and fees	7,792	10,161	6,212	4,528	5,289
Total expenditures	<u>2,725,233</u>	<u>2,782,777</u>	<u>2,641,559</u>	<u>2,817,613</u>	<u>3,055,326</u>
Excess of revenues over (under) expenditures	(450,059)	(349,450)	(64,465)	(123,357)	(155,402)
<b>Other financing sources (uses)</b>					
Transfers in	406,201	422,470	505,513	549,184	587,207
Transfers out	(329,225)	(346,592)	(449,222)	(507,217)	(538,102)
Proceeds from issuance of debt	740,696	806,685	438,276	119,000	117,740
Proceeds from refunded debt	-	-	-	-	-
Payment to escrow agent	(535,960)	(458,052)	(395,227)	(519)	(1,404)
Sale of land	21,054	4,844	5,818	2,464	48,171
Bond premium (discount)	35,521	81,310	51,617	-	-
Transfer to component unit	-	12,849	16,516	-	-
Contributions out	-	-	-	-	-
Insurance proceeds	-	-	-	-	-
Total other financing sources (uses)	<u>338,287</u>	<u>523,514</u>	<u>173,291</u>	<u>162,912</u>	<u>213,612</u>
Net change in fund balances	<u>\$ (111,772)</u>	<u>\$ 174,064</u>	<u>\$ 108,826</u>	<u>\$ 39,555</u>	<u>\$ 58,210</u>
Debt service as a percentage of noncapital expenditures	14.3%	20.2%	12.4%	13.1%	12.8%

Source: Comprehensive Financial Annual Report

\*Capital outlay does not agree to amount of capital additions per the reconciliation because of items below the capitalization threshold and because capital expenditures were found in other functional expenditures.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	1,966,483	\$ 2,013,196	\$ 2,068,675	\$ 2,120,567	\$ 2,133,402
	126,020	118,899	113,918	123,255	119,354
	377,546	404,276	443,441	537,402	656,699
	304,438	299,748	304,625	311,587	310,695
	42,472	37,407	34,734	36,407	29,664
	11,925	6,034	11,579	45,008	45,567
	-	-	-	-	-
	117,442	112,245	133,510	79,036	56,394
	<u>2,946,326</u>	<u>2,991,805</u>	<u>3,110,482</u>	<u>3,253,262</u>	<u>3,351,775</u>
	319,160	297,501	357,661	353,912	446,217
	1,418,763	1,446,775	2,248,951	1,502,334	1,546,820
	329,572	348,229	401,641	383,018	377,394
	145,976	157,968	160,519	154,884	156,884
	62,539	60,656	53,249	90,398	135,419
	85,252	89,654	102,237	84,539	83,058
	39,271	39,932	40,065	39,839	40,435
	11,390	11,521	167,372	11,123	14,196
	334,555	338,946	358,387	358,973	339,363
	290,805	192,656	489,510	219,764	228,668
	151,260	144,068	148,754	177,804	164,793
	6,785	3,343	11,574	4,540	5,760
	<u>3,195,328</u>	<u>3,131,249</u>	<u>4,539,920</u>	<u>3,381,128</u>	<u>3,539,007</u>
	(249,002)	(139,444)	(1,429,438)	(127,866)	(187,232)
	622,988	553,680	605,254	654,394	660,650
	(571,849)	(490,795)	(540,747)	(595,114)	(608,280)
	65,000	140,000	1,577,352	139,065	624,690
	557,615	-	-	-	61,685
	(550,600)	-	(336,191)	-	(552,367)
	8,792	11,026	5,958	30,061	22,306
	102,908	-	76,336	-	-
	-	-	-	-	-
	-	-	-	(4,165)	-
	-	-	93,778	2,061	982
	<u>234,854</u>	<u>213,911</u>	<u>1,481,740</u>	<u>226,302</u>	<u>209,666</u>
\$	<u>(14,148)</u>	<u>\$ 74,467</u>	<u>\$ 52,302</u>	<u>\$ 98,436</u>	<u>\$ 22,434</u>
	15.5%	12.2%	15.5%	13.3%	12.5%

**CITY OF HOUSTON, TEXAS**  
**TAX REVENUE BY SOURCE - GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**  
**(unaudited)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Industrial Assessments</b>	<b>Mixed Beverage Tax</b>	<b>Bingo Tax</b>	<b>*Hotel Occupancy</b>	<b>Total Tax Collections</b>
2011	\$ 853,277	\$ 492,824	\$ 190,911	\$ 14,458	\$ 10,283	\$ 167	\$ -	\$ 1,561,920
2012	\$ 866,143	\$ 546,543	\$ 193,153	\$ 37	\$ 9,525	\$ 193	\$ -	\$ 1,615,594
2013	\$ 906,761	\$ 600,256	\$ 195,664	\$ 29,845	\$ 9,887	\$ 196	\$ -	\$ 1,742,609
2014	\$ 973,902	\$ 629,441	\$ 190,368	\$ 16,534	\$ 13,869	\$ 187	\$ -	\$ 1,824,301
2015	\$ 1,074,070	\$ 667,061	\$ 190,245	\$ 16,736	\$ 15,784	\$ 209	\$ -	\$ 1,964,105
2016	\$ 1,099,411	\$ 640,476	\$ 191,584	\$ 19,238	\$ 16,064	\$ 207	\$ -	\$ 1,966,980
2017	\$ 1,152,420	\$ 631,993	\$ 191,025	\$ 19,291	\$ 16,662	\$ 234	\$ -	\$ 2,011,625
2018	\$ 1,172,313	\$ 674,279	\$ 186,206	\$ 18,278	\$ 17,296	\$ 73	\$ 17,196	\$ 2,085,641
2019	\$ 1,195,949	\$ 692,271	\$ 182,870	\$ 19,755	\$ 18,026	\$ 222	\$ 17,180	\$ 2,126,273
2020	\$ 1,222,846	\$ 684,425	\$ 169,725	\$ 24,797	\$ 15,379	\$ -	\$ 16,922	\$ 2,134,094

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.

Beginning in Fiscal Year 2020, Bingo revenue was no longer considered a Tax. It is now considered a fee and reported in Other Miscellaneous Revenues.

**CITY OF HOUSTON  
TAXABLE VALUE OF PROPERTY  
Last Ten Fiscal Years  
(amounts expressed in thousands)  
(unaudited)**

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Personal Property</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
2011	\$ 70,818,000	\$ 46,977,000	\$ 2,751,000	\$ 22,360,000	\$ 142,906,000	6.3875
2012	\$ 71,304,000	\$ 48,618,000	\$ 2,825,000	\$ 22,279,000	\$ 145,026,000	6.3875
2013	\$ 72,490,000	\$ 52,418,000	\$ 3,196,000	\$ 23,690,000	\$ 151,794,000	6.3875
2014	\$ 76,750,000	\$ 60,835,000	\$ 4,127,000	\$ 25,749,000	\$ 167,461,000	6.3875
2015	\$ 87,461,000	\$ 68,223,000	\$ 4,509,000	\$ 27,003,000	\$ 187,196,000	6.3108
2016	\$ 97,070,000	\$ 73,598,000	\$ 4,947,000	\$ 28,362,000	\$ 203,977,000	6.0112
2017	\$ 106,995,000	\$ 80,515,000	\$ 5,050,000	\$ 28,133,000	\$ 220,693,000	5.8642
2018	\$ 113,401,000	\$ 81,423,000	\$ 5,457,000	\$ 27,238,000	\$ 227,519,000	5.8421
2019	\$ 116,204,000	\$ 81,425,000	\$ 5,455,000	\$ 26,546,000	\$ 229,630,000	5.8831
2020	\$ 126,456,000	\$ 84,519,000	\$ 5,661,000	\$ 27,655,000	\$ 244,291,000	5.6792

The tax rates are based on a 100% assessment ratio. Tax rates are stated per \$1,000 assessed value.

The taxable value of property is the appraised value less exemptions and is received from Harris, Fort Bend and Montgomery County.

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

Purpose	2020	2019	2018	2017	2016
<b>City</b>					
General Purposes	4.04129	4.19242	4.20227	4.54458	4.42194
Debt Service	1.63791	1.69068	1.63983	1.31962	1.58926
City of Houston (1)	5.67920	5.88310	5.84210	5.86420	6.01120
<b>County</b>					
Fort Bend County	4.6000	4.6400	4.6900	4.7400	4.8600
Harris County (2)	4.3505	4.4735	4.4485	4.4485	4.4656
Montgomery County	4.4750	4.6670	4.6670	4.6670	4.7670
<b>School District</b>					
Aldine I.S.D.	13.47115	13.47115	13.73388	13.2338	12.8590
Alief I.S.D.	12.4410	13.3000	13.3000	13.0500	12.8000
Clear Creek I.S.D.	13.1000	13.1000	14.0000	14.0000	14.0000
Conroe I.S.D.	12.3000	12.8000	12.8000	12.8000	12.8000
Crosby I.S.D.	15.4835	16.5000	16.7000	16.7000	16.7000
Cypress-Fairbanks I.S.D.	13.7000	14.4000	14.4000	14.4000	14.4000
Deer Park I.S.D.	14.1510	15.3870	15.5670	15.5670	15.5670
Fort Bend I. S. D.	12.7000	13.2000	13.4000	13.4000	13.4000
Galena Park I.S.D.	14.5810	14.7165	15.6330	15.6330	15.1340
Goose Creek I.S.D.	13.4110	13.5428	14.3190	14.3190	14.3189
Houston I.S.D.	11.3700	12.0670	12.0670	12.0670	11.9670
Huffman I.S.D.	13.4210	14.0000	14.0000	14.0000	14.0000
Humble I.S.D.	14.1835	15.2000	15.2000	15.2000	15.2000
Katy I.S.D.	15.1660	15.1660	15.1660	15.1660	15.2660
Klein I.S.D.	13.6000	14.3000	14.1000	14.3000	13.9000
New Caney I.S.D.	15.6840	15.6840	16.7000	16.7000	16.7000
North Forest I.S.D. (3)					
Pasadena I.S.D.	13.7840	14.8000	14.8000	13.5000	13.5000
Sheldon I.S.D.	15.2840	14.4840	14.7000	14.1000	14.1000
Spring I.S.D.	14.3000	15.1000	15.1000	14.6996	14.7000
Spring Branch I.S.D.	13.2100	13.2098	13.9450	13.9450	13.9450
<b>Municipal Utility District</b>					
Harris County MUD # 355	0.0600	0.0600	0.0900	0.0900	1.2000
Harris County MUD # 359	1.4500	1.5000	1.6000	1.9000	2.6000
Harris County MUD # 366	1.6000	1.6000	1.6000	1.8000	2.0000
Harris County MUD # 372	1.6000	1.6000	1.6000	11.1000	1.6500
Harris County MUD # 381	6.0000	6.2000	6.3000	6.3000	7.4000
Harris County MUD # 390	7.0000	7.0000	7.0000	7.0000	7.0000
Harris County MUD # 393	6.8000	7.0000	7.3000	7.5000	9.1000
Harris County MUD # 404	8.6125	8.4125	8.6125	8.6125	8.6125
Harris County MUD # 410	5.6000	5.6000	5.9000	5.9000	6.9000
Harris County MUD # 411	6.0000	6.6000	7.0000	7.5000	9.0000
Harris County MUD # 415	8.0000	8.0000	8.0000	8.0000	
Harris County MUD # 450	6.3000	6.3000	7.85	8.1358	7.9888
Harris County MUD # 451	9.0000	9.1000	9.1579	9.1358	8.8000
Harris County MUD # 460	7.4000	7.4000	7.4000	7.4000	7.4000
Harris County MUD # 499	9.1000	9.1000	15.4000	9.1300	
Harris County MUD # 529	7.5000	7.5000	7.5000	7.5000	
Harris County MUD # 537	5.0000	5.0000	5.0000	5.0000	
Northwood MUD #1	12.5000	12.5000	12.5000	12.5000	12.5000
<b>Other Jurisdictions</b>					
Clear Lake City Water Authority	2.7000	2.7000	2.7000	2.7000	2.7000
Fort Bend Parkway Road (4)					
Harris County Dept. of Education	0.0519	0.0519	0.005195	0.005195	0.0600
Harris County Hospital District	1.7904	1.7108	1.7110		
Houston Community College	1.00263	0.23512	1.02635	0.02498	0.2631
Lee College District	2.5010	2.5010	2.5040	2.1320	2.1570
Lone Star College System	1.0780	1.0780	1.0780	1.0780	1.0790
Port of Houston Authority	0.1074	0.1155	0.1256	0.1334	0.1342
San Jacinto College District	17.8169	17.9329	18.3335	18.2379	17.5783

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

(2) Harris County includes the Harris County Flood Control District and the Harris County Toll Road. The Toll Road rate is zero.

(3) North Forest I.S.D. was closed and merged with Houston I.S.D.

(4) Debt has been paid off.



2015	2014	2013	2012	2011
4.74635	4.77085	4.6221	4.8071	4.6336
<u>1.56445</u>	<u>1.61665</u>	<u>1.7654</u>	<u>1.5804</u>	<u>1.7539</u>
6.31080	6.38750	6.3875	6.3875	6.3875
4.9476	4.9976	4.9976	4.9976	4.9976
4.4467	4.4300	4.2830	4.1926	4.1728
4.7670	4.8380	4.8380	4.8380	4.8380
13.0590	13.0580	13.2839	13.2839	13.0054
12.8000	12.9000	13.2000	13.3000	13.4000
14.0000	14.0000	13.6000	6.3875	13.6000
12.8000	12.9000	12.9500	6.3875	12.9500
16.7000	16.7000	14.4000	6.3875	14.4000
14.4000	14.5000	14.5000	6.3875	14.3000
15.5670	15.5670	15.2670	6.3875	13.9670
13.4000	13.4000	13.4000	6.3108	12.7000
15.1340	15.1340	15.1340	6.0112	15.1340
14.3189	13.3213	13.3213	5.8642	13.0213
11.9670	11.5670	11.5670	5.8421	11.5670
14.0000	14.2000	14.4500	5.8831	14.7000
15.2000	15.2000	15.2000	15.2000	15.2000
15.2660	15.2660	15.2660	15.2660	15.2660
13.9000	14.3000	14.4000	14.3000	14.1000
16.7000	15.4000	15.4000	15.4000	15.4000
			14.6929	13.7000
13.5000	13.5000	13.5000	13.5000	13.5000
14.1000	14.3000	14.3000	14.3000	14.3000
15.1000	15.7000	15.7000	15.7000	14.6000
13.9450	13.9450	13.9450	13.9450	13.9450
1.2000	2.0000	2.3500	2.3500	2.5500
2.7000	3.0000	3.0500	3.0500	3.0500
2.0000	2.5000	2.5000	2.5000	2.5000
1.7500	1.9000	1.9000	1.9000	1.9000
7.4000				
7.0000	7.0000	7.0000	7.0000	7.0000
9.1000				
8.6125				
6.9000				
9.0000				
7.6892	7.6125	7.6125	7.7125	7.6125
8.8000				
7.4000				
12.5000	12.5000	12.5000	12.5000	12.5000
2.8000	2.8000	2.8000	2.8000	2.8000
		0.5443	0.5443	0.5443
0.0600	0.0636	0.0658	0.0658	0.0658
0.2984	0.2012	0.1750	0.1382	0.9222
2.2070	2.6070	2.4100	2.5200	2.5200
1.0810	1.1600	1.2100	1.2100	1.1760
0.1531	0.1716	0.1952	0.1856	0.2054
18.5600	1.8560	1.8560	1.8560	1.7628

**CITY OF HOUSTON, TEXAS**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**June 30, 2020**  
**Current Year and Nine Years Ago**  
**(amounts expressed in thousands)**  
**(unaudited)**

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Centerpoint Energy, Inc.	\$ 2,302,918	1	1.00%	\$ 1,411,295	1	1.00%
Chevron Chemical Company	996,680	2	0.43%	610,459	4	0.43%
ONE TWO THREE ALLEN CENTER	790,939	3	0.34%			
BSREP 1HC-4HC	781,660	4	0.34%			
GWP (Greenway Plaza)	772,905	5	0.34%			
PKY CITYWEST, POC, SAN FELIPE PLAZA	764,245	6	0.33%			
HG GALLERIA 1 11 111 LP	716,108	7	0.31%	394,833	9	0.28%
SHELL OIL CO	715,388	8	0.31%			
VOLARIS	665,700	9	0.29%			
FINGER FSC	581,916	10	0.25%			
Crescent Real Estate				624,595	3	0.44%
Houston Refining				426,408	7	0.30%
Hines Interest Ltd. Partnership				1,180,205	2	0.83%
Cullen Allen Holdings LP						
Southwestern Bell				396,489	8	0.28%
Continental Airlines, Inc.				490,913	6	0.35%
Exxon Mobil Corp				492,603	5	0.35%
Anheuser Busch Inc.				373,266	10	0.26%
Total	<u>\$ 9,088,459</u>		<u>3.97%</u>	<u>\$ 6,401,066</u>		<u>4.52%</u>

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

**Tax Bond Debt Service Fund for Fiscal Year 2021**

	<b>Amount</b> <b>(in thousands)</b>
<b>Budgeted Resources</b>	
Beginning Fund Balance Estimate as of July 1, 2020	\$ 155,271
Transfers in from:	
General Fund	311,353
Combined Utility System Operating Fund	20,054
Other sources	25,016
Third Party Reimbursements	3,586
Other	455
<b>Total Budgeted Resources</b>	<b>\$ 515,735</b>
 <b>Budgeted Expenditures</b>	
Debt Service Requirements	
Tax Bonds	\$ 382,854
<b>Total Budgeted Expenditures</b>	<b>\$ 382,854</b>
 Budgeted Ending Fund Balance as of June 30, 2021	132,881
<b>Total Budgeted Expenditures and Reserves</b>	<b>\$ 515,735</b>

- (a) This fund includes the debt service for the City's Tax Bonds, Pension Obligations, Commercial Paper Notes and Tax Certificates.

**CITY OF HOUSTON**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**  
**(unaudited)**

**Governmental Activities**

**Business-type Activities**

Fiscal Year	Governmental Activities						Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita (a)
	Public Improvement Bonds	Pension Obligations	Commercial Paper	Tax and Revenue Certificates	Notes Payable	Other Borrowings	Combined Utility System Revenue Bonds	Houston Airport System Revenue Bonds	Convention & Entertainment Revenue Bonds	Long-Term Contracts			
2011	\$ 2,468,160	\$ 540,578	\$ 237,400	\$ 75,990	\$ -	\$ 7,830	\$ 5,807,384	\$ 2,480,456	\$ 545,509	\$ 162,571	\$ 12,325,878	Not available	\$ 6,083
2012	\$ 2,582,320	\$ 540,728	\$ 226,900	\$ 17,365	\$ -	\$ 7,103	\$ 5,821,210	\$ 2,348,521	\$ 537,499	\$ 149,121	\$ 12,230,767	Not available	\$ 5,722
2013	\$ 2,561,515	\$ 540,728	\$ 176,900	\$ 11,870	\$ 11,135	\$ 6,458	\$ 6,023,556	\$ 2,290,936	\$ 509,249	\$ 135,585	\$ 12,267,932	Not available	\$ 5,585
2014	\$ 2,422,445	\$ 535,353	\$ 257,350	\$ 18,660	\$ 11,629	\$ 5,813	\$ 6,041,391	\$ 2,232,051	\$ 482,974	\$ 122,048	\$ 12,129,714	Not available	\$ 5,777
2015	\$ 2,658,664	\$ 529,603	\$ 141,900	\$ 17,671	\$ -	\$ 5,154	\$ 6,545,540	\$ 2,393,951	\$ 681,585	\$ 198,217	\$ 13,172,285	Not available	\$ 5,882
2016	\$ 2,603,712	\$ 523,443	\$ 99,900	\$ 17,479	\$ -	\$ 4,495	\$ 6,703,987	\$ 2,468,672	\$ 666,280	\$ 209,300	\$ 13,297,268	Not available	\$ 5,791
2017	\$ 2,401,047	\$ 516,858	\$ 239,900	\$ 16,682	\$ -	\$ 3,836	\$ 6,782,294	\$ 2,371,252	\$ 649,112	\$ 469,253	\$ 13,450,234	Not available	\$ 5,839
2018	\$ 2,455,354	\$ 1,444,890	\$ 70,000	\$ 15,446	\$ -	\$ 8,226	\$ 6,865,875	\$ 2,334,124	\$ 703,234	\$ 750,193	\$ 14,647,342	Not available	\$ 6,333
2019	\$ 2,275,465	\$ 1,434,480	\$ 165,000	\$ 14,156	\$ -	\$ 5,062	\$ 6,891,460	\$ 2,245,566	\$ 725,803	\$ 910,375	\$ 14,667,367	Not available	\$ 6,308
2020	\$ 2,165,078	\$ 1,422,407	\$ 131,900	\$ 12,806	\$ -	\$ 19,355	\$ 6,975,458	\$ 2,227,419	\$ 656,266	\$ 890,120	\$ 14,500,809	Not available	\$ 6,250

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

**CITY OF HOUSTON, TEXAS**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands, except per capita amount)  
(unaudited)

<u>Fiscal Year</u>	<u>General Tax Obligation Debt (1)</u>	<u>Less: Amounts Available in Debt Service Fund (4)</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value (2) of Property</u>	<u>Per Capita (3)</u>
2011	\$ 3,329,958	\$ 148,028	\$ 3,181,930	2.14%	\$ 1,455
2012	\$ 3,374,416	\$ 160,259	\$ 3,214,157	2.27%	\$ 1,565
2013	\$ 3,308,606	\$ 117,887	\$ 3,190,719	2.22%	\$ 1,522
2014	\$ 3,251,250	\$ 97,655	\$ 3,153,595	2.09%	\$ 1,566
2015	\$ 3,140,357	\$ 82,422	\$ 3,057,935	1.51%	\$ 1,365
2016	\$ 3,244,534	\$ 8,770	\$ 3,235,764	1.48%	\$ 1,409
2017	\$ 3,174,487	\$ 7,933	\$ 3,166,554	1.40%	\$ 1,375
2018	\$ 3,985,690	\$ 82,868	\$ 3,902,822	1.73%	\$ 1,688
2019	\$ 3,889,101	\$ 85,186	\$ 3,803,915	1.67%	\$ 1,636
2020	\$ 3,732,191	\$ 116,395	\$ 3,615,796	1.13%	\$ 1,555

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

1. General tax obligation debt repaid from property taxes.
2. See the schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 219 for property value data.
3. Population data can be found in the Schedule of Demographic and Economic Statistics on page 233.
4. Amounts available in Debt Service Fund changed beginning in 2009 to agree to restricted for debt service in the Statement of Net Position.

**CITY OF HOUSTON, TEXAS**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**June 30, 2020**  
**(amounts expressed in thousands)**  
**(unaudited)**

City	Net Direct Debt		% of Debt Applicable to Houston	City of Houston Share of Debt
	Amount	As of		
City of Houston - direct	\$ 3,894,163	06/30/20	100.00%	\$ 3,894,163
<b>County</b>				
Fort Bend County	469,198	06/30/20	1.79%	8,399
Harris County (including Toll Road Bonds)	1,663,212	06/30/20	51.73%	860,380
Harris County Flood Control	418,150	06/30/20	51.73%	216,309
Montgomery County	483,445	06/30/20	1.19%	5,753
<b>School District</b>				
Aldine I.S.D.	1,654,635	06/30/20	43.42%	718,443
Alief I.S.D.	287,702	08/31/19	80.57%	231,802
Clear Creek I.S.D.	929,883	06/30/20	23.74%	220,754
Conroe I.S.D.	1,754,360	08/31/19	0.00%	0
Crosby I.S.D.	124,910	06/30/20	2.27%	2,835
Cypress-Fairbanks I.S.D.	3,017,954	06/30/20	15.54%	468,990
Deer Park I.S.D.	263,836	06/30/20	1.87%	4,934
Fort Bend I.S.D.	1,036,799	06/30/20	1.79%	18,559
Galena Park I.S.D.	383,735	08/31/19	7.79%	29,893
Goose Creek I.S.D.	564,166	06/30/20	0.00%	0
Houston I.S.D.	2,667,916	06/30/20	92.06%	2,456,083
Huffman I.S.D.	74,375	06/30/20	26.51%	19,717
Humble I.S.D.	757,495	06/30/20	34.32%	259,972
Katy I.S.D.	1,987,206	08/31/19	12.94%	257,144
Klein I.S.D.	1,085,045	06/30/20	2.83%	30,707
New Caney I.S.D.	504,345	08/31/19	18.28%	92,194
Pasadena I.S.D.	686,456	06/30/20	41.88%	287,488
Sheldon I.S.D.	375,708	06/30/20	1.65%	6,199
Spring I.S.D.	953,694	06/30/20	3.26%	31,090
Spring Branch I.S.D.	1,164,593	06/30/20	72.94%	849,454
<b>Municipal Utility District</b>				
Harris County MUD 355	5,033	06/30/20	100.00%	5,033
Harris County MUD 359	1,779	06/30/20	100.00%	1,779
Harris County MUD 372	3,687	06/30/20	100.00%	3,687
Harris County MUD 381	10,253	06/01/20	100.00%	10,253
Harris County MUD 390	36,011	06/30/20	100.00%	36,011
Harris County MUD 393	8,388	06/01/20	100.00%	8,388
Harris County MUD 404	7,945	06/30/20	100.00%	7,945
Harris County MUD 410	10,678	07/12/20	100.00%	10,678
Harris County MUD 411	6,501	06/01/20	100.00%	6,501
Harris County MUD 415	2,725	06/30/20	100.00%	2,725
Harris County MUD 450	15,821	06/08/20	100.00%	15,821
Harris County MUD 451	5,358	06/24/20	100.00%	5,358
Harris County MUD 460	15,676	06/25/20	100.00%	15,676
Harris County MUD 499	11,083	06/16/20	100.00%	11,083
Harris County MUD 529	10,805	06/22/20	100.00%	10,805
Harris County MUD 537	10,363	06/25/20	100.00%	10,363
Northwood MUD # 1	2,700	06/30/20	100.00%	2,700
<b>Other Jurisdictions</b>				
Clear Lake City Water Authority	104,842	06/30/20	63.57%	66,648
Harris County Hospital District	57,300	06/30/20	52.16%	29,888
Houston Community College	560,480	08/31/19	90.86%	509,252
Lee College District	61,643	08/31/19	0.00%	0
Lone Star College System	545,015	06/30/20	13.76%	74,994
Port of Houston Authority	572,569	06/30/20	51.73%	296,190
San Jacinto College District	480,440	06/30/20	15.44%	74,180
Total overlapping debt	25,855,913			8,293,057
Total direct and overlapping debt	<u>\$ 29,750,076</u>			<u>\$ 12,187,220</u>

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.

The percentage of overlapping debt applicable is estimated using (market or taxable) assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's (market or taxable) assessed value that is within the overlapping jurisdiction's boundaries and dividing it by the overlapping jurisdiction's total (market or taxable) assessed value.

**City of Houston, Texas**  
**AD VALOREM TAX LEVIES AND COLLECTIONS**  
(amounts expressed in thousands)  
(unaudited)

Fiscal Year	Tax Rate <sup>(a)</sup>			Net Current Year Tax Levy <sup>(b) (d)</sup> (in thousands)	Current Collections Prior to End of Fiscal Year <sup>(c) (d) (e)</sup> (in thousands)	Prior Years' Delinquent Collections <sup>(e)</sup> (in thousands)	Total Collection <sup>(c) (d) (e)</sup> (in thousands)	Total Collections Percentage of Net Levy <sup>(d)</sup>
	General Purposes	Debt Service	Total					
2012	0.48071	0.15804	0.63875	927,886	907,472	24,177	931,649	100.4
2013	0.46221	0.17654	0.63875	970,157	949,784	30,555	980,339	101.0
2014	0.47709	0.16166	0.63875	1,071,503	1,053,287	25,100	1,078,387	100.6
2015	0.47464	0.15644	0.63108	1,183,204	1,156,298	23,578	1,179,876	99.7
2016	0.44219	0.15893	0.60112	1,228,563	1,206,449	9,000	1,215,449	98.9
2017	0.45446	0.13196	0.58642	1,299,973	1,276,573	16,500	1,293,073	99.5
2018	0.42023	0.16398	0.58421	1,329,129	1,307,863	4,941	1,312,804	98.8
2019	0.41924	0.16907	0.58831	1,347,166	1,326,810	10,187	1,336,997	99.2
2020	0.40413	0.16379	0.56792	1,367,460	1,345,580	16,082	1,361,662	99.6
2021	0.42309	0.13875	0.56184	1,450,527	1,401,934	9,159	1,411,093	97.3

<sup>(a)</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>(b)</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 2021, which is as of August 21, 2020.

<sup>(c)</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 totaled \$0.00 million in Fiscal Year 2020. 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>(d)</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 2021, the City has budgeted approximately \$177 million of tax increments to be transferred to special funds for such zones, as required by State law, of which approximately \$44 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>(e)</sup> The City's Fiscal Year 2021 Budget includes a property tax levy in compliance with Proposition 1. Upon receipt of the Certified Initial Roll a proposed tax rate is calculated to comply with the tax revenue restrictions.

**City of Houston, Texas**  
**AD VALOREM TAX OBLIGATION PERCENTAGES**  
(amounts expressed in thousands)  
(unaudited)

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Tax-Supported Debt at December 31 (in thousands)<sup>(f)</sup></u>	<u>Tax Roll<sup>(a)</sup> (in thousands)</u>	<u>Tax-Supported Debt as a Percentage of Tax Roll</u>	<u>Tax-Supported Per Capita Debt<sup>(b)</sup></u>	<u>Debt Service Requirement Payable from Taxes<sup>(c)(d)</sup> (in thousands)</u>	<u>Tax Levy for Debt Service (in thousands)<sup>(e)</sup></u>
2010	2011	3,440,075	142,964,244	2.41%	1,639	342,966	232,545
2011	2012	3,471,590	145,042,978	2.39%	1,617	297,923	229,700
2012	2013	3,469,360	152,801,703	2.27%	1,613	300,124	241,100
2013	2014	3,392,510	167,460,662	2.03%	1,545	304,267	243,813
2014	2015	3,329,635	187,196,033	1.78%	1,487	337,756	264,500
2015	2016	3,225,240	204,300,968	1.58%	1,405	340,345	295,954
2016	2017	3,079,240	220,692,709	1.40%	1,337	339,639	258,415
2017	2018	3,978,830	227,519,681	1.75%	1,720	384,968	333,784
2018	2019	3,887,020	229,630,283	1.69%	1,671	427,761	342,205
2019	2020	3,918,035	244,291,904	1.60%	1,689	403,043	352,100

- (a) With the exception of Tax Year 2019, 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 2019 amount represents the Appraisal Districts' estimate of certified taxable valuations based on tax rolls available as of July 02, 2020. As of July 02, 2020, the total assessed value for Tax Year 2019 (including exempt property values) was approximately \$320.3 billion, which is the appraised value used to determine the statutory limitation of approximately \$32.03 billion relating to total bond indebtedness.
- (b) Per capita figures are based on population estimates according to the U.S. Census Bureau.
- (c) These amounts have not been reduced by the combined ending fund balances in the General Debt Service Fund.
- (d) These amounts include principal and interest payments for Tax Obligations, except it only includes interest for Commercial Paper Notes at an assumed rate appropriate for each Fiscal Year.
- (e) Sources of funds for the general obligation debt service requirement include the tax levy and transfers from Enterprise and Special Revenue Funds.
- (f) Information as reported in the City's Monthly Operations and Financial Report dated as of December 31 of each Fiscal Year.



**CITY OF HOUSTON, TEXAS**

**This page is left blank intentionally**

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

**LEGAL DEBT MARGIN CALCULATION AT JUNE 30, 2020**

Assessed Value (1)	\$	320,305,470
Debt Limit (10% of assessed value)	\$	32,030,547
Debt applicable to limit:		
Public Improvement Bonds		2,165,078
Pension Obligations		1,422,406
Commercial Paper - General Obligation		131,900
Tax and Revenue Certificates of Obligation		12,805
Total net debt applicable to limit	<u>\$</u>	<u>3,732,189</u>
Legal debt margin	\$	28,298,358

**HISTORICAL LEGAL DEBT LIMITATION**

	2011	2012	2013
<b>Legal debt limitation, 10% of assessed value(2)</b>	\$ 18,798,571	\$ 19,108,922	\$ 20,140,168
Total net debt applicable to margin	<u>3,322,128</u>	<u>3,367,313</u>	<u>3,291,013</u>
Legal debt margin	<u>\$ 15,476,443</u>	<u>\$ 15,741,609</u>	<u>\$ 16,849,155</u>
Total net debt applicable to the limit as a percentage of debt limit	18%	18%	16%

(1) Assessed Value for the 2018 tax year (fiscal year 2019) is based on the appraised value of property prior to any deductions for exemptions. The Assessed Value is derived from the certified valuations provided by the Harris County Appraisal District as of July 2019.

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

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 21,962,278	\$ 24,401,203	\$ 26,857,750	\$ 28,781,940	\$ 29,222,567	\$ 30,143,366.00	\$ 32,030,547.00
<u>3,233,808</u>	<u>3,135,203</u>	<u>3,244,534</u>	<u>3,174,499</u>	<u>3,985,690</u>	<u>3,889,101.00</u>	<u>3,732,189.00</u>
<u>\$ 18,728,470</u>	<u>\$ 21,266,000</u>	<u>\$ 23,613,216</u>	<u>\$ 25,607,441</u>	<u>\$ 25,236,877</u>	<u>\$ 26,254,265</u>	<u>\$ 28,298,358</u>
15%	13%	12%	11%	14%	13%	12%

**CITY OF HOUSTON, TEXAS**  
**PLEGDED - REVENUE COVERAGE**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**  
**(unaudited)**

**Airport System Bonds <sup>(1)</sup>**

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>			
				2011	423,632			
2012	429,665	255,507	174,158	59,575	91,736	7,360	36,619	1.62
2013	441,245	252,745	188,500	56,800	97,138	-	34,390	1.58
2014	460,768	268,745	192,023	60,419	96,005	22,942	35,614	1.96
2015	489,822	283,557	206,265	71,999	91,320	16,399	38,054	1.89
2016	495,831	314,715	181,116	79,093	84,811	13,888	42,320	1.68
2017	510,524	254,506 <sup>(4)</sup>	256,018	82,707	92,316	-	54,673	2.13
2018	522,407	326,889	195,518	81,137	93,319	-	50,642	1.58
2019	518,192	315,153	203,039	80,110	96,202	-	60,646	1.76
2020	491,537	314,034	177,504	89,090	91,641	14,169	55,040	1.59

1. Including Sr. Lien Commercial Paper, Subordinate Lien Bonds, and Inferior Lien Obligations.
2. Income and revenue derived from the operation of the Airport System with limited exclusions.
3. Debt service is net of amounts paid by grant fund, capitalized interest and passenger facility charges revenue.
4. The decrease in net pension liability recorded as negative expense in FY2017 was \$67.4 million.

**Combined Utility System Bonds <sup>(5)</sup>**

Fiscal Year	Operating & Non-Operating Revenues <sup>(6)</sup>	Less: Total Expenses	Net Pledged Revenue	Debt Service		Coverage
				Principal	Interest	
				2011	921,218	
2012	969,027	417,615	551,412	68,285	299,436	1.50
2013	979,550	399,855	579,695	80,278	308,204	1.49
2014	1,029,563	406,273	623,290	134,030	273,484	1.53
2015	973,289	424,683	548,606	140,685	266,636	1.35
2016	1,053,648	436,845	616,803	160,450	261,489	1.46
2017	1,075,788	438,330	637,458	184,570	259,941	1.43
2018	1,126,569	438,551	688,018	200,505	261,978	1.49
2019	1,123,606	468,244	655,362	213,810	257,760	1.39
2020	1,184,353	465,791	718,562	207,110	268,749	1.51

5. Including Water and Sewer System Bonds, Combined Utility System Bonds, and Commercial Paper interest.
6. Income and revenues derived from the operation of the Combined Utility System with limited exclusions.

**Convention and Entertainment Center Bonds <sup>(7)</sup>**

Fiscal Year	Pledged Hotel Occupancy Tax & Other Revenue <sup>(8)</sup>	Debt Service		Coverage
		Principal	Interest	
		2011	65,186	
2012	71,957	21,835	6,194	2.57
2013	78,892	27,530	14,123	1.89
2014	89,145	26,215	10,743	2.41
2015	83,027	25,835	11,377	2.23
2016	82,116	24,524	18,307	1.92
2017	76,491	19,790	24,333	1.73
2018	77,406	21,815	24,797	1.66
2019	77,483	21,779	26,388	1.61
2020	61,196	56,842	28,561	0.72

7. Including Revenue Bonds and Commercial Paper.
8. Includes the 5.65%/7% of collected hotel occupancy tax, certain parking revenues, and certain tax rebates.

**CITY OF HOUSTON, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**  
**(unaudited)**

<b>Fiscal Year</b>	<b>Population</b>	(1)	<b>Personal Income (amount in thousands)</b>	(2)	<b>Per Capita Personal Income</b>	(2)	<b>Median Age</b>	(2)	<b>Education Level in Years of Formal Schooling</b>	(2)	<b>School Enrollment</b>	(2)	<b>Average Unemployment Rate (percentage)</b>	(2)
2011	2,099,451	(7)	Not available	\$	26,109		32.2		12.7		560,316	(3)	8.2	(4)
2012	2,145,146		Not available	\$	26,179	(5)	33.2	(5)	13.0	(5)	576,020	(5)	7.5	(7)
2013	2,160,821		Not available	\$	26,849	(5)	32.1	(5)	13.0	(3), (5)	548,061	(3)	6.5	(4)
2014	2,195,914		Not available	\$	27,029	(5)	32.3	(5)	13.0	(5)	557,780	(5)	9.0	(8)
2015	2,239,558		Not available	\$	27,305	(7)	32.4	(5)	13.0	(3), (5)	564,871	(5)	4.4	(8)
2016	2,296,224	(5)	Not available	\$	27,938	(5)	32.6	(5)	13.0	(3), (5)	580,250	(5)	5.8	(6)
2017	2,303,482	(5)	Not available	\$	28,503	(5)	32.6	(5)	13.1	(3), (5)	594,377	(5)	5.7	(6)
2018	2,312,717	(5)	Not available	\$	29,224	(5)	32.7	(5)	13.2	(3)	597,728	(5)	5.1	(6)
2019	2,325,205	(5)	Not available	\$	30,547	(5)	32.9	(5)	13.2	(3)	594,916	(5)	4.4	(6)
2020	2,320,268	'(9)	Not available	\$	31,576	'(9)	32.9	'(9)	13.44	'(9)	1,889,245	'(9)	10.0	(6)

(1) Source: Population Estimate program, U. S. Census Bureau, as of the beginning of the fiscal year. (Fiscal year 2019 is as of July 1, 2018.)

(2) Source: American Community Survey, U. S. Census Bureau. (Fiscal year 2019 data is for calendar year 2018.)

(3) School enrollment includes nursery school through graduate school.

(4) Source: Local Area Unemployment Statistics, Bureau of Labor Statistics Texas Workforce Commission

(5) Source: U. S. Census Bureau FactFinder

(6) Source: Bureau of Labor Statistics

(7) Source: American FactFinder

(8) Source: Texas Labor Market TRACER

**CITY OF HOUSTON, TEXAS  
PRINCIPAL EMPLOYERS  
June 30, 2020  
Current Year and Nine Years Ago  
(unaudited)**

Employer	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Houston Methodist	25,543	1	2.23%			
HEB	25,337	2	2.21%			
Walmart	22,854	3	1.99%			
Memorial Hermann Health System	21,925	4	1.91%	19,500	1	1.96%
The University of Texas MD Anderson Cancer Center	21,576	5	1.88%	15,000	3	1.51%
HCA Houston Healthcare	15,000	6	1.31%			
United Airlines	13,500	7	1.18%			
Kroger	13,490	8	1.18%			
ExxonMobil	13,000	9	1.13%	13,000	4	1.31%
Shell Oil Company	11,500	10	1.00%	13,000	5	1.31%
Schlumberger Limited				10,000	8	1.00%
United Continental Holdings				16,000	2	1.61%
United Space Alliance				10,185	7	1.02%
The Methodist Hospital System				12,000	6	1.21%
National Oilwell Varco				10,000	9	1.00%
Baylor College of Medicine				9,232	10	0.93%
	<u>183,725</u>		<u>16.03%</u>	<u>127,917</u>		<u>12.86%</u>
Total :						

Source: GHP Houston Facts - 2020

Employers excludes school districts and city, county, state and federal governments.  
Employee numbers are for the ten-county region, not the city only.  
Employee may live outside the City.

Total Houston Residents employed regardless of where they work:

Source:	2020	1,146,428
June 2020 Local Area Unemployment Statistics, Bureau of Labor Statistics	2011	995,620
U.S. Census Bureau, American Community Survey		

**CITY OF HOUSTON, TEXAS**

**This page is left blank intentionally**

**CITY OF HOUSTON, TEXAS**  
**EMPLOYMENT STATISTICS**  
**June 30, 2020**  
**(unaudited)**

**Employment**

The following table indicates the Houston PMSA estimated annual average labor force for the years 2010 through 2019 according to the Texas Employment Commission:

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

	<u>2010</u>	<u>2011</u>
Civilian Labor Force (A)	2,933	3,075
Employed	2,692	2,843
Unemployed	241	232
Percent unemployed	8.20%	7.50%
Nonfarm Payroll Employment (B)	2,594	2,693
Manufacturing	228	237
Mining	89	97
Contract construction	175	180
Transp/Trade/Pub Utils/Communications (C)	556	579
Finance/Insurance/Real Estate	134	140
Services & Miscellaneous	1,035	1,097
Government	377	364

- (A) Includes resident wage and salary workers, self-employed, unpaid family workers and domestics in private households, agricultural workers, and workers involved in labor-management disputes.
- (B) Includes the non-agricultural wage and salary jobs estimated to exist in Houston PMSA without reference to place of residence of workers.
- (C) Trade has been included with Transportation, Public Utilities and Communications.



<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
3,110	3,180	3,244	3,287	3,323	3,412	3,444	3,381
2,901	3,009	3,098	3,106	3,147	3,255	3,313	3,053
210	171	146	180	176	157	131	328
6.70%	5.40%	4.50%	5.50%	5.30%	4.60%	3.80%	9.70%
2,793	2,895	2,991	3,002	3,061	3,132	3,185	2,980
252	261	250	232	234	228	241	220
106	115	109	87	86	80	88	62
188	197	205	216	215	237	230	219
602	616	645	647	635	661	661	637
143	146	146	155	156	164	167	165
1,135	1,800	1,261	1,282	1,321	1,353	1,382	1,281
367	379	381	388	414	410	418	399

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

**Full-time Equivalent Employees as of June 30, 2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Fund/Department</b>										
<b>GENERAL FUND</b>										
<b>Public Safety</b>										
Fire/Civilian	222.6	118.9	117.4	117.1	107.2	111.9	109.6	108.3	105.2	95.3
Fire/Classified	4,085.1	3,978.6	4,011.7	3,981.2	4,119.9	4,235.4	4,231.6	4,219.3	4,100.0	4,098.6
Fire/Cadets	53.1	14.2	26.7	123.0	139.1	107.1	94.6	41.4	80.2	49.7
Municipal Courts - (Administration) Department	301.7	271.2	268.8	291.6	299.2	290.7	280.0	268.4	257.8	252.4
Municipal Courts - (Justice) Department	-	-	-	-	-	-	-	-	-	-
Police/Civilian	1,393.1	1,119.9	1,194.9	1,157.8	1,133.2	1,134.7	1,141.7	1,099.8	986.8	874.9
Police/Classified	5,535.3	5,474.9	5,456.9	5,290.4	5,350.7	5,353.4	5,357.3	5,559.8	5,351.0	5,592.7
Police/Cadets	70.4	76.6	118.1	88.1	91.2	140.5	176.2	134.1	139.5	139.7
<b>Total Public Safety</b>	<b>11,661.3</b>	<b>11,054.3</b>	<b>11,194.5</b>	<b>11,049.2</b>	<b>11,240.5</b>	<b>11,373.7</b>	<b>11,391.0</b>	<b>11,431.1</b>	<b>11,020.5</b>	<b>11,103.3</b>
<b>Development &amp; Maintenance Services</b>										
General Services (Formerly Building Services)	210.6	193.9	193.6	201.1	140.7	137.7	135.1	133.7	144.3	142.6
Planning & Development	97.5	75.7	75.2	76.1	71.9	59.8	32.3	28.0	25.9	21.3
Public Works & Engineering (PW&E)	505.6	9.1	15.0	13.6	14.6	12.5	13.8	13.0	7.3	6.6
Solid Waste Management	623.9	460.5	471.0	458.9	475.9	507.7	526.0	527.7	542.1	530.2
<b>Total Development &amp; Maintenance</b>	<b>1,437.6</b>	<b>739.2</b>	<b>754.8</b>	<b>749.7</b>	<b>703.1</b>	<b>717.7</b>	<b>707.2</b>	<b>702.4</b>	<b>719.6</b>	<b>700.7</b>
<b>Human &amp; Cultural Services</b>										
Convention & Entertainment Facilities	-	-	-	-	-	-	-	-	-	-
Health & Human Services	574.8	458.4	470.7	565.0	563.5	447.7	447.6	431.7	409.4	391.4
Housing & Community Development	2.9	2.1	2.0	2.0	1.3	0.7	0.7	2.5	0.4	0.5
Library	456.4	401.7	405.2	474.1	469.8	466.0	466.1	471.7	455.7	440.0
Neighborhoods	-	96.3	104.4	103.5	107.5	107.6	103.9	102.9	95.4	87.8
Parks & Recreation	774.2	627.6	644.4	670.3	663.7	657.9	693.5	689.0	648.0	595.5
<b>Total Human &amp; Cultural Services</b>	<b>1,808.3</b>	<b>1,586.1</b>	<b>1,626.7</b>	<b>1,814.9</b>	<b>1,805.8</b>	<b>1,679.9</b>	<b>1,711.8</b>	<b>1,697.8</b>	<b>1,608.9</b>	<b>1,515.2</b>
<b>Administrative Services</b>										
Administration & Regulatory Affairs	362.9	268.1	240.3	201.5	202.1	205.6	209.1	191.7	184.8	172.2
City Secretary	11.9	10.9	10.7	10.7	10.3	9.2	8.9	9.9	9.8	9.4
Controller's Office	74.0	66.2	64.9	65.3	62.1	60.3	57.8	60.3	51.1	48.3
Council Office	72.8	74.6	77.7	74.6	76.5	77.6	76.2	73.2	71.8	70.2
Finance & Administration	-	-	-	-	-	-	-	-	-	-
Finance Department	70.7	72.6	60.4	107.8	111.4	106.8	102.2	103.1	101.1	97.9
Human Resources	40.0	35.9	34.4	31.1	32.0	33.2	29.0	26.7	23.4	19.3
Information Technology	158.8	150.8	144.3	156.3	161.8	156.8	145.3	107.1	93.8	28.8
Legal	155.3	119.1	116.4	119.7	121.6	120.0	114.0	107.2	106.6	113.5
Mayor's Office	35.1	23.3	56.3	58.5	48.6	49.5	49.1	45.5	43.4	43.1
Office of Business Opportunity (Formerly Affirm. Action)	31.6	23.3	25.1	26.4	28.1	28.2	27.7	27.7	26.7	30.0
<b>Total Administrative Services</b>	<b>1,013.1</b>	<b>844.8</b>	<b>830.5</b>	<b>851.9</b>	<b>854.5</b>	<b>847.2</b>	<b>819.3</b>	<b>752.4</b>	<b>712.5</b>	<b>632.7</b>
<b>Total General Fund</b>	<b>15,920.3</b>	<b>14,224.4</b>	<b>14,406.5</b>	<b>14,465.7</b>	<b>14,603.9</b>	<b>14,618.5</b>	<b>14,629.3</b>	<b>14,583.7</b>	<b>14,061.5</b>	<b>13,951.9</b>
<b>ENTERPRISE FUNDS</b>										
Aviation	1,528.5	1,415.0	1,339.5	1,368.7	1,292.0	1,245.2	1,211.5	1,190.0	1,156.3	1,145.2
Convention & Entertainment Facilities	117.6	69.0	23.0	22.7	-	-	-	-	-	-
PW&E - Combined Utility System	2,213.0	2,280.5	2,237.5	2,220.8	2,166.2	2,179.6	2,254.8	2,266.6	2,245.0	2,239.5
GSD - Parking Management (Formerly PW&E)	-	-	-	-	-	-	-	-	-	-
<b>Total Enterprise Funds</b>	<b>3,859.1</b>	<b>3,764.5</b>	<b>3,600.0</b>	<b>3,612.2</b>	<b>3,458.2</b>	<b>3,424.8</b>	<b>3,466.3</b>	<b>3,456.6</b>	<b>3,401.3</b>	<b>3,384.7</b>

Administration & Regulatory Affairs and the Finance Department were Finance and Administration.  
Municipal Courts - Administration and Municipal Courts - Justice consolidated as the Department.  
Fleet Management was established as a new department in FY 2012. It is no longer part of Public Works & Engineering.

**Full-time Equivalent Employees as of June 30, 2020**

<b>Fund/Department</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>SPECIAL REVENUE FUNDS</b>										
Administration & Regulatory Affairs	104.4	176.8	159.5	159.9	168.8	175.9	179.6	171.6	173.1	181.8
Finance	-	-	-	15.5	42.8	39.2	41.2	49.2	49.4	50.2
Fleet Management (Formerly PW&E - Fleet Management)	-	262.5	267.7	325.9	369.7	371.2	399.7	406.9	400.8	389.3
General Services (Formerly Building Services)	-	-	-	61.3	137.5	130.1	126.1	134.6	129.6	117.6
Health & Human Services	544.3	510.0	515.5	592.1	661.0	656.3	686.1	782.9	807.5	764.2
Housing & Community Development	129.5	129.3	159.0	161.8	163.4	158.3	146.1	142.9	189.1	278.1
Houston Emergency Center	248.0	234.3	242.5	243.8	242.5	247.5	243.2	246.1	248.0	241.9
Legal	-	11.0	7.6	35.2	-	-	53.6	52.7	50.1	52.4
Library	29.5	28.0	26.0	23.4	17.1	13.6	7.9	5.7	6.0	9.8
Mayor's Office	23.7	23.4	28.5	26.9	43.5	50.0	51.0	54.9	56.9	56.1
Municipal Courts - (Administration) Department	39.5	34.3	35.0	18.1	20.0	18.8	21.0	16.0	10.5	10.2
Neighborhoods	-	1.0	51.0	48.8	46.7	43.4	40.2	37.5	33.2	29.8
Office of Business Opportunity (Formerly Affirm. Action)	-	1.0	2.0	2.0	2.0	2.0	2.0	1.6	1.1	1.9
Parks Special Revenue	101.4	97.6	92.0	93.2	103.4	108.3	116.4	115.5	100.1	93.4
Planning & Development	8.4	10.2	11.9	11.6	8.2	21.9	49.9	51.6	51.1	52.7
Police - Auto Dealers/Civilian	-	7.0	8.0	8.0	39.7	7.1	7.7	8.0	8.7	8.2
Police - Auto Dealers/Classified	32.1	21.0	19.0	32.0	21.9	-	-	-	-	-
Police - Cadet	-	-	-	-	-	16.7	40.9	1.0	23.0	-
Police - Special Services/Civilian	128.4	124.0	26.5	35.7	24.0	2.2	2.2	1.7	2.0	1.9
Police - Special Services/Classified	-	40.2	49.4	139.3	45.8	-	-	-	-	-
Police - Federal Government/Civilian	-	-	-	-	-	27.4	27.1	27.4	29.4	40.7
Police - Federal Government/Classified	-	-	-	-	-	16.6	36.4	35.5	33.5	32.4
Police - Forensic Transition Special Service/Civilian	-	-	-	-	58.4	38.2	27.7	24.1	8.9	7.0
Police - Forensic Transition Special Service/Classified	-	-	-	-	51.1	43.5	31.6	27.4	23.0	23.9
PW&E - Building Inspection	907.3	814.0	647.6	571.5	560.6	577.1	616.1	604.2	581.4	627.4
PW&E - Project Recovery Fund	-	-	-	-	-	329.5	309.0	299.1	286.1	301.0
PW&E - Stormwater Utility	385.5	384.2	354.7	377.7	337.3	329.9	347.9	373.0	304.7	342.1
PW&E - Houston TransStar	6.9	7.0	6.6	8.0	7.9	7.8	8.1	7.1	7.3	8.1
PW&E - Drainage and Street Renewal	-	532.4	490.4	505.2	485.0	487.4	464.5	511.6	458.9	492.2
Solid Waste Management	1.0	4.0	2.9	2.1	2.5	2.4	4.0	3.3	4.4	2.4
<b>Total Special Revenue Funds</b>	<b>2,689.9</b>	<b>3,453.2</b>	<b>3,203.3</b>	<b>3,499.0</b>	<b>3,660.8</b>	<b>3,922.3</b>	<b>4,087.2</b>	<b>4,193.1</b>	<b>4,077.8</b>	<b>4,216.7</b>
<b>Total General, Enterprise and Special Funds</b>	<b>22,469.3</b>	<b>21,442.1</b>	<b>21,209.8</b>	<b>21,576.9</b>	<b>21,722.9</b>	<b>21,965.6</b>	<b>22,182.8</b>	<b>22,233.4</b>	<b>21,540.6</b>	<b>21,553.3</b>
<b>INTERNAL SERVICE/REVOLVING FUND</b>										
Human Resources - Health Benefits	47.5	42.3	45.8	46.7	47.6	57.0	47.7	42.5	42.7	45.1
General Services - Central Svc Revolving	41.8	29.0	27.9	31.8	-	-	-	-	-	-
Human Resources - Central Svc Revolving	52.5	120.8	125.6	138.7	142.6	155.6	150.4	142.6	170.9	167.4
Information Technology - Central Svc Revolving	28.3	44.2	45.6	53.7	51.8	54.9	50.0	83.5	82.6	95.3
General Services - In House Reconstruction	27.8	28.7	29.0	28.5	-	-	-	-	-	-
PW&E - CIP Salary Recovery	-	-	302.4	308.9	328.9	-	-	-	-	-
Admin. and Regulatory Affairs - Property and Casualty	4.9	5.1	5.0	5.0	-	-	-	-	-	-
Legal - Property and Casualty	38.3	47.6	47.9	52.2	52.7	58.5	51.6	49.9	47.5	48.4
Human Resources - Workers Compensation	30.5	28.7	30.1	29.5	31.5	32.6	30.0	32.1	45.8	51.5
Legal - Workers Compensation	4.9	3.1	2.7	2.0	2.0	2.0	2.0	2.0	2.0	1.8
<b>Total Internal Service/Revolving Funds</b>	<b>276.5</b>	<b>349.5</b>	<b>662.0</b>	<b>697.0</b>	<b>657.1</b>	<b>360.6</b>	<b>331.7</b>	<b>352.6</b>	<b>391.5</b>	<b>409.5</b>
<b>Total Full-time Equivalent Employees</b>	<b>22,745.8</b>	<b>21,791.6</b>	<b>21,871.8</b>	<b>22,273.9</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>

Administration & Regulatory Affairs and the Finance Department were Finance and Administration.  
Municipal Courts - Administration and Municipal Courts - Justice consolidated as the Department.  
Fleet Management was established as a new department in FY 2012. It is no longer part of Public Works & Engineering.

**CITY OF HOUSTON, TEXAS**  
**OPERATING INDICATORS BY FUNCTION**  
**June 30, 2020**  
**(unaudited)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Function</b>										
<b>Police</b>										
Physical arrests	130,376	109,368	96,058	138,007	54,490	61,749	51,910	51,288	58,401	51,054
Parking violations	196,702	201,341	197,253	195,822	188,570	203,941	194,595	187,047	201,142	169,439
Traffic violations filed	686,714	729,490	587,835	557,609	472,553	437,138	395,461	379,266	392,454	280,399
<b>Fire</b>										
Number of calls dispatched	273,444	285,287	294,278	308,264	327,417	336,170	335,693	346,023	337,613	347,409
Inspections (1)	87,511	84,826	82,515	85,945	88,367	74,906	11,000	25,742	30,579	34,582
<b>Highways and streets</b>										
Streets resurfaced (miles)	140	140	129	104	194	152	186	142	153	158
Tons of asphalt for pothole repair and skin patches	19,002	16,497	16,279	15,292	15,972	13,130	13,328	13,058	11,507	1,526
<b>Parks and recreation</b>										
Athletic field permits issued	2,490	1,985	2,375	2,344	2,312	2,270	2,423	2,300	2,342	1,715
Community center admissions	4,775,581	5,259,890	5,421,607	5,702,568	5,812,806	5,547,431	5,837,622	5,469,776	5,810,167	4,521,199
<b>Sanitation</b>										
Refuse collected (tons)	673,966	703,449	712,857	686,334	681,675	695,613	725,819	732,015	718,506	753,879
Recyclables collected (tons) (2)	110,079	113,332	111,602	115,143	116,575	127,421	120,324	76,024	99,697	127,160
<b>Water</b>										
New connections (7)	2,881	3,433	3,864	6,796	6,349	4,559	4,530	4,612	4,524	3,083
Water main breaks (3)	11,688	17,999	11,343	11,935	10,572	11,122	9,638	8,355	11,067	8,178
Average daily pumpage (millions of gallons)	446.0	483.0	446.4	455.0	428.0	445.0	458.0	461.0	454.0	455.2
<b>Wastewater</b>										
Wastewater line repairs	2,164	2,487	2,660	2,210	2,186	2,252	2,322	2,452	2,222	1,893
Average daily sewage treatment (millions of gallons)	220.0	217.0	209.0	225.0	256.6	256.1	252.8	251.7	270.2	250.0

- (1) The Fire Department now has a better system to record inspections. For example, a ten-building apartment complex is now counted as ten inspections, not one.
- (2) The Solid Waste Department started the tree recycling program in January 2009, which greatly increased the tons of recyclables collected.
- (3) A dry year caused a higher than usual number of breaks.

**CITY OF HOUSTON, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**June 30, 2020**  
**(unaudited)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Function</b>										
Public safety										
Police										
Stations	17	17	17	17	17	16	17	17	17	17
Patrol units	915	838	856	903	1,282	1,338	1,416	1,448	1,470	1,326
Fire										
Stations	94	94	92	92	93	93	93	93	93	93
Highways and streets										
Streets (lane miles)	15,397	15,397	15,397	15,397	15,404	14,656	14,656	14,764	13,852	13,852
Streetlights	174,795	175,249	175,516	174,373	174,075	175,172	176,440	177,056	177,056	177,056
Traffic signals	2,395	2,439	2,449	2,467	2,467	2,491	2,495	2,491	2,491	2,491
Parks and recreation										
Parks acreage	37,846	37,846	37,851	37,851	37,859	37,856	35,733	37,942	39,501	39,501
Parks	527	527	527	528	533	537	542	545	546	547
Swimming pools	61	59	57	57	56	56	57	58	59	59
Tennis Centers	3	3	3	3	3	3	3	3	3	3
Community centers	58	59	60	60	61 (4)	61	60	60	60	60
Sanitation										
Collection trucks	326	321	323	323	343	351	360	350	371	413
Water										
Water mains (miles)	7,500	7,146	7,143	7,198	7,128	7,128	7,128	7,144	7,210	7,174
Fire hydrants	57,013	57,000	58,162	58,984	N/A	N/A	60,420	60,543	61,524	61,876
Maximum daily capacity (millions of gallons)	842.0 (1)	905.0	853.0	885.0	803.0	808.1	798.95	782.41	795.31	790.00
Sewer										
Sanitary sewers (miles)	6,403 (2)	6,700	6,950	6,950	6,950	6,950	6,950	6,192 (3)	6,200	6,300
Storm sewers (miles)	3,698	3,700	3,789	3,838	3,838	3,894	3,946	3,987	3,987	3,987
Maximum daily treatment permitted (millions of gallons)	563.0	563.0	563.0	565.0	563.0	563.0	563.0	564.0	563.7	563.7

- (1) The maximum daily capacity for FY2008 to FY2010 were adjusted to reflect updated information received from the division.  
(2) The sanitary sewers (miles) for FY2008 to FY2010 were adjusted to reflect updated information received from the division.  
(3) The sanitary sewers (miles) for FY2013 to FY2018 were adjusted to reflect updated information received from Wastewater Operations Branch  
(4) Includes new Memorial Running Center

**CITY OF HOUSTON, TEXAS**  
**June 30, 2020**  
**INCREASES/DECREASES TO NET POSITION OF PENSION PLANS**  
**(amounts expressed in thousands)**  
**(unaudited)**

	<u>Police</u>	<u>Fire</u>	<u>Municipal</u>	<u>Total</u>
Additions	259,333	201,393	94,331	555,057
Deductions	<u>361,504</u>	<u>336,153</u>	<u>313,543</u>	<u>1,011,200</u>
Net Increase	<u>(102,171)</u>	<u>(134,760)</u>	<u>(219,212)</u>	<u>(456,143)</u>
 City's Total Contribution	 <u><u>149,078</u></u>	 <u><u>83,837</u></u>	 <u><u>176,430</u></u>	 <u><u>409,345</u></u>

The City's funding policies provide for actuarially determined periodic contributions at rates such that overtime will remain level as a percentage of payroll. The contribution rate for normal cost is determined by using the entry age normal cost method. The pension plans use the level percentage of payroll method to amortize the unfunded actuarially accrued liability (or surplus) over 40 years from January 1, 1993.

**CITY OF HOUSTON, TEXAS**  
**PRINCIPAL AND INTEREST PAYABLE FROM AD VALOREM TAXES**  
**(EXCLUDING COMMERCIAL PAPER NOTES)**  
**(unaudited)**

The following schedule presents the City's debt service requirements for Fiscal Years 2021 through 2049 for the outstanding Tax Bonds, Pension Obligations, and Tax Certificates. Debt service on commercial paper notes is not reflected in the schedule below.

Fiscal Year Ended June 30	Tax Bonds <sup>(a)</sup>	Pension Obligations <sup>(b)</sup>	Tax Certificates <sup>(c)</sup>	Total Debt Service <sup>(d)</sup>
2021	271,274,498	96,198,873	2,518,337	369,991,708
2022	270,293,229	97,419,202	2,515,587	370,228,018
2023	256,999,168	98,652,956	2,514,837	358,166,961
2024	235,946,417	99,934,772	885,033	336,766,222
2025	194,062,399	101,250,714		295,313,113
2026	172,932,757	102,607,216		275,539,973
2027	177,840,422	104,001,132		281,841,554
2028	169,395,647	105,426,207		274,821,854
2029	137,277,777	115,232,047		252,509,824
2030	100,310,777	116,755,090		217,065,867
2031	78,682,277	129,726,814		208,409,091
2032	64,790,327	131,324,920		196,115,247
2033	56,114,781	90,551,979		146,666,760
2034	53,391,440	67,991,967		121,383,407
2035	41,723,440	114,023,057		155,746,497
2036	40,351,242	104,392,373		144,743,615
2037	36,951,242	91,243,023		128,194,265
2038	17,577,067	69,409,249		86,986,316
2039	14,621,542	71,296,510		85,918,052
2040	11,300,342	73,230,382		84,530,724
2041	11,307,286	95,473,340		106,780,626
2042	9,299,436	76,386,596		85,686,032
2043	7,936,591	78,487,772		86,424,363
2044	4,782,800	80,647,485		85,430,285
2045	4,781,600	82,861,427		87,643,027
2046	4,784,400	85,140,092		89,924,492
2047	4,780,800	87,483,182		92,263,982
2048	4,780,800			4,780,800
2049	4,784,000			4,784,000
	<u>\$ 2,459,074,504</u>	<u>2,567,148,377</u>	<u>\$ 8,433,794</u>	<u>\$ 5,034,656,675</u>

Each Fiscal Year the City budgets for Commercial Paper Notes debt service and related reserve funds based on a calculation that assumes a certain amount of Commercial Paper Notes is expected to be issued during that Fiscal Year at an assumed rate of interest.

- (a) Total debt service does not include payments related to various leases for office space and equipment, which are not considered debt under Texas law. The terms and conditions of such leases and agreements vary.
- (b) GO portion only.
- (c) Adjusted to reflect the sinking fund payments for the Tax and Revenue Certificates of Obligation (QECCB - Direct Pay to Issuer), Series 2013Q (the "Series 2013Q Certificates"). Excludes the federal subsidy payment expected to be received by the City in connection with the Series 2013Q Certificates.
- (d) Totals may reflect a variance due to rounding.

**CITY OF HOUSTON, TEXAS**  
**June 30, 2020**  
**VOTER-AUTHORIZED OBLIGATIONS**  
(amounts expressed in thousands)  
(unaudited)

The following schedule sets forth the categories of bond authorization approved by the voters in elections held in November of 2001 (the "2001 Election"), November of 2006 (the "2006 Election"), November of 2012 (the "2012 Election"), and November of 2017 (the "2017 Election"), the amount of each such authorization approved by City Council for issuance as Commercial Paper Notes, the amount of commercial paper issued as of year-end, and the amount of commercial paper approved but unissued. The City has issued all bonds authorized at the election held in November of 1997.

**November 2001 Election**

Purposes	Voter Authorized	Approved by City	Commercial	Commercial Paper	All Voter
		Council for Issuance as Commercial Paper Notes	Paper Issued <sup>(a)</sup>	Notes Approved by City Council but Unissued	Authorized but Unissued
Streets, Bridges, Traffic Control	\$ 474,000	\$ 474,000	\$ 471,300	\$ 2,700	\$ 2,700
Parks and Recreation	80,000	80,000	80,000	-	-
Police and Fire Departments	82,000	82,000	82,000	-	-
Permanent and General					
Improvements <sup>(b)</sup>	80,000	80,000	80,000	-	-
Public Libraries	40,000	40,000	40,000	-	-
Low Income Housing	20,000	20,000	20,000	-	-
Total	<u>\$ 776,000</u>	<u>\$ 776,000</u>	<u>\$ 773,300</u>	<u>\$ 2,700</u>	<u>\$ 2,700</u>

**November 2006 Election**

Streets, Bridges, Traffic Control	\$ 320,000	\$ 219,950	\$ 75,565	\$ 144,385	\$ 244,435
Parks and Recreation	55,000	55,000	55,000	-	-
Public Safety	135,000	135,000	135,000	-	-
Permanent and General					
Improvements <sup>(b)</sup>	60,000	60,000	60,000	-	-
Public Libraries	37,000	37,000	37,000	-	-
Low Income Housing	18,000	18,000	7,531	10,469	10,469
Total	<u>\$ 625,000</u>	<u>\$ 524,950</u>	<u>\$ 370,096</u>	<u>\$ 154,854</u>	<u>\$ 254,904</u>

**November 2012 Election**

Streets, Bridges, Traffic Control	\$ -	\$ -	\$ -	\$ -	\$ -
Parks and Recreation	166,000	166,000	101,893	64,107	64,107
Public Safety	144,000	144,000	106,878	37,122	37,122
Permanent and General					
Improvements <sup>(b)</sup>	57,000	57,000	38,216	18,784	18,784
Public Libraries	28,000	28,000	28,000	-	-
Low Income Housing	15,000	6,188	2,108	4,080	12,892
Total	<u>\$ 410,000</u>	<u>\$ 401,188</u>	<u>\$ 277,095</u>	<u>\$ 124,093</u>	<u>\$ 132,905</u>

**November 2017 Election**

Streets, Bridges, Traffic Control	-	-	-	-	-
Parks and Recreation	104,000	40,357	-	40,357	104,000
Public Safety	159,000	51,455	-	51,455	159,000
Permanent and General					
Improvements <sup>(b)</sup>	109,000	65,978	-	65,978	109,000
Public Libraries	123,000	42,503	1,000	41,503	122,000
Low Income Housing	-	-	-	-	-
Total	<u>\$ 495,000</u>	<u>\$ 200,293</u>	<u>\$ 1,000</u>	<u>\$ 199,293</u>	<u>\$ 494,000</u>

Combined Total (2001, 2006, 2012 & 2017 Elections)	<u>\$ 2,306,000</u>	<u>\$ 1,902,431</u>	<u>\$ 1,421,491</u>	<u>\$ 480,940</u>	<u>\$ 884,509</u>
---	---------------------	---------------------	---------------------	-------------------	-------------------

(a) As of June 30, 2020

(b) Includes Public Health and Solid Waste Management



**CITY OF HOUSTON, TEXAS**  
**June 30, 2020**  
(unaudited)

**SALES AND USE TAX AND FRANCHISE CHARGES AND FEES**

<b>Fiscal Year</b>	<b>Sales and Use Tax</b>	<b>Charges and Fees</b>
	(in thousands)	(in thousands)
2012	\$ 546,543	\$ 192,760
2013	\$ 600,256	\$ 195,304
2014	\$ 629,441	\$ 189,989
2015	\$ 667,061	\$ 189,836
2016	\$ 640,476	\$ 191,584
2017	\$ 631,993	\$ 190,586
2018	\$ 674,279	\$ 185,774
2019	\$ 692,271	\$ 180,609
2020	\$ 684,425	\$ 169,304
2021 (budgeted)	\$ 675,000	\$ 157,259

**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><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
<b>Operating Revenues</b>			
Fees charged to users, net	\$ 22,877	\$ 8,934	\$ 10,372
<b>Total Operating Revenues</b>	<u>22,877</u>	<u>8,934</u>	<u>10,372</u>
<b>Nonoperating Revenues</b>			
Interest	9,562	10,010	9,080
Hotel occupancy tax (includes penalty and interest)	61,603	68,623	76,325
Other income	<u>18,266</u>	<u>525</u>	<u>413</u>
<b>Total Nonoperating Revenues</b>	<u>89,431</u>	<u>79,158</u>	<u>85,818</u>
<b>Total Revenues</b>	<u>\$ 112,308</u>	<u>\$ 88,092</u>	<u>\$ 96,190</u>

<b>Total Annual Expenses Last Ten Fiscal Years</b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
<b>Operating Expenses</b>			
Maintenance and operating	\$ 40,229	\$ 1,885	\$ 1,780
Depreciation	<u>15,227</u>	<u>14,703</u>	<u>14,488</u>
<b>Total Operating Expenses</b>	<u>55,456</u>	<u>16,588</u>	<u>16,268</u>
<b>Nonoperating Expenses</b>			
Interest on long-term debt	25,194	25,799	26,150
Promotional contracts & other expenses	<u>27,513</u>	<u>100,046</u>	<u>62,662</u>
<b>Total Nonoperating Expenses</b>	<u>52,707</u>	<u>125,845</u>	<u>88,812</u>
<b>Total Expenses</b>	<u>\$ 108,163</u>	<u>\$ 142,433</u>	<u>\$ 105,080</u>

\*Beginning in Fiscal Year 2018, the City began reflecting the 19.3% of the hotel occupancy tax that was designated to the General Fund in the General Fund as opposed to the Convention and Entertainment Fund. The amount here represents the 81% available to cover bond covenants.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018*</u>	<u>2019</u>	<u>2020</u>
\$ 11,124	\$ 12,390	\$ 12,431	\$ 12,283	\$ 7,883	\$ 10,655	\$ 9,486
<u>11,124</u>	<u>12,390</u>	<u>12,431</u>	<u>12,283</u>	<u>7,883</u>	<u>10,655</u>	<u>9,486</u>
9,637	4,933	12,708	9,091	9,723	13,560	12,000
90,119	90,711	88,632	82,882	89,417	86,078	67,348
<u>292</u>	<u>818</u>	<u>-</u>	<u>291</u>	<u>989</u>	<u>2,083</u>	<u>292</u>
<u>100,048</u>	<u>96,462</u>	<u>101,340</u>	<u>92,264</u>	<u>100,129</u>	<u>101,721</u>	<u>79,640</u>
<u>\$ 111,172</u>	<u>\$ 108,852</u>	<u>\$ 113,771</u>	<u>\$ 104,547</u>	<u>\$ 108,012</u>	<u>\$ 112,376</u>	<u>\$ 89,126</u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 1,199	\$ 1,380	\$ 76,466	\$ 69,756	\$ 73,725	\$ 70,470	\$ 48,935
<u>14,219</u>	<u>14,375</u>	<u>13,720</u>	<u>13,654</u>	<u>13,599</u>	<u>13,508</u>	<u>13,480</u>
<u>15,418</u>	<u>15,755</u>	<u>90,186</u>	<u>83,410</u>	<u>87,324</u>	<u>83,978</u>	<u>62,415</u>
25,791	29,684	27,299	27,170	27,945	29,747	27,322
<u>73,371</u>	<u>79,312</u>	<u>421</u>	<u>(177)</u>	<u>(251)</u>	<u>-</u>	<u>-</u>
<u>99,162</u>	<u>108,996</u>	<u>27,720</u>	<u>26,993</u>	<u>27,694</u>	<u>29,747</u>	<u>27,322</u>
<u>\$ 114,580</u>	<u>\$ 124,751</u>	<u>\$ 117,906</u>	<u>\$ 110,403</u>	<u>\$ 115,018</u>	<u>\$ 113,725</u>	<u>\$ 89,737</u>

**CITY OF HOUSTON, TEXAS  
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS  
Last Ten Fiscal Years  
(unaudited)**

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

<b>Fiscal Year</b>	<b>Pledged HOT (a)</b>	<b>% Change</b>	<b>Pledged Parking Revenues (b)</b>	<b>% Change</b>	<b>Tax Rebates (c)</b>	<b>% Change</b>	<b>Total (d)</b>
2011	49,723	12.0%	7,286	-3.0%	8,177	4.0%	65,186
2012	55,388	11.4%	6,632	-9.0%	9,937	21.5%	71,957
2013	61,605	11.2%	7,892	19.0%	9,395	-5.0%	78,892
2014	72,739	18.1%	8,644	9.5%	7,762	-17.4%	89,145
2015	73,217	4.0%	9,810	5.0%	-	-100.0%	83,027
2016	72,265	-1.3%	9,851	0.4%	-	-100.0%	82,116
2017	66,898	-7.4%	9,593	-2.6%	-	-100.0%	76,491
2018	72,172	8.0%	5,234	-45.4%	-	-100.0%	77,406
2019	69,477	-3.7%	8,006	53.0%	-	-100.0%	77,483
2020	54,359	-21.8%	6,837	-14.6%	-	-100.0%	61,196

- (a) The Pledged Hotel Occupancy Tax (HOT) revenues are revenues (including penalties, interest and delinquencies, if any) collected due to an occupancy tax of 5.65% applied to the cost of substantially all hotel room rentals in the City other than the Hilton Americas Hotel during the first ten years of its operation. The total HOT imposed by the City is 7%.
- (b) The City's pledge of parking revenues for debt service is subordinate to the City's pledge of the first \$1,200,000 of such gross revenues, charges and tolls to the payment of its annual obligation under the Music Hall Lease, unless such obligation is paid, defeased, matures or is otherwise restructured. These annual payments totaled \$1,000,000 for fiscal years 2001-2005, \$1,050,000 for fiscal year 2006, and \$1,100,000 for fiscal years 2007-2011.
- (c) The Tax Rebates consist of rebates of hotel occupancy taxes, sales taxes, and mixed beverage taxes derived from the Hilton Americas Hotel and parking garage during the first ten years of operation. They ended 12-31-13, so there are no rebates to report in FY2020.
- (d) Amounts shown do not include investment earnings on pledged revenues, which are also pledged.

**CITY OF HOUSTON, TEXAS**  
**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 (1)</b>	<b>Average Daily Rate (1)</b>	<b>Tax % Rate</b>	<b>Gross Hotel Occupancy Tax Revenues (in thousands)</b>
2011	63.0%	95.37	7%	63,629
2012	65.4%	95.35	7%	70,731
2013	68.0%	101.0	7%	79,736
2014	70.5%	108.8	7%	90,345
2015	70.3%	111.17	7%	90,711
2016	64.2%	105.55	7%	88,632
2017	61.5%	105.47	7%	82,961
2018	65.0%	108.18	7%	89,417
2019	64.6%	104.16	7%	86,078
2020	39.8%	86.48	7%	67,348

(1) Source: Greater Houston Partnership.

**CITY OF HOUSTON, TEXAS**  
**CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS**  
**June 30, 2020**  
**(unaudited)**

**Schedule of Hotel Occupancy Tax Collections**

<u>The Twelve Largest Taxpayers</u>	<u>Gross Hotel Occupancy Tax Collections</u>
Houston Marriott Marquis	\$ 2,728,081
AirBnB Inc.	2,608,036
Hilton Americas-Houston	2,572,027
Hyatt Regency Hotel	1,720,153
The Post Oak Hotel	1,198,073
Four Seasons Hotel Houston	1,113,460
JW Marriot Houston Downtown	1,102,445
Marriott Hotel IAH	1,067,112
Westin Galleria	985,289
JW Marriott Galleria	960,771
Hotel Zaza	897,591
Marriott Medical Center Hotel	<u>854,485</u>
Total	<u>\$ 17,807,523</u>

**CITY OF HOUSTON, TEXAS**  
**CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS**  
**June 30, 2020**  
**(unaudited)**

**Parking Facilities Rates**

<b>Facility</b>	<b>City Employee Monthly Contract (1)</b>	<b>Other Monthly Contract (2)</b>	<b>Daily Transient (2)</b>	<b>Event Rate (2)</b>
Theater District Garage	\$101.40	\$185.00 \$106.00 (3) \$140.29 (4)	\$8.00 per hour \$18.00 Maximum	\$12.00
Reserved parking		\$225.00		
City Hall Annex Parking Garage	\$51.76	\$106.00	n/a	\$12.00
Lots C and H	\$65.05	\$60.00	n/a	\$12.00

(1) Does not include sales and use tax of 8.25%.

(2) Includes sales and use tax of 8.25%.

(3) Rates paid by Convention & Entertainment Facilities departmental contractors.

(4) Bulk contract parking agreement.

Source: [www.houstonfirsttheaters.com/parking](http://www.houstonfirsttheaters.com/parking), COH, Convention & Entertainment Facilities Department.

**CITY OF HOUSTON, TEXAS**  
**CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS**  
**Debt Service Schedule**  
**(unaudited)**

The following table sets forth the Debt Service Requirements on all Convention & Entertainment Revenue Bonds Outstanding assuming scheduled mandatory redemption of any term bonds.

<b>Fiscal Year Ending June 30</b>	<b>Series 2001 Bonds</b>	<b>Series 2011A Bonds</b>	<b>Series 2014 Bonds</b>	<b>Series 2015 Bonds</b>	<b>Regions Notes</b>	<b>Series 2017 Bonds</b>	<b>Series 2019 Bonds</b>	<b>Total Debt Service</b>						
2021	16,695,000	8,344,475	4,394,125	10,516,250	600,000	1,131,119	10,115,500	\$ 51,796,469						
2022	22,720,000	3,366,625	4,396,125	10,719,500	600,000	1,169,061	11,486,125	\$ 54,457,436						
2023	23,320,000	3,375,625	4,395,625	11,616,875	600,000	1,338,753	12,383,500	\$ 57,030,378						
2024	24,220,000	3,356,225	4,392,625	11,714,000	20,600,000	1,360,320	11,408,500	\$ 77,051,670						
2025	24,930,000	3,339,787	4,396,875	11,892,250	-	1,395,421	10,528,875	\$ 56,483,208						
2026	25,850,000	3,334,575	4,393,250	12,014,750	-	1,418,993	9,517,750	\$ 56,529,318						
2027	26,610,000	3,659,550	8,252,750	9,006,875	-	853,748	8,197,500	\$ 56,580,423						
2028	27,355,000	3,624,081	7,991,750	9,336,125	-	914,368	7,349,375	\$ 56,570,699						
2029	28,305,000	3,711,794	8,286,500	8,499,500	-	755,752	7,004,500	\$ 56,563,046						
2030	29,065,000	3,590,737	8,040,875	8,578,375	-	773,476	6,526,250	\$ 56,574,713						
2031	29,950,000	3,071,875	8,183,000	8,376,750	-	675,000	6,255,000	\$ 56,511,625						
2032	30,530,000	2,877,750	8,073,750	8,376,125	-	738,541	5,965,000	\$ 56,561,166						
2033	30,560,000	2,838,000	8,149,000	8,531,875	-	765,245	5,710,875	\$ 56,554,995						
2034	30,550,000	2,706,000	9,529,750	7,806,625	-	627,905	5,281,000	\$ 56,501,280						
2035	-	-	2,480,875	4,416,250	-	-	5,979,500	\$ 12,876,625						
2036	-	-	2,479,250	4,416,750	-	-	5,991,375	\$ 12,887,375						
2037	-	-	2,482,625	4,415,125	-	-	4,855,000	\$ 11,752,750						
2038	-	-	2,480,750	4,416,000	-	-	-	\$ 6,896,750						
2039	-	-	2,478,500	4,414,000	-	-	-	\$ 6,892,500						
2040	-	-	2,480,500	4,413,750	-	-	-	\$ 6,894,250						
2041	-	-	-	4,414,750	-	-	-	\$ 4,414,750						
2042	-	-	-	4,416,200	-	-	-	\$ 4,416,200						
2043	-	-	-	4,414,500	-	-	-	\$ 4,414,500						
2044	-	-	-	4,416,400	-	-	-	\$ 4,416,400						
2045	-	-	-	4,416,600	-	-	-	\$ 4,416,600						
2046	-	-	-	-	-	-	-	\$ -						
<b>Total</b>	<b>370,660,000</b>	<b>-</b>	<b>51,197,099</b>	<b>-</b>	<b>107,758,500</b>	<b>-</b>	<b>185,556,200</b>	<b>-</b>	<b>22,400,000</b>	<b>-</b>	<b>13,917,702</b>	<b>-</b>	<b>134,555,625</b>	<b>886,045,126</b>

(1) Assumes an interest rate of 2.3% for the Regions Notes.



**CITY OF HOUSTON, TEXAS**  
**CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS**  
(amounts expressed in thousands)  
(unaudited)

Convention & Entertainment Budget for Fiscal Year 2021

**Budgeted Resources**

**Operating Revenues**

Facility Rentals	\$ 1,449
Parking	10,424
<b>Total Operating Revenues</b>	<u>11,873</u>

**Operating Expenses**

Personnel	233
Services	126
<b>Total Operating Expenses</b>	<u>359</u>
<b>Operating Income (Loss)</b>	11,514

**Nonoperating Revenues (Expenses)**

Hotel Occupancy Tax	
Current	62,675
Delinquent	1,000
Net Hotel Occupancy Tax	<u>63,675</u>
Investment Income (Loss)	400
Other Interest	(211)
Other	292
Total nonoperating Rev (Exp)	<u>64,156</u>
Income (Loss) Before Operating Transfers	75,670

**Transfers**

Transfers to Interest	17,782
Transfers to Principal	10,621
Transfer to Debt Service	185
Transfers to Component Unit	45,174
Transfers to General Fund	1,449
Total Transfers	<u>75,211</u>

<b>Net Income (Loss) Operating Fund</b>	<b>\$ <u>459</u></b>
---	----------------------

**CITY OF HOUSTON, TEXAS**  
**COMBINED UTILITY SYSTEM FUND REVENUES AND EXPENSES**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**  
**(unaudited)**

<b>Total Annual Revenues Last Ten Fiscal Years</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Operating Revenues</b>					
Water sales	\$ 455,333	\$ 480,676	\$ 485,485	\$ 499,912	\$ 486,517
Waste water system user charges	410,941	421,370	426,888	441,300	434,305
Penalties and Other services and charges	12,901	15,192	12,317	12,195	6,602
<b>Total Operating Revenues</b>	<b>879,175</b>	<b>917,238</b>	<b>924,690</b>	<b>953,407</b>	<b>927,424</b>
<b>Nonoperating Revenues</b>					
Interest	11,041	5,696	(507)	10,688	7,685
Other income	33,202	45,448	52,355	80,062	49,632
<b>Total Nonoperating Revenues</b>	<b>44,243</b>	<b>51,144</b>	<b>51,848</b>	<b>90,750</b>	<b>57,317</b>
<b>Total Revenues</b>	<b>\$ 923,418</b>	<b>\$ 968,382</b>	<b>\$ 976,538</b>	<b>\$ 1,044,157</b>	<b>\$ 984,741</b>
<b>Total Annual Expenses Last Ten Fiscal Years</b>					
<b>Operating Expenses</b>					
Maintenance and operating	\$ 362,851	\$ 410,781	\$ 395,439	\$ 399,647	\$ 428,732
Depreciation and Amortization	215,186	211,170	217,622	223,381	231,048
<b>Total Operating Expenses</b>	<b>578,037</b>	<b>621,951</b>	<b>613,061</b>	<b>623,028</b>	<b>659,780</b>
<b>Nonoperating Expenses</b>					
Interest on long-term debt	286,674	290,882	282,466	291,122	265,013
Other expenses	1,625	670	286	5,397	-
<b>Total Nonoperating Expenses</b>	<b>288,299</b>	<b>291,552</b>	<b>282,752</b>	<b>296,519</b>	<b>265,013</b>
<b>Total Expenses</b>	<b>\$ 866,336</b>	<b>\$ 913,503</b>	<b>\$ 895,813</b>	<b>\$ 919,547</b>	<b>\$ 924,793</b>

(1) In 2014, GASB No. 65 "Items Previously Reported as Assets and Liabilities" was implemented causing a restatement to beginning net assets of (\$60,080). Certain bond issuance cost were expensed.

(2) In 2015, GASB No. 68 "Accounting and Financial Reporting for Pensions" was implemented causing a restatement to beginning net assets of (\$273,806) from the recognition of additional pension expense.

(3) In 2018, GASB No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)" was implemented causing a restatement to beginning net assets of (\$61,602).

(4) In 2019, a prior period adjustment was recorded causing a restatement to beginning net assets of \$79,429.

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 529,879	\$ 547,054	\$ 559,010	\$ 554,294	\$ 591,611
462,786	475,392	479,978	485,183	509,315
9,917	3,349	13,561	2,965	(834)
<u>1,002,582</u>	<u>1,025,795</u>	<u>1,052,549</u>	<u>1,042,442</u>	<u>1,100,092</u>
12,652	3,954	8,074	55,170	58,243
<u>55,306</u>	<u>58,414</u>	<u>74,595</u>	<u>83,688</u>	<u>70,546</u>
<u>67,958</u>	<u>62,368</u>	<u>82,669</u>	<u>138,858</u>	<u>128,789</u>
<u>\$ 1,070,540</u>	<u>\$ 1,088,163</u>	<u>\$ 1,135,218</u>	<u>\$ 1,181,300</u>	<u>\$ 1,228,881</u>

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 451,342	\$ 354,396	\$ 492,391	\$ 516,503	\$ 518,591
<u>236,841</u>	<u>246,218</u>	<u>252,093</u>	<u>257,430</u>	<u>265,306</u>
<u>688,183</u>	<u>600,614</u>	<u>744,484</u>	<u>773,933</u>	<u>783,897</u>
252,116	248,920	248,284	268,708	247,440
<u>1,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>253,993</u>	<u>248,920</u>	<u>248,284</u>	<u>268,708</u>	<u>247,440</u>
<u>\$ 942,176</u>	<u>\$ 849,534</u>	<u>\$ 992,768</u>	<u>\$ 1,042,641</u>	<u>\$ 1,031,337</u>

**CITY OF HOUSTON, TEXAS**  
**COMBINED UTILITY SYSTEM REVENUE BOND COVERAGE**  
(amounts expressed in thousands)  
(unaudited)

	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>
<b>OPERATING REVENUES</b>		
Sales of water	\$ 591,611	\$ 554,294
Sewer system user charges	509,315	485,183
Penalties, other services and charges	<u>(834)</u>	<u>2,965</u>
Total Operating Revenues	<u>1,100,092</u>	<u>1,042,442</u>
<b>NON-OPERATING REVENUES</b>		
Investment Earnings under Previous Ordinance	23,679	21,890
Investment Earnings under Master Ordinance	13,184	11,246
Other Non-Operating revenues	<u>18,438</u>	<u>19,407</u>
Total non-operating revenues	<u>55,301</u>	<u>52,543</u>
<b>TOTAL GROSS REVENUES:</b>	<u>1,155,393</u>	<u>1,094,985</u>
<b>EXPENSES</b>		
Contract Revenue Bonds Payments <sup>(1)</sup>		
Coastal Water Authority Debt Service	<u>6,381</u>	<u>6,385</u>
Total Contract Revenue Bonds Payments	6,381	6,385
Maintenance and Operating Expenses	<u>459,410</u>	<u>461,859</u>
Total Expenses	<u>465,791</u>	<u>468,244</u>
<b>RESTRICTED RECEIPTS UNDER MASTER ORDINANCE</b>	<u>28,960</u>	<u>28,621</u>
<b>NET REVENUES UNDER MASTER ORDINANCE</b>	<u>\$ 718,562</u>	<u>\$ 655,362</u>
<b>BOND DEBT SERVICE:</b>		
Previously Issued Bonds	23,520	-
First Lien Bonds	<u>452,339</u>	<u>471,570</u>
Total Debt Service	<u>\$ 475,859</u>	<u>\$ 471,570</u>
<b>BOND DEBT SERVICE COVERAGE:</b>		
Junior Lien Bond Coverage under Previous Ordinance <sup>(2)</sup>	28.76	-
First Lien Bond Coverage under Master Ordinance <sup>(3)</sup>	1.54	1.39
<b>TOTAL COVERAGE <sup>(4)</sup></b>	1.51	1.39

(1) These are "Required Payments Under Previous Ordinance."

(2) Coverage of debt service on Previous Ordinance Bonds by Net Revenues as calculated under Previous Ordinance, which does not include as revenues Investment Earnings under Master Ordinance and Restricted Revenues.

(3) Coverage of Debt Service on First Lien Bonds by Net Revenues, less debt service on Junior Lien Bonds under Previous Ordinance.

(4) Coverage of total Debt Service on Junior Lien Bonds under Previous Ordinance and First Lien Bonds under Master Ordinance by Net Revenues.

**CITY OF HOUSTON, TEXAS**  
**COMBINED UTILITY SYSTEM STATISTICS**  
**System Budget for Fiscal Year 2021**  
**(amounts expressed in thousands)**  
**(unaudited)**

The following is the summary of the Fiscal Year 2021 Budget for the System as adopted by City Council:

<b>Revenues</b>	
Beginning Fund Balance (July 1, 2020)	\$ 824,276
Current Revenues	<u>1,187,193</u>
<b>Total Revenues</b>	<u><u>\$ 2,011,469</u></u>
<b>Expenditures</b>	
Maintenance and Operations	\$ 541,148
CWA Debt Service	10,572
Debt Service (including Prior Lien Bonds, Junior Lien Bonds and Commercial Paper)	<u>549,074</u>
<b>Total Expenditures</b>	<u><u>1,100,794</u></u>
<b>Other</b>	
General Purpose Fund (including Discretionary Debt Service)	180,932
Planned Fund Balance (June 30, 2021)	<u>729,743</u>
<b>Total Expenditures and Reserves</b>	<u><u>\$ 2,011,469</u></u>

**CITY OF HOUSTON, TEXAS**  
**COMBINED UTILITY SYSTEM STATISTICS**  
**(unaudited)**

The following calculation shows coverage by Net Revenues of Maximum Annual Debt Service on the Previous Ordinance and First Lien Bonds.

	<b>FY 2020</b>
Maximum Annual Debt Service Requirements on Previous Ordinance Bonds (2029) (1)	\$ 44,095,000
Maximum Annual Debt Service Requirements on First Lien Bonds (2030) (1) (2)	\$ 490,320,498
Combined Maximum Annual Principal and Interest Requirements on Previous Ordinance Bonds and First Lien Bonds (2023)	\$ 490,483,333
Net Revenues under Previous Ordinance for Fiscal Year ended June 30, 2020 (3)	\$ 689,602,713
Net Revenues under Master Ordinance for Fiscal Year ended June 30, 2020 (4)	\$ 718,562,253
Total Funds available for Debt Service Coverage at July 1, 2020 (5)	\$ 845,251,824

Coverage of Maximum Annual Debt Service Requirements on Previous Ordinance Bonds	15.64
Coverage of Maximum Annual Debt Service Requirements on First Lien Bonds	3.19
Coverage of Maximum Annual Debt Service Requirements on Previous Ordinance Bonds and First Lien Bonds	3.19

- (1) Does not include debt service on CWA Bonds, which are payable from Gross Revenues as a Maintenance and Operating Expense of the System.
- (2) First Lien Debt Service largest payment requirement
- (3) Excludes Restricted Receipts under Master Ordinance.
- (4) Net Revenues as calculated under the Master Ordinance, which includes as revenues restricted receipts and earnings under the Master Ordinance.
- (5) Available cash from Operating and General Purpose Fund net of encumbrances.

**The System - Water & Sewer Facilities General**

The City of Houston Drinking Water Operations (DWO) System covers over 666 square miles, providing drinking water to four counties: Harris, Fort Bend, Montgomery, and Galveston. There are 473,040 active water service accounts with 958,373 connections. 87% of source water is pulled from the San Jacinto and Trinity rivers while the remaining 13% originates from groundwater wells. In total, DWO has 915.61 million gallons per day (MGD) combined production capacity of groundwater and surface water. More specifically, the water production and storage system include 3 surface water plants, 49 groundwater plants, 129 groundwater wells, 7 surface water re-pressurization plants, and 137 water storage tanks and towers. Average water purification and production is 455 MGD, which is enough to fill the Astrodome almost twice per day. The water distribution network consists of 7,174 linear miles of piping, 61,876 fire hydrants, and over 164,443 valves that are managed and maintained to the highest standards.

The City of Houston Wastewater Operations System receives and processes wastewater generated by residential, commercial, and industrial customers throughout the service area. The service area covers approximately 637 square miles within the City of Houston and serves a population of about 2.3 million people. The Wastewater System consists of over 6,200 miles of both gravity and force main lines, 582 miles of service lines within public right of way, 39 wastewater treatment plants, and over 385 lift/pumping stations and a centralized laboratory. The general condition of the collection lines varies depending on age, location and type of construction. The average daily wastewater flow through the Wastewater Treatment Facilities for Fiscal Year 2020 was 245 million gallons per day (mgd). The permitted treatment capacity of the wastewater treatment facilities, as reflected by State permits, is 564 mgd.

**The System - Annexation Program - In - City Districts**

The City has created reinvestment zones and public improvement districts in which infrastructure improvements, including water and wastewater facilities, will be financed by the respective district or zone through bonds supported by assessments within the districts and by a tax increment fund into which will be deposited the amount of ad valorem taxes collected in the reinvestment zones in excess of the amount calculated on the basis of the property tax appraisals in effect at the time of creation of the particular reinvestment zone. Under State law, the City can create a public improvement district both within the corporate limits of the City and within its extraterritorial jurisdiction.

**CITY OF HOUSTON, TEXAS**  
**COMBINED UTILITY SYSTEM STATISTICS**  
**(unaudited)**

**Funding of Proposed System Improvements**

It is anticipated that the system improvements contemplated in the Department's Fiscal Year 2021-2025 CIP will be financed approximately as follows:

<b>Proposed Source of Funding</b>	Amount (in millions)
System Revenue Bonds (Net Proceeds and Interest Earnings) <sup>(1)</sup>	1,840,147,000
System Revenue	440,000,000
Swift Loan (subordinate Lien)	107,434,000
Contributed Capital	571,340,000
	<b>\$ 2,958,921,000</b>

- (1) The department's fiscal year 2021-2025 CIP anticipates the periodic issuance of additional First Lien Bonds and Subordinate Lien Commercial Paper. City Council must approve each issuance of bonds, but not each issuance of Commercial Paper Notes.

**Obligations Payable from System Revenues**

The following sets forth the total outstanding principal amount of the system obligations payable from revenues of the system as of June 30, 2020:

<b>Contract Revenue Bonds Payable from System Gross Revenues</b>	Amount
CWA Bonds <sup>(2)</sup>	\$ 56,955,000
Total - Contract Revenue Bonds	<b>\$ 56,955,000</b>
 <b>System Revenue Bonds Payable from System Net Revenues</b>	
Previous Ordinance Bonds	49,948,710
First Lien Bonds	6,009,025,000
Third Lien Obligations	275,000,000
Total - System Revenue Bonds	<b>\$ 6,333,973,710</b>
 Total - All Bonds Payable from System Revenues	 <b>\$ 6,390,928,710</b>

- (2) Under a 1968 agreement, as amended and superseded in part, and a 1995 agreement, CWA agreed to construct the CWA conveyance system and certain other projects and the City agreed to pay, as a maintenance and operation expense of the System, amounts calculated to be sufficient to cover maintenance and operation expenses of the CWA Conveyance System plus debt service of the CWA Bonds.

**CITY OF HOUSTON, TEXAS  
COMBINED UTILITY SYSTEM STATISTICS  
(unaudited)**

**Discretionary Debt Service Paid by the System**

The total amount of Discretionary Debt Service paid from Net Revenues of the System for the past nine fiscal years and the amount budgeted for fiscal year 2021 is set forth below:

Fiscal Year	Discretionary Debt Service (in millions)
2021 (budgeted)	\$ 5.0
2020	5.6
2019	7.8
2018	9.1
2017	9.2
2016	9.9
2015	12.0
2014	13.1
2013	15.8
2012	21.1

**Combined Utility System General Purpose Fund Transfers for Drainage**

The Combined Utility System transfers from its General Purpose Fund to the Storm Water Fund for the past nine fiscal years and the amount budgeted for fiscal year 2021 are reflected below:

Fiscal Year	General Purpose Fund Transfers (in millions)
2021 (budgeted)	\$ 66.5
2020	58.8
2019	55.4
2018	54.0
2017	52.8
2016	42.2
2015	35.2
2014	45.5
2013	43.8
2012	44.4

**Indirect Charges Paid by the System**

Fiscal Year	Indirect Charges (in thousands)
2021 (budgeted)	\$ 9,503
2020	11,069
2019	10,404
2018	10,877
2017	9,988
2016	9,810
2015	9,776
2014	6,173
2013	3,479
2012	3,869



**CITY OF HOUSTON, TEXAS**

**This page is left blank intentionally**

**CITY OF HOUSTON, TEXAS  
 COMBINED UTILITY SYSTEM STATISTICS  
 TREATED WATER/RAW WATER & SEWER ONLY  
 (NOT INCLUDING WHOLESALE NOR RAW WATER)  
 Last Ten Fiscal Years  
 (unaudited)**

<b>Fiscal Years</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Consumption (in Thousand Gallons)</b>				
Residential	28,553,893	29,400,266	26,239,053	25,263,997
Multi-Family	25,069,764	24,811,699	25,173,568	25,131,767
Commercial	21,997,822	22,079,299	21,508,026	21,728,794
Government	4,807,824	4,835,549	4,686,403	4,688,639
Sewer Only	1,228,458	1,215,254	1,331,651	1,343,031
Other Accts	6,461,476	7,473,765	6,981,799	6,339,166
<b>Total</b>	<b>88,119,237</b>	<b>89,815,832</b>	<b>85,920,500</b>	<b>84,495,394</b>
<b>Revenue Amount</b>	<b>\$ 763,685,117</b>	<b>\$ 809,001,774</b>	<b>\$ 805,440,324</b>	<b>\$ 828,136,771</b>
<b>Average Rate / Water &amp; Sewer</b>	<b>\$8.67</b>	<b>\$9.01</b>	<b>\$9.37</b>	<b>\$9.80</b>

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
23,265,022	24,744,815	25,911,974	26,498,295	24,144,424	25,495,741
25,370,691	25,676,282	26,323,185	29,640,195	26,521,613	27,766,727
21,591,973	21,825,149	23,764,306	24,188,333	25,778,408	29,590,893
3,149,624	3,558,515	6,174,766	8,670,358	5,982,549	5,566,938
1,584,261	1,614,142	1,505,248	1,430,196	1,384,000	858,588
5,099,403	5,903,309	3,072,484	2,777,547	3,092,248	3,270,522
<u>80,060,974</u>	<u>83,322,212</u>	<u>86,751,963</u>	<u>93,204,924</u>	<u>86,903,242</u>	<u>92,549,409</u>
<u>\$ 812,279,978</u>	<u>\$ 840,320,863</u>	<u>\$ 892,962,329</u>	<u>\$ 1,033,763,668</u>	<u>\$ 1,020,920,287</u>	<u>\$ 943,433,480</u>
\$10.15	\$10.09	\$10.29	\$11.09	\$11.75	\$10.19

**CITY OF HOUSTON, TEXAS**  
**COMBINED UTILITY SYSTEM STATISTICS**  
**June 30, 2020**  
**(unaudited)**

**Water Right Permit**

As of the date of this Official Statement, the City has received the following water rights permits:

	<b>Rights in MGD</b>
Surface Water	
Trinity River Basin	914
Water Reuse	259
San Jacinto River Basin	258
Bayous	116
Brazos River Basin	91
Total Surface Water Rights	1,638
Ground Water Production Capacity (1)	142
Total Water Available	1,780

(1) Pursuant to rules of the Harris - Galveston Coastal Subsidence District.

**CITY OF HOUSTON, TEXAS**  
**COMBINED UTILITY SYSTEM STATISTICS**  
**June 30, 2020**  
**(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, 2020. The total charges to such customers represent approximately 2.33% of the System Gross Revenue and 5.40% of Sewer Facilities gross charges during such period.

<u>Customer</u>	<u>Gross Charges</u>
1. Anheuser Busch	\$ 4,634,936
2. City of Houston	4,527,026
3. Harris County	3,533,108
4. HISD	3,570,956
5. University of Houston	2,931,607
6. Methodist Hospital	2,319,605
7. Memorial Hermann Hospital	2,429,619
8. Rice University	1,398,053
9. Oak Farms Dairy	1,292,685
10. Republic Services	1,153,859
	<u>\$ 27,791,454</u>

**Water and Sewer Rate Adjustments**

In recent years, the water and sewer rates have been adjusted on the average as follows:

<u>Date of Change</u>	<u>Average Percent Rate Increase (Decrease)</u>	
	<u>Water</u>	<u>Sewer</u>
April 2011	1.9%	1.9%
April 2012	3.3%	3.3%
April 2013	3.6%	3.6%
April 2014	1.2%	1.2%
April 2015	4.4%	4.4%
April 2016	1.4%	1.4%
April 2017	3.4%	3.4%
April 2018	2.8%	2.8%
April 2019	2.8%	2.8%
April 2020	3.5%	3.5%

Current water rates are based on customer class. The amount of the bill is the sum of the minimum charge based on meter size and an additional charge based on the volume of consumption above a minimum volume. The water rates vary from \$5.89 per thousand gallons for single-family customers to \$59.31 per ten thousand gallons

Usage of the Sewer Facilities is not only metered for rate purposes but also includes a fixed charge based on meter size and an additional charge based on the volume of the water usage. Sewer rates vary from \$6.255 per thousand gallons for wholesale customers to \$70.33 for industrial sewer only customers. Additionally, industrial customers may be subject to a sewer surcharge based on the quality of their wastewater discharge. quality of their wastewater discharge.

The bill for a typical single family residential customer using 6,000 gallons per month would be \$108.06 for both water and sewer services. However, total water and sewer charges may range from \$24.02 for 1,000 gallons to \$79.99 for 5,000 gallons per month for single-family residential customers.

**CITY OF HOUSTON, TEXAS**  
**COMBINED UTILITY SYSTEM STATISTICS**  
**June 30, 2020**  
**Water Supply**  
**(unaudited)**

**Capacity, Production, and Sales**

The following schedule sets forth information concerning Water Facilities capacity, production and sales for Fiscal Year 2020 (million gallons per day):

	Available Capacity	Production Planned	Actual Production
Ground	<u>225</u>	<u>82</u>	<u>60</u>
Surface	<u>565</u>	<u>422</u>	<u>395</u>
Total	<u><u>790</u></u>	<u><u>504</u></u>	<u><u>455</u></u>
	<u>Total Sales</u>		
Treated	<u>389</u>		
Untreated	<u>209</u>		
	<u><u>598</u></u>		

**Sources of System Revenues - General**

As of June 30, 2020, the Water Facilities and the Sewer Facilities served approximately 492,209 and 466,887 active service connections, respectively. During Fiscal Year 2020 approximately 49.7% of System Gross Revenues were derived from the sale of water, 90.5% from treated water and 9.5% from untreated water), approximately 42.8% from providing wastewater treatment services 1.6% from interest income and the remaining 5.6% from various other sources. Of the treated water sales, 92.1% of revenues were from retail customers and 7.9% from bulk sales to other governmental entities.

**CITY OF HOUSTON, TEXAS**  
**COMBINED UTILITY SYSTEM STATISTICS**  
**June 30, 2020**  
**Water Supply**  
**(unaudited)**

**Largest Treated Water Customers**

The following schedule presents information concerning the ten largest treated water customers of the System for the twelve month period ended June 30, 2020. The total charges to such customers during such period represent approximately 4.97% of the System Gross Revenues and 10.01% of total water sales revenues for such period.

<u>Customers</u>	<u>Gross Charges</u>
1. North Harris Co. Regional Water Aut.	\$ 13,592,681
2. North Channel Water Auth	8,292,853
3. West Harris Co. Regional Water Aut.	6,871,735
4. City of Pasadena	6,633,052
5. Gulf Coast Water Authority (Galveston)*	5,449,169
6. North Fort Bend County WA	5,052,234
7. Clear Lake City	3,730,220
8. City of Pearland	3,701,212
9. Anheuser Busch	3,229,113
10. Memorial Villages Water Authority	2,660,641
	<u>\$ 59,212,910</u>

**Largest Untreated Water Customers**

The following schedule presents information concerning the ten largest untreated water customers of the System for a twelve month period ended June 30, 2020. The total of the contract payments by these ten customers during such period represents approximately 3.04% of the System Gross Revenue and 6.11% of total water sales revenues for such period.

<u>Customers</u>	<u>Gross Charges</u>
1. Equistar Chemicals LP CH11	\$ 6,148,230
2. Air Liquide America Corp.	4,803,776
3. Shell Oil	4,684,060
4. Battleground Water Company	4,500,139
5. Baytown Area	3,943,133
6. Houston Refining, LP (Lyondell -Citgo)	3,611,272
7. Chevron Phillips Chemical Co.	2,820,063
8. Hoescht Celanese	2,033,936
9. Occidental Chemical	1,949,908
10. TPC Group (formerly Texas Petrochemical)	1,670,822
	<u>\$ 36,165,339</u>

**CITY OF HOUSTON, TEXAS**  
**COMBINED UTILITY SYSTEM STATISTICS**  
**Debt Service Schedule**  
**(unaudited)**

The following schedule sets forth the principal and interest requirements on all outstanding bonds payable from revenues of the System for each of the City's fiscal years ending June 30 as shown below, based on footnoted assumptions. The following schedule also does not include Discretionary Debt Service Payments or interest on Commercial Paper notes issued as Third Lien Obligations under the Master Ordinance.

Fiscal Year Ending June 30	<b>Payable From System Net Revenues</b>			Total Debt Service	
	Total Payable From System Gross Revenues(1)	Previous Ordinance Bonds	First Lien Bonds (2)		Total Payable From System Net Revenues
2021	6,397,931	22,405,000	467,496,372	489,901,372	496,299,303
2022	6,376,006	15,480,000	474,513,759	489,993,759	496,369,765
2023	6,355,581	17,345,000	473,138,333	490,483,333	496,838,914
2024	6,350,206	19,005,000	471,475,236	490,480,236	496,830,442
2025	6,338,956	17,990,000	471,794,927	489,784,927	496,123,883
2026	10,782,206	18,155,000	471,598,927	489,753,927	500,536,133
2027	3,378,081	30,815,000	458,961,111	489,776,111	493,154,192
2028	3,378,456	30,810,000	458,993,115	489,803,115	493,181,571
2029	3,404,306	44,095,000	445,535,411	489,630,411	493,034,717
2030	3,400,828		490,320,498	490,320,498	493,721,326
2031	3,396,313		487,035,087	487,035,087	490,431,400
2032	3,386,100		485,480,108	485,480,108	488,866,208
2033	3,381,000		484,513,143	484,513,143	487,894,143
2034	3,376,200		482,875,591	482,875,591	486,251,791
2035	3,381,300		307,331,150	307,331,150	310,712,450
2036			304,720,450	304,720,450	304,720,450
2037			285,092,515	285,092,515	285,092,515
2038			208,210,212	208,210,212	208,210,212
2039			202,712,436	202,712,436	202,712,436
2040			141,317,916	141,317,916	141,317,916
2041			140,588,684	140,588,684	140,588,684
2042			105,103,973	105,103,973	105,103,973
2043			105,098,789	105,098,789	105,098,789
2044			97,280,557	97,280,557	97,280,557
2045			83,795,267	83,795,267	83,795,267
2046			66,690,595	66,690,595	66,690,595
2047			49,341,106	49,341,106	49,341,106
2048			46,573,219	46,573,219	46,573,219
2049			28,588,996	28,588,996	28,588,996
2050			10,925,798	10,925,798	10,925,798
Total	\$ 73,083,470	\$ 216,100,000	\$ 8,807,103,281	\$ 9,023,203,281	\$ 9,096,286,751

(1) Includes CWA Maintenance and Operating lien.

(2) \$249,075,000 of the Series 2012C variable rate bond debt service is calculated at the rate of 5.061% through March 2013 and thereafter at the fixed rate payor swap rate of 3.761%. This was refunded in 2016 & again in 2018 to Series 2016C and Series 2018C respectively. Series 2004B debt service is adjusted to take into account expected payments under the Series 2004B Qualified Hedge Agreements.



**CITY OF HOUSTON**  
**COMBINED UTILITY SYSTEM STATISTICS**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**  
**(unaudited)**

**Revenues and Expenses of the Water and Sewer System**

The following schedule sets forth the revenues and expenses (exclusive of certain non-cash transactions, primarily depreciation and amortization) of the "Water and Sewer System," as defined in the Coastal Water Authority Official Statements.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>OPERATING REVENUES</b>										
Sales of Water	\$ 455,333	\$ 485,307	\$ 485,485	\$ 499,912	\$ 486,517	\$ 529,879	\$ 547,054	\$ 559,010	\$ 554,294	\$ 591,611
Sewer system user charges	410,941	421,370	426,888	441,300	434,305	462,786	475,392	479,978	485,183	509,315
Penalties and Other services and charges	12,901	15,191	17,455	12,195	6,602	9,917	3,349	13,561	2,965	(834)
<b>Total Operating Revenues</b>	<b>879,175</b>	<b>921,868</b>	<b>929,828</b>	<b>953,407</b>	<b>927,424</b>	<b>1,002,582</b>	<b>1,025,795</b>	<b>1,052,549</b>	<b>1,042,442</b>	<b>1,100,092</b>
<b>NON-OPERATING REVENUES</b>	<b>42,043</b>	<b>47,159</b>	<b>49,722</b>	<b>76,155</b>	<b>45,865</b>	<b>51,066</b>	<b>49,993</b>	<b>74,020</b>	<b>81,164</b>	<b>84,261</b>
<b>TOTAL GROSS REVENUES (A)</b>	<b>921,218</b>	<b>969,027</b>	<b>979,550</b>	<b>1,029,562</b>	<b>973,289</b>	<b>1,053,648</b>	<b>1,075,788</b>	<b>1,126,569</b>	<b>1,123,606</b>	<b>1,184,353</b>
<b>OPERATING EXPENSES</b>										
Maintenance and Operating Expenses	342,364	397,226	380,192	387,398	406,619	419,161	431,126	432,152	461,859	459,410
Contractual Maintenance and Operating Expenses										
CWA Debt Service	21,285	20,389	19,663	18,875	18,064	17,684	7,204	6,399	6,385	6,381
TRA Debt Service	-	-	-	-	-	-	-	-	-	-
HAWC Debt Service	-	-	-	-	-	-	-	-	-	-
<b>Total Contractual</b>	<b>21,285</b>	<b>20,389</b>	<b>19,663</b>	<b>18,875</b>	<b>18,064</b>	<b>17,684</b>	<b>7,204</b>	<b>6,399</b>	<b>6,385</b>	<b>6,381</b>
<b>TOTAL OPERATING EXPENSES (B)</b>	<b>363,649</b>	<b>417,615</b>	<b>399,855</b>	<b>406,273</b>	<b>424,683</b>	<b>436,845</b>	<b>438,330</b>	<b>438,551</b>	<b>468,244</b>	<b>465,791</b>
<b>NET REVENUES</b>	<b>\$ 557,569</b>	<b>\$ 551,412</b>	<b>\$ 579,695</b>	<b>\$ 623,289</b>	<b>\$ 548,606</b>	<b>\$ 616,803</b>	<b>\$ 637,458</b>	<b>\$ 688,018</b>	<b>\$ 655,362</b>	<b>\$ 718,562</b>
<b>GROSS REVENUES (A) DIVIDED BY TOTAL EXPENSES (B)</b>	<b>2.533</b>	<b>2.320</b>	<b>2.450</b>	<b>2.534</b>	<b>2.292</b>	<b>2.412</b>	<b>2.454</b>	<b>2.569</b>	<b>2.400</b>	<b>2.543</b>

**CITY OF HOUSTON, TEXAS**  
**AIRPORT SYSTEM FUND REVENUES AND EXPENSES**  
**Last Ten Fiscal Years**  
**(amounts expressed in thousands)**  
**(unaudited)**

<b>Total Annual Revenues Last Ten Fiscal Years</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Operating Revenues</b>					
Landing area fees	\$ 90,384	\$ 86,935	\$ 91,059	\$ 88,342	\$ 93,575
Building and ground area fees	181,182	182,320	181,701	186,505	197,039
Parking, concession and other revenues	138,836	148,295	160,234	177,260	185,668
<b>Total Operating Revenues</b>	<b>410,402</b>	<b>417,550</b>	<b>432,994</b>	<b>452,107</b>	<b>476,282</b>
<b>Nonoperating Revenues</b>					
Interest income	9,735	5,636	(1,934)	11,170	7,496
Passenger facility charges	63,138	63,550	61,195	62,602	85,392
Customer facility charges	13,478	15,904	17,104	17,152	17,535
Other nonoperating revenues	3,409	4,644	1,978	3,225	7,969
<b>Total Nonoperating Revenues</b>	<b>89,760</b>	<b>89,734</b>	<b>78,343</b>	<b>94,149</b>	<b>118,392</b>
<b>Total Revenues</b>	<b>\$ 500,162</b>	<b>\$ 507,284</b>	<b>\$ 511,337</b>	<b>\$ 546,256</b>	<b>\$ 594,674</b>
<b>Total Annual Expenses Last Ten Fiscal Years</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Operating Expenses</b>					
Maintenance and operating	\$ 284,307	\$ 264,060	\$ 272,091	\$ 285,212	\$ 286,529
Depreciation	165,657	193,266	173,448	174,825	177,512
<b>Total Operating Expenses</b>	<b>449,964</b>	<b>457,326</b>	<b>445,539</b>	<b>460,037</b>	<b>464,041</b>
<b>Nonoperating Expenses</b>					
Interest expense and others	97,945	95,546	94,812	112,350	92,803
Restatement	(430)	(1,534)	(1,063)	-	-
<b>Total Nonoperating Expenses</b>	<b>97,515</b>	<b>94,012</b>	<b>93,749</b>	<b>112,350</b>	<b>92,803</b>
<b>Total Expenses</b>	<b>\$ 547,479</b>	<b>\$ 551,338</b>	<b>\$ 539,288</b>	<b>\$ 572,387</b>	<b>\$ 556,844</b>
<b>Contributions</b>	<b>44,135</b>	<b>15,029</b>	<b>12,761</b>	<b>44,614</b>	<b>36,432</b>
<b>Total Change in Net Position</b>	<b>\$ (3,182)</b>	<b>\$ (29,025)</b>	<b>\$ (15,190)</b>	<b>\$ 18,483</b>	<b>\$ 74,262</b>
<b>Net Position at Year End</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Net investment in capital assets	\$ 641,087	\$ 595,682	\$ 532,447	\$ 469,971	\$ 466,196
Restatement	(16,580)	(15,046)	(13,983)	-	-
Net investment in capital assets	624,507	580,636	518,464	469,971	466,196
Restricted net assets					
Restricted for debt service	\$ 168,841	\$ 189,966	\$ 213,064	\$ 242,558	\$ 303,371
Restricted for maintenance and operations	43,320	44,023	46,309	49,736	53,912
Restricted for special facility	15,081	20,025	26,026	30,986	25,732
Restricted for renewal and replacement	10,000	10,000	10,000	10,000	10,000
Restricted for capital improvements	549,091	537,165	552,762	581,857	600,159
Unrestricted (deficit)	-	-	-	-	(178,003)
<b>Total Net Position</b>	<b>\$ 1,410,840</b>	<b>\$ 1,381,815</b>	<b>\$ 1,366,625</b>	<b>\$ 1,385,108</b>	<b>\$ 1,281,367</b>

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 86,870	\$ 88,046	\$ 95,779	\$ 87,767	\$ 95,862
216,018	221,181	220,214	211,323	223,301
186,009	184,814	194,871	199,374	152,749
<u>488,897</u>	<u>494,041</u>	<u>510,864</u>	<u>498,464</u>	<u>471,912</u>
13,260	3,403	8,591	45,067	43,701
104,230	101,539	109,021	111,155	78,418
16,417	14,200	17,374	17,439	13,320
124	5,596	(1,420)	340	10,820
<u>134,031</u>	<u>124,738</u>	<u>133,566</u>	<u>174,001</u>	<u>146,259</u>
<u>\$ 622,928</u>	<u>\$ 618,779</u>	<u>\$ 644,430</u>	<u>\$ 672,465</u>	<u>\$ 618,171</u>

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 315,419	\$ 254,459	\$ 335,104	\$ 337,477	\$ 370,430
179,398	184,203	176,053	174,266	175,573
<u>494,817</u>	<u>438,662</u>	<u>511,157</u>	<u>511,743</u>	<u>546,003</u>
86,259	87,574	94,061	84,578	85,426
-	-	-	-	-
<u>86,259</u>	<u>87,574</u>	<u>94,061</u>	<u>84,578</u>	<u>85,426</u>
<u>\$ 581,076</u>	<u>\$ 526,236</u>	<u>\$ 605,218</u>	<u>\$ 596,321</u>	<u>\$ 631,429</u>
22,542	35,513	13,784	16,599	18,984
<u>\$ 64,394</u>	<u>\$ 128,056</u>	<u>\$ 52,996</u>	<u>\$ 92,743</u>	<u>\$ 5,726</u>

<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 537,172	\$ 542,363	\$ 531,232	\$ 542,125	\$ 522,492
-	-	-	-	-
<u>537,172</u>	<u>542,363</u>	<u>531,232</u>	<u>542,125</u>	<u>522,492</u>
\$ 333,635	\$ 287,858	\$ 357,588	\$ 428,856	\$ 473,008
54,942	54,805	56,891	60,525	61,818
26,944	29,369	36,049	43,442	46,377
10,000	10,000	10,000	10,000	10,000
561,071	676,360	657,050	651,664	623,701
(178,003)	(126,938)	(143,297)	(138,356)	(133,414)
<u>\$ 1,345,761</u>	<u>\$ 1,473,817</u>	<u>\$ 1,505,513</u>	<u>\$ 1,598,256</u>	<u>\$ 1,603,982</u>

**CITY OF HOUSTON, TEXAS**  
**AIRPORT SYSTEM STATISTICS**  
**Passenger Statistics**  
**(unaudited)**

**Domestic Passengers**

Fiscal Year	<b>Bush Intercontinental</b>		<b>Hobby</b>		<b>Ellington Airport</b>		<b>Total</b>	
	Enplanements		Enplanements		Enplanements		Enplanements	
	& Deplanements	Percentage Change	& Deplanements	Percentage Change	& Deplanements	Percentage Change	& Deplanements	Percentage Change
	(in thousands)		(in thousands)		(in thousands)		(in thousands)	
2011	31,638	-1.4%	9,434	7.8%	-	-	41,072	0.5%
2012	31,778	0.4%	10,192	8.0%	-	-	41,970	2.2%
2013	30,830	-3.0%	10,690	4.9%	-	-	41,520	-1.1%
2014	30,832	0.0%	11,609	8.6%	-	-	42,441	2.2%
2015	31,967	3.7%	11,837	2.0%	-	-	43,804	3.2%
2016	31,959	0.0%	12,209	3.1%	-	-	44,168	0.8%
2017	30,809	-3.6%	12,423	1.8%	-	-	43,232	-2.1%
2018	31,102	1.0%	12,864	3.5%	-	-	43,966	1.7%
2019	33,972	10.3%	13,628	9.7%	-	-	47,600	10.1%
2020	25,068	-19.4%	9,998	-22.3%	-	-	35,066	-20.2%

<b>International Passengers</b>							
<b>Bush Intercontinental</b>		<b>Hobby</b>		<b>Total</b>		<b>Total Passengers</b>	
Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change
8,730	7.3%	-	-	8,730	7.3%	49,802	1.7%
8,686	-0.5%	-	-	8,686	-0.5%	50,656	1.7%
8,795	1.3%	-	-	8,795	1.3%	50,315	-0.7%
9,470	7.7%	-	-	9,470	7.7%	51,911	3.2%
10,018	5.8%	4	-	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	2.6%	966	12.3%	11,905	3.3%	59,505	8.7%
7,969	-23.4%	591	-38.2%	8,560	-24.7%	43,626	-21.1%



Ellington Airport				Houston Airport System			
Fiscal Year 2019		Fiscal Year 2020		Fiscal Year 2019		Fiscal Year 2020	
Total Passengers (in thousands)	Market Share	Total Passengers (in thousands)	Market Share	Total Passengers (in thousands)	Market Share	Total Passengers (in thousands)	Market Share
	0.0%		0.0%	188,351	0.3%	163,808	0.4%
	0.0%		0.0%	-	0.0%	325	0.0%
	0.0%		0.0%	2,126,489	3.6%	1,500,662	3.4%
	0.0%		0.0%	2,918	0.0%	3,857	0.0%
	0.0%		0.0%	8,808	0.0%	9,886	0.0%
	0.0%		0.0%	40,225	0.1%	34,091	0.1%
	0.0%		0.0%	6,345	0.0%	-	0.0%
	0.0%		0.0%	1,595,860	2.6%	1,567,170	3.6%
	0.0%		0.0%	156,440	0.3%	-	0.0%
	0.0%		0.0%	107,019	0.2%	93,636	0.2%
	0.0%		0.0%	12,693	0.0%	-	0.0%
	0.0%		0.0%	2,883,776	4.8%	2,230,876	5.1%
	0.0%		0.0%	192,057	0.3%	297,303	0.7%
	0.0%		0.0%	13,201	0.0%	-	0.0%
	0.0%		0.0%	176,990	0.3%	131,379	0.3%
	0.0%	-	0.0%	12	0.0%	8	0.0%
	0.0%		0.0%	175,736	0.3%	285,636	0.7%
	0.0%		0.0%	4,176	0.0%	-	0.0%
	0.0%		0.0%	4,145,441	7.0%	3,235,459	7.4%
	0.0%		0.0%	180,195	0.3%	-	0.0%
	0.0%		0.0%	-	0.0%	2,023	0.0%
	0.0%		0.0%	11,199	0.0%	-	0.0%
	0.0%		0.0%	-	0.0%	96,217	0.2%
	0.0%		0.0%	79,922	0.2%	47,133	0.1%
	0.0%		0.0%	98,807	0.2%	-	0.0%
	0.0%		0.0%	1,529,222	2.6%	886,482	2.0%
	0.0%		0.0%	41,483	0.1%	30,955	0.1%
	0.0%		0.0%	154,214	0.3%	-	0.0%
	0.0%		0.0%	715,846	1.2%	874,679	2.0%
	0.0%		0.0%	12,709,594	21.4%	9,403,219	21.6%
	0.0%		0.0%	2,244,010	3.8%	1,777,892	4.1%
	0.0%		0.0%	17,999,240	30.2%	12,393,032	28.4%
\$	-	0	0.0%	47,600,269	80.0%	35,065,728	80.4%

Fiscal Year 2019		Fiscal Year 2020		Fiscal Year 2019		Fiscal Year 2020	
Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share
				142,906	0.2%	116,243	0.3%
				156,832	0.3%	94,549	0.2%
				156,864	0.3%	105,440	0.2%
				144,018	0.2%	82,478	0.2%
				153,685	0.3%	110,634	0.3%
				9,805	0.0%	-	0.0%
				239,024	0.4%	160,264	0.4%
				8,819	0.0%	-	0.0%
				261,321	0.4%	177,930	0.4%
				-	0.0%	7,500	0.0%
				202,101	0.3%	142,604	0.3%
				261,267	0.4%	169,233	0.4%
				193,987	0.3%	173,062	0.4%
				329,540	0.6%	231,407	0.5%
				598	0.0%	-	0.0%
				-	0.0%	-	0.0%
				174,729	0.3%	117,347	0.3%
				-	0.0%	-	0.0%
				290,560	0.5%	186,610	0.4%
				903,072	1.5%	706,658	1.6%
				156,608	0.3%	133,981	0.3%
				-	0.0%	5,405	0.0%
				92,005	0.2%	61,853	0.1%
				-	0.0%	129	0.0%
				964,942	1.6%	590,946	1.4%
				182,717	0.3%	170,449	0.4%
				63,021	0.1%	58,030	0.1%
				197,000	0.3%	148,092	0.3%
				6,355,437	10.8%	4,579,371	10.5%
				81,766	0.1%	88,184	0.2%
				57,754	0.1%	56,079	0.1%
				124,447	0.2%	85,590	0.2%
				11,904,825	20.0%	8,560,068	19.6%
				59,505,094	100.0%	43,625,796	100.0%

**CITY OF HOUSTON, TEXAS**  
**AIRPORT SYSTEM STATISTICS**  
**Selected Financial Information**  
**Operating Fund Only**  
**Last Ten Fiscal Years**  
(amounts expressed in thousands)  
(unaudited)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>Operating Revenues</b>			
Landing Area Fees:			
Landing Fees	\$ 87,413	\$ 83,895	\$ 87,660
Carrier Incentive Program	(250)	(836)	(749)
Aviation Fuel	1,378	1,382	1,444
Aircraft Parking	<u>1,843</u>	<u>2,494</u>	<u>2,704</u>
Subtotal	90,384	86,935	91,059
Building and Ground Area Revenues:			
Building Space	5,067	5,394	5,848
Terminal Space	160,563	160,247	158,237
Cargo Building	2,511	2,473	2,397
Hangar Rental	5,446	6,165	6,675
Ground Rental	<u>7,595</u>	<u>8,041</u>	<u>8,544</u>
Subtotal	181,182	182,320	181,701
Parking, Concession and other Revenues:			
Terminal Concessions	34,426	38,406	41,604
Auto Parking	70,681	72,833	77,596
Auto Rental	23,932	26,771	29,522
Ground Transportation	5,946	6,186	6,639
Special Events	-	23	-
Vending Machine	-	-	-
Other Operating Income	<u>3,851</u>	<u>4,076</u>	<u>4,873</u>
Subtotal	138,836	148,295	160,234
<b>Total Operating Revenues</b>	<u>\$ 410,402</u>	<u>\$ 417,550</u>	<u>\$ 432,994</u>
<b>Nonoperating Revenues</b>			
Interest on Investments	12,889	9,826	7,029
Other	<u>341</u>	<u>2,289</u>	<u>1,222</u>
Subtotal	13,230	12,115	8,251
<b>Total Gross Revenues</b>	<u>\$ 423,632</u>	<u>\$ 429,665</u>	<u>\$ 441,245</u>
<b>Operation and Maintenance Expenses</b>			
Personnel and Other Current Expenses	<u>\$ 262,668</u>	<u>\$ 255,507</u>	<u>\$ 252,745</u>
<b>Total Operating and Maintenance Expenses</b>	<u>\$ 262,668</u>	<u>\$ 255,507</u>	<u>\$ 252,745</u>
<b>Net Revenue</b>	<u>\$ 160,964</u>	<u>\$ 174,158</u>	<u>\$ 188,500</u>
<b>Total Debt Service</b>	\$ 158,682	\$ 151,311	\$ 153,938
Less: PFC available for debt service	(38,828)	(36,619)	(34,390)
Less: grant revenue available for debt service	<u>(17,999)</u>	<u>(7,360)</u>	<u>-</u>
<b>Debt Service Requirement (per Bond Ordinance)</b>	<u>\$ 101,855</u>	<u>\$ 107,332</u>	<u>\$ 119,548</u>
<b>Coverage of debt Service</b>	<u>1.58</u>	<u>1.62</u>	<u>1.58</u>



	2014	2015	2016	2017	2018	2019	2020
\$	88,392	\$ 94,748	\$ 89,505	\$ 86,966	\$ 92,586	\$ 84,357	\$ 92,045
	(4,294)	(5,322)	(6,802)	(2,930)	(1,328)	(1,039)	(774)
	1,529	1,521	1,527	1,350	1,679	1,554	1,249
	2,715	2,628	2,640	2,660	2,842	2,895	3,343
	<u>88,342</u>	<u>93,575</u>	<u>86,870</u>	<u>88,046</u>	<u>95,779</u>	<u>87,767</u>	<u>95,863</u>
	6,174	6,252	6,808	6,453	6,460	6,454	6,574
	163,297	173,392	191,321	196,162	195,198	185,943	196,844
	2,432	2,506	2,484	2,448	2,390	2,391	2,378
	6,605	6,355	6,577	6,813	6,691	6,530	6,821
	7,997	8,534	8,828	9,305	9,475	10,005	10,684
	<u>186,505</u>	<u>197,039</u>	<u>216,018</u>	<u>221,181</u>	<u>220,214</u>	<u>211,323</u>	<u>223,301</u>
	41,434	41,830	35,189	39,969	41,231	41,491	32,265
	90,173	97,515	101,650	99,752	103,961	110,136	81,172
	32,783	31,991	30,737	28,735	28,767	28,949	23,400
	8,301	9,323	10,083	10,402	11,062	12,645	10,072
	10	25	26	20	14	15	10
	-	-	-	10	-	15	18
	4,559	4,984	8,324	5,926	9,836	6,123	5,811
	<u>177,260</u>	<u>185,668</u>	<u>186,009</u>	<u>184,814</u>	<u>194,871</u>	<u>199,374</u>	<u>152,748</u>
\$	<u>452,107</u>	<u>476,282</u>	<u>488,897</u>	<u>494,041</u>	<u>510,864</u>	<u>498,464</u>	<u>471,912</u>
	5,499	6,014	6,986	9,306	13,348	19,681	19,503
	3,162	7,526	(52)	7,177	(1,805)	47	122
	<u>8,661</u>	<u>13,540</u>	<u>6,934</u>	<u>16,483</u>	<u>11,543</u>	<u>19,728</u>	<u>19,625</u>
\$	<u>460,768</u>	<u>489,822</u>	<u>495,831</u>	<u>510,524</u>	<u>522,407</u>	<u>518,192</u>	<u>491,537</u>
\$	<u>268,745</u>	<u>283,557</u>	<u>314,715</u>	<u>254,506</u>	<u>326,889</u>	<u>325,153</u>	<u>313,393</u>
\$	<u>268,745</u>	<u>283,557</u>	<u>314,715</u>	<u>254,506</u>	<u>326,889</u>	<u>315,153</u>	<u>314,034</u>
\$	<u>192,023</u>	<u>206,265</u>	<u>181,116</u>	<u>256,018</u>	<u>195,518</u>	<u>203,039</u>	<u>177,503</u>
\$	156,424	\$ 163,319	\$ 163,904	\$ 175,023	\$ 174,456	\$ 176,312	\$ 180,731
	(35,614)	(38,054)	(42,320)	(54,673)	(50,642)	(60,646)	(55,040)
	<u>(22,942)</u>	<u>(16,399)</u>	<u>(13,888)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,169)</u>
\$	<u>97,868</u>	<u>108,866</u>	<u>107,696</u>	<u>120,350</u>	<u>123,814</u>	<u>115,666</u>	<u>111,522</u>
	<u>1.96</u>	<u>1.89</u>	<u>1.68</u>	<u>2.13</u>	<u>1.58</u>	<u>1.76</u>	<u>1.59</u>

**CITY OF HOUSTON, TEXAS**  
**AIRPORT SYSTEM STATISTICS**  
**Total Aircraft Operations, Landing Weight and Cargo Activity**  
**(unaudited)**

Fiscal Year	Aircraft Operations (in thousands)			Aircraft Landed Weight (in million pounds)		
	Total	Increase (Decrease)	Percentage Change	Total	Increase (Decrease)	Percentage Change
2011	861	3	0.35%	32,536	874	2.76%
2012	838	(23)	-2.67%	32,841	305	0.94%
2013	799	(39)	-4.65%	33,044	203	0.62%
2014	811	12	1.50%	33,881	837	2.53%
2015	816	5	0.62%	34,969	1,088	3.21%
2016	787	(29)	-3.55%	35,519	550	1.57%
2017	760	(27)	-3.43%	34,648	(871)	-2.45%
2018	735	(25)	-3.29%	34,814	166	0.48%
2019	752	17	2.31%	37,210	2,396	6.88%
2020	624	(128)	-17.02%	30,348	(6,862)	-18.44%

Fiscal Year	Cargo Activity (in metric tons)				Total Cargo	Year - over Year Change
	Domestic Freight	International Freight	Mail			
2011	205,174	208,748	33,897	447,819	8.1%	
2012	203,042	216,893	33,253	453,188	1.2%	
2013	203,082	216,693	27,142	446,917	-1.4%	
2014	193,776	225,400	27,333	446,509	-0.1%	
2015	192,331	252,876	30,026	475,233	6.4%	
2016	195,644	205,361	25,713	426,718	-10.2%	
2017	209,343	224,226	24,983	458,552	7.5%	
2018	231,670	234,384	23,790	489,844	6.8%	
2019	270,965	240,260	23,413	534,638	9.1%	
2020	303,101	181,244	19,857	504,202	-5.7%	

**CITY OF HOUSTON, TEXAS**  
**AIRPORT SYSTEM STATISTICS**  
**System Debt Service Schedule**  
**(unaudited)**

The following table sets forth the Debt Service Requirements on all Airport Revenue Bonds Outstanding, assuming scheduled mandatory redemption of any term bonds and using rates in effect at year-end for auction rate securities and variable rate demand obligations. The amounts do not include the Airport System's Senior Lien Commercial Paper Notes.

<b>Fiscal Year (ending June 30)</b>	<b>Subordinate Lien Bonds Debt Service</b>	<b>Total Bonds Debt Service</b>
2021	177,420,114	177,420,114
2022	177,827,905	177,827,905
2023	175,335,467	175,335,467
2024	174,727,100	174,727,100
2025	174,730,635	174,730,635
2026	174,454,171	174,454,171
2027	176,898,580	176,898,580
2028	175,117,224	175,117,224
2029	175,473,661	175,473,661
2030	180,813,392	180,813,392
2031	181,468,938	181,468,938
2032	179,568,881	179,568,881
2033	183,233,503	183,233,503
2034	41,820,875	41,820,875
2035	41,783,875	41,783,875
2036	41,743,625	41,743,625
2037	41,711,250	41,711,250
2038	41,663,000	41,663,000
2039	41,620,000	41,620,000
2040	41,582,625	41,582,625
2041	13,222,375	13,222,375
2042	13,206,125	13,206,125
2043	3,753,125	3,753,125
2044	3,749,000	3,749,000
2045	3,752,750	3,752,750
2046	3,744,125	3,744,125
2047	3,742,875	3,742,875
2048	3,733,625	3,733,625
2049	3,731,000	3,731,000
<b>Total</b>	<b>\$ 2,651,629,824</b>	<b>\$ 2,651,629,824</b>

**CITY OF HOUSTON, TEXAS**  
**AIRPORT SYSTEM STATISTICS**  
**Summary of Certain Fees and Charges**  
**(unaudited)**

	<b>Bush Intercontinental</b>		<b>Hobby</b>	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2019	2020	2019	2020
Landing Rates (1) (5)	\$2.561	\$2.533	\$2.000	\$2.049
Terminal Space Rentals (2) (5)	\$24.02 - \$69.27	\$24.54 - \$70.22	\$54.33 - \$73.42	\$58.04 - \$70.94
Apron Rentals (2) (5)	\$2.697 - \$2.984	\$2.683 - \$2.859	\$1.874 - \$1.924	\$2.002 - \$2.040
Aircraft Parking (per day) (4)	\$100 - \$400	\$100 - \$400	\$100 - \$400	\$100 - \$400
Cargo (per day) (3)	\$200 - \$600	\$200 - \$600	\$200 - \$600	\$200 - \$600
<b>Parking Rates (6)</b>				
Ecopark Uncovered (7)	\$6.00	\$6.00	n/a	n/a
Ecopark Covered (7)	\$8.00	\$8.00	n/a	n/a
Ecopark2 Covered (8)	\$7.00	\$7.00	n/a	n/a
Ecopark (11)	n/a	n/a	n/a	n/a
Ecopark 2 (12)	n/a	n/a	\$10.00	\$10.00
Structured (9)	\$24.00	\$10.00	\$24.00	\$10.00
Sure Park (10)	\$26.00	\$26.00	n/a	n/a
Valet (10)	\$28.00	\$28.00	\$28.00	\$28.00

(1) Per 1,000 pounds of landing weight

(2) Range per square foot

(3) Daily cargo rates increased on August 1, 2011 at Intercontinental and Hobby to a range of \$200-\$600

(4) Daily aircraft parking rates increased on August 1, 2011 at Intercontinental and Hobby to a range of \$100-\$400

(5) 2010-2019 actual rates provided versus budgeted; 2020 budgeted rates provided

(6) Maximum per day

(7) New rates effective September 1, 2013

(8) New rates effective December 3, 2018

(9) Covid 19 Temporary rates March 20 - May 30, 2020 \$5/Day; June 1 - June 30, 2020 \$10/Day

(10) New rates effective February 4, 2019

(11) Ecopark 1 at Hobby closed March 18, 2014

(12) New rates effective May 5, 2014

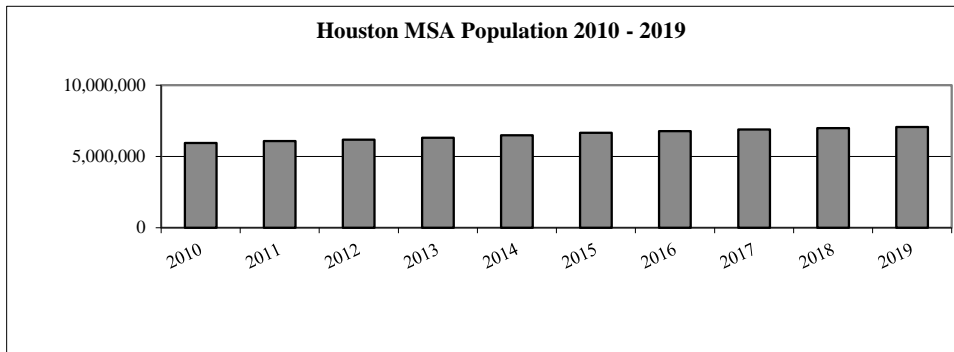
**CITY OF HOUSTON, TEXAS**  
**AIRPORT SYSTEM STATISTICS**  
**Service Area**  
**(unaudited)**

The airport service region for the Houston Airport System consists of (1) the nine county Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery and Waller counties) -- referred to as the Houston MSA, and (2) a large secondary area surrounding the Houston MSA. The limits of this secondary area are generally defined by the range and quality of airline service at other air carrier airports, including Beaumont Jefferson County Airport to the east, Dallas/Fort Worth International Airport and Dallas Love Field to the north, Corpus Christi International Airport to the southwest and Austin-Bergstrom International Airport and San Antonio International Airport to the west.

Houston, the nation's fourth most populous city, is the largest in the South and Southwest. The Houston MSA ranks fifth in population among the nation's metropolitan areas.

**Service Area Population**

<u>Year</u>	<u>Houston MSA Population</u>
2010	5,946,800
2011	6,086,538
2012	6,177,035
2013	6,313,158
2014	6,490,180
2015	6,656,947
2016	6,772,470
2017	6,892,427
2018	6,997,384
2019	7,066,141



Source: Greater Houston Partnership and U.S. Census Bureau, Population Division

**CITY OF HOUSTON, TEXAS**  
**SURETY BOND AND INSURANCE COVERAGE**  
**June 30, 2020**  
(amounts expressed in thousands)  
(unaudited)

<b>Policy Number</b>	<b>Insurer</b>	<b>Term of Policy</b>
929624721	Western Surety Company	01-02-2020 to 01-02-2024
929624722	Western Surety Company	01-02-2020 to 01-02-2024
61BSBHJ1564	Hartford Casualty Insurance Company	01-02-2020 to 01-02-2021
106360496	Travelers Casualty Insurance Company	08-04-2020 to 08-04-2021
16BSBAR6948	Hartford Casualty Insurance Company	02-27-2020 to 02-27-2021
61BSBID9767	Hartford Casualty Insurance Company	07-01-2020 to 07-01-2021
61BSNHO1810	Hartford Casualty Insurance Company	09-19-2020 to 09-19-2021
6610	Texas Municipal League	05-15-2020 to 05-15-2021
ESP730205805	Arch Specialty Insurance Company	04-01-2020 to 04-04-2021
ESP200393201	First Specialty Insurance Corporation	04-01-2020 to 04-01-2021
DF00001691	National Fire & Marine Insurance Company	01-01-2020 to 04-01-2021
MKL1V10XPO03866	Evanston Insurance Company	04-01-2020 to 04-01-2021
NOJY47050020	Lloyd's of London (One Syndicate)	04-01-2020 to 04-01-2021
NOJY47045020	Lloyd's of London (Multiple Syndicates)	04-01-2020 to 04-01-2021
NOJY47042020	Lloyd's London (Multiple Syndicates)	04-01-2020 to 04-01-2021
NOJY47037020	Lloyd's London (Multiple Syndicates)	04-01-2020 to 04-01-2021
NOJY47039020	Lloyd's of London (One Syndicate)	04-01-2020 to 04-01-2021
XP1900791	Colony Insurance Company	04-01-2020 to 04-01-2021
D37362797012	Westchester Fire Insurance Company	04-01-2020 to 04-01-2021
BPR1800922	Colony Insurance Company	04-01-2020 to 04-01-2021
100038902301	Ironshore Specialty Insurance Company	04-01-2020 to 04-01-2021
VUXCN000030504	Independent Speciality Insurance Company	04-01-2020 to 04-01-2021
VPCCN000030504	Lloyd's of London (Multiple Syndicates)	04-01-2020 to 04-01-2021
NOJY47040020	Lloyd's London (Multiple Syndicates)	04-01-2020 to 04-01-2021
NOJY47041020	Lloyd's London (Multiple Syndicates)	04-01-2020 to 04-01-2021
ESP730205805	Arch Specialty Insurance Company	04-01-2020 to 04-01-2021
PD1113600	Lloyd's of London Syndicate 2988	04-01-2020 to 04-01-2021
PD1113600	Lloyd's of London Syndicate 2987	04-01-2020 to 04-01-2021
ESP30000289303	Endurance American Specialty Insurance Company	04-01-2020 to 04-01-2021
6589211	Lexington Insurance Company	04-01-2020 to 04-01-2021
SLSTPTY11280620	Starr Surplus Lines Insurance Company	04-01-2020 to 04-01-2021
VRXCN000030504	Interstate Fire & Casualty Company	04-01-2020 to 04-01-2021
NOJY47038020	Lloyd's of London (Multiple Syndicates)	04-01-2020 to 04-01-2021
NHD912100	RSUI Indemnity Company	04-01-2020 to 04-01-2021
LMPRP20926645	Lloyd's of London Syndicate 33	04-01-2020 to 04-01-2021
SLSTPTY11280620	Starr Surplus Lines Insurance Company	04-01-2020 to 04-01-2021
CA3X001313201	Everest Indemnity Insurance Company	04-01-2020 to 04-01-2021
PPP910579	Crum & Forster Specialty Insurance Company	04-01-2020 to 04-01-2021
MTP903747501	Indian Harbor Insurance Company	09-01-2020 to 09-01-2021
B0180PH1901642	Lloyd's of London	09-01-2020 to 09-01-2021
PRX10013662301	Endurance American Insurance	09-01-2020 to 09-01-2021
BCR523000238	Berkley Assurance	09-01-2020 to 09-01-2021
CYB100757	Crum & Forster Specialty Insurance Company	09-01-2020 to 09-01-2021
NOJY47054020	Lloyd's of London (Multiple Syndicates)	04-01-2020 to 04-01-2021
NOJY47055020	Lloyd's of London (Multiple Syndicates)	04-01-2020 to 04-01-2021
BM6076028407	Continental Casualty Company	03-18-2020 to 03-18-2021
6610	Texas Municipal League	07-01-2020 to 07-01-2021
UMA0012386SP20A	XL Specialty Insurance Company	06-26-2020 to 06-26-2021
CA00001556810	Admiral Insurance Company	02-26-2020 to 02-29-2021
73652M194ALI	Starstone Specialty Insurance Company	02-26-2020 to 02-26-2021
01-333-42-11-00619	AXA Insurance Company	11-03-2019 to 11-03-2020
105324683	Travelers Casualty & Surety	12-30-2019 to 12-30-2020
6610	Texas Municipal League	05-15-2020 to 05-15-2021
6610	Texas Municipal League	05-15-2020 to 05-15-2021
BDD1072035	Hannover Insurance Company	05-29-2020 to 05-29-2021
Various (approximately 2,000)	Western Surety Company	Four Year Term per Bond
Various (approximately 10)	CAN	Various
SM937691	Evanston Insurance Company	10-03-2020 to 10-03-2021
6610	Texas Municipal League	07-01-2020 to 07-01-2021
KKO000002353880	National Casualty Company	11-20-2019 to 11-20-2020
61BDDHT0320	Hartford Casualty Insurance Company	10-29-2020 to 10-29-2021
61BDDHO5613	Hartford Casualty Insurance Company	02-11-2020 to 02-11-2021
AAPN11235487 003	ACE Property & Casualty Insurance Company	03-15-2020 to 03-15-2021

Property at Risk	Type of Coverage	Coverage (in thousands)
Mayor	Public Official Bond	\$ 50
City Controller	Public Official Bond	\$ 50
Deputy Controller	Public Official Bond	\$ 25
Municipal Courts	Public Official Bond	\$ 25
Tax Collector	Public Official Bond	\$ 25
Treasurer	Public Official Bond	\$ 25
HMEPS Treasurer	Public Official Bond	\$ 250
City of Houston	Automobile Catastrophe	\$ 885
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 10,000
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 7,500
City of Houston	Property Insurance *	\$ 3,750
City of Houston	Property Insurance *	\$ 2,547
City of Houston	Property Insurance *	\$ 3,732
City of Houston	Property Insurance *	\$ 3,750
City of Houston	Property Insurance *	\$ 3,750
City of Houston	Property Insurance *	\$ 7,500
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Property Insurance *	\$ 2,400
City of Houston	Property Insurance *	\$ 4,800
City of Houston	Property Insurance *	\$ 10,898
City of Houston	Property Insurance *	\$ 5,047
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 500
City of Houston	Property Insurance *	\$ 2,000
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Property Insurance *	\$ 15,000
City of Houston	Property Insurance *	\$ 8,750
City of Houston	Property Insurance *	\$ 7,800
City of Houston	Property Insurance *	\$ 2,000
City of Houston	Property Insurance *	\$ 17,000
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Property Insurance *	\$ 1,273
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Cyber Liability Insurance Primary Layer	\$ 10,000
City of Houston	Cyber Liability Insurance 1st Excess Layer	\$ 10,000
City of Houston	Cyber Liability Insurance 2nd Excess Layer	\$ 10,000
City of Houston	Cyber Liability Insurance 3rd Excess Layer	\$ 10,000
City of Houston	Cyber Liability Insurance 4th Excess Layer	\$ 10,000
City of Houston	Terrorism	\$ 100,000
City of Houston	Terrorism	\$ 150,000
City of Houston	Boiler & Machinery	\$ 100,000
City of Houston	HITS Property, Radio Equipment and Towers	\$ 93,352
City of Houston Library	Business Electronic Eq., Valuable Papers, Fine Arts	\$ 11,783
Holcombe Health Lab	Commercial General Liability	\$ 1,000
Holcombe Health Lab	Excess Liability	\$ 5,000
HoustonFirst Corporation	Fine Arts	\$ 31,186
City of Houston	Pole Attachment Bond, Centerpoint	\$ 250
City of Houston	Automobile Liability	\$ 500
City of Houston	Automobile Physical Damage	\$ 450
Houston Center for Literacy	Employee Dishonesty	\$ 2,000
Various City of Houston Notaries	Notary Public Bonds	\$ 3
Various City of Houston	Dentist Professional Liability	\$ 1,000
City of Houston	Medical Professional Liability	\$ 1,000
City of Houston	Special Event Mobile Equipment	\$ 244
City of Houston	Special Event Liability	\$ 1,000
City of Houston	Public Employee Dishonesty, Parks Board	\$ 10,000
City of Houston	Public Employee Dishonesty, Library Board	\$ 10,000
City of Houston HAS Ellington Field Fuel Resale	Airport Liability	\$ 500

\* The property insurance is provided by insurance carriers that underwrite varying pro-rata shares of coverage that total to the policy loss limit.

**CITY OF HOUSTON, TEXAS**  
**SALARIES OF ELECTED OFFICIALS**  
**June 30, 2020**  
**(unaudited)**

<b><u>Name and Title of Official</u></b>	<b><u>Authorized Annual Base Salary</u></b>
Sylvester Turner, Mayor	\$ 236,189
Chris Brown, City Controller	\$ 157,459
Amy Peck, Council Member - District A	\$ 62,983
Jerry V. Davis, Council Member - District B	\$ 62,983
Abbie Kamin, Council Member - District C	\$ 62,983
Carolyn Evans-Shabazz, Council Member - District D	\$ 62,983
David P. Martin, Council Member - District E	\$ 62,983
Tiffany Thomas, Council Member - District F	\$ 62,983
Gregory R. Travis, Council Member - District G	\$ 62,983
Karla G. Cisneros, Council Member - District H	\$ 62,983
Robert Gallegos, Council Member - District I	\$ 62,983
Edward Pollard, Council Member - District J	\$ 62,983
Martha Castex Tatum, Council Member - District K	\$ 62,983
William M. Knox, Council Member - At Large Position 1	\$ 62,983
David W. Robinson, Council Member - At Large Position 2	\$ 62,983
Michael Kubosh, Council Member - At Large Position 3	\$ 62,983
Letitia Plummer, Council Member - At Large Position 4	\$ 62,983
Sallie Alcorn, Council Member - At Large Position 5	\$ 62,983



**CITY OF HOUSTON, TEXAS**  
**Schedule of Credits**  
**(unaudited)**

**Comprehensive Annual Financial Report:**

**Controller's Office**

**Executive/Administrative Divisions**

Chris B. Brown, City Controller  
Shannan Nobles, Chief Deputy City Controller  
Max Moll, Deputy Director

**Design Oversight and Writing**

**Financial Reporting Division**

Beverly Riggans, Deputy City Controller  
Olatundun Akinsanya, Assistant City Controller  
Alicia Cai, Assistant City Controller  
Karel Irving, Assistant City Controller  
Sharon Liu, Assistant City Controller  
Chris Okeagu, Assistant City Controller  
Maria G. Perez, Administrative Specialist  
Courtney Satterwhite, Assistant City Controller  
Suong "Su" Vu, Assistant City Controller  
Bonita Wright, Assistant City Controller

**Preparation and Coordination**

**Operations and Technical Services Division**

Alexander Obregon, Chief Operating Officer & Deputy City Controller  
Monika De Los Santos, Assistant City Controller  
Brenda Jackson, System Support Analyst  
Martina Lee, Assistant City Controller  
Paul Lord, Administrative Assistant  
Daniel Schein, System Support Analyst  
Lillie Stewart, Administration Manager

**Consulting and General Support**

**Treasury Division**

Charisse Page Mosely, Deputy City Controller  
Han Au, Treasury Manager  
Ashlee Brown, Senior Treasury Analyst  
Vernon Lewis, Senior Treasury Analyst  
Lillie Nobles, Management Analyst  
Linjie Zhu, Senior Treasury Analyst

**Debt and Investment Management Disclosures**

**Finance Department**

Tantri Emo, Director  
Cassandra Brown, Financial Analyst  
Kiran Chandu, Deputy Assistant Director  
Clint Jones, Division Manager  
Robert Martinez, Deputy Assistant Director  
Beverly McFarlin, Division Manager  
Gloria Moreno, Assistant Director  
Sherry Mose, Division Manager  
Vivien Nguyen, Staff Analyst  
Bobby Qasim, Division Manager  
Arif Rasheed, Deputy Director  
Mohsin Raza, Division Manager  
Alma Tamborello, Division Manager

**Preparation, Coordination, Analysis and Documentation**

**CITY OF HOUSTON, TEXAS**  
**Schedule of Credits - Continued**  
**(unaudited)**

**Administration & Regulatory Affairs Department**

Tina Paez, Director  
Valerie Berry, Assistant Director  
Chia-Hsuan Chiou, Administration Manager  
Gertha Ferguson, Financial Analyst  
Vijay Govind, Financial Analyst  
Hannah Hoang, Senior Accountant  
Maria Irshad, Assistant Director  
Bethany Li, Administration Manager  
Carlos Medel, Customer Services Supervisor  
Tina Paquet, Assistant Director  
Rosalinda Salazar, Senior Staff Analyst  
Sreng Ung, Division Manager  
Karen Davidson, Assistant Director

**Analysis and Supporting Documentation**

**Houston Information Technology Services Department**

Lisa Kent, Director  
Susan Stone, Assistant Director

**SAP/ ERP Consulting, Support & Development**

**Professional Consultants**

Bayside Printing  
Sherri Tyndall, Outside Sales Representative

**Project Management and Design**

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

**Independent Auditors**

This schedule by no means gives credit to all of the individuals who have some part in the development and production of this Comprehensive Annual Financial Report. However, we have included the major participants who made the issuance of this document possible.

## **The Photographs**

More than 1.1 million people in the 18 southeast Texas counties served by the Houston Food Bank are considered food insecure, meaning they lack consistent access to enough nutritious food to fuel a healthy life. In order to address this issue, the Houston Food Bank distributes food and other essentials to those in need through a network of 1,500 community partners. The COVID-19 pandemic has had a significant economic impact across the region and has left thousands Houstonians out of work, and more reliant on the services provided by the Houston Food Bank.

Perhaps more than any other city department, the Houston Fire Department has seen its operations radically changed by the onset of the pandemic. The men and women of the Houston Fire Department are heroes under normal circumstances, and the pandemic has only further underscored the bravery required by members of HFD. Firefighters are the city's first line of response to this pandemic and, without them, our region would be hard-pressed to manage through this crisis.

Also on the frontlines of the COVID-19 pandemic have been the region's hospitals and healthcare workers. Houston Methodist comprises a leading academic medical center in the Texas Medical Center and six community hospitals serving the Greater Houston area. Each hospital is staffed by committed personnel who exemplify an I CARE values: integrity, compassion, accountability, respect and excellence. Patient safety, quality and service are the hospital's highest priorities. The leadership of the TMC, Houston Methodist, and healthcare workers during this pandemic has not only helped the region manage the crisis - it has motivated us all to heed their advice and make the sacrifices necessary to keep all Houstonians safe.

The Solid Waste Management Department (SWMD) provides solid waste services to the citizens of Houston through the collection, disposal and recycling of discarded material in a manner that is safe, efficient, environmentally sound and cost-effective. As the COVID-19 pandemic set in, the demand for SWMD's services increase significantly as Houstonians spent more time at home and accumulated more trash and waste. As with other departments like HPD and HFD, SWMD was also required to be exposed to the virus to maintain their service delivery to the citizens of Houston.

The mission of the Houston Health Department is to work in partnership with the community to promote and protect the health and social well-being of Houstonians and the environment in which they live. Since the onset of COVID-19, HHD has served as the leading voice on the pandemic in the region. The Houston Health Department has been indispensable in its role of the main source of COVID-19-related information and data. Along with being the main hub of COVID data, the Houston Health Department is the department responsible for the city's testing and contact tracing efforts - an essential role in the battle against the virus.

Memorial Hermann Health System is a non-profit, values-driven, community-owned health system dedicated to improving health. Through its work, the Memorial Hermann Health System works to create healthier communities, now and for generations to come. As with other hospital systems in the region, the Memorial Hermann Health System has been at the forefront of the fight against the virus, and plays a pivotal role in caring for all Houstonians as we move further into the pandemic.

Texas Children's Hospital is the preeminent pediatric healthcare center in the nation. The hospital's mission is to create a healthier future for children and women throughout our global community by leading in patient care, education and research. As COVID-19 cases surged in the summer, a significant strain was placed on the region's hospitals. Despite being a pediatric hospital, Texas Children's stepped up to the moment and began accepting COVID-19 patients to help take some pressure of its peer hospitals in the region. Throughout the pandemic, Houstonians an leading organizations have stepped up to help one another - this is an example of that selflessness.

The Houston Police Department is tasked with protecting Houstonians on a daily basis. With the onset of COVID-19, HPD was tasked with serving this mission while also dealing with a public health crisis. Every day, the brave men and women of HPD are keeping Houstonians safe and, because of that, have been true heroes in the fight against the coronavirus.

The Houston Office of Emergency Management is the lead coordinator for the region during moments of crisis. As COVID-19 set in across the region, Houston OEM activated its crisis operations to keep Houstonians informed and safe. Even as a historically active hurricane season bore down on the region, the Houston OEM managed the concurrent crises and, through that work, have helped the entire region mangle through one its most trying moment.

### **Photos provided by:**

Houston Chronicle  
Houston Food Bank  
Houston Fire Department  
Houston Methodist Hospital

City of Houston Solid Waste Management  
Department  
Houston Health Department  
Memorial Hermann Health System

Texas Children's Hospital  
Houston Police Department  
Houston Office of Emergency Management

